



Introduction

One has to wonder why it is so difficult for people to have a successful marriage, since that goal is usually central to what they perceive to be the good life. When people are asked about their personal goals, it is always at the top of the list. High school seniors consistently rank having a good marriage and family life as their most important goal.¹ It is viewed as more important than making lots of money or saving the planet, for example. Even twice-divorced Donald Trump said that marriage is a great institution—if you get it right.

Marriage is a practical as well as romantic goal for most people. Married people are healthier, wealthier, happier, and have longer lives than single people. Married couples even have better sex. Sociologist Linda Waite and journalist Maggie Gallagher summarize the research on marriage in their book, *The Case for Marriage*.² Married couples are better off than other adults in virtually any dimension of life. Benefits accrue to both husbands and wives. They feel healthier than those who are divorced, separated, or widowed. Married couples also have more financial resources. Marriage provides the best environment for raising children. Moreover, women are safer in marriage than in other types of relationships.

While some people dismiss the importance of marriage as a key social institution, less than five percent of people have never married by age seventy-five.³ The percentage of adults who have married has fallen recently, but in 2005 only 28 percent of men and 22 percent of women had never married. And that, to some extent, is a reflection of people delaying marriage rather than rejecting it.

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Even with the increase in the divorce rate, most people marry with the expectation of a long-term, if not life-long, commitment. We do not want to face the pain and frustration associated with divorce. We would prefer to be more successful than Liza Minnelli, who was proud that her marriage to sculptor Mark Gero lasted all of twelve years. While some authors, such as Constance Ahrons in her book, *The Good Divorce*,⁴ want to sugarcoat the effects of divorce, every divorce has to be viewed as a failure—certainly relative to the expectations at marriage.

Most couples who are anticipating a long-term relationship marry, but others do not tie the knot for a variety of reasons. For some it is a matter of choice. Kurt Russell and Goldie Hawn have been together for over twenty years without marrying, something Goldie rationalizes by pointing to her two failed marriages before she met Kurt. Others have not married because of the legal restrictions on who can marry. Elton John and David Furnish were a couple for more than ten years before they eventually married, after laws prohibiting same-sex marriage were relaxed. Still, these couples have had to make important decisions about a mate and roles within their relationships just like couples who marry.

Even though easy, unilateral divorce has blurred the distinction between co-habitation and marriage in the eyes of many, marriage still serves an important, symbolic purpose: No matter how much people say that they are committed to a relationship, the commitment is suspect without a willingness to marry. Sure it may just mean a wedding ceremony and a ring, but the act of marrying is still a very important symbol of commitment.

You probably want to marry—or stay married—and you want to do it right the first time. Yet, many people fail to attain those goals. Essentially, all couples enter marriage optimistically with the expectation that they will have a better life as a result. Unfortunately, approximately half of those couples will eventually conclude that they were so wrong that the only solution is to dissolve their marriage. While the divorce rate peaked in the early 1980s, it is still much higher than in any other period in American history.⁵ Other married couples do not divorce, but they conclude that their marriage has not lived up to their expectations. Even among couples that stay married, the level of satisfaction with their marriage has been declining.⁶

A SMART MARRIAGE

The goal of a Smart Marriage is to solve the puzzle associated with marriage. For most people, nothing is more important for their long-term happiness than a successful marriage. They marry optimistically in pursuit of that goal—and yet many people are incapable of establishing the marriage that they anticipated. You will have a Smart Marriage if you can solve this puzzle by choosing the right person to marry and then by both you and your spouse continuing to agree that it is a success. You cannot have a

successful marriage just because you want it. Sure, luck has a role in marital success, but bad luck can, too often, be traced to poor decisions.

Creating a Smart Marriage requires you to use your head as well as your heart to make critical decisions before and during marriage. Some people will make the right decisions and others will not. This book will help you make better decisions and give you a good shot at long-term marital bliss.

Why do people have such a difficult time accomplishing this most fundamental task? After all, most people appear to be capable of accomplishing other strategic goals. If you want to be a lawyer, you go to law school. If you want to live in Southern California, you move there. But you may be much less successful at establishing a successful marriage. How do you improve your ability to accomplish that goal and end up happily married?

First you have to recognize that times have changed. While many people bemoan the decline in the state of families in America—often attributing it to a shift in values toward more self-indulgent behavior—seldom do we appreciate the increase in the complexity of the decisions necessary for a successful marriage. Up until just a few generations ago, essentially all adults wanted to be married and most accomplished that goal. The range of choices that they had before and during marriage was very limited. They chose a spouse (or often one was chosen for them) from within a narrow socioeconomic group and then they assumed socially determined roles—often subtly based on necessity—similar to those of their parents. Having married, they became parents, often having numerous children.

This hardly describes the situation now. All of those choices have changed dramatically. There are critical choices at each step described above. Should you marry? What type of person among the numerous people to which you are exposed should you marry? How should you balance your career and your marriage? How does that balancing affect when you marry? What roles should you assume when you marry and what roles should you expect your spouse to assume? To be blunt, who should wash the dishes? Should you have children? How many should you have? When should you have them? The list goes on and on. You have to make far more decisions than your grandparents made.

Like most adults, my wife, Amy, and I have struggled with all of these decisions. Having a successful marriage and happy family has been important to both of us. In contrast to many people, I can say after over thirty years of marriage that we have been fairly successful at accomplishing those goals. As I reflect on our success, I have developed a deeper appreciation for the benefits of my education and the job that I have had for the last thirty years. No, I am not a successful marriage counselor. Far from it. Neither my education nor my job has anything directly to do with marriage as I am a lawyer/economist who teaches in a business school. However, economics and a business perspective have permitted me to develop valuable insights about the choices that we made that led to a successful marriage. Reflecting back,

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I think that most of our decisions were good ones, but often the decisions then did not benefit from the insights that we have now. So, where do you look for guidance for making the best decisions?

A BUSINESS APPROACH TO MARRIAGE

If you want to have a Smart Marriage, you have to make better decisions. In a business setting, people have recognized the importance—if not necessity—of making good decisions. A substantial literature has developed in support of those decisions. This literature has important insights about the choices that people make and how they can improve them.

A pragmatic, business-like approach to marriage is not new. In fact, it has often been the only approach. For most of the history of Europe and the Americas—and still in much of the rest of the world—marriage was viewed as much too important to be trusted to the decisions of the young. In those times and places, romance took a back seat to parents and others who decided who would make the best couples and the roles that they would assume after marriage. Tradition established processes the people felt improved their welfare. On closer examination, these traditions had a business-like goal of attempting to increase societies' production. In times that were much less prosperous than ours, people had to make difficult decisions. Traditional arrangements were viewed as best for providing such things as more food and better shelter.

We all recognize that times have changed. Traditional arrangements and roles have very little influence on decisions about marriage in the United States today, where romance has become the primary basis for marriage. Yet, people still have the same goal of a successful marriage.

A pragmatic perspective on marriage, therefore, is not an alternative to a romantic one based on love and physical attraction. The two approaches are complementary as they both attempt to make a marriage a success. People get married because they are in love, but they stay married because they are satisfied with their marriage. They feel that they are better off in it than in any other arrangement.

While this book uses insights from business to improve decisions affecting marriage, the last thing I want to do is to obscure the importance of love and physical attraction in marriage. That is where all successful marriages (at least in industrial countries) start. But that is not the end. Being somewhat more pragmatic can result in the happy marriage that so many of us desire. We will be discussing concepts such as the potential gains from specialization of labor during marriage as a basis for improving a family's welfare. We will not, however, suggest that marriage is just another business proposition for which the best approach, for example, is a detailed premarital contract specifying the ongoing roles of the spouses.

The first step toward making better decisions consists of having a clearer understanding of what motivates your decisions and what you are

attempting to accomplish. Economists observe that people tend to be motivated by their self-interest with the goal of increasing their welfare. So, don't kid yourself. The most important person in your life will always be you. You want to love—and you want to be loved. While profits serve a central role in the welfare of a business, welfare is a much broader concept for individuals. It varies among people based on a range of goals such as happiness, peace of mind, and financial success. For most people, a successful marriage is an important means for accomplishing those goals.

COMMON SENSE

In many areas of everyday life, you have little need for insights from business to provide guidance as to how you can improve your decisions. Common sense has already provided you with guidance. Consider the choices that you make as a consumer or worker.

As a consumer, you have gradually learned how to allocate your limited time and money more efficiently. Initially, you observed others making decisions. You heard your parents debating about how to spend your family's income and allocate their time. Eventually, you may have received an allowance from your parents to cover your recreational expenses. It was apparent then that spending too much on some things like video games left less for others. Gradually, even if you continued to be dependent on your parents, the activities that you were expected to cover with your allowance and earnings expanded to include clothing and meals. Often, going away to college is an important period for people to learn how to better allocate their limited money and time. Finally, you were making your own decisions about the sources of your income and the allocation of your expenditures. Tradeoffs became even clearer. Less attractive alternatives had to be rejected and better alternatives accepted. While you would like a new car, for example, saving up to buy a house may be more important. Making choices can be frustrating, but consumers eventually learn how to improve the satisfaction that they receive from the goods and services that they acquire using their limited resources of income and time.

A similar process leads people to their preferred career. Initially, you observed the world around you and as a result you may have wanted to be an emergency room doctor. Eventually, through courses in school and part-time employment, you developed a clearer sense of potential careers. Again you were faced with tradeoffs among your alternatives. Some jobs are enjoyable but do not pay very much, while others pay better, but are less enjoyable. You become aware that jobs in a field that you thought that you would enjoy would require you to relocate, sacrificing friends and family relationships. Again, you were faced with more tradeoffs. There is substantial job mobility by young workers as they search for a preferred career. Eventually, people decide on a career and employer and job mobility is much less common among older workers. At this point, some people

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even find economics interesting as a career. Few jobs will be perfect, but people learn to appreciate the tradeoffs among positions, finding the combination of attributes in one that they find most appealing.

Common sense, however, may not provide adequate guidance for making the best decisions about marriage. Then you need a more structured approach that can be provided by a business-like framework. While the marital decisions suggested by a business framework may be subtle and sometimes counterintuitive, they are not particularly complicated. The trial and error process used by consumers and workers can, however, be a disastrous approach to making decisions about or within marriage. There is much less room for error in those areas. Too many decisions are irreversible. Just consider parenthood. What prepares us to be parents? Having become one, it is not the time to question whether it was a good idea. You need a clearer structure for making decisions. A business perspective can be a surprising source of guidance for making better decisions about marriage.

You seldom have adequate guidance about the decisions that will make marriage a success. Few of us have observed numerous families intimately and even the decision making of our parents may have been subtle or dysfunctional. Your contemporaries are of even less value as guides. They are as confused as you.

The value of a business perspective on marriage can be illustrated by observing the investment process. Businesses prosper due to key investments that are made possible by personal sacrifices. Investors sacrifice income that could be used for current consumption to buy shares in corporations that use the funds to increase their output and, hopefully, their profits. Both the investors and the businesses expect to be better off in the future due to this process.

In a similar fashion, families benefit when spouses invest in their marriage. They make sacrifices by doing things that they would not otherwise have done. Some can be casual and low cost, such as going to a concert that they do not anticipate enjoying—but they know they will be rewarded with the appreciation of their spouse. Some sacrifices can be substantial, however, such as when spouses limit their careers to provide childcare or to relocate due to a new employment opportunity for a spouse. The anticipated rewards for these investments are the reciprocal acts of the other family members—the increased income of their spouse and the love of their spouse and children. Both the people making the sacrifices as well as family members are potentially better off due to the investment.

This investment process is just one of the reasons married couples can be better off than people in other living arrangements, but its benefits may not be intuitively obvious. People do not like to make sacrifices. What about my career if I shift to part-time employment to adjust to childcare responsibilities? Why should I take the time and effort to complete my education when our current incomes are covering all our expenses?

THE FAMILY AS AN EFFICIENT BUSINESS

A business perspective can also provide insights about the roles that spouses might consider during marriage. While many people argue that the ideal marriage should consist of an equal sharing of responsibilities by the spouses both through employment and in the home, insights from successful businesses suggest that the process of increasing your overall welfare is more complicated. In many ways, a successful marriage can be viewed as an efficient business about which the business literature has numerous insights. Businesses convert inputs into outputs attempting to make a profit. In the pursuit of profits, most businesses rely on their employees assuming specialized roles that increase their productivity. Most families benefit from a similar process. The family members use their time, income, and skills to produce a variety of outputs such as well-adjusted children and a pleasant living environment. During this production process, most families benefit from the spouses assuming more specialized roles than they would have had if they had remained single.

Even in an era of two-income households, couples still benefit from differentiating their roles. In the 1980s, one of the most politically powerful couples in America was the Doles. Bob Dole was the Senate majority leader—and eventual presidential candidate—and Elizabeth Dole was the Secretary of Transportation in the Reagan Administration. However, in their domestic capacities, Elizabeth assumed the primary responsibility for cooking, for example. In their joint autobiography, *Unlimited Partners*, she notes the challenges that she faced as the family's cook, often having to rely on Lean Cuisine and a small library of thirty-minute-meals cookbooks.⁷

Like many couples who have created a successful marriage, Amy and I have become more specialized since we married. I enjoy eating, so even in my bachelor days I was a fairly good cook. Well, it might partly have been due to poverty during graduate school. However, Amy is a much better—and certainly more enthusiastic—cook than I, so she has assumed the primary responsibility for cooking during our marriage. Specialization is never complete, as I make the best fresh pasta on the planet. On the other hand, plumbing and electrical problems are outside her experience and, therefore, have become my responsibilities. In support of her cooking, I have also assumed responsibility for such pedestrian tasks as washing the dishes.

The gains from increased specialization are going to be particularly important for you when you become a parent. Both my wife and I had full-time jobs until we became parents. However, we then realized that one of us was going to have to temporarily limit our career so that we could have the happy, well-adjusted children that we wanted. With a master's degree in early childhood education, my wife was much better prepared to work with the children, so she cut back from teaching full time to part time. Meanwhile, this freed me up to continue to focus on my career. After

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the children reached an age at which they could be left alone after school, she returned to full-time teaching.

TAKING RESPONSIBILITY FOR YOUR DECISIONS

Both business and marital decisions can be difficult. The reason that you have to make decisions is because you cannot have everything. All decisions essentially require you to sacrifice something else. You will marry when you expect to be better off married to a particular person rather than remaining single. And you will stay married so long as you and your spouse continue to believe that to be true. Therefore, the solution to having a Smart Marriage requires you to choose the right person and then make good decisions during marriage. All of these decisions require you to reject alternatives.

In particular, having a Smart Marriage requires you to reject the victimization perspective that is too common in contemporary society. From that perspective, you are not responsible for your actions, since societal forces overwhelm you. One of the most pathetic examples of this process is when people who voluntarily married someone proclaim—when their marriage ends in divorce—the despicable characteristics of that person. They assume no responsibility for having made a poor decision in having married. Unless they are capable of that recognition, it is not likely that the quality of their decisions about a spouse will improve in the future. People, just like businesses, are less likely to be successful if they do not recognize and learn from their mistakes.

Mia Farrow has been married to Frank Sinatra and Andre Previn and had a long-term relationship with Woody Allen. Her lack of success in these relationships may be reflected in her unwillingness to assume responsibility for her poor choices. For example, in her autobiography, *What Falls Away*, she describes Woody Allen as hypercritical, short-tempered, emotionally frigid, and oblivious to anyone else's needs.⁸ He was cold to her children—including his son—and mean to his parents. Moreover, he is a hypochondriac who has been in therapy for forty years. These are not the attributes that most of us would look for in a life-long partner, so one has to wonder why she devoted so much of her life to him. Eventually, the couple separated in 1996 due to the well-publicized relationship between Allen and Farrow's adopted daughter, Soon-Yi Previn. She justifies having stayed with him so long because she was emotionally dependent on him and afraid to lose her job working in his films.

Here, we assume—and emphasize—that you are responsible for the decisions that you make. Sure, life is uncertain, so choices can turn out different from your expectations. Marriage, like so many decisions about the future, entails risk. An analysis of business decisions usually shows that the more informed they are, the more likely that they will produce the desired outcomes. You have the opportunity to acquire more information and hopefully reduce your risks as your relationship gradually progresses from

dating to intimacy, marriage, and parenthood. You can reduce your risk of making poor choices by evaluating the information acquired at each stage: dating, marriage, and parenthood. This evaluation is especially important because the cost of making a poor decision also increases with each stage. Ending an intimate relationship is emotionally draining, but it pales in comparison to the anguish for all parties associated with a divorce especially if there are children.

WHY DO PEOPLE MAKE BAD DECISIONS?

People are already making decisions in all the areas that we have discussed. They are dating, marrying, and becoming parents. While these people are unlikely to have used a business perspective in making these decisions, throughout this process they think that they are making good decisions that will result in a successful marriage. So what is wrong with the processes that they are going through?

Businesses and people make—what appear to be—poor decisions for a couple of reasons. First, conditions change in an unexpected way and their results differ from their expectations. Second, they do not have the correct framework or information at the time the decision was being made. You can do little about correcting for conditions that change unexpectedly other than being willing to adapt. Imagine the person that you love has an accident that changes the nature of your relationship. You would need to adapt or end the relationship. However, you can deal with the second cause by improving your decisions by utilizing a better framework and improved information. Each alternative has benefits (what you expect to gain), and costs (what you have to give up). You can make better decisions by more clearly identifying the benefits and costs of your alternatives and choosing those with the largest net gain. An improved framework would recognize the roles that you would expect as spouses that differ from those that you have assumed as a dating couple. If you think you are interested in being a parent, then it is better to think of potential spouses as the mother or father of your children rather than as just your lover.

WHY THE ALTERNATIVE SOLUTIONS OFTEN DO NOT WORK

By focusing more clearly on the costs and benefits of choices, a business-like approach to marriage differs from most of the popular marriage advice. The popular literature and numerous talk shows on radio and television dispense advice on how to improve marital quality. Yet most of the advice offered by family therapists and psychologists ignores why people do what they do. They give you advice on how you can improve your behavior without clearly understanding the reasons why you are making poor decisions. This advice does not get to the core of the poor decisions that many people make regarding marriage.

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A common thread of this advice is better communication between the spouses, which is obviously an important component of marital success. However, frequently lacking is this question: Communication about what? If you think you are making the right decisions, when in fact you are making the wrong ones, improved communication is not likely to improve your judgment. Poor judgment occurs because people do not understand the decisions that will result in a successful marriage. It is no surprise that few marriages are saved by entering therapy.

In summary, to have a Smart Marriage, you need to make better decisions. This book uses a business perspective to help you in making those decisions. You are responsible for your decisions and your goal is to make yourself better off. As evidenced by the high divorce rate, making the best decisions about marriage is not easy.

WHAT FOLLOWS?

The first step toward having a Smart Marriage consists of identifying why it is particularly difficult to make the best decisions about marriage. To make better decisions about marriage requires us to look at some unique problems. Four traps cause people to make poor decisions. They consist of the Experience Trap because other experiences do not necessarily prepare you for making good decisions about marriage; the Emotional Trap because your emotions have such a strong influence on romantic decisions; the Self-Interest Trap because a misinterpretation of your self-interest can cause you to ignore the importance of considering others when you are making decisions; and the No-Fault Divorce Trap, which can limit your commitment to marriage with unfortunate results.

Subsequent chapters will lead you through the various stages in which you need to make critical decisions to establish a successful marriage. Initially, you are interested in a spouse. So we will explore the characteristics of people that you should be considering—and I am not talking about blond and blue eyed versus tall, dark, and handsome. That person should have many of the attributes of a person that you would consider as a potential business partner. Think in terms of someone with whom you are compatible in more ways than just physical attraction and yet someone whose skills and preferences present opportunities for both of you to benefit from more specialized roles during marriage. We will explore why commitment is so essential in both business and marriage. Finding the right person is the result of a search and marketing process in which you have to consider the characteristics of the person that you are seeking, how you will find that person and how you are going to convince her to marry you.

The next challenge is determining your roles during marriage and the balance between your careers and those roles. You should never lose sight of your goal of increasing your welfare. Often, that is not the same as increasing your income. A successful marriage is a central component of

that welfare for most people—and probably you, which is why you are reading this book. In addition to intimate contact with someone you love, you will be better off married if you have access to more goods and services than you would have in any other situation. A successful family is very much like a thriving business as it converts inputs into outputs. Its inputs are time, money and skills with the resulting outputs being commodities. These commodities come in various forms from meals, intimate moments with those you love, to well-adjusted children.

Careers are an important source of the income necessary for the production of commodities, but they also detract from the time available for domestic activities. There are benefits from employment based on the commodities that it permits, but there are costs associated with it due to work-related factors and sacrificed alternatives. The goal from employment should be to maximize the net gain—benefits minus costs.

Central to most families are children, so they are discussed next. You should have children only because of the enjoyment that they will bring to your life. This enjoyment will be enhanced if you produce happy, well-adjusted children. From an economic perspective, you invest in your children by making sacrifices on their behalf in the anticipation of the enjoyment that they will bring to you. This is a critical area in which you have more choices today. Most couples had many children in the past. Now you have to decide whether you will have children, how many you will have, and when you will have them. These choices will be determined by weighing costs and benefits. Considering parenthood in a pragmatic way, you'll see, can be very important for marital success.

Not all marriages are a success, so we have to discuss divorce. In effect, a divorce is similar to a company going bankrupt—the future benefits (revenues) are not expected to exceed the costs. It is important for you to recognize that the costs of divorce usually increase with the duration of the marriage, so you are advised to evaluate your marriage critically in the early stages. This chapter also alerts you to the costs of divorce, thereby encouraging you to work harder to make your marriage—which you anticipated would be a success—a success.

With a divorce, the process of attempting to create a Smart Marriage starts all over again as most divorced people want to remarry. Although you may be wiser for your experience, you now have to face a broader range of decisions to create a successful marriage. You are in the position of a business that is considering a merger. You have to address whether your activities and those of your prospective spouse can be successfully consolidated. You, and many potential mates, may have ex-spouses and children who will complicate the process of making the best decisions. A review of past decisions is important to improve on your future ones.

So, let's start to create a Smart Marriage. It is important to realize that pragmatic thinking within a business framework is not in conflict with the emotional response that you want to make to someone you love and to

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whom you are physically attracted. You want that love and physical attraction to lead to happiness rather than frustration and pain. The framework developed here is most likely to complement your emotional preferences, resulting in a successful marriage. The first challenge is to avoid some critical traps into which too many people fall resulting in poor decisions about marriage. Those traps are the subject of the next chapter.

CONCLUSION

To create the successful marriage (a Smart Marriage) that most adults recognize as their most important goal, people have many more choices than in the past. Regrettably, many people lack an adequate framework for making good decisions, with the result that their marriages do not fulfill their expectations. Too often the result is divorce. Guidance for making better decisions can come from a surprising source. Business—and more specifically economics—studies the choices that people make and how they can be improved. This book uses a business framework for making better decisions before, during, and potentially after a marriage.

THINGS TO REMEMBER

- Having a Smart Marriage is based on establishing the successful marriage that is important for most people.
- Most people marry optimistically in pursuit of that goal, and yet so many are incapable of establishing the marriage that they anticipated.
- Don't kid yourself. You base your decisions on your self-interest.
- Other experiences may not prepare you for making the best decisions about your marriage.
- A business perspective on making decisions considering benefits and costs can be important for increasing the likelihood of marital success.