

Options at the Marriage market

Petra Huck¹

Abstract – The marriage market within agriculture turned into a well-known topic of entertainment. Yet, TV presents a burlesque of the “typical” farmer. Anyway, beyond interpersonal issues property assets still may be a criterion in selecting a marriage partner. According to an old maxim from Swabia, “Liebe vergeht, Hektar besteht”, young farmers should look for a good catch. Further, “Drum prüfe wer sich ewig bindet, ob sich nicht doch ‘was Bess’res findet.” recommends to delay marriage and reassess the choice. The candidate first in mind may be an unfavourable partner. The paper at hand deals with the options at the marriage market, in dependence on a special structure of childhood homes typical within agriculture. Further it presumes a bequest allocation resulting from transfers to male principal heirs, as well typical within agriculture.

INTRODUCTION

What does the proverb “Drum prüfe wer sich ewig bindet, ob sich nicht doch ‘was Bess’res findet.”² mean, if young, yet not married farmers choose a marriage partner, especially if the endowment of the partner is a decision criterion? Is there an Option Value of marital status “unmarried” and is it identical for males and females? Or does it differ by gender?

Doubtless, the structure of the community and the allocation of bequests influence the existence of an Option Value, and as the case may be, the size of the value.

LITERATURE

Agri-sociological literature confirms the geographical extension of the tradition to transfer to a male principal heir (Bernheim, Shleifer and Summers, 1985; Hutson, 1987; Mann and Rossier, 2006). The existence of a son is almost essential for continuing within agriculture.³ This fact feeds back to the structure of childhood homes (Huck, 2009).

On the other hand, in accordance with an old maxim from Swabia, property assets are a relevant criterion within selecting a marriage partner.

The criterion and the structure of childhood homes, influence options and outcome at the marriage market. Some liaisons among youths will last, others will be canceled in pre-position to any new option and others again end not before a new, more favourable liaison is fixed.

The paper at hand will analyse the strategies, options and outcome at a marriage market for youths within agriculture. It bases on the childhood home structure motivated in Huck (2009).

CHILDHOOD HOME STRUCTURE, OPPORTUNITIES AND RISKS

Huck (2009) motivates a special structure of childhood homes¹:

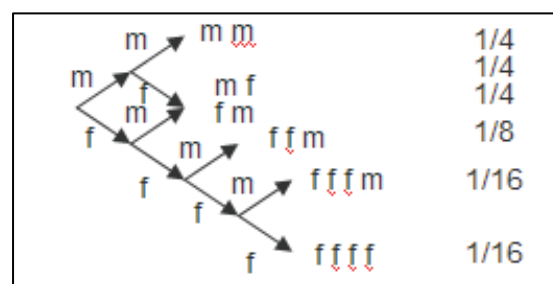


Figure 1. Probability distribution of childhood home types; f = female, m = male

Fig. 1 demonstrates, as a transfer to a male principal heir presumes the existence of a son, parents who initially miss a son may end with more children than other parents. Further, few parents may give up and may settle for having only daughters.

Given the resulting special structure of childhood homes, only a small share of females inherits a farm, respectively a part of a farm. Further, a certain share of sons becomes principal heirs whereas the remainder of the sons do not inherit.

Given this allocation of wealth, we assume arbitrarily liaisons among the youths. But, as the youths come of age and marriage evolves into an issue, some may stay with their partner and others may look for a better match/catch, i.e. to marry a fortune – from the point of view of bequest.

Fig. 2 gives an overview of the available strategies.

¹ Petra Huck former worked at the Technical University of Munich, Environmental Economics and Agricultural Policy Group, Munich, Germany (petrahuck@gmx.net).

² It is more general than the citation of Schiller's song of the bell insofar as Schiller puts emphasis on human features ("Who'e'r would form eternal bonds, Should weigh if heart to heart responds. Folly is short--repentance long." (http://www.schillerinstitute.org/conf-iclc/1980s/conf_1984_eve.html#song_of_the_bell))

³ Mann and Rossier (2006) cite: "Das Fehlen eines Sohnes senkt die Übergabewahrscheinlichkeit enorm, da es in den meisten Fällen immer noch die Söhne sind, die als Betriebsnachfolger favorisiert werden." (Mann and Rossier, 2006, 9). Other criteria for continuation are the age of the farmer (Glaubenet al., 2004a), the age of the potential heir(s), and the education level., the size of the farm, especially the size of the fraction of farm land in ownership, and income (Glaubenet al., 2004b).

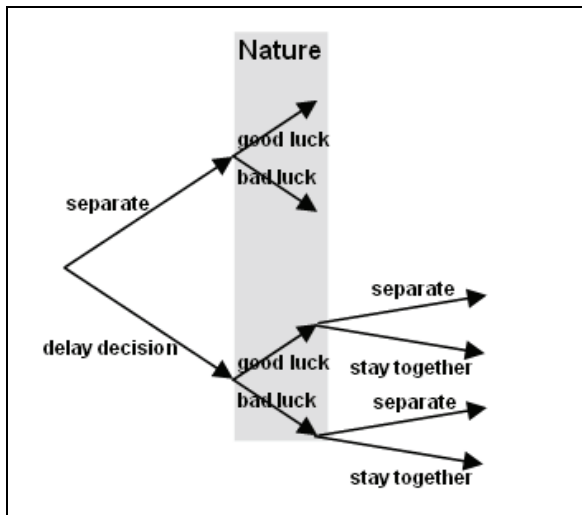


Figure 2. Strategies

One strategy is to separate from the current liaison and thereafter look for a good catch. Maybe with success, maybe not. Depending on the probability distribution, the expected value resulting from this strategy exceeds or falls short of the secured wealth with the current liaison.

Another strategy is to stay with the current liaison and delay any decision about separation, but to keep one's eyes peeled. As the case may be, a favourable catch comes up.

Finally, the benchmark consists in a marriage as soon as possible (not depicted in fig. 2).

The Option Value quantifies the difference in the expected value of waiting, and of deciding today between marriage and separation.

The model shows that probabilities for good luck and for bad luck differ by gender. Concerning males, the structure defines the probabilities thorough, but concerning females an additional assumption has to be made. If farms without a male heir leave agriculture, the corresponding femals never inherit a farm. Nevertheless, each of them inherits an equal share of a farm's economic value. These female heirs personate a good catch. On the other hand, if farms without a male heir choose a female principal heir, these farms are still vital units and stay in agriculture. But the female principal heir is even more scare. The model analyses if there is an effect on the Option Value and if any, what is the effect.

EXTENSION, DISCUSSION AND OUTLOOK

The aim of the habit to transfer to a male principal heir is to conserve vital units. The habit is appropriate to implement a corresponding structure of childhood homes with only few homes without a male heir. Yet, what do we know about the structural development resulting?

The basic model presents an answer the question. It deals with the strategic options at the marriage market. The "market clearing" determines the structural development within agriculture:

In childhood homes without a male heir usually many females exist. If such a farm is separated into several parts, if the parts are still vital and if the female heirs settle for marrying a male without be-

quest, the number of farms grows with each new generation.

On the contrary, if farms without a male heir, leave agriculture, we see a steadily decrease in the total number of farms.

Last but not least, if farms without a male heir do not leave agriculture, but do not split up either, there is no structural change.

There are some options for a model extension, e.g. the basic model ignores the risk to become abandoned by the liaison partner as a component in the evaluation of one's own options. An extension of the model should include this risk. Furthermore, the reliability of the potential future partner should be included in the calculation.

Another extension should open the marriage market to "externals". The "closed" market disappears almost everywhere in Europe.

Further trends are: the share of part time farms increases, marriage isn't irreversible any more and both trends affect childhood home structures. An extension of the basic model could deal with the resulting effect on the Option Value.

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