The Gender Role of the Government: Some Explanations of Family Crisis

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Abstract

In this paper we try to show how government interventions into traditional functions of the family became an important factor of the recent family crisis in the developed countries: lower marriage rates, higher divorce rates and lower birthrate within the highly qualified and civic responsible middle class taxpayers. To test our hypotheses statistically we construct the panel of 17 old democratic countries with observations predating pension reforms (since 19th c.). Mandatory pension insurance in combination with the life expectancy growth turned pensions into budget liability to the growing share of the population and with considerable lag (15-20 years) could lead to the fertility reduction (because children are taxed for general good now and less able to serve as a retirement saving for their own parents). Universal suffrage and emergence of the left parties hadled most of traditional family functions to the Nanny State. That might reduce a demand for marriage. Best interest of the child concept incites children to initiate conflict with parents. Overall results are greatly in favour of our hypothesis.

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1 Introduction

Crisis of family as an institution [1] became obvious by the end of 70th of XX century. The crisis manifestations since that time are an extraordinary high rate of divorces (up to half of number of the new marriages), growing share of single-parent families, and the birth rate decline. The latter falls considerably lower the level, necessary for "natural reproduction" of cooperative, civically skilled, law-abiding population. Other crisis indications are crowding out the normal marriage by cohabitation, "same-sex marriages" in middle and upper classes, among educated, law-abiding population; proud [2] crowding out the husband and the parents roles by the Government. As Milton Friedman warned underdeveloped countries against adopting some modern Western institutions [3], Deepak Lal specially stressed dangerous consequences of "nanny state" for the market friendly institutions and expressed his doubts about modern western Family [4].

2 Hypotheses

The paper basic hypothesis: government interventions into traditional functions of the family became an important factor of the recent family crisis: lower marriage rates, higher divorce rates and lower fertility in the highly qualified and civic responsible middle class taxpayers. Additional hypotheses:

1. Mandatory pension insurance in combination with the life expectancy growth turned pensions into budget liability to the growing share of the population and with considerable lag (15-20 years) leads to the fertility reduction (because children does not serve as an investment for the retirement anymore).

2. Universal suffrage and emergence of the left parties create and maintain a situation under which most of family functions come to be performed by Nanny State. That lowers a stability of marriage, reduces a demand for marriage and through the reduction of marriage stability (greater divorce rates with reduced marriage rates) leads to the fertility reduction.

3. Labor market regulations (equal pay, equal employment opportunity, positive discrimination etc.) intended to increase a female share in labor force

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[1] The family, based on moral values of Sinai revelation, served and serves for reproduction of the quality human capital and maintenance of moral (as a soft infrastructure for private property and privacy supporting institutions) and trust at a micro level.

[2] or instance, image of "Julia", during campaign for B.Obama, 2012, see some details and references http://instecontransit.org/who-is-julia/

[3] "I believe that the United States today is not an appropriate model for Mexico or other low-income countries... " see M. Friedman, Cooperation Between Capital-Rich and Labor-Rich Countries, speech made on May 1, 1992, at the opening of the Liberty in the Americas: Free Trade and Beyond conference in Mexico City; http://fff.org/explore-freedom/article/cooperation-capitalrich-laborrich-countries-part-1/

[4] Unintended Consequences, The MIT Press, 2001, p. 102

lead to the changes in the traditional division of labor in the family and therefore make incentives to stay in the marriage weaker. Trust reduction in the marriage causes women to search for a job. Female share in labor force here explained by government regulations and explains divorce rates.

4. Divorce rates also tested as a factor of fertility. But it is well might be reverse causality at place: if spouses decided not to have kids it might cause fall in the mutual interest and broke the marriage.

5. Best interest of the child concept of government regulation provoke wives to initiate conflicts with their husbands, poor spouse with rich, children with parents. These conflicts affect fertility both directly and through divorce rates.

   We must add, that by now way we attach any normative meaning into our definition of family crisis: speaking of family as an institution one might as well find advantages of its decline as disadvantages.

In the literature it is often stressed that removing a guilt concept from divorce cases ("fault divorce") rewards irresponsible behaviour. Making it easier and quicker to divorce, ignoring the reasons for that decision making people to think of the marriage easier.

We focus on another side of the effect, namely, the fact that the majority of cases for custodial parent are concluded in favour of mother. Easier divorce procedure combined with best interest of child concept provide disincentives for men to enter marriage, especially those who value family and children. For those who treat kids as an entertainment or personal project of spouse court practice is of no concern. From the other side mere threat of alimony is enough to undermine their desire to enter the marriage.

Both in the USSR and the USA or Japan we observe practice to grant custodial parent rights to mother. There is no evidence of radical change in that kind anywhere in our times of enormous divorce rates. Therefore we trace the beginning of that tendency with its counterpart simplifying of divorce procedures to the 1970s, which seems reasonable assumption.

In the US the practice of making mother as a dominant custodial parent was set in the 1920s (Kelly, 1994) and in spite of formal proclamations of equality continued to hold during the 1970s till now. However with negligible expected probability of divorce that practice might not undermine incentives to cooperate googfrom the husband side. With greater increases in divorce rates incentives of husband to invest in family and kids are dramatically reduced.

3 Model

We plan to insert an explicit model of rational human behavior concerning family, marriage and birth in spirit of Becker (1973). The overall intution is however simple enough.

People marry because their utility inside the marriage is greater than their utility living alone or not having an established partner (or having it, but not registering officially). Laws that pursue best child interest policy and open employment opportunities for women shift profits of the joint marriage enterprise in favour of women in two ways. Now women might engage into productive activity outside the household freely, and that make them less dependent on their husbands. On the other hand, women spending more time outside household, even if we admit the view that decision on time allocation made by both members of it, reduces utility of marriage for men.

So we should end up with comparative statics showing that men rationally predicting their future with working women become less happy with marriage and therefore marry less. On the other hand, women also want less marriage, because a lot of incentive for marriage now disappeared. The same line of rational reasoning goes for the decision of having children.

4 Data

In our sample we have different yearly demographic indicators for 17 developed countries from as early as 1820 till our days. The main sources of our data are:

- Demographic statistics (National bodies US Census bureau etc., UN statistics, Mitchell, 1965; Mitchell, 2007)

- Electoral historic statistics History of Law (relevant):

- Universal Suffrage

- Family national and international Acts

  Descriptive statistics for our main variables is presented in the Table 1. Look closely at the Min./Max. columns: they define what we perceive as the recent family crisis.

Table 1: Descriptive Statistics for Main Demographic Variables

Variable	Observations	Mean	Std. Dev.	Min	Max
Women Share in Labor Force	412	48.41335	9.428617	20.6	63
Marriage Rate	1119	7.013785	2.613796	3.569992	78
Divorce Rate	1133	3.267269	12.92986	0	200.6
Birth Rate	1079	16.20893	6.208666	8.1	43.3

5   Data analysis

Our first hypothesis is that pension alternatives available decrease birth rate. Taking a rational agent perspective one might expect an immediate drop in birth rate once pension alternatives introduced: calculating that in future there will be less need in care from children rational adults will reconsider their birth decisions either immediately or after a small number of years for system to earn credibility and become irreversible. Two things can be said against that view. First thing to say is that birth decision is as much cultural as economic phenomenon and however rational those decisions are made within some community with parents having in their minds some values. Second thing is that in the beginning of the social security people generally did not expect to live that long, so their decisions about children were not influenced by pension alternative at all: only when life expectancy started to rise it became rational to substitute children for social security.

We test that hypothesis in specification with contemporaneous variables (to account for 'naive-rational' hypothesis), with lag of 40 years and then add controls. Than we test the same three specifications, but within panel framework. Results are given in the Table 2. All standard errors are robust. Introduction of pension alternatives will decrease birth rate almost by half of its standard deviation, if we believe in OLS estimates. Results of FE are less impressive, but still significant and have the expected sign (Table 2).

We performed a robustness check and tried taking lagged pension alternatives variable with less order. No significant relationship was found, however.

Our next hypothesis concerns with the divorce rate and its determinants. We expect that increased left parties voting and introduction of the Equal Opportunities laws will contribute to the greater divorce rate. We also expect to see that relationship with some lag. Making divorce procedure easy should also contribute to the divorce rate. Specifications were organized in the same fashion as in previous case, except that we omit controls here, because they does not change much. We also expect that universal suffrage and more political rights will give women more power and contribute to increase number of divorces. Overall predictive power of regressions in the table 3 is weak, but we have expected signs for easy divorce and universal suffrage variables. In FE specification nothing is significant, however. Taking the results of OLS at face value one should expect that introduction of the universal suffrage would cause an immediate effect of almost 0.75 standard deviation increase in the divorce rate.

Puzzling feature that our data represent is that birth rate and divorce rate are actually strong and positive correlated: OLS estimation yield correlation around 0.7. This relationship completely dissolves if we try to look at panel, but remains robust in OLS framework with every type of standard error clustering we performed. In our third set of regressions we try to proof that even if not contributing to the divorce rate directly, EPA acts increase female labor force share. Introduction of that law increase women labor force share on one standard deviation and even more if we account for fixed effects (Table 4).

Table 2: Pension alternative decrease birth rate after 40 years

	(1) OLS	(2) OLS	(3) OLS	(4) FE	(5) FE	(6) FE
DV: Birth rate						
Pension alternatives	-11.09***			4.065***		
	(1.841)			(0.921)		
Pension alternatives (-40)		-0.965	-2.151***		-0.687**	-0.687**
		(0.590)	(0.377)		(0.301)	(0.301)
Urbanization	-0.0473	-0.0754**	0.0815	-0.652***	-0.554**	-0.554**
	(0.0287)	(0.0319)	(0.0619)	(0.196)	(0.185)	(0.185)
Women Share in Labor Force	-0.0124	-0.0872*	-0.00914	-0.0313	-0.0115	-0.0115
	(0.0256)	(0.0501)	(0.0241)	(0.0464)	(0.0413)	(0.0413)
catholic			-0.886**			
			(0.406)			
protest			-3.429***			
			(0.765)			
civlaw			-4.002***			
			(0.532)			
after1964			-9.164***			
			(1.407)			
Constant	28.25***	23.29***	22.35***	62.59***	57.91***	57.91***
	(2.879)	(4.008)	(4.483)	(14.27)	(14.07)	(14.07)
Observations	150	148	148	150	148	148
R-squared	0.389	0.141	0.736	0.574	0.540	0.540
Number of N				10	10	10

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 3: Universal Suffrage possibly contribute to the divorce rate

DV: Divorce rate	(1) OLS	(2) OLS	(3) FE	(4) FE
Universal Suffrage	8.566*		0.801	
	(4.755)		(1.480)	
Left Parties	-0.207*		-0.00339	
	(0.118)		(0.0291)	
EPA/EEO	-4.319		-4.424	
	(3.353)		(4.773)	
Easy Divorce	1.751		0.556	
	(1.107)		(0.705)	
USA dummy	-4.671	-4.984		
	(3.355)	(3.609)		
Urbanization	-0.00963	0.000663	0.114	0.0112
	(0.0185)	(0.0181)	(0.134)	(0.0401)
Universal Suffrage (-20)		6.130*		1.035
		(3.458)		(0.884)
Left Parties (-20)		-0.195		-0.00609
		(0.127)		(0.0171)
EPA/EEO (-20)		-1.088		0.342
		(0.870)		(0.330)
Easy Divorce (-20)		0.447**		-0.458
		(0.182)		(0.768)
Constant	5.650	4.783	-3.753	0.550
	(3.707)	(3.076)	(6.657)	(1.508)
Observations	293	263	293	263
R-squared	0.080	0.057	0.026	0.003
Number of N			17	16

Robust standard errors in parentheses
*** $p<0.01$, ** $p<0.05$, * $p<0.1$

Table 4: EPA/EEO acts increase women labor force share.

	(1)	(2)	(3)	(4)	(5)	(6)
DV: Women Share in LF	OLS	OLS	OLS	FE	FE	FE
EPA/EOO	9.316***			12.20**		
	(1.354)			(4.319)		
EPA/EOO (-10)		7.454***	7.966***		11.80***	10.05***
		(0.970)	(1.069)		(3.014)	(2.576)
Protestant			4.721***			
			(0.923)			
Catholic			-5.444***			
			(0.715)			
Civil Law			-4.828***			
			(0.888)			
WW+			16.10***			11.18***
			(1.897)			(1.966)
Constant	39.89***	42.53***	28.47***	37.25***	39.11***	29.71***
	(1.268)	(0.823)	(1.868)	(3.953)	(2.377)	(0.138)
Observations	412	412	412	412	412	412
R-squared	0.076	0.104	0.460	0.242	0.437	0.508
Number of N				10	10	10

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

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Finally we want to look at the impact of child best interest policy on the birth rate. This result is also very strong (see Table 5): almost half of standard deviation is dropped by adoption of best child interest policy. It is interesting, that marriage rate is decreased by the same policy also, and also by a half of standard deviation (Table 6). So the missing marriage in the first place probably contribute to the lack of births given.

Table 5: Child best interest and Birthrate

DV: Birth rate	(1) OLS	(2) OLS	(3) OLS	(4) FE	(5) FE	(6) FE
Child best interest	-6.182***			-4.994***		
	(0.263)			(0.892)		
Child best interest (-10)		-4.898***	-2.321***		-4.456***	-2.430***
		(0.250)	(0.153)		(0.806)	(0.222)
Protestant			-0.272			
			(0.259)			
Catholic			-0.420**			
			(0.211)			
Civil Law			-3.543***			
			(0.192)			
WW+			-7.537***			-7.049***
			(0.305)			(1.044)
Constant	18.16***	16.69***	24.20***	17.79***	16.61***	21.46***
	(0.240)	(0.196)	(0.452)	(0.282)	(0.130)	(0.780)
Observations	1,079	1,059	1,059	1,079	1,059	1,059
R-squared	0.215	0.100	0.669	0.248	0.147	0.511
Number of N				17	17	17

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

6 Conclusions

For now more research need to be conducted to define effects of welfare statist policies on recent family crisis. Especially promising avenue for further studies is a microeconometric examination of the families samples. Our paper lies within cross-country paradigm and is vulnerable to all critique of cross-country regressions received recently.

However our data strongly suggests that we could establish significant correlation between what we perceive as the recent family crisis (decrease in number

Table 6: Child best interest and Marriage rate

DV: Marriage rate	(1) OLS	(2) OLS	(3) OLS	(4) FE	(5) FE	(6) FE
Child best interest	-1.652***			-1.815***		
	(0.136)			(0.288)		
Child best interest (-10)		-1.047***	-0.540***		-1.528***	-0.926***
		(0.207)	(0.179)		(0.272)	(0.239)
Protestant			-0.00996			
			(0.0984)			
Catholic			0.0855			
			(0.0886)			
Civil Law			-1.179***			
			(0.0969)			
WW+			-1.306***			-1.278***
			(0.0815)			(0.225)
Constant	7.381***	7.007***	8.440***	7.418***	7.046***	7.735***
	(0.0928)	(0.0497)	(0.139)	(0.0641)	(0.0220)	(0.139)
Observations	1,119	1,023	1,023	1,119	1,023	1,023
R-squared	0.069	0.033	0.360	0.092	0.106	0.320
Number of N				17	17	17

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

of births, marriages and increase in divorces in the developed countries) and policies widely regarded as a core of welfare statism (child best interests, easy divorce, equal opportunities on job market acts).

Even if each individual correlation might seem questionable, altogether they present extensive amount of evidence in favour of our story.

7 References

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