

Does Community Property Discourage Unpartnered Births?

Olivia Ekert-Jaffe
Institut National d'Etudes
Demographiques, France
and
Shoshana Grossbard
Department of Economics
San Diego State University

Introduction

- In recent years in the West, number of children born out-of-wedlock has increased dramatically. We are interested in out-of-couple births, and for the purpose of this paper ignore the differences between children born to married or cohabiting couples
- Number of children born out-of-couple has not increased as much. In some countries it has been higher (15% of all first births in survey for years 1963-1992 in the U.S, 20% in Austria; 19% in Common Law Canada), and in some other countries it has been much lower (e.g. in Italy only 4% of all first births in similar survey). From a perspective of policy, UNPARTNERED BIRTHS are a major problem. This paper offers a novel explanation for the likelihood that women have unpartnered births: variation in **rules of property division at divorce**. **We study the effect of cross-country variation in those rules, using a sample of 12 Western countries.**

Overview

- Major prediction from the theory: **the more the law tends to protect tradition-bound mothers in case of dissolution, the higher women's financial advantages of giving birth in couple, and the lower the odds of an unpartnered birth.**
- Classification of Rules for Division of Joint Property (RDJP) in case of divorce: 12 Western countries placed in 4 categories: Low Community (includes Common Law), Medium and High Community and No Divorce.
- Empirical analysis of micro data for 12 countries.

Theoretical framework

- Assumptions: rationality + tradition-bound.
- Rational choice model based on marriage market analysis
- Model assumes that a majority of men and women are tradition-bound
 - women consider reducing their labor force hours after childbirth and appreciate the financial advantages of marriage or cohabitation with a man who is willing to act as the primary earner,
 - men appreciate women's willingness to get more involved with childcare than they plan to be and men are willing to pay for this
 - note that tradition-bound couples may very well be two-earner couples!!
 - Model focusses on women

Decision rule

- Tradition-bound women value financial and material benefits in marriage (Y) relative to A , the benefits of having a child alone.

$$R^* = A - Y$$

is defined as a latent variable representing the net benefit associated with having an unpartnered birth versus a child in couple; it is unobserved, but we observe R , the decision to have an unpartnered birth. We assume the decision rule:

- $R^* > 0$ then $R = 1$
- $R^* < 0$ then $R = 0$

Y, Financial benefits from having a child in couple

Y is a function of:

- B, financial material benefits from being married x probability of being married
(the higher B, the fewer unpartnered births)
- D, financial material benefits from being divorced x probability of being divorced or separated): fewer unpartnered births if tradition-bound women can expect higher material benefits in case of divorce
- Probability of divorce

Financial benefits from having a child in couple

$$Y = f [(1 - pd) B + pd D],$$

Where Y is a function of:

B, financial material benefits from being married,
times the probability of being married
(the higher B, the fewer unpartnered births)

D, financial material benefits from being divorced,
times the probability of being divorced or separated:
**fewer unpartnered births if tradition-bound women
can expect higher material benefits in case of divorce**

Other explanatory variables in our analysis:

- (1) available in our data set, and
- (2) related to benefits of marriage/cohabitation and divorce/separation or the probability of divorce or separation.

- three kinds of observable variables :
 - macro-societal factors,
 - women's individual characteristics, and
 - interactions between macro factors and individual characteristics.

Predicted Macro Effects: RDJP and Gender Ratio

Rules for the Division of Joint Property in case of dissolution (RDJP):

When tradition-bound men and women form couples, the men typically earn more than the women. The more such a couple's joint property is considered community property, the more women are likely to benefit in case of dissolution (the higher the expected D). We therefore predict that *the higher the degree of community of joint property, the lower the probability of an unpartnered birth.*

Gender Ratio and unpartnered births

- Gender ratio (aka sex ratio) defined as the number of men divided by the number of women participating in the same markets for marriage and cohabitation:
 - When gender ratios are lower, tradition-bound women get lower Y (low demand by men relative to supply by women)
 - When Y are low, Unpartnered Births are high

Prediction: gender ratios and unpartnered births are inversely related

application: Women born right after WWII faced with lower gender ratios and therefore experienced higher rates of Unpartnered Births

Note: How rapidly did births grow in 1946-50?

- In 2000, in many of the countries covered in our study: the number of people born in the years 1946-1950 was substantially larger than the number of people born in the early 1940s: it was 28% higher in Norway, 30% in New Zealand, 31% in Belgium and the U.S.A., 43% in Finland, and 47% higher in France.

Note: not so for the European countries with a fascist past (Germany, Italy, and Spain) or for Sweden

Predicted Effects of Individual Women's Characteristics

➤ *Mother's age.*

- The younger the woman, the more she is likely to make irrational decisions regarding pregnancy and motherhood, the less she is likely to be influenced by cost/benefit calculations, and therefore, the higher the probability of an unpartnered birth. This applies to a comparison between *teenagers* and women in their twenties
- Older than 29: can be an advantage (more rational, more mature parent) and a disadvantage (in markets for tradition-bound women). Net result?

Predicted effects on Unpartnered Births (cont.)

- *Growing up with divorced parents* in a non-intact (NI) family is expected to affect total material benefits from marriage Y (and unpartnered births R) via the effects of NI on B , the probability of divorce pd , and D .

We expect that growing up with divorced parents (in a non-intact family) will be associated with higher levels of unpartnered births. This prediction is in line with previous findings that women raised in NI families are more likely to have children out-of-wedlock (see e.g. McLanahan and Bumpass 1988, Lichter et al. 1992, Kiernan and Cherlin 1999, Furstenberg and Kiernan 2001, Lehrer 2003).

Summary of Predicted Effects on Unpartnered Births, part I

<u>Variable</u>	<u>Effect on Unpartnered Birth</u>
<u>Aggregate Variables:</u>	
Rule for Division of Joint Property (RDJP)	
Low degree of Community Property (LC)	+
High degree of Community Property (HC)	-
Cohort of 1946-1950	+
<u>Mother's Personal Characteristics:</u>	
Teenage mother	+
Mother comes from a Non-Intact (NI) family	+
Mother has low education	+
Mother out of labor force	-

Predicted interaction effects

- **Interaction between RDJP and teenager:**
Teenagers are less rational and have a higher discount rate. *We therefore predict that legal regime will have less impact on unpartnered births among teenagers than among women in their twenties.*

Interaction between RDJP and religiosity

- Predicted effect of religiosity: not clear
 - If it discourages premarital relations: negative effect on UB
 - If it discourages abortions w/o encouraging adoptions: positive effect on UB
- BUT A CLEAR PREDICTION REGARDING THIS INTERACTION
Effect of RDJP if religiosity reduces R by discouraging premarital relations: religious women better equipped to be responsive to financial incentives that discourage unpartnered births In this case both religiosity and the interaction between favorable RDJP and religiosity will have negative effects on R .
- Effect of RDJP if religiosity leads to fewer abortions: religious women will be less responsive to RDJP. Therefore, the effect of religiosity on R and the effect of the interaction between favorable RDJP and religiosity on R are both expected to be positive.
- Either way, ***the simple effect of religiosity on unpartnered births and the combined effect of religiosity and favorable RDJP are predicted to go in the same direction.***

<u>Interactions with RDJP</u>	
Teenager in LC country	-
Teenager in HC country	+
Non-intact family in LC country	?
Observant of religion in LC country	Sign in opposite direction than the main effect of religious observance
Observant of religion in HC country	Sign same as the sign of the main effect of religious observance

Cross-Country Differences in Law

- For each country in our sample we examined the Rules for Division of Joint Property at divorce (RDJP, see Vogel 2002).
- From the perspective of a tradition-bound woman, *Community Property* rules are more advantageous; rules based on *Common Law*, where personal discretion of judges plays an important role, tend to be less favorable to tradition-bound women. So is *Separation of Assets*.
- The more assets are considered Community Property, the better for tradition-bound women.

Table 2. Unpartnered First Births and Rule for Division of Joint Property

Group of Countries	Rule for Division of Joint Property	Degree of	Percent of Unpartnered Births
Group 1: New Zealand	Common Law Change in '76	LOW	11-
USA, Canada (part of),	Predominant: common law	LOW	15-19
Group 1bis: Austria	Separation of Assets/Some Acquired Assets	LOW/Medium	20
+ West Germany	Acquired Assets/separation	Medium	11-
Group 2			
Flanders, Quebec + Ontario, France, Finland	Acquired Assets ^c	MEDIUM	3-11
Group 3:			
Norway + Sweden	Unrestricted Community	HIGH	8-13
Group 4: Italy + Spain	No divorce/ Acquired Assets	No divorce/MEDIUM	4

Olivia Ekert-Jaffé (Ined , Paris) & Shoshana Grossbard (SDSU, San Diego)

Data

- *Demographic Data.* From Family Fertility Surveys (FFS) retrospective data collected for women aged 15-59 in the mid-1990s
- We selected a sample of women who had their first birth in the years 1963-1992. For countries that experienced changes in RDJP during this period, we dropped years of transition between legal regimes. For instance, we dropped observations for the transition period 1978-1984 in Ontario, Canada.
- We selected 12 Western countries (or parts thereof) that had all or some of the data crucial to our study, including mother's year of birth and whether a woman was married or cohabited during the nine months preceding the birth of her first child.
- Divorce law variable based on cross-country variation as well as intra-country variation over time, where relevant, and distinction between two kinds of legal regime in Canada.

Single country evidence of a negative correlation between RDJP protecting low-earning women and unpartnered births

- See table 6

Variables

- Our twelve-country model (17 legal regimes) includes
 - RDJP dummies
 - child's year of birth, an indicator of time trend
 - mother's age at birth and the square of age, centered at its sample mean (23 years).
 - categorical value of age (older than 29).
 - dummy 'mother born in the years 1946-1950'. This cohort, born right after World War II, was part of a dramatically rapid baby-boom.
 - Interactions between RDJP and age variables
- The countries: A, Be, Ca, Fi, Fr, Ge, It, NZ, No, Sp, Swe, and US

More models

- Ten-country model (14 legal regimes): adds information on whether a woman's parents were divorced when she was 15 years old (excludes No and NZ)
- Eight-country model (12 legal regimes): adds religiosity variable and interaction between religiosity and RDJP (excludes No, NZ, Be, and Fr)
- Seven-country model (9 legal regimes): + individual histories, thus making it possible to calculate a woman's occupation and education nine months prior to giving birth to her first child. (includes Au, Fi, Ge, It, Sp, Swe, and US)

Method

- **Weighted logit,**
- **Robust Estimated Standard Errors are Adjusted for correlation intra countries.**
- **Pseudo-likelihood Estimation**

Tests for Robustness

- We tried models that included other country-level variables that are correlated with our RDJP dummies. We also estimated regressions including country-level divorce rate and country-level religiosity (not reported)
- We tried multi-level analysis modeling two levels (country and individual, see Goldstein 2003) gives almost the same estimates of direct effects.
- We tried inclusion of dummies capturing whether a country has a catholic majority and dummies for the year a country legalized abortions

Basic finding

In countries with RDJP that are more advantageous to tradition-bound women the likelihood of an unpartnered birth is lower.

Women living in countries with medium levels of Community Property (MC) have a lower likelihood of giving birth without a partner than women in countries with low levels of Community Property (LC) and

women in countries with a high degree of community in joint property (HC) have a significantly lower percent of unpartnered births than women in countries with MC (medium levels of Community Property).

These findings hold for a number of samples and are robust to many different model specifications.

Other interesting finding

- the generation born right after WWII--a generation characterized by very low gender ratios--diverges from the trend and has a particularly high rate of unpartnered births.

We find that the effect of RDJP depends on individual characteristics

- RDJPs have less impact on unpartnered births among teenagers, women past age 29, and women growing up in a non-intact home
- Other confirmed prediction: religious observance in Low Community country has opposite sign of religious observance for the sample as a whole