

A Couple's Basic Principles of Lovenomics 101

BY MOTOKO RICH

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BETSEY STEVENSON and Justin Wolfers are known for their work on the economics of coupledness. They avoid giving Dr. Phil-style advice, but they do follow a few basic principles:

DON'T MARRY Mr. Wolfers and Ms. Stevenson aren't married. Why? Taxes, mostly. Ms. Stevenson says the tax code essentially creates "a subsidy for affluent husbands" by treating a working couple's dual income just as it treats the same amount of income earned by a working married person whose spouse stays home. That makes working relatively expensive for women, particularly those with children. A married working couple often pays for child care and, if they're relatively affluent, they may also buy many meals out and hire a house cleaner. Such expenses effectively lower their income. Their tax rate, however, remains unchanged. "It's a system that tries to convince women to stay out of the labor force," Ms. Stevenson said. Mr. Wolfers and Ms. Stevenson, who have a young daughter, have consulted a lawyer so that they have legal rights similar to those of married couples, like power of attorney.

WORK ALIKE Both are economists, so their home is their office, and vice versa. Mr. Wolfers says the synergy is valuable. "The fact that we talk economics all day every day means that in 10 years of being an economist, I've had more conversations about economics than many people have in 20 years," he said. As Ms. Stevenson put it: "Justin is happier as an academic with me as an academic."

OUTSOURCE Even as graduate students, they outsourced domestic chores. "We were living off of credit cards by the end, but we didn't want to fight," Ms. Stevenson recalled. Today, they have a nanny and someone who drives them to work, cooks and does other chores. They use their extra time to do work that helps pay for all this. Such a system, they say,

helps strike a work-life balance.

HAVE CHILDREN Here, economics no longer applies. Children tend to upend the old formulas. Mr. Wolfers used to think that hobbies — he runs, for example — were economically expensive. After all, he could use the time he spends running to make more money. "But parenting throws that all out the window," he said. Children require much, much time. If he lets his toddler take 10 minutes to do something he could do for her in 30 seconds, "that is a \$30 interaction." But, as a parent, he has learned new ways to value time — accounting for lessons in self-reliance, for example. ■