

# ESRI Research Bulletin

## *Divorce Legalisation and Female Labour Supply*

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# Divorce Legalisation and Female Labour Supply<sup>1</sup>

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Claire Keane\*

The negative economic impact on women and children of separation and divorce has been well documented. The effect is often driven by women tending to have a weaker attachment to the labour force and therefore lower independent income. Traditionally, couples often ‘specialise’ with one spouse (usually the husband) focussing their time and energy in the labour market and the other (usually the wife) tending to have a lower attachment to the labour force by either working part-time or not at all and taking on a higher share of unpaid domestic and caring responsibilities. This is particularly the case for couples with children - of the total number of couples of working age with children 41% have a sole male earner while 20% are dual earners with the male working full-time and female working part-time<sup>2</sup>. This situation requires a long term financial commitment between spouses over time. This arrangement may be weakened if the risk of marital breakdown increases. Women may decide to increase their participation in the paid labour market in response to an increased risk of marital breakdown in order to ensure access to independent income if the marriage were to end. In light of this, we examine the impact of divorce legalisation on the labour supply of women in Ireland.

Ireland was one of the last European countries to legalise divorce. This occurred in 1996 after a narrow win (a 50.28% majority) for the Yes campaign in the November 1995 referendum. The left hand side panel of Figure 1 illustrates the rise in marriage breakdown in Ireland between 1985 and 2007. We can see a clear upward trend in marital breakdown numbers. The dotted line indicates the year when divorce was legalised, 1996. It is not possible to say if the rise in marital breakdown numbers is due to divorce legalisation. It can be argued, however, particularly in light of the debates surrounding divorce around the time of the referendum (with the No campaign suggesting that divorce legalisation would open the ‘floodgates’ to marital breakdown) that, at the very least, the *perceived* risk of marital breakdown increased once divorce was legalised.

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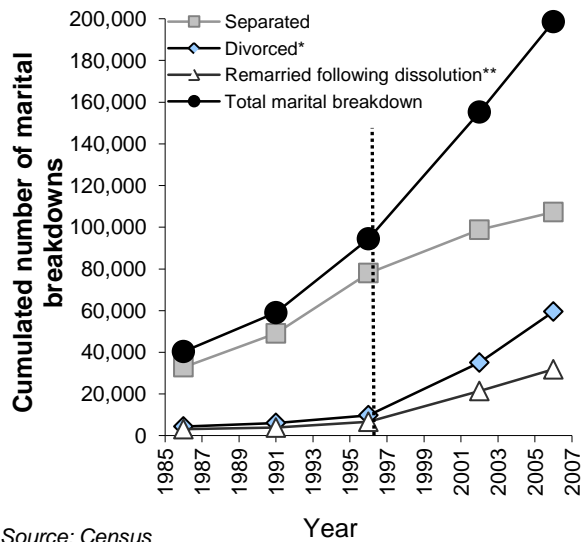
<sup>1</sup> This article presents a summary of: Bargain, O., Gonzalez, L., Keane, C. And Ozcan, B. “Female Labour Supply and Divorce – New Evidence from Ireland” *European Economic Review*, Vol. 56, Issue 8, November 2012, pp.1675-1691

<sup>2</sup> Own calculations using the CSO’s Survey of Income and Living Conditions, 2010.

It is necessary to find groups of women with a low and high risk of marital breakdown and compare the trends in their labour supply in order to establish whether divorce legalisation actually *caused* a labour supply response. This is particularly necessary as the time period examined (1994 to 2001) was a time of increasing female labour force participation overall. If the assumption that divorce legalisation increased the risk of marital breakdown holds then we would expect to see larger increases in labour supply amongst women with a higher marital breakdown likelihood. We do this by comparing the trend in labour supply of 'religious' and 'non-religious' women. As divorce is banned by the Catholic Church, it is plausible to think that religious women would be less likely to separate/divorce and therefore be less responsive to divorce legalisation. The right hand side panel of Figure 1 supports this notion. It shows the rate of marital breakdown of 'religious' and 'non-religious' women between 1994 and 2001. Using data from the *Living in Ireland Survey*, 'religious' women are categorised as those who attend church at least once a week. 'Non-religious' women are those who attend less than once a week or never do. Firstly, we see that religious women have a much lower rate of marital breakdown (less than 3%). Secondly, we see that this rate remained flat between 1994 and 2001, suggesting that the legalisation of divorce had no impact on the marital breakdown probability of these women. On the other hand, non-religious women had a sharp increase in their rate of marital breakdown (rising from 8% in 1994 to 12% in 2001).

Comparing the trends in female labour supply and participation rates of religious and non-religious women we find that both groups of women had a similar trend in participation prior to 1996 but that after this point the participation rates of non-religious women increased more sharply. This is in line with the theory that an increased (perceived) risk of marital breakdown (associated with divorce legalisation) led to an increase in female labour supply. The results hold once we control for other factors that may differ between religious and non-religious women such as age and educational attainment, as well as number and ages of children. We find that women with a higher risk of marital breakdown (non-religious women) increased their participation rates by around 5 percentage points more than women at a lower risk (religious women). The effect is driven, not by an increase in hours worked by women already in employment, but rather an increase in participation in the labour market for women who were not previously working. This finding suggests that having *some* attachment to the labour market, rather than increasing hours worked, is important as a form of 'self insurance' in the case of marital breakdown and suggests that the 1996 divorce legalisation has a role to play in explaining at least part of the rise in female participation that occurred over recent decades in Ireland.

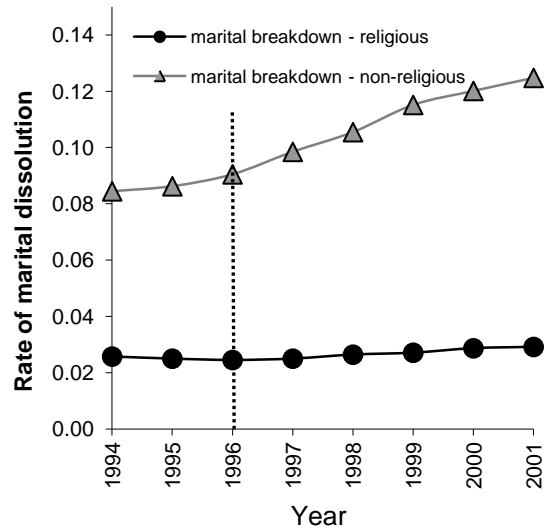
**FIGURE 1 Trend in Marital Breakdown**



Source: Census

\* Prior to 1997: divorced in other country as divorce was not legal in Ireland

\*\* Remarriage includes only those who remarried after divorce, not following widowhood



Source: own calculation using the LII survey. Religious: defined as "attend church at least once a week". Marital breakdown: separation & divorce. Moving averages.