



Sex imbalance, marital matching and intra-household bargaining: Evidence from China

Julan DU ^{a,1}, Yongqin WANG ^{b,*,2}, Yan ZHANG ^{b,3}

^a Department of Economics, Chinese University of Hongkong, Shatin, N.T., Hong Kong

^b School of Economics, China Center for Economics Studies, Fudan University, 600 Guoquan Road, Shanghai 200433, China

ARTICLE INFO

Article history:

Received 1 June 2014

Received in revised form 2 November 2014

Accepted 4 November 2014

Available online 12 November 2014

JEL classification:

C78

J12

O15

O17

Z13

Keywords:

Sex imbalance

Female hypergamy

Bargaining power

Sorting

ABSTRACT

This paper studies the effects of sex imbalance on matching patterns in China's marriage markets. We hypothesize that the economic inequality caused by economic liberalization, together with sex imbalance, will lead to women's hypergamy (marrying up). Employing CGSS data, our empirical findings support the hypothesis. We also establish that sex imbalance enhances the post-nuptial bargaining power of the wife vis-à-vis the husband in intra-household resource allocation. The findings are robust to IV estimation and robustness checks.

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1. Introduction

Marriage is one of the most important decisions faced by human beings. Sorting in marriage affects child education, accumulation of human capital, labor supply and, consequently, long-run economic development and inequality (Fernandez, 2003, Fernandez & Rogerson, 2001). In the context of China, two parallel changes have taken place over the last half century, i.e., the change from positive to negative assortative matching in marriage pattern and the ever-growing problem of gender imbalance.⁴ In this study, we argue and show that the latter might be one important reason for the former.

Using data from China General Social Survey (CGSS) 2006, we first present some stylized facts as to the questions whether the husband's family wealth (i.e., parents' wealth), own income, or hukou status was superior to, similar to, or inferior to those of the wife's upon marriage, from which we can identify female hypergamy, positive assortative matching, and male hypergamy in terms

* Corresponding author.

E-mail addresses: julandu@cuhk.edu.hk (J. Du), yongqinwang@fudan.edu.cn (Y. Wang), cces@fudan.edu.cn (Y. Zhang).

¹ Tel.: +852 3943 8008; fax: +852 2603 5805.

² Tel: +86 21 65643067; fax: +86 21 65643056.

³ Tel.: +86 21 65643054; fax: +86 21 65643056.

⁴ A marital match is positive assortative if the couple are of similar types along some dimensions such as social status, income, etc., and it is a negative assortative mating otherwise. Women's hypergamy means that a woman married a husband who is higher in some important dimensions than herself. Men's hypergamy is defined similarly. Hypergamy and marrying up are used interchangeably in the paper.

of family wealth gap, own income gap, and hukou status gap, respectively.⁵ Fig. 1 illustrates some of the changes in the marriage matching pattern over the past decades.

Clearly, in terms of family wealth, individual income, and hukou status of the husband and the wife at the time of marriage, assortative matching has been the dominant form since the 1950s. However, the relative importance of positive assortative matching has been declining since the 1980s, whereas female hypergamy (female marrying-up) has been on the rise.

At the same time, we also note that the ratio of boys relative to girls at birth has increased in the recent decades, and sex imbalance has become a prominent issue in China. Many factors have contributed to the growing gender imbalance. Economic liberalization and land reform that caused differential gender-specific returns have contributed to sex imbalance (Almond, Li, & Zhang, 2013; Qian, 2008). The One Child Policy (OCP) implemented in China is another cause (Ebenstein, 2010; Johansson & Nygren, 1991).⁶ Under OCP, the son preference of parents has made pre-birth selection a common practice, thanks to the widespread adoption of B-ultrasound devices. Using data from China Census 1982–2000 and focusing on the fertility pattern of mothers aged 21–40, we present in Fig. 2 the plots of the sex ratio at the first, second and third births throughout the recent decades. Before the 1980s, the sex ratio in China had remained at a normal level of 105–106:100.⁷ Since the implementation of OCP in the 1980s, the ratio of boys to girls at birth has increased dramatically, especially for the second and third birth. By 2010, boys' ratio had increased to 80% for third births. As shown in Fig. 3, we use China Census 1982–2010 to estimate the overall gender ratio at birth and find that it had increased rapidly from 108.5 in 1982 to 118.06 in 2010.

We hypothesize that the rising sex imbalance is a possible cause of the changes in the marital matching patterns. Theoretically, sex ratio imbalance can increase the bargaining power of women relative to that of men in the marriage market. To test this hypothesis, this paper employs data from CGSS and finds that sex imbalance has been accompanied by increased socioeconomic heterogeneity (income dispersion and so on) brought about by economic liberalization. Women's bargaining power vis-à-vis men in the marriage market has consequently increased, enabling them to marry up. In particular, sex imbalance has increased the gaps in family wealth and personal income between the husband and wife at the time of marriage. It has also resulted in a greater bargaining power for women in the postnuptial family resource allocation.

This study sheds new light on the emerging line of literature on the matching pattern in China's marriage market. Han (2010) finds that positive assortative matching declined in the 1970s and rose from the 1980s until 1995, and stabilized afterwards. Lu (2009) finds that positive assortative matching is not necessarily more stable. Our study offers a new angle by linking marriage pattern with gender imbalance.

Our study extends the existing studies on the effects of sex imbalance on marriages and families. Becker (1973, 1974) builds a model of a frictionless marriage market and argues that increased scarcity of women will lead to a greater surplus of men in the marriage market. Chiappori, Fortin, and Lacroix (2002) use an intra-household bargaining model to show that a decrease in the male–female sex ratio will enhance the bargaining power of males in the marriage market and in households. Lafortune (2013) empirically shows that sex imbalance increases pre-marriage investment in education. Using China's province-level panel data, Edlund, Li, Yi, and Zhang (2013) find that an increase in sex imbalance caused increases in crime rate. Bhaskar and Hopkins (2013) demonstrate theoretically that sex imbalance will cause parents' overinvestment in sons and underinvestment in daughters by parents. Wei and Zhang (2011) show that sex imbalance promotes competitive savings, leading to higher overall savings rates in China.

There are two major challenges to the study of causal effects of sex imbalance on marital patterns. One challenge is the lack of micro data. The other is the endogeneity of sex imbalance. Abramitzky, Delavande, and Vasconcelos (2011) address both of these issues in the context of France after World War I. They use the exogenous decrease of men in France in the wake of World War I to examine the effect of sex imbalance on matching in the marriage market. They find that men married up along the dimension of occupation. China's economic liberalization and OCP induced lots of exogenous variations in sex imbalance in China and enable us to better identify the causal effect of the sex imbalance on marital matching.

The rest of the paper is structured as follows. Section 2 presents a simple theoretical model to distill the ideas and guide empirical specification. Section 3 introduces the data and the empirical design. Section 4 discusses the empirical findings. Section 5 presents some robustness checks. Section 6 addresses the endogeneity problem. Section 7 studies the effect of sex imbalance on intra-household bargaining power. And Section 8 concludes.

2. Theoretical model

This section presents a highly stylized model to formalize the idea that competition among males will be more intense in the marriage market under a higher degree of gender imbalance. Consequently, females will have more bargaining power. In equilibrium, females will marry up.

In the literature, both horizontal and vertical preferences can affect the equilibrium matching pattern. Horizontal preference implies that people naturally prefer mates with equal or similar socioeconomic status, even when a better mate is available. Vertical preference, on the other hand, means that people choose to marry up. In this model, for the convenience of analysis, we assume vertical preferences for both males and females. Albeit a simplifying assumption, vertical preferences in matching seem quite consistent with

⁵ For brevity, we describe the details of the construction of these measures of gaps between the husband and the wife in Section 3.2.

⁶ Ding and Zhang (2014) show a “invest via a son” channel in China's rural areas, where having a son changes the financial and investment pattern of a household that may favor the son.

⁷ Naturally, the sex ratio at birth is 105:100 and the normal interval of the UN standard is 102–107:100. Since the average after-birth mortality is higher for men, this ratio can sustain a balanced ratio for adults.

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