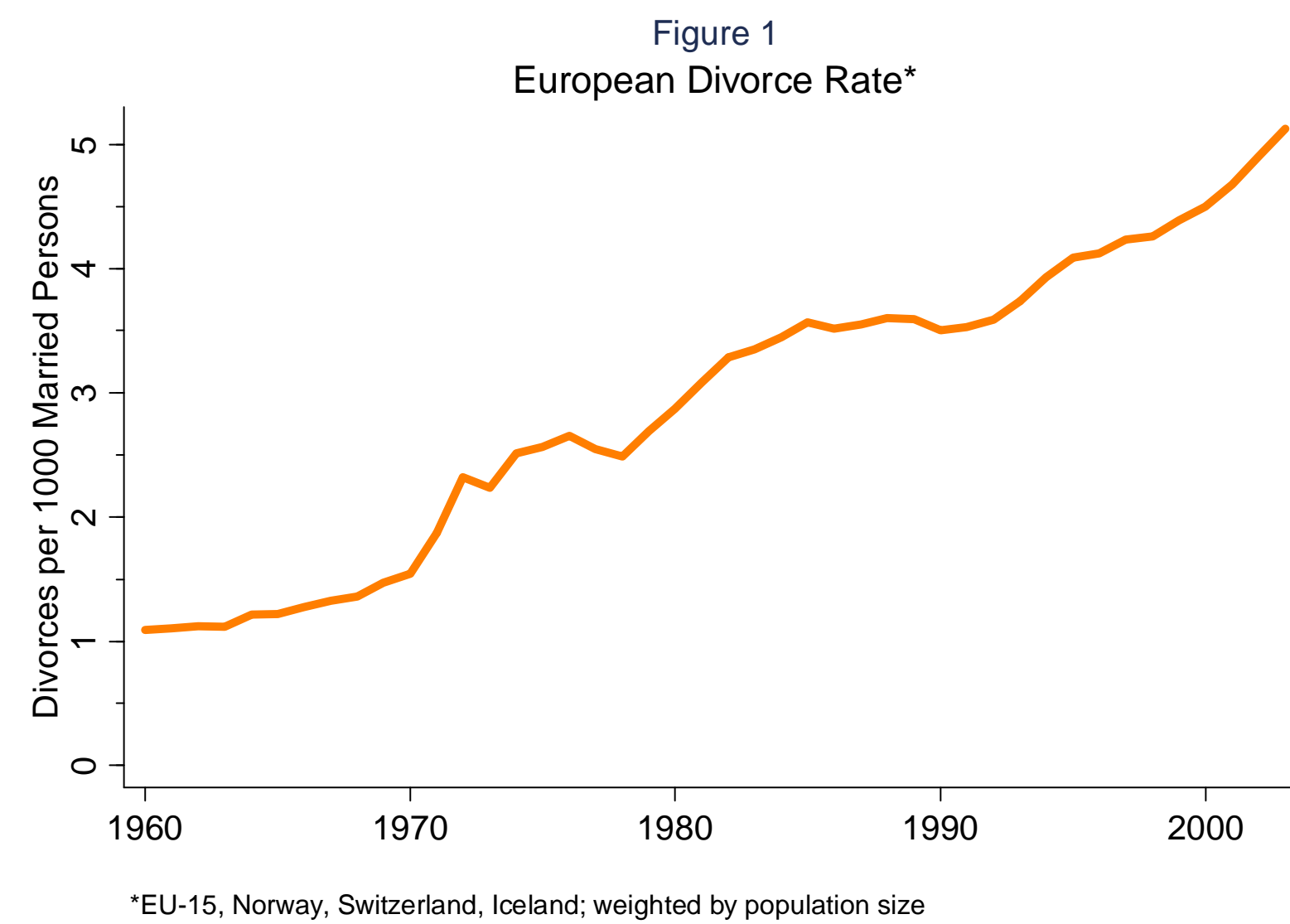
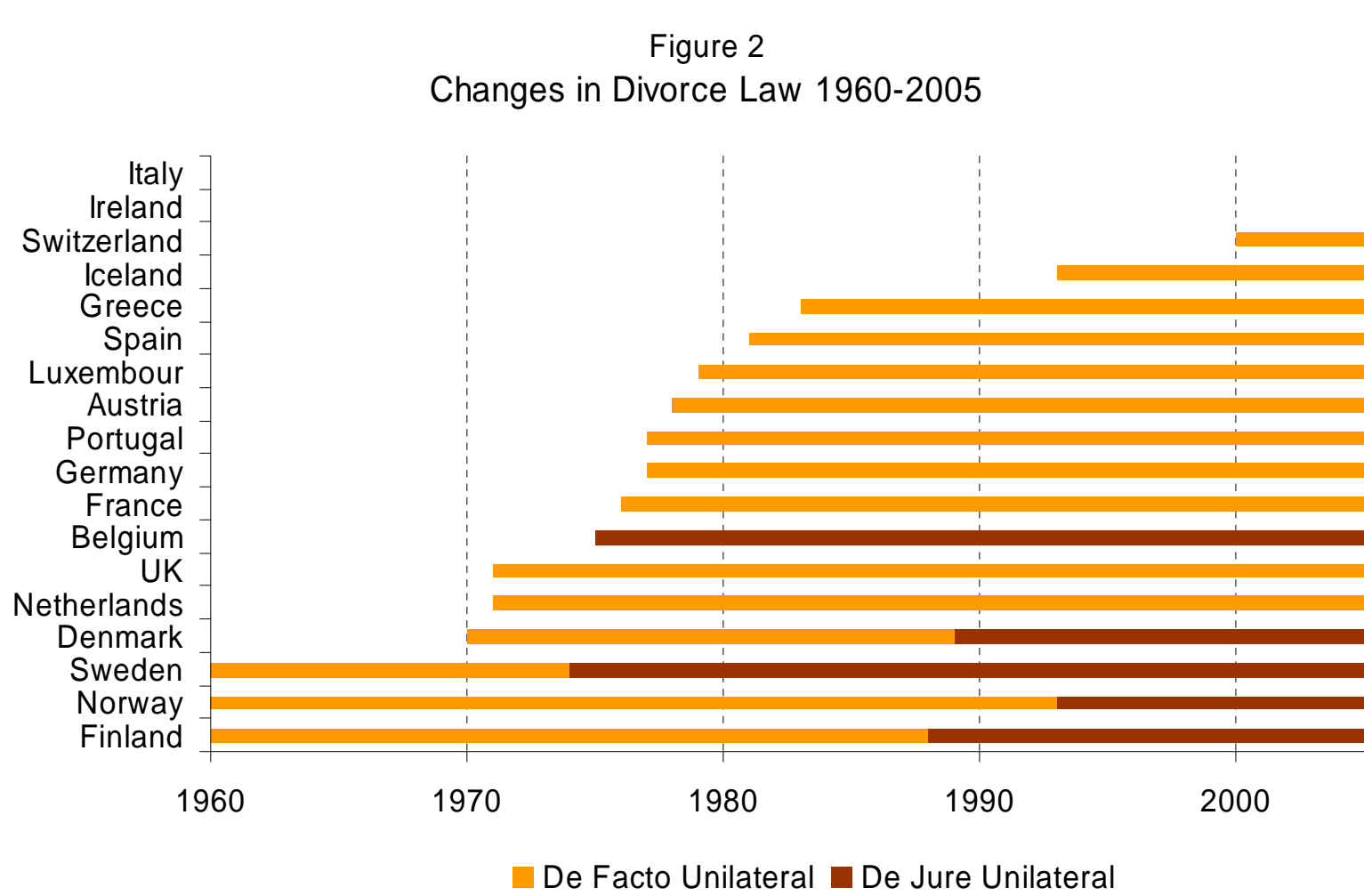


Introduction

During the last four decades, divorce rates have risen considerably across Europe. In about the same period many countries have undergone changes in their divorce laws and legal practices, making unilateral divorce possible.



Previous research on the impact of law changes on divorce rates has concentrated on the US. It is arguable whether there are sustainable effects and problems with endogeneity. We therefore take into account the possible effect of changing norms regarding divorce in Europe.

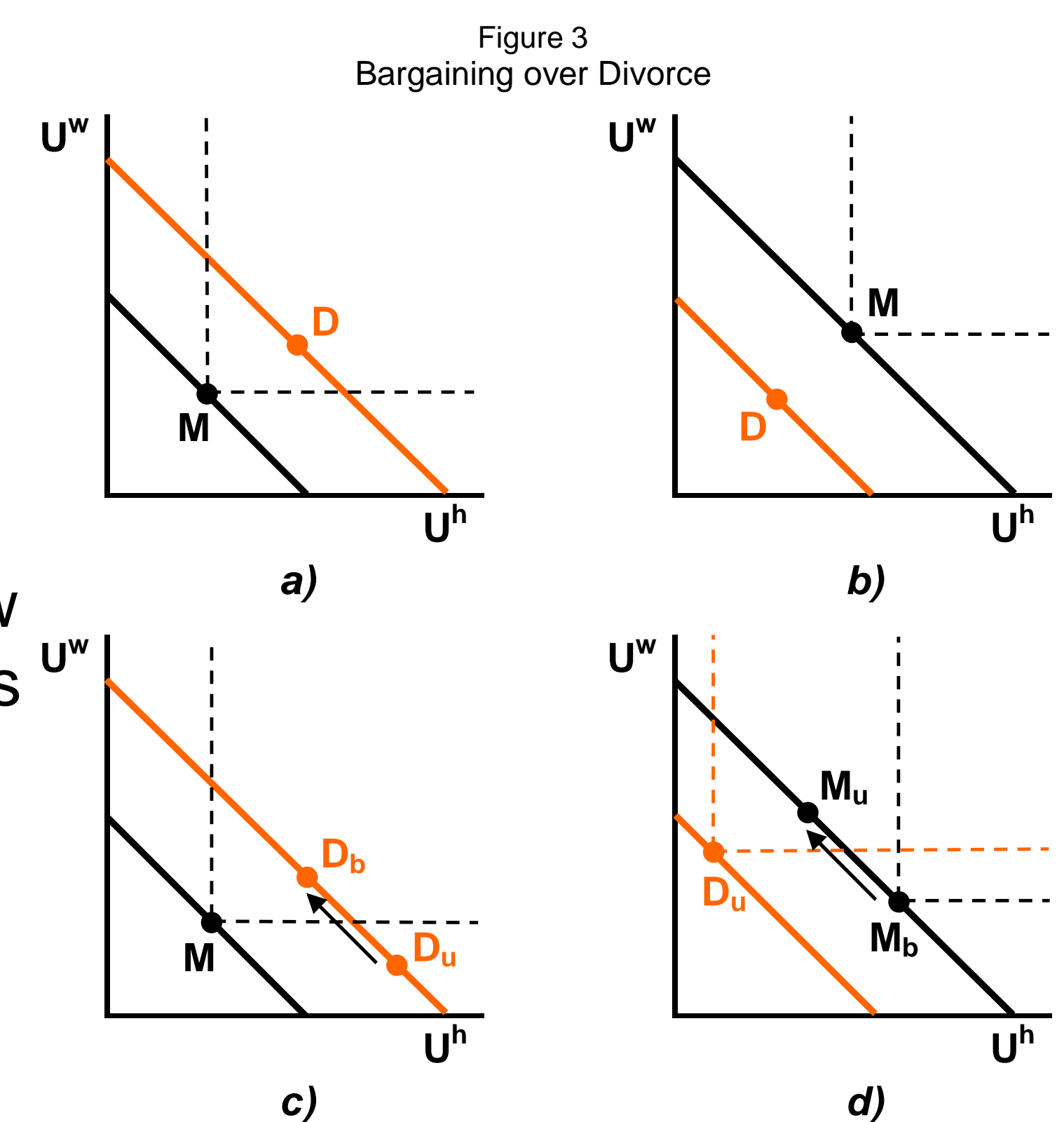


Theoretical Background

The theoretical issue at stake here is the applicability of the Coase-Theorem to marital relations, i.e. whether property rights are well defined and hence utility transfers between spouses are possible without transaction costs.

As depicted in Figure 3, divorce law will have no impact on divorce rates if a) divorces or b) marriages improve the utilities of either spouse. In case c) bilateral vs. unilateral divorce law affects only the *distribution* of marital assets after separation.

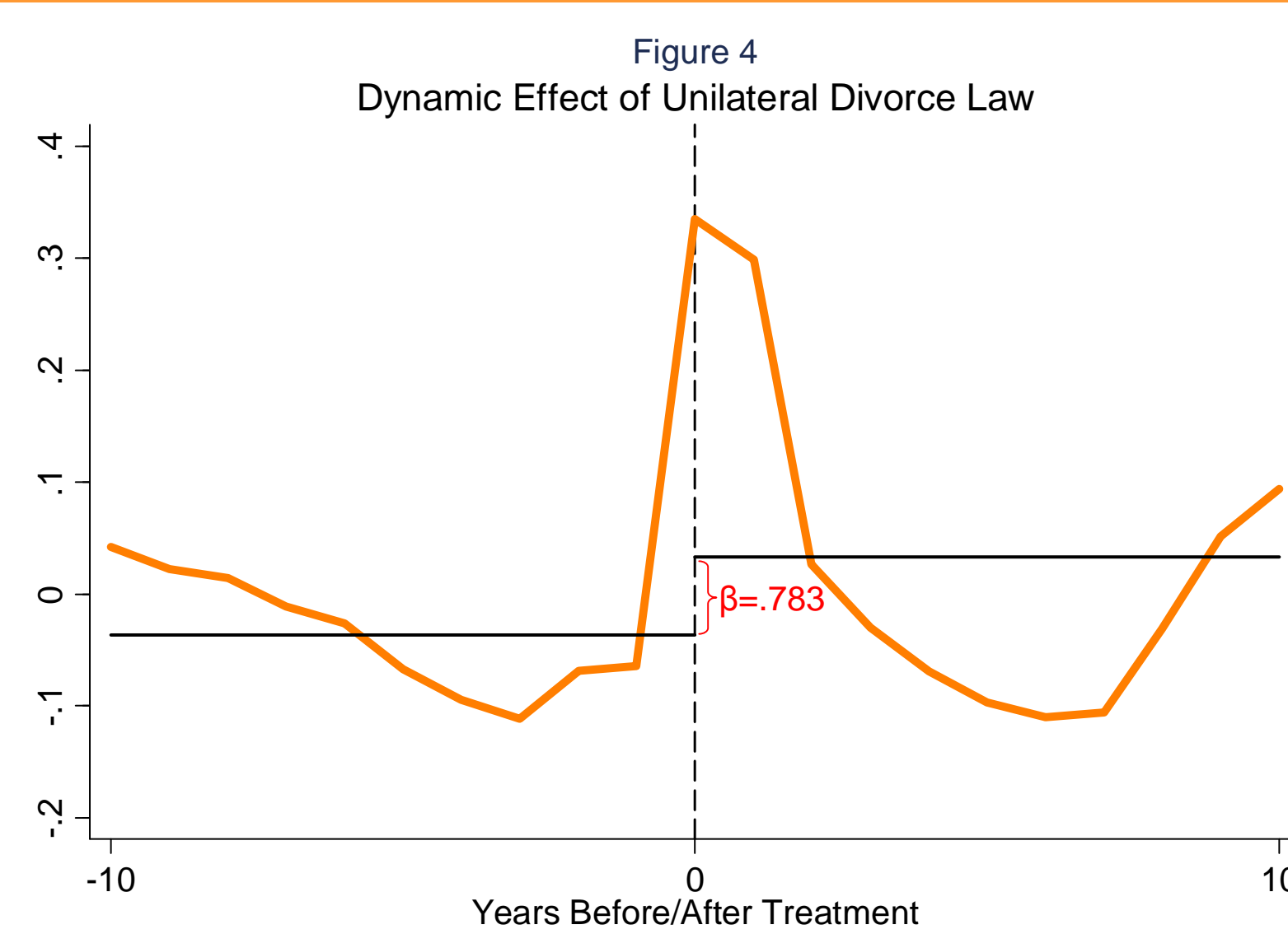
In case d), however, only unilateral divorce law may lead to divorce when the Coase Theorem fails. Bilateral laws would have led to a perpetuation of the efficient marriage.



Results

| | Divorces per 1000 Married Persons | | | |
|--------------------------------------|-----------------------------------|-----------------|-----------------|-----------------|
| | (1) | (2) | (3) | (4) |
| Unilateral Law | 0.783*** | | | |
| First 2 Years | | 0.906*** | 0.861*** | 0.906*** |
| Years 3-4 | | 0.368 | 0.214 | 0.001 |
| Years 5-6 | | 0.146 | 0.019 | -0.395 |
| Years 7-8 | | -0.232 | -0.391 | -0.698 |
| Years 9-10 | | -0.297 | -0.419 | -0.784 |
| Years 11-12 | | -0.453 | -0.556 | -0.990 |
| Years 13-14 | | -0.672 | -0.700 | -1.269 |
| Years 15+ | | -0.686 | -0.686 | -1.449 |
| Unilateral Practice | | | | |
| First 2 Years | | | 0.204* | 0.276*** |
| Years 3-4 | | | 0.635*** | 0.675*** |
| Years 5-6 | | | 0.775*** | 0.937*** |
| Years 7-8 | | | 1.030*** | 1.094*** |
| Years 9-10 | | | 1.117*** | 1.199*** |
| Years 11-12 | | | 1.139*** | 1.266*** |
| Years 13-14 | | | 1.009*** | 1.124*** |
| Years 15+ | | | 0.774*** | 0.945*** |
| % Adjoining States (Law) | | | | 0.373 |
| % Adjoining States (Practice) | | | | 1.233*** |
| Intercept | 2.737*** | 2.732*** | 2.615*** | 2.573*** |
| Adj. R² | 0.977 | 0.978 | 0.982 | 0.977 |

Note: N = 792; Controls are country FE, year FE (except Model 4), linear, quadratic and cubic country-specific trends; * p < 0.05, ** p < 0.01, *** p < 0.001



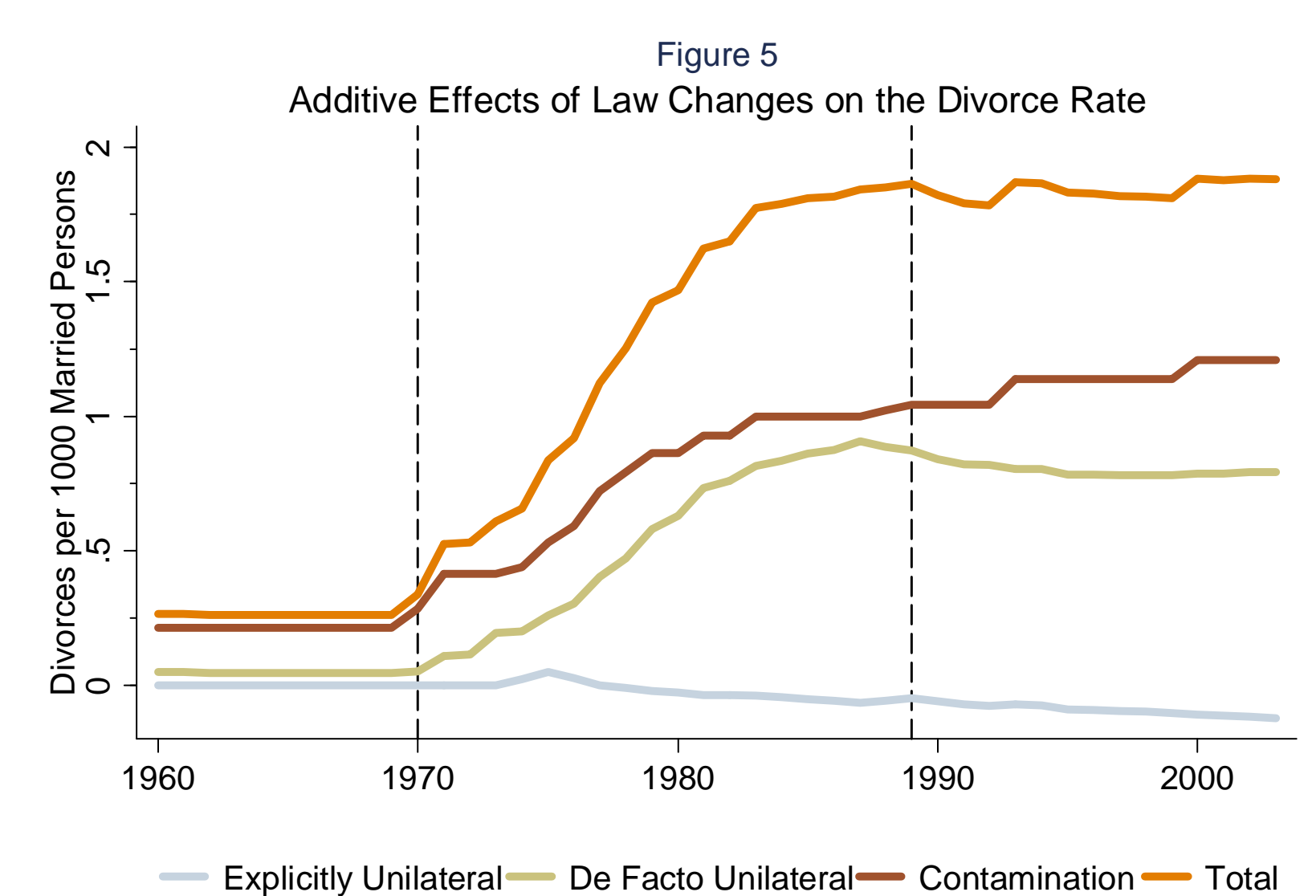
Simple fixed-effects regression models show a positive effect of the introduction of unilateral divorce laws in Europe (Model 1). However, dynamic analyses (Model 2) reveal that the found effect is not sustainable and caused by a pre-ponement of divorces of couples with a high risk to ever divorce.

Law changes can thus trigger divorce. Furthermore expectations of favourable divorce law changes may lead to a pent-up demand for divorces (Figure 4).

When looking at de facto unilateral legal practice in contrast to de jure unilateral laws there are long-run effects on the divorce rate (Model 3).

In Model 4 two variables measuring the change in norms towards divorce are added. The effects show that a European "divorce culture" influences

divorce rates on top of national legal practices. Figure 5 shows the total and decomposed effects of legal changes on the European divorce rate, including a contamination-effect of countries that have adopted unilateral divorce law on other countries.



Discussion

- The introduction of explicitly unilateral divorce laws (de jure) has had no long-run effect on the European divorce rate (beyond a de facto unilateral divorce practice).
- De facto unilateral divorce practices, in turn, have raised the divorce rate considerably.
- Following our model, divorce law changes can practically explain the whole rise in the European divorce rate between 1970 and 1990, but neither the rise before 1970 nor after 1990.
- The total impact splits up into two almost equally important effects: the introduction of de facto unilateral divorce laws and the diffusion of a new divorce culture.
- Simple regression techniques may yield misleading results when flow-based measures are used to test stock-based hypotheses.
- Finally, analyses on the effect of law changes always highly rely on the quality of the coding of the respective treatment variable and the countries taken into account.