Voena (2015) Outline

Sarah Bass

* Background context
  + During the 1970s and 1980s, spouses were able to obtain a divorce without the consent of their partner and keep a portion of the shared assets
* Research questions
  + How does unilateral divorce and equitable distribution impact the intertemporal behavior of couples?
  + How does the divorce legal system affect the private consumption insurance opportunities available to couples and the well-being of married and divorced women?
* Methods
  + Data
    - Panel Study of Income Dynamics
    - National Longitudinal Survey of Young and Mature Women
  + Two facts emerge from data:
    - Unilateral divorce in states where property is divided equally leads to higher accumulation of assets compared to states where property is not divided by the courts
    - Unilateral divorce in states where property is divided equally was associated with women being less likely to work
  + Structural model to compute welfare effects of the reforms and perform counterfactual experiments
    - Indirect inference
    - Replicates responses of assets accumulation and female employment when the wife’s share of household resources in marriage before the reforms is sufficiently low
* Contributions of this paper
  + Develops and estimates a dynamic model that incorporates divorce policy
  + Documents and explains the empirical relationship between changes in divorce laws and saving behavior of married couples
  + Illustrates implications of the current US property division laws on couples welfare