

> Thursday, June 2nd, 2022

12:00 - 13:30

IFLAME RESEARCH SEMINAR

**RESEARCH
SEMINAR**



EMPOWERING CHANGEMAKERS FOR A BETTER SOCIETY



ABSTRACT

**‘(CHANGING) MARRIAGE AND COHABITATION PATTERNS IN THE US:
DO DIVORCE LAWS MATTER’
BY FABIO BLASUTTO, STOCKHOLM SCHOOL OF ECONOMICS**

What is the role of unilateral divorce in the rise of unmarried cohabitation? Exploiting the staggered introduction of unilateral divorce across the US states, we show that after the reform singles become more likely to cohabit than to marry, and that newly formed cohabitations last longer. To understand the mechanisms driving these outcomes, we build a life-cycle model with partnership choice, endogenous divorce/breakup, female labor force participation, and saving decisions. A structural estimation that matches the empirical findings suggests that unilateral divorce decreases the marriage gains that derive from cooperation and risk-sharing. This makes cohabitation preferred among couples that would have likely faced a divorce, which is more expensive than breaking up. As cohabiting couples formed after the reform are better matched, the average length of cohabitations increases by 27%. Consistent with data, the rise in cohabitation is larger in states that impose an equal division of property upon divorce. This is because men, who stand to lose more wealth in a divorce than in a breakup, convince women to cohabit in exchange for more household resources. A counterfactual experiment reveals that the time spent cohabiting would have been halved if the divorce laws had never changed.



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