

Judicial Interpretation III of the Marriage Law and Household Income Inequality

Jing Li¹, Xuanhui Zhou²

¹ Center for Macroeconomic Research, Xiamen University, Xiamen, China

² School of Architecture and Civil Engineering, Xiamen University, Xiamen, China

Abstract

The promulgation of the 2011 Amendment to the Marriage Law-Judicial Interpretation III-provides the empirical setting for this study. This study treats it as an exogenous shock and examines how household income inequality evolved before and after the amendment. First, household income inequality increased following the promulgation of Judicial Interpretation III of the Marriage Law in 2011, relative to the pre-reform period. This finding remains robust to alternative inequality measures. Second, heterogeneity analysis indicates that this widening pattern of household income inequality is more pronounced in households where the wife holds property ownership.

Keywords

Judicial Interpretation III of the Marriage Law; Household Income Inequality; Heterogeneity Analysis.

1. Introduction

Amendments to marriage law both reflect evolving social norms and serve to institutionalize new marital ideals aligned with prevailing socio-political objectives. The promulgation of China's first Marriage Law in 1950 profoundly reshaped social life by liberating individuals from traditional constraints and promoting gender equality. In the context of four decades of economic transformation following China's reform and opening-up, the significance and implications of Judicial Interpretation III issued in 2011 merit careful examination. The provisions defining marital community property-particularly those concerning housing property rights-are likely to affect the distribution of household wealth and reshape beliefs about intra-household specialization. Such effects may begin at the stage of spouse search by altering the relative weights attached to mate selection criteria, thereby reshaping marital matching patterns. For this reason, the major revision to marriage law constitutes an informative quasi-natural experiment: it enables researchers to observe more salient changes in matching patterns and, in turn, to clarify the relationship between marital matching and household income inequality. Moreover, the 2011 amendment weakened the traditional role of housing property rights as a basis for long-term marital commitment and explicitly emphasized gender equality. Under an existing division of labor in which women may remain structurally disadvantaged, understanding how this reform affects matching characteristics and trends has significant practical implications for research and policy on fertility and population aging.

In light of the above, this paper leverages the quasi-natural experiment provided by the 2011 amendment to the Marriage Law to examine how, and to what extent, these changes have shaped household income inequality. The main contribution of this paper is to use the promulgation of Judicial Interpretation III of the Marriage Law as a critical institutional juncture to examine how policy-induced changes in marital property rights shape household income inequality.

2. Literature Review and Hypothesis

Household income inequality has attracted increasing scholarly attention in recent years. First, since the 1980s, globalization and neoliberal economic policies have contributed to a substantial resurgence of income inequality, which has generated a series of socioeconomic problems and has even been regarded as an important driving force behind the rise of contemporary anti-globalization sentiments [1-3]. Second, compared with individual income inequality, a household-based perspective on income inequality enables researchers to identify household-specific determinants, including the concentration of capital income, physical and human capital investment, social welfare policies, and marital matching norms. In particular, a household-based perspective facilitates deeper examinations of the roles of intergenerational mobility and assortative mating in shaping income inequality.

From the perspective of economic rationality, marriage can be understood as a matching decision based on utility maximization. Accordingly, marital property regimes may significantly affect individuals' mate-selection criteria and matching patterns. Becker first distinguished theoretically between positive assortative matching, in which individuals tend to marry partners with similar socioeconomic characteristics, and complementary matching, which is based on specialization and division of labor within households [4]. In industrialized societies, however, the economic production function has gradually shifted away from the family, and individuals' economic prospects have become increasingly dependent on their own educational attainment and occupational achievement [5-7].

Against this background, positive assortative mating has become increasingly prevalent in the era of globalization, as mate selection has gradually shifted from gender-role complementarity toward resource-based matching [8]. Existing studies suggest that such changes in marital matching patterns may contribute to the expansion of household income inequality. For example, Greenwood et al. examined changes in marital sorting patterns in the United States from 1960 to 2005 and found that the contribution of assortative mating to household income inequality increased from 13% to 25% during this period [9].

The implementation of Judicial Interpretation III of the Marriage Law in 2011 substantially altered the traditional marital property regime in China. By emphasizing the protection of individual property rights, the policy strengthened formal equality in marital property allocation while weakening the traditional mechanism of intra-household risk sharing and resource redistribution. As a consequence, the incentives for complementary matching may have declined, whereas the incentives for positive assortative matching may have increased. The traditional gender-based matching model, in which men primarily provided material resources and women specialized in household production, was consequently weakened. Following the implementation of the policy, mate selection may have become increasingly guided by economic rationality, thereby increasing the likelihood of positive assortative matching.

More specifically, the rapid expansion of China's real estate market in the early twenty-first century made male homeownership an important signal in the marriage market and reinforced women's tendency toward upward marriage matching. However, after the implementation of Judicial Interpretation III, housing assets registered under one spouse's name no longer automatically generated shared property rights within marriage. Under such institutional arrangements, male homeownership ceased to serve as the dominant signal in mate selection. Instead, characteristics such as age [10], educational attainment [11], occupational status, family background [12], and physical attractiveness [13] may have become increasingly important criteria in the marriage market.

Overall, Judicial Interpretation III altered individuals' expectations regarding marital property rights and reshaped mate-selection patterns among unmarried groups. Individuals may have

become more likely to select spouses with similar socioeconomic characteristics, including income, education, age, religion, and physical appearance. Such a strengthening of positive assortative mating may further widen income disparities across households. Accordingly, this paper proposes the hypothesis: The implementation of Judicial Interpretation III of the Marriage Law in 2011 exacerbated household income inequality.

3. Empirical Strategy and Data

3.1. Empirical Strategy

To test the hypothesis on the impact of Judicial Interpretation III on household income inequality, we employ a generalized difference-in-differences (DID) specification. The baseline model is specified as follows:

$$House_gap_{ijt} = \alpha + \beta_1 Law_{it} + \beta_2 Treat_j + \beta_3 (Law_{it} \times Treat_j) + \beta X_{ijt} + \tau_j + f_t + \epsilon_{ijt} \quad (1)$$

A standard OLS regression without treatment and control groups cannot separate the effect of the judicial interpretation from time effects. If a secular time trend drives changes in income disparity, OLS would be confounded by omitted variables such as technological progress and rising returns to cognitive skills. We therefore use a DID design to analyze how household income inequality changes before and after the promulgation of Judicial Interpretation III.

Because Judicial Interpretation III was implemented nationwide at the same time, leaving no untreated group, we cannot apply a conventional DID design. Instead, we adopt a generalized DID approach. Unlike conventional DID, generalized DID assumes that although all units are treated simultaneously, the treatment intensity varies across units. Therefore, a suitable grouping of treatment and control units is required. The core of Judicial Interpretation III concerns the allocation of housing property, which typically represents the largest share of household wealth. We thus assume that the policy has a differential impact across provinces with different housing prices.

In equation (1), i indexes households, t indexes survey years, and j indexes provinces. $House_gap_{ijt}$ denotes the income gap between household i and other households in region j in year t . We construct $house_gap_{ijt}$ using an inverse absolute deviation approach, based on the median household income in region j . Specifically: $house_gap_{ijt} = \left\{ \frac{|houseincome_{ijt} - houseincome_{jt}^M|}{houseincome_{jt}^M} + 1 \right\}^{-1}$, where $houseincome_{ijt}$ is household income and $houseincome_{jt}^M$ is the median household income in region j in year t . $House_gap_{ijt}$ lies between 0 and 1. Values closer to 1 indicate a smaller gap and greater convergence toward the regional average; values closer to 0 indicate a larger gap and greater divergence.

Law_{it} is a dummy variable equal to 1 for post-2011 observations and 0 otherwise, capturing the temporal effect of Judicial Interpretation III. X_{ijt} is a vector of household-level controls, including household size, year of marriage, number of children, spouse's age, spouse's education, spouse's occupational level, and other relevant characteristics. ϵ_{ijt} is the error term. Provinces are classified as treatment or control based on housing prices.

$Treat_j$ equals 1 if the average price of commercial housing in province j in 2011 exceeds 4,900 yuan per square meter (high-price provinces) and 0 if it is below 4,000 yuan per square meter (low-price provinces). Provinces with average housing prices between 4,000 and 4,900 yuan per square meter are excluded from the analysis. τ_j and f_t denote province and year fixed effects, respectively.

The definitions of the dependent variables, key regressors, and controls are summarized in Table 1. Except for housing price data, which are from the National Bureau of Statistics of China, all variables are drawn from the China Family Panel Studies (CFPS).

Table 1. Variable Definitions and Calculation Methods

Variable Category	Variable Name	Variable Definition	Calculation Method
Explanatory variables	Law	Whether the judicial interpretation has been promulgated	Dummy variable: Law = 1 if the survey year is after 2011; otherwise, Law = 0.
	Treat	Whether the household is in a high- or low-housing-price province	Dummy variable based on the province-level average price of commercial housing in 2011: Treat = 1 (treatment group) if price $\geq 4,900$ yuan/m ² ; Treat = 0 (control group) if price $\leq 4,000$ yuan/m ² .
Dependent variable	House_gap	Household income gap	Inverse absolute deviation: $house_gap_{ijt} = \frac{ houseincome_{ijt} - houseincome_{jt}^M }{houseincome_{jt}^M} + 1$, where $houseincome_{ijt}$ is the income of household i in province j in year t , and $houseincome_{jt}^M$ is the median household income in province j in year t .
Control variables	Provcd	Province code	From the CFPS "Province Code" variable.
	Urban	Urban or rural residence	From the CFPS "Urban-rural classification" variable.
	Familysize	Household size	From the CFPS "Household size" variable.
	Husbandage	Husband's age	Survey year minus year of birth.
	Wifeage	Wife's age	Survey year minus year of birth.
	Hedu	Husband's education level	Coded on a scale of 1 to 9, with higher values indicating higher levels of education: illiterate/semi-illiterate, primary school, junior high, senior high/technical/vocational school, junior college, undergraduate and above, master's degree and above.
	Wedu	Wife's education level	Coded on a scale of 1 to 9, with higher values indicating higher levels of education: illiterate/semi-illiterate, primary school, junior high, senior high/technical/vocational school, junior college, undergraduate and above, master's degree and above.
	Marrydur	Duration of marriage	Survey year minus year of marriage.
	Childnum	Number of children	Count of children in the household.

3.2. Data

This paper uses data from the China Family Panel Studies (CFPS), a nationwide longitudinal survey covering 25 provinces. The baseline survey was conducted in 2010, with follow-up waves in 2012, 2014, and 2016. The CFPS tracks all original household members and their children over time, providing detailed information on housing ownership, demographic

characteristics (age, gender, marital status), and socioeconomic status at the individual and household levels. The panel structure allows us to examine how changes in marital property rules affect household outcomes over time.

We apply the following sample restrictions and procedures. First, we exclude males under 18 or over 60 or retired, and females under 18 or over 55 or retired. Second, we exclude individuals who are unmarried or widowed during the survey period and retain those who are married, cohabiting, or remarried. Third, for participants in the labor market with missing wage data, we impute wages using, in order of priority: other wage-related measures in the same year, wages from previous years, and the provincial minimum wage in the survey year. Fourth, we drop observations with missing values in key variables. After these steps, the sample consists of 15,765 households. Because we define treatment and control groups using housing prices, we exclude provinces in the middle of the price distribution to reduce selection bias around the cutoff. The resulting sample used in the DID estimation comprises 13,937 households.

Table 2 reports descriptive statistics. The mean of the household income gap measure (*House_gap*) is 0.68. Because this variable is constructed using the inverse absolute deviation method, values closer to 1 indicate greater equality across households and values closer to 0 indicate greater inequality. A mean of 0.68 therefore suggests a moderate degree of inequality. The treatment and control groups account for approximately 40% and 60% of the sample, respectively. Urban and rural households each account for roughly half of the sample. Average household size is 4.12 and the average number of children is 1.75, consistent with a household structure centered on parents and children. Mean education for both husbands and wives corresponds roughly to junior high school (level 3), indicating modest overall attainment, which may be related to the relatively high mean age of the sample (above 40).

Table 2. Descriptive Statistics

Variable Name	Mean	Min	Max	N
Law	0.61	0	1	15,765
Treat	0.43	0	1	13,937
House_gap	0.68	0.11	1	15,765
Urban	0.46	0	1	15,765
Familysize	4.12	2	17	15,765
Childnum	1.75	0	9	15,765
Marrydur	19.51	0	49	15,765
Hedu	2.89	0	9	15,765
Wedu	2.57	0	9	15,765
Husbandage	43.83	18	60	15,765
Wifeage	41.96	19	55	15,765

4. Baseline Empirical Analysis

4.1. Baseline Regression

Table 3 reports estimates from the baseline DID specification (equation 1) under four specifications: no controls (column 1); individual and household controls (column 2); and specifications that add region and year fixed effects (columns 3 and 4). In column 1, the coefficient on the interaction term *law#treat* is -0.0187 and statistically significant at the 1% level. The estimated effect is stable across columns 2–4 as additional controls and fixed effects are included. As the specification is enriched, the interaction term becomes more precisely estimated and model fit improves. In the most complete specification (column 4), which

includes all controls and province and year fixed effects, the coefficient on *law#treat* is -0.0191 and significant at the 1% level.

Because *house_gap* is constructed using the inverse absolute deviation method and ranges from 0 to 1, with 1 indicating greater equality and 0 indicating greater inequality, a negative coefficient implies that the policy raised income inequality. The estimated effect of -0.0191 therefore indicates that Judicial Interpretation III increased household income inequality in treatment provinces relative to control provinces, consistent with Hypothesis.

Table 3. The Impact of Judicial Interpretation III of the Marriage Law on Household Income Inequality

	(1)	(2)	(3)	(4)
	house_gap	house_gap	house_gap	house_gap
law	0.0029	0.0042	0.0053	0.0411***
	(0.82)	(1.18)	(1.49)	(9.01)
treat	0.0102**	0.0146***	0.0494	0.0242
	(2.22)	(3.12)	(0.41)	(0.20)
law#treat	-0.0187***	-0.0191***	-0.0190***	-0.0191***
	(-3.46)	(-3.54)	(-3.50)	(-3.54)
familysize		0.0019	0.0027**	0.0029**
		(1.54)	(2.25)	(2.43)
urban		-0.0087**	-0.0105***	-0.0084**
		(-2.41)	(-2.86)	(-2.29)
marrydur		0.0002	0.0001	0.0001
		(0.48)	(0.11)	(0.29)
childnum		-0.0021	0.0019	0.0017
		(-0.89)	(0.79)	(0.69)
hedu		-0.0078***	-0.0081***	-0.0093***
		(-5.48)	(-5.68)	(-6.49)
wedu		-0.0082***	-0.0090***	-0.0089***
		(-6.85)	(-7.45)	(-7.38)
husbandage		-0.0007	-0.0002	-0.0002
		(-1.22)	(-0.33)	(-0.36)
wifeage		0.0015**	0.0010	0.0012*
		(2.28)	(1.56)	(1.80)
_cons	0.6737***	0.6797***	0.6685***	0.6900***
	(218.07)	(44.98)	(5.55)	(5.77)
prov fixed	No	No	Yes	Yes
year fixed	No	No	No	Yes
N	13937	13937	13937	13937
r2_o	0.0008	0.0261	0.0337	0.0451

4.2. Robustness Checks

We reestimate the model using alternative definitions of the income gap. In the baseline specification, *House_gap* is constructed as $house_gap_{ijt} = \left\{ \frac{|houseincome_{ijt} - houseincome_{jt}^M|}{houseincome_{jt}^M} + 1 \right\}^{-1}$, where $houseincome_{jt}^M$ is the median household income in the region. For robustness, we replace $houseincome_{jt}^M$ with disposable income in the household's region in year t (*House_gap2*), and the median household income by region and urban-rural

status (*House_gap3*). Columns (1) and (2) of Table 4 report the results under the full set of controls and province and year fixed effects. The coefficients on the interaction term are -0.0059 and -0.0416 , respectively, both statistically significant at the 1% level. The findings are in line with the baseline results and indicate that the policy increased household income inequality.

Table 4. Robustness Checks

	(1)	(2)
	house_gap2	house_gap3
law	-0.0557*** (-9.56)	-0.0343*** (-5.30)
treat	0.0020 (0.02)	0.0023 (0.02)
law#treat	-0.0059*** (-3.07)	-0.0416*** (-6.85)
familysize	0.0018 (1.47)	0.0001 (0.05)
urban	0.0171*** (4.67)	0.0990*** (23.61)
marrydur	0.0000 (0.09)	0.0004 (0.71)
childnum	-0.0003 (-0.11)	0.0021 (0.77)
hedu	-0.0051*** (-3.55)	-0.0089*** (-5.44)
wedu	-0.0059*** (-4.86)	-0.0058*** (-4.30)
husbandage	-0.0000 (-0.04)	0.0014** (2.18)
wifeage	0.0011* (1.74)	-0.0002 (-0.21)
_cons	28.7775*** (13.31)	-4.2197* (-1.76)
prov fixed	Yes	Yes
year fixed	Yes	Yes
N	13937	13937
r2_o	0.0242	0.0928

5. Heterogeneity Analysis

Judicial Interpretation III introduces new rules on the allocation of housing property rights. We therefore expect households with different ownership arrangements to be affected differently and conduct a separate heterogeneity analysis by property ownership. Using the CFPS records on housing ownership, we classify households into four groups: neither spouse holds property (0), husband sole ownership (1), joint ownership (2), and wife sole ownership (3). As above, we use triple interactions in the regression to test for heterogeneity.

Table 5 presents the results. The coefficient on the triple interaction is negative and statistically significant, and its significance increases as controls are added. The negative coefficient implies that the increase in household income inequality is larger when the wife holds property rights,

either jointly or solely. One possible explanation is that wife ownership reflects stronger female autonomy and less dependence on the spouse or the household. Women in such households may be more likely to enter marriage through positive assortative matching, which tends to widen income inequality across households.

Table 5. Heterogeneity Analysis

	(1)	(2)	(3)	(4)
	house_gap	house_gap	house_gap	house_gap
treat	-0.0021	0.0072	0.0654	0.0347
	(-0.37)	(1.28)	(0.50)	(0.27)
law#treat#property	-0.0069	-0.0070*	-0.0076*	-0.0101**
	(-1.64)	(-1.68)	(-1.80)	(-2.43)
familysize		0.0045***	0.0053***	0.0057***
		(2.86)	(3.31)	(3.61)
urban		-0.0250***	-0.0282***	-0.0237***
		(-5.20)	(-5.77)	(-4.89)
marrydur		-0.0002	-0.0004	-0.0002
		(-0.29)	(-0.59)	(-0.34)
childnum		0.0034	0.0090***	0.0083**
		(1.07)	(2.73)	(2.53)
hedu		-0.0141***	-0.0148***	-0.0170***
		(-7.73)	(-8.11)	(-9.39)
wedu		-0.0102***	-0.0109***	-0.0106***
		(-7.43)	(-7.86)	(-7.76)
husbandage		0.0007	0.0013	0.0013*
		(0.87)	(1.62)	(1.73)
wifeage		0.0016*	0.0012	0.0015*
		(1.85)	(1.30)	(1.73)
_cons	0.6768***	0.6338***	0.6552***	0.7121***
	(219.57)	(29.84)	(5.06)	(5.56)
prov fixed	No	No	Yes	Yes
year fixed	No	No	No	Yes
N	8539	8539	8539	8539
r2_o	0.0008	0.0676	0.0803	0.0980

Note: All regressions include law, treat, and the interaction law#treat. In this table, the law and law#treat coefficients are omitted because of perfect collinearity among the dummy variables.

6. Conclusion and Policy Implications

This paper examines the impact of the 2011 reform on household income inequality. We find that household income inequality increased after the promulgation of Judicial Interpretation III relative to the pre-reform period. This result is robust to alternative measures of inequality. Heterogeneity analyses indicate that the effect is larger in households where the wife holds housing property rights (solely or jointly).

The 2011 amendment was not designed with a full view of its broader social effects. The marriage and housing markets are now closely linked. The reform boosted housing demand and likely contributed to rising housing prices and to higher barriers to marriage. Judicial Interpretation II under the Civil Code (2024) has reinforced property-rights protection and further reduced the practical effect of adding names to deeds. In a housing downturn, the main

viable options for couples are buying in full or renting; those carrying large mortgages face a lower chance of marriage, which feeds back into housing demand and may conflict with national development goals. Revisions to marriage law should therefore consider their aggregate social impact and be implemented in a coordinated way, with attention to mitigating adverse effects on marriage formation, fertility, and education.

Data Availability Statement

The data that support the findings of this article are available from the corresponding author upon reasonable request.

Acknowledgments

Funding Statement: Ministry of Education Youth Fund Project for Humanities and Social Sciences Research (Grant No. 20YJC790063), The National Social Science Foundation of China (Grant No. 22BJL062, 24CJL054).

References

- [1] Autor, D. H., Dorn, D., & Hanson, G. H. (2013). The China syndrome: Local labor market effects of import competition in the United States. *American Economic Review*, 103(6), 2121–2168.
- [2] Rodrik, D. (2017). Populism and the economics of globalization. National Bureau of Economic Research.
- [3] Guriev, S., & Papaioannou, E. (2022). The political economy of populism. *Journal of Economic Literature*, 60(3), 753–832.
- [4] Becker, G. S. (1974). A theory of social interactions. *Journal of Political Economy*, 82(6), 1063–1093.
- [5] Kerr, C., Dunlop, J. T., Harbison, F. H., & Myers, C. A. (1960). *Industrialism and industrial man: The problems of labor and management in economic growth*. Harvard University Press.
- [6] Blau, P. M., & Duncan, O. D. (1967). *The American occupational structure*. John Wiley & Sons.
- [7] Treiman, D. J. (1970). Industrialization and social stratification. *Sociological Inquiry*, 40(2), 207–234.
- [8] Schwartz, C. R. (2013). Trends and variation in assortative mating: Causes and consequences. *Annual Review of Sociology*, 39, 451–470.
- [9] Greenwood, J., Guner, N., Kocharkov, G., & Santos, C. (2014). Marry your like: Assortative mating and income inequality. *American Economic Review*, 104(5), 348–353.
- [10] Choo, E., & Siow, A. (2006). Who marries whom and why. *Journal of Political Economy*, 114(1), 175–201.
- [11] Sun, Y. (2021). Homogamy internal diversity in China and its impact on family income level. *Population Journal*, 43(1), 26–36. (In Chinese)
- [12] Banerjee, A., Duflo, E., Ghatak, M., & Lafortune, J. (2013). Marry for what? Caste and mate selection in modern India. *American Economic Journal: Microeconomics*, 5(2), 33–72.
- [13] Chiappori, P. A., Salanié, B., & Weiss, Y. (2017). Partner choice, investment in children, and the marital college premium. *American Economic Review*, 107(8), 2109–2167.