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We develop a \collective" model of the household in which spousal incomes are determined by pre-marital investments, the marriage market is characterized by assortative matching, and a sharing rule forms the basis of intra-household allocations. We identify the properties of the sharing rules that are maritally sustainable in this model. We ¯nd that the unconditionally e±cient outcomes, in which both pre-marital investments and intra-household allocations are e±cient, can be supported by intra-marital sharing rules that are consistent with the collective approach. In particular, when marriage does not generate a s

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$u^{0}\ !_{m}^{s}\quad v^{0}\ y_{m}-!_{m}^{s}\qquad Ãu^{0}\ Ã!_{f}^{s}\quad v^{0}\ y_{f}-!_{f}^{s}$

$U_{i}^{s}\ \ i\quad f;m$

$$U_{i}^{s}\ \begin{cases} v\ y_{f}-!_{f}^{s}\quad u\ Ã!_{f}^{s}\qquad i\quad f \\ v\ y_{m}-!_{m}^{s}\quad u\ !_{m}^{s}\qquad i\quad m \end{cases}$$

$\forall\ !_{m}^{s}\ \ !_{f}^{s}\in\ ;y_{i}\ \ @U_{f}^{s}=@Ã>\qquad @U_{i}^{s}=@y_{i}$

$>\quad i\quad f;m$

$\mu;\mu\in\ ;$

$c_{f}\quad \mu\ Ã!_{f}\quad !_{m}\qquad c_{m}\quad -\mu\ Ã!_{f}\quad !_{m}$

$c_{f}\quad c_{m}\quad Ã!_{f}\quad !_{m}$

y_i

$\overline{y}_i \qquad u_i^0 \qquad v_i^0 \quad i \quad f;\ m$

$y_i \qquad\qquad\qquad \overline{y}_i \quad y_i$

$$-v_f^0 \frac{3}{4}_f^0 \qquad \tilde{A}\mu u_f^0 \frac{3}{4}_f^0 \qquad -\frac{\mu u_f^0 \frac{3}{4}_m^0}{\circledR^0}$$

$$-\tilde{A} \quad -\mu\ u_m^0 \frac{3}{4}_f^0 \circledR^0 \qquad -v_m^0 \frac{3}{4}_m^0 \qquad -\mu\ u_m^0 \frac{3}{4}_m^0$$

$$\frac{\tilde{A}\mu u_f^0}{v_f^0} \qquad \frac{-\mu\ u_m^0}{v_m^0}$$

$g\ w_m$

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v ® ym − !f u cf ≥ !)

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∀ μ > μ ∀ μ /

μ

μ μ_1 A

μ_1

B

μ_2 C

$\mu_2 > \mu_1$

k k > [14]

$$U_i \quad \begin{cases} v\, y_f - !_f \quad u\, \mu\, \tilde{A}\, !_f \quad !_m & k \quad i \quad f \\ v\, y_m - !_m \quad u \quad -\mu\, \tilde{A}\, !_f \quad !_m & k \quad i \quad m \end{cases}$$

$$U_i \quad \begin{cases} v\, \overline{y}_f - ¾_f\ y_f \quad u\{\mu\, \tilde{A}¾_f\ y_f \quad ¾_m \circledR^{i\,1}\ y_f \ \} & k \quad i \quad f \\ v\, \overline{y}_m - ¾_m\ y_m \quad u\{ \quad -\mu\, \tilde{A}¾_f \circledR\ y_m \quad ¾_m\ y_m \ \} & k \quad i \quad m \end{cases}$$

F M G N H N ∀ N

μ_1 μ_2

μ_1 A

μ_1 B ; C

μ_2 F

D; E

F / M $|F - M|$

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F M

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B; C Ã D; E :

B; C D; E

American Economic Review,

International Economic Review,

International Economic Review,

Journal of Political Economy,

Asian Development Review,

Journal of Political Economy,

The Marital Contract Curve

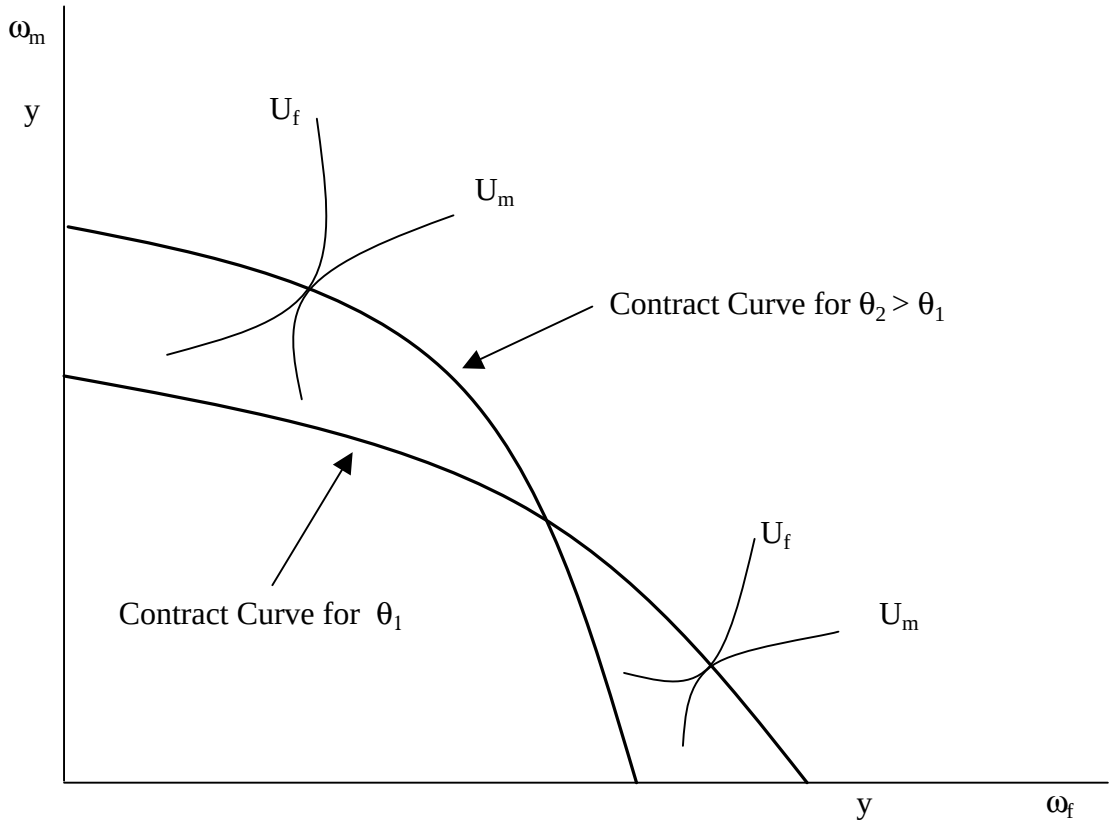


Figure 4:

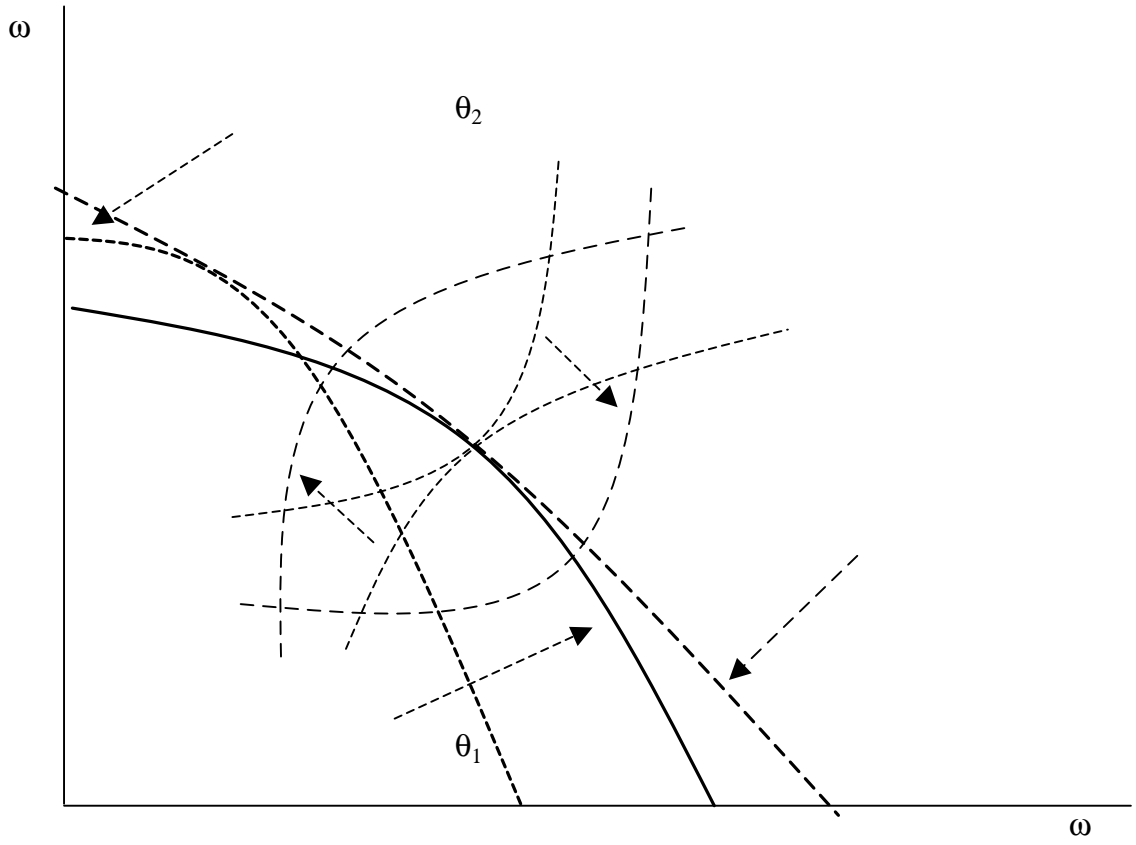
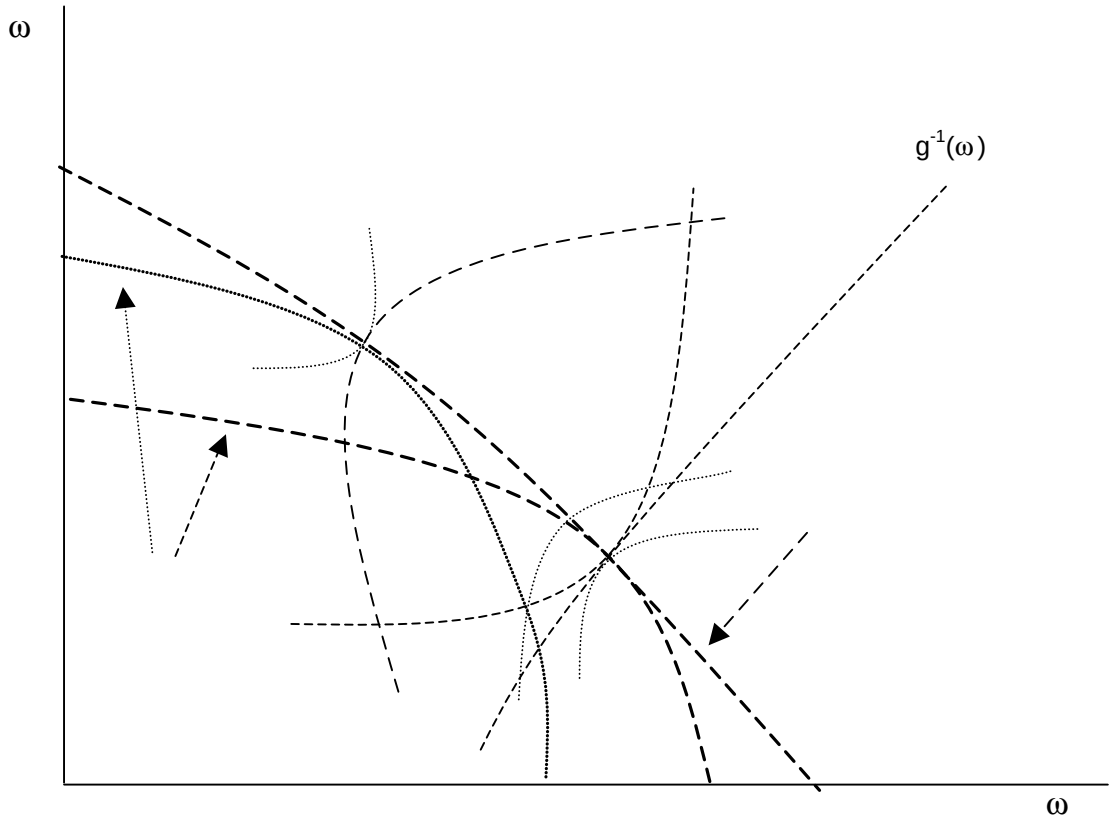
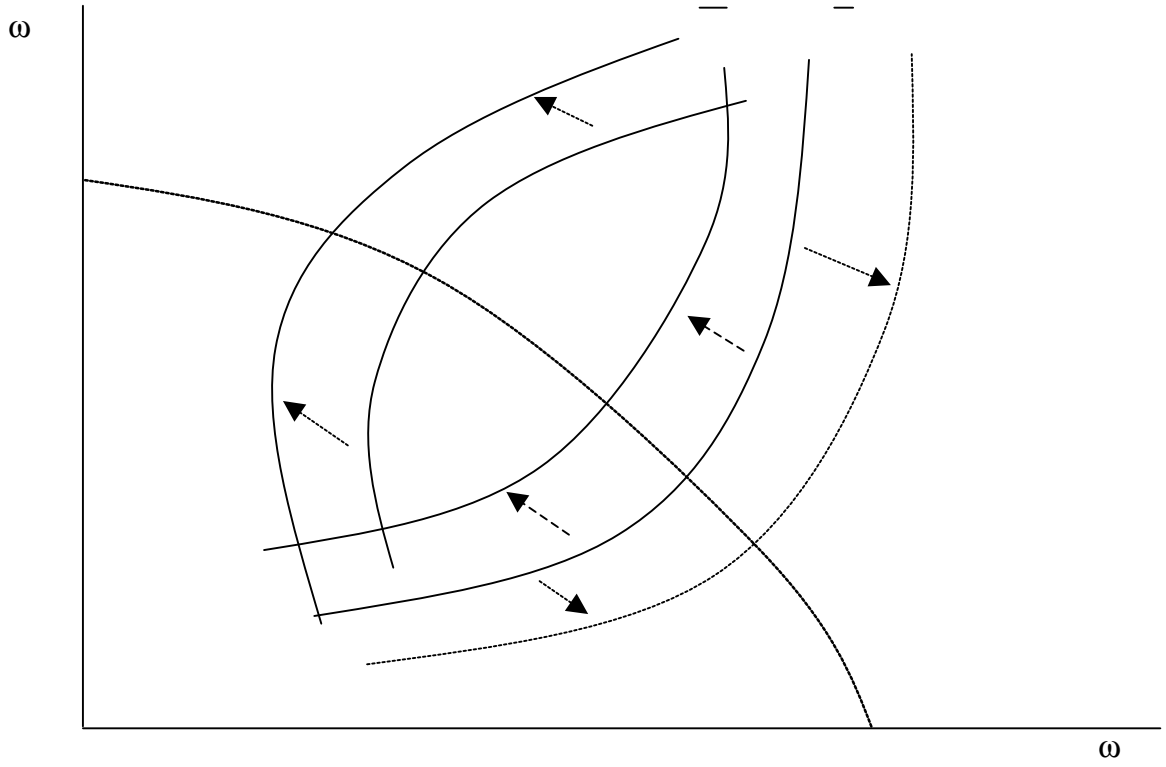


Figure 5:

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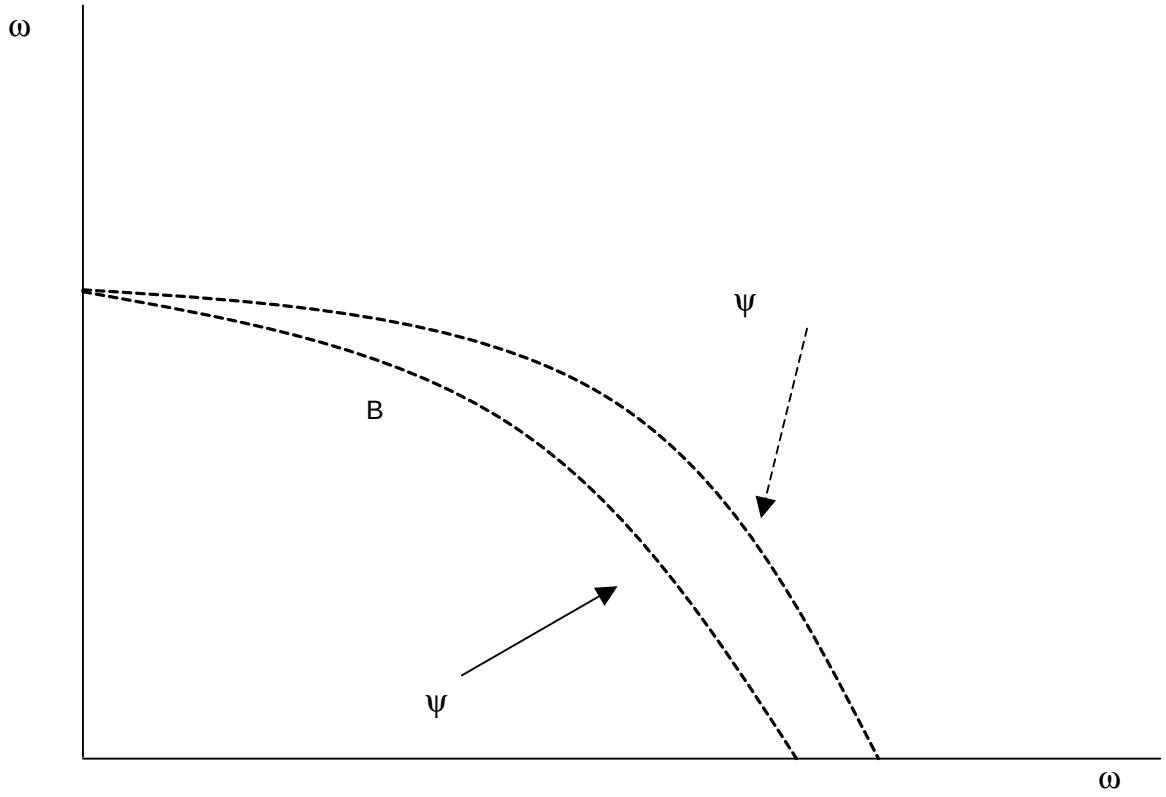
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The Effect of a Change in Distributional Factors (with a Marital Surplus, k > 1)