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LEMMA
Laboratoire d'économie mathématique et de microéconomie appliquée

SÉMINAIRE

DYNAMIC MARRIAGE MATCHING WITH SEARCH FRICTIONS AND ENDOGENOUS DIVORCE: AN EMPIRICAL FRAMEWORK - LIANG CHEN

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Liang Chen is an applied microeconomist whose research focuses on family and labor economics. His work uses structural models to study marriage markets, fertility, parental investment in children, and labor supply.

Abstract:

We develop a tractable framework for marriage, divorce, and remarriage with search frictions to study Internet diffusion in U.S. marriage markets between 1990 and 2010. The model delivers a closed-form dynamic matching function with endogenous divorce. Under stationarity, we

propose a transparent strategy that identifies marital gains and search costs using single-market cross-sectional marriage and divorce data. Instrumenting with historical telephone penetration, we find broadband adoption lowered search costs and raised marital gains. A one-standard-deviation increase in adoption raises men's marriage rate by 13.7% and their divorce rate by 7.4%. Over this period, men's marriage rate fell by 42% and their divorce rate rose by 13%. Counterfactuals attribute 51% of the marriage decline to rising search costs, 31% to falling marital gains, and 18% to population changes. Falling marital gains alone would have raised divorce by nearly twice its fitted increase, and rising search costs offset 92% of it.

Joint with Eugene Choo, Bates College