

The Price Elasticity of True Love and Marriage

By Suneal Bedi

At a certain time each year, love barges into my apartment via First Class mail. It takes the form of wedding invitations. Looking bewilderingly expensive and bright, these pieces of paper court me each spring.

But as I peruse these invitations year after year, I find myself juggling two conflicting emotions. The first is joy—two friends have found “true love,” and they are willingly committing the rest of their lives to each other. But the second is apprehension. Will they last? Are they right for each other? Who can blame me for thinking like this, given that the divorce rate was fifty percent in 2010.

These days, nothing seems to quell our thirst for “true love.” We Americans seek out true love so persistently, and sometimes demand it so vehemently, that we have built multi-million dollar industries to support it. But the pursuit of this love comes at a high cost. Economics tell us that as the price of a good increases, we demand less of it. But who is demanding less love? In other words, what is the price elasticity of love?

Economists use elasticity as a measure of the change in demand of a good based upon the change in price of the good. An inelastic good tends to have a high demand even when its price increases—think insulin, which diabetics would still demand it even if its price were to skyrocket. Conversely, an elastic good would tend to have a lower demand when its price goes up—think Burger King: if the price of a Whopper went up to 10 dollars, nobody would buy it because they could get a similar burger elsewhere for less.

People can and do conceptualize love in many different ways. I want to focus strictly on our notion of true romantic love as we depict it in mass media and during obligatory wedding toasts: the type of “true love” presented in your standard Nicholas Sparks book or romantic comedy—the marrying your high school/college sweetheart type of love. But it’s important to note that this true love is a package deal...specifically in regard to marriage. It’s not enough to just find your one true love, the hope is to marry and hold onto him/her for better or for worse.

What are the costs of true love? The first and highest costs are time and money. Simply put, it’s difficult to find “the One.”-- So it might take you several years or even decades and cost you more than you want. Online dating is one attempt to make love cheaper by decreasing the time it takes to find your true love and the money spent going out. But those of you who have tried it know that it’s not always more efficient or economical.

The second cost of true love is the opportunity cost, the cost of foregone potential mates. Once you find and marry your other-half, you theoretically forego the opportunity to have other relationships; these are lost connections that will never be. As the population of the world grows, the number of foregone mates increases and so this tends to increase the price of love.

Lastly, the expected cost of being wrong (divorce cost multiplied by probability) is high. Any time you find your true love and marry them, you have to take into consideration that you might have chosen badly and your marriage might end in a divorce, which of course is very costly to both parties both financially and emotionally. As legal fees, child support, and therapy fees increase, the cost of being wrong grows, and with it, the cost of love. True love can be ephemeral and perhaps even illusory at times, making the probability of being wrong quite high.

On average the cost of love is increasing, but how are we reacting to this price increase? There are several factors that economists use to predict how a good's demand will change when its price changes: potential substitutes, necessity, and brand loyalty are some important ones.

There are several cheaper substitutes for the consumption of true love. An open relationship (one where a couple decides that they can pursue relations with other mates) is one of them. We see the cost of divorce all but disappear because as long as the partners are able to freely interact with others, living together or being married tends to feel more like living with a friend or roommate. The cost of lost relationships is eradicated, as both partners are able to freely pursue others.

The modern arranged marriage, where individuals still retain some decision-making power and autonomy, is also a cheap alternative. In these marriages, couples pursue an extremely abbreviated courting period at the end of which they still have the choice not to get married.

The modern arranged marriage by definition is not based upon true love. When a person enters into such an arrangement, they are perceived to have given up on the culturally-linked notion of true love. This is because they have made the decision to spend their life with someone they simply get along with and ideally find physically attractive.

Unlike finding your one true love, finding a partner for an arranged marriage is easier and quicker as friends and family often help in the process. The expected cost of being wrong is also lower in an arranged marriage. The probability of being wrong is substantially lower because you aren't pursuing the transient true love in the first instance. According to UNICEF, 55% of global marriages are arranged, and only 4% of them end in divorce.

Another good alternative would be to forego this entire pursuit and instead remain in a perpetual state of bachelor(ette)hood. This clearly is a very affordable substitute as it shares zero of the costs of the consumption of true love. However, unlike an open relationship and a modern arranged marriage, this is not a close substitute.

Necessity tends to make a good inelastic. Think back to insulin, if you really need it to survive than you will continue to spend a great deal of money to obtain it. Here is where the American conception of love gets sticky. We have been conditioned to think that love is necessary for happiness and a prerequisite for marriage. We see friends and family claim that they have found true love, and this sometimes puts pressure on us to similarly look for and maybe prematurely declare that we too have found it. From an early age we see married couples happily celebrating their 50th anniversary, which

makes us start to wish that happiness on ourselves. This concept of necessity makes the elasticity of love quite low.

A high level of brand loyalty also tends to make the demand of goods inelastic. Even though RC Cola is cheaper and similar tasting to Pepsi and Coke, we feel some amount of loyalty to our name brand sodas. Similarly, it seems that pop culture has instilled in us some amount of brand loyalty to true love. Movies, songs, and TV shows all depict the quest for true love and persuade us that it is perhaps the (only) route to happiness. Every Disney movie ends with a happy gathering of a couple and so often do the ones marketed towards adults.

What then is the elasticity of love, if any? When the cost of a good increases and there are ample cheaper substitutes, one would predict the elasticity of the good to be high. Historically, consumers tend to prefer the cheaper substitutes to the more expensive, original good. It's clear that the price of true love is increasing. Given that there are cheap substitutes, its elasticity should thus be high and we should be seeing the demand for it decrease somewhat substantially.

To be sure, we are seeing the demand for true love decrease to some degree. In recessions, the marriage rate decreases quite a bit due to a perceived increase in the costs of getting married and in finding true love. Divorce costs and child support rise a great deal in a recession. For that reason it is unsurprising that the marriage rate per 1,000 people in the U.S. fell from 7.5 in 2006 to 6.8 in 2010.

Yet, it seems that the demand for true love is not as elastic as it should be. The societal pressure seems to be making the demand for true love quite inelastic. The misguided notion that true love is a necessary goal for which we must allocate resources is a very powerful force that creates an unnatural floor in the demand for true love. Brand loyalty however, likely doesn't play a part. I don't think *The Notebook* or the love affair between Bella and Edward substantially affects the demand for true love. Every popular Bollywood movie in India concludes with star-crossed lovers finding true love. Yet modified arranged marriages remain very popular in India and within the Indian-American community.

The sensation that love is necessary leads us to allocate an inefficient amount of resources to its pursuit. Given that we have such cheap substitutes readily available and that the cost of true love consumption is forever increasing, we should be actively rejecting the pursuit of it. But we shouldn't be alarmed at the prospect of decreasing our demand for true love as its price rises. It doesn't mean that true love doesn't exist or that no one will ever find true love—it just means that people should stop looking so hard for it and instead substitute other relationships in lieu of it.

These cheaper alternatives will likely also free up time (and "income") to be spent on other goods, and may even begin to change and shape our conception of the necessity and correlation between true love and happiness.

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