

THE CALIFORNIA EFFECT

THE CHALLENGES OF IDENTIFYING THE IMPACT OF SOCIAL POLICIES DURING AN ERA OF SOCIAL CHANGE

BY Lauren Hoehn-Velasco, Jacob Penglase, Michael F. Pesko, and Hasan Shahid

FOR 2024 SI Development of the American Economy

1960s-1970s: ERA OF DEMOGRAPHIC AND POLICY CHANGES

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 - * Legal abortion
 - * Minors' access to abortion/pill
 - * No-fault unilateral divorce
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 - * No-fault unilateral divorce
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- * Reexamine the consequences of policies on demographic outcomes—*highlighting the issue of simultaneous policy adoption*

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- * All of these policies have separately been argued as influential for outcomes in the literature (Angrist and Evans, 1996; Gray, 1998a; Levine et al., 1999; Donohue III and Levitt, 2001; Kalist, 2004; Gruber, 2004; Ananat et al., 2004; Wolfers, 2006; Stevenson and Wolfers, 2006; Alesina and Giuliano, 2007; Genadek et al., 2007; Guldi, 2008; Foote and Goetz, 2008; Drewianka, 2008; Donohue and Levitt, 2008; Ananat et al., 2009; Voenen, 2015; Myers, 2017; Wong, 2021)

WHY CALIFORNIA?

- * California is an interesting example because
 1. California is the most populous state and is weighted heavily
 2. California also experienced a large change in demographic outcomes – forefront of cultural change
 3. California passed several policies together
- * California just a case study
 - * Idea applies to a variety of settings

Divorce, California Style, Called A Reflection of the Restless West

By STEVEN V. ROBERTS

Special to The New York Times

LOS ANGELES, Dec. 31—A new law goes into effect tomorrow that will enable California's 20 million residents—one of every 10 Americans—to gain a divorce virtually on demand.

To many lawyers and sociologists, the law reflects the increasing instability of American family life, particularly in the booming and burgeoning states of the restless West.

Almost one in every two marriages in California ends in divorce, as opposed to one in three in the country as a whole. The new law is designed to recognize and deal with this trend by mitigating the acrimony that surrounds many of the break-up cases.

The new statute, which was passed by the last session of the Legislature and signed by Gov. Ronald Reagan, contains two key provisions.

Only Two Grounds

The first reduces the possible grounds for divorce to two—which a temporary decree is incurable insanity and “irreconcilable differences.” Such causes granted was also reduced from as adultery, cruelty, desertion, a year to six months, neglect and conviction of a felony are eliminated.

Changing Values

Moreover, a couple can merely state that “irreconcilable differences” exist; if the judge be- fers a change in the mores and morals of Californians. Dr. Clin-

divorce from one year to six months. The period between entered and the final divorce is cible differences.” Such causes granted was also reduced from as adultery, cruelty, desertion, a year to six months, neglect and conviction of a felony are eliminated.

Many experts here believe that the new divorce law mif- fers a change in the mores and morals of Californians. Dr. Clin-

CALIFORNIA INFLUENTIAL IN FOUR DIFFERENT STUDIES

- * Reexamine several related studies in this case study:
 1. Wolfers (2006): Unilateral divorce and divorce rates
 2. Stevenson and Wolfers (2006): Unilateral divorce and female suicides
 3. Voena (2015): Unilateral divorce and married women's labor force participation & asset accumulation
 4. Myers (2017): Legal abortion, young women's childbearing and family formation

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- * *Results weaken, and in most cases, become statistically insignificant when excluding California*

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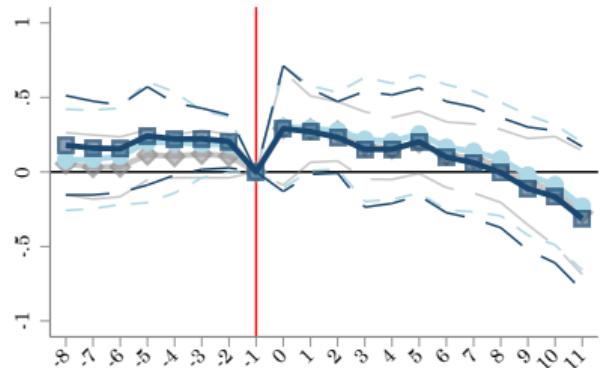
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- * *Results weaken, and in most cases, become statistically insignificant when excluding California*
- * During this presentation, show the results from Wolfers (2006), unilateral divorce and divorce rates, but paper includes all of the above

UNILATERAL DIVORCE AND DIVORCE RATES

Panel (I) Unilateral Divorce

Panel A: All States

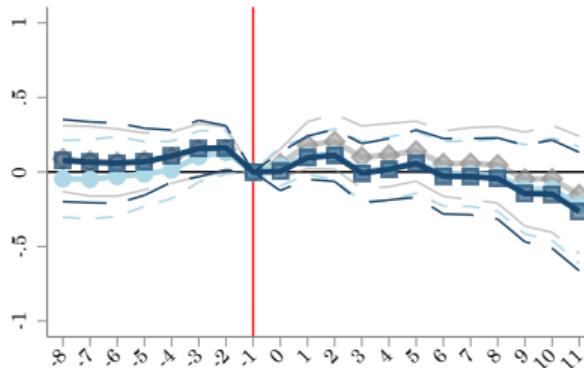
DD estimate=-0.145



- ◆ TWFE-No Controls — N= 1,472 — 95% CI
- TWFE-Controls — N= 1,472 — 95% CI
- IW-Controls — N= 1,472 — 95% CI

Panel B: Without California

DD estimate=-0.133



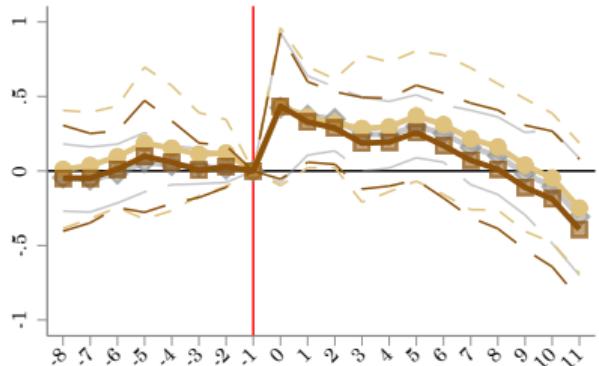
- ◆ TWFE-No Controls — N= 1,440 — 95% CI
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- IW-Controls — N= 1,440 — 95% CI

NO-FAULT UNILATERAL DIVORCE AND DIVORCE RATES

Panel (II) No-Fault Unilateral Divorce

Panel A: All States

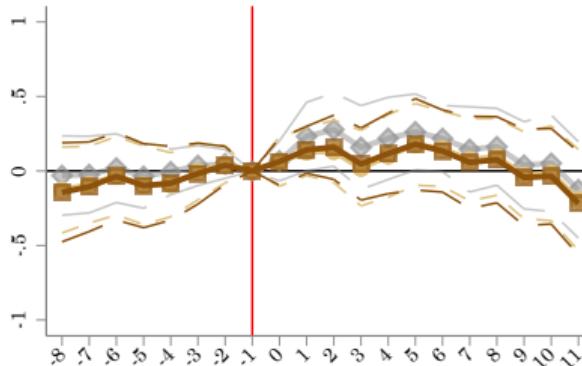
DD estimate=-0.062



◆ TWFE-No Controls — N= 1,472 — 95% CI
◆ TWFE-Controls — N= 1,472 — 95% CI
■ IW-Controls — N= 1,472 — 95% CI

Panel B: Without California

DD estimate=-0.007



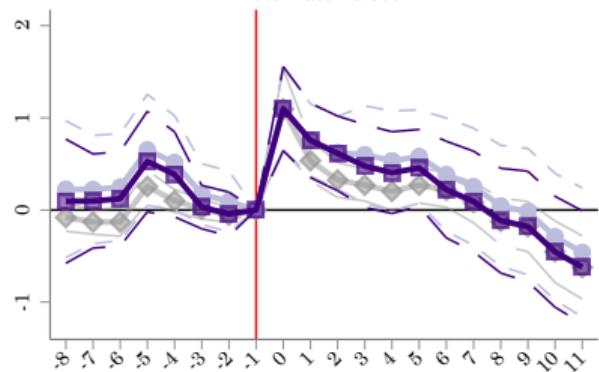
◆ TWFE-No Controls — N= 1,440 — 95% CI
◆ TWFE-Controls — N= 1,440 — 95% CI
■ IW-Controls — N= 1,440 — 95% CI

UNILATERAL NO-FAULT DIVORCE WITH NO-FAULT PROPERTY

Panel (III) No-Fault Unilateral Divorce w/No-Fault Property

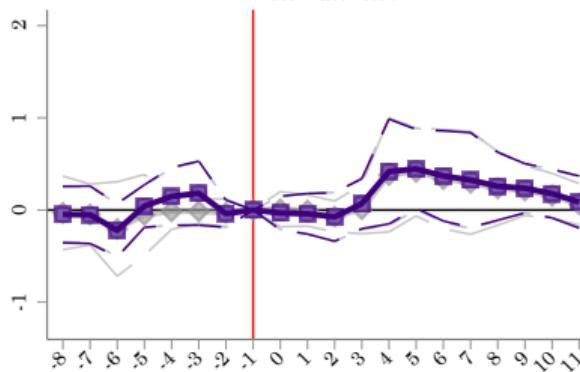
Panel A: All States

DD estimate=-0.306***



Panel B: Without California

DD estimate=0.074



◆ TWFE-No Controls — N= 1,472 — 95% CI

● TWFE-Controls — N= 1,472 — 95% CI

■ IW-Controls — N= 1,472 — 95% CI

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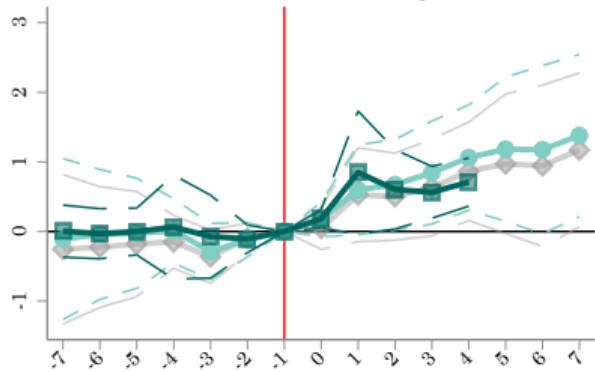
■ IW-Controls — N= 1,440 — 95% CI

LEGAL ABORTION AND DIVORCE RATES

Panel (IV) Legal Abortion

Panel A: All States

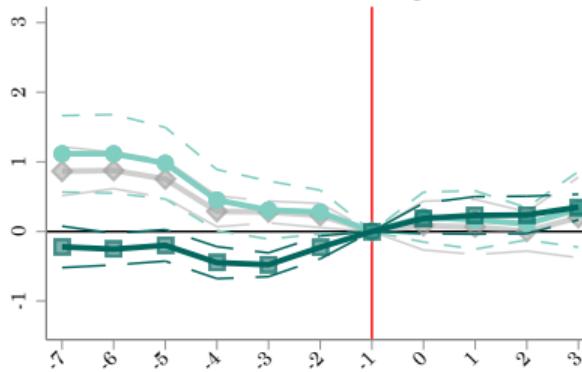
DD estimate=0.427**, % Change=11.1%



◆ TWFE-No Controls — N= 1,196 — 95% CI
● TWFE-Controls — N= 1,196 — 95% CI
■ IW-Controls — N= 690 — 95% CI

Panel B: Without California

DD estimate=0.085, % Change=2.3%



◆ TWFE-No Controls — N= 1,170 — 95% CI
● TWFE-Controls — N= 1,170 — 95% CI
■ IW-Controls — N= 675 — 95% CI

DIFFERENCE IS MAINLY DUE TO WEIGHT ON CALIFORNIA

- * Larger effect in certain specifications due to higher weight placed on California:
 1. No-fault Divorce—16%—**SMALLEST EFFECT**
 2. Unilateral Divorce—23%
 3. No-fault Unilateral Divorce—33%
 4. Legal Abortion—52%
 5. No-fault Unilateral with No-fault Property—86%—**LARGEST EFFECT**
- * Remember—*California essentially passed all of these policies in the same year!*

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- * Show these in the (updated) paper

CONCLUSIONS: CANNOT DISENTANGLE SIMULTANEOUS POLICIES

- * We study a particular case study—five policies adopted together in California
 - Easy to misattribute the effect to one policy
 - But all the identification is coming from a single state in one year
 - Policy controls do not fix the issue and can introduce contamination bias (Hull, 2018; Goldsmith-Pinkham et al., 2022; De Chaisemartin and D'haultfœuille, 2023)

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 - Identification challenges related to multiple treatment effects extend beyond concurrent policy adoption
- * Best recommendation is to *understand the policy environment, historical context, and cultural context*

CONCLUSIONS

Thank you!

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