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 April 2024

1960s-1970s: Era of Demographic and Policy Changes

- Over the 1960s and 1970s, rapid demographic change
  - Birth and marriage rates declined
  - Divorce rates more than doubled

1960s-1970s: Era of Demographic and Policy Changes

- Over the 1960s and 1970s, rapid demographic change
  - Birth and marriage rates declined
  - Divorce rates more than doubled
- State governments passed a variety of novel policies along the same timeline:
  - Access to the pill
  - Legal abortion
  - Minors' access to abortion/pill
  - No-fault unilateral divorce
  - Equal pay laws
  - Medicaid

1960s-1970s: Era of Demographic and Policy Changes

- Over the 1960s and 1970s, rapid demographic change
  - Birth and marriage rates declined
  - Divorce rates more than doubled
- State governments passed a variety of novel policies along the same timeline:
  - Access to the pill
  - Legal abortion
  - Minors' access to abortion/pill
  - No-fault unilateral divorce
  - Equal pay laws
  - Medicaid
- Reexamine the consequences of policies on demographic outcomes–*highlighting the issue of simultaneous policy adoption*

Case Study: California in 1969

* Focus on a compelling case: **California in 1969**

Case Study: California in 1969

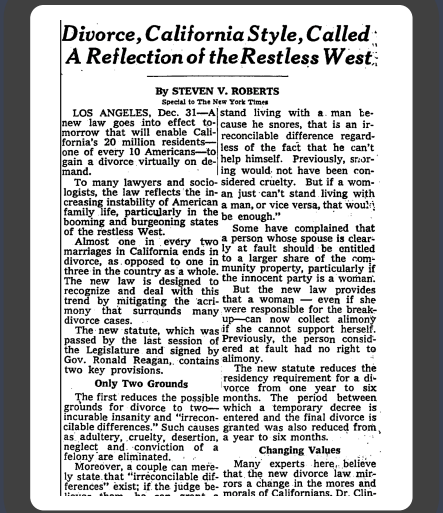
- Focus on a compelling case: **California in 1969**
- California passed a number of policies in 1969 that could directly or indirectly affect demographic outcomes
  1. Unilateral divorce
  2. No-fault divorce
  3. Legal abortion
  4. Shortening of mandatory waiting periods for divorce
  5. No-fault property reforms

Case Study: California in 1969

- Focus on a compelling case: **California in 1969**
- California passed a number of policies in 1969 that could directly or indirectly affect demographic outcomes
  1. Unilateral divorce
  2. No-fault divorce
  3. Legal abortion
  4. Shortening of mandatory waiting periods for divorce
  5. No-fault property reforms
- 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; Voena, 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 divorce 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—incurable insanity and "irreconcilable differences." Such causes as adultery, cruelty, desertion, neglect and conviction of a felony are eliminated.

Moreover, a couple can merely state that "irreconcilable differences" exist; if the judge be-

stand living with a man because he snores, that is an irreconcilable difference regardless of the fact that he can't help himself. Previously, snoring would not have been considered cruelty. But if a woman just can't stand living with a man, or vice versa, that would be enough."

Some have complained that a person whose spouse is clearly at fault should be entitled to a larger share of the community property, particularly if the innocent party is a woman.

But the new law provides that a woman — even if she were responsible for the breakup—can now collect alimony if she cannot support herself. Previously, the person considered at fault had no right to alimony.

The new statute reduces the residency requirement for a divorce from one year to six months. The period between which a temporary decree is entered and the final divorce is granted was also reduced from a year to six months.

Changing Values

Many experts here believe that the new divorce law mirrors 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

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

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

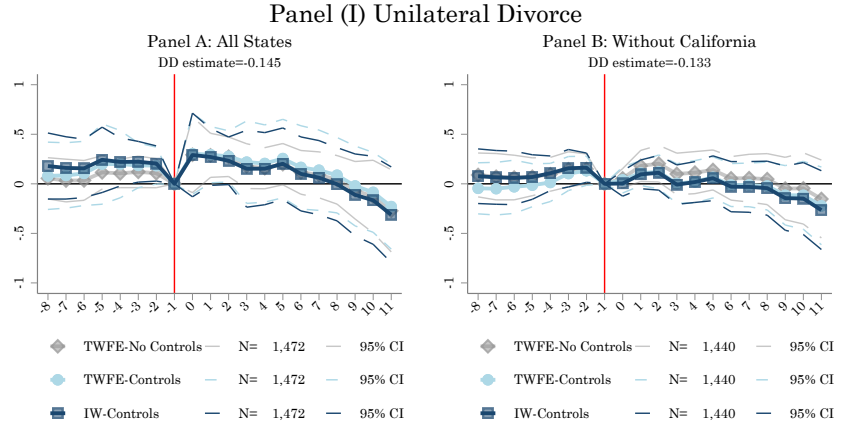
California Influential in Four Different Studies

- 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

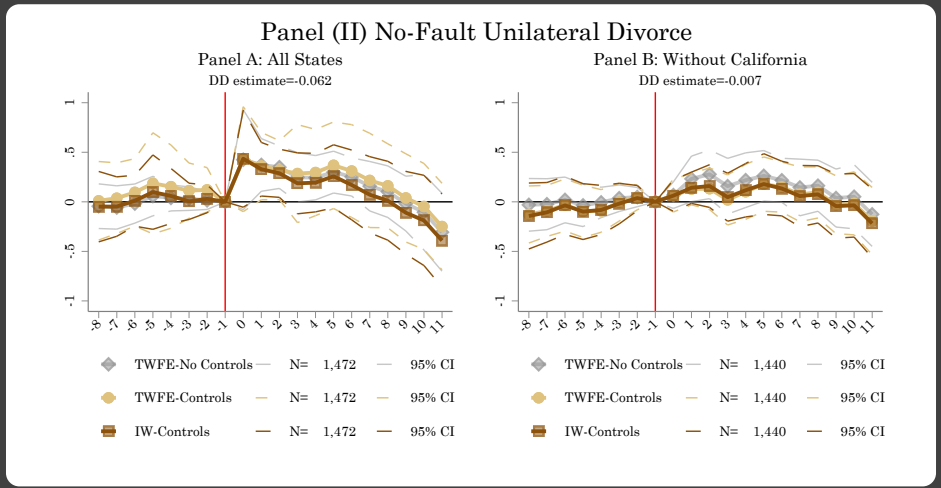
- *Results weaken, and in most cases, become statistically insignificant when excluding California*

- During this presentation, show the results from Wolfers (2006), unilateral divorce and divorce rates, but paper includes all of the above

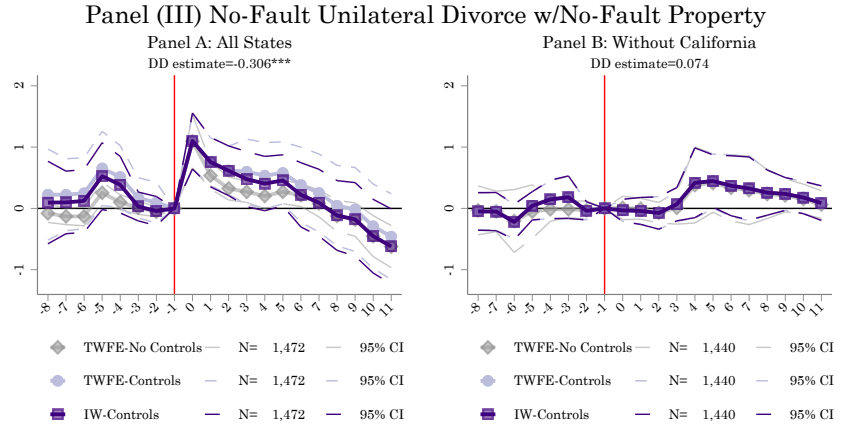
Unilateral Divorce and Divorce Rates



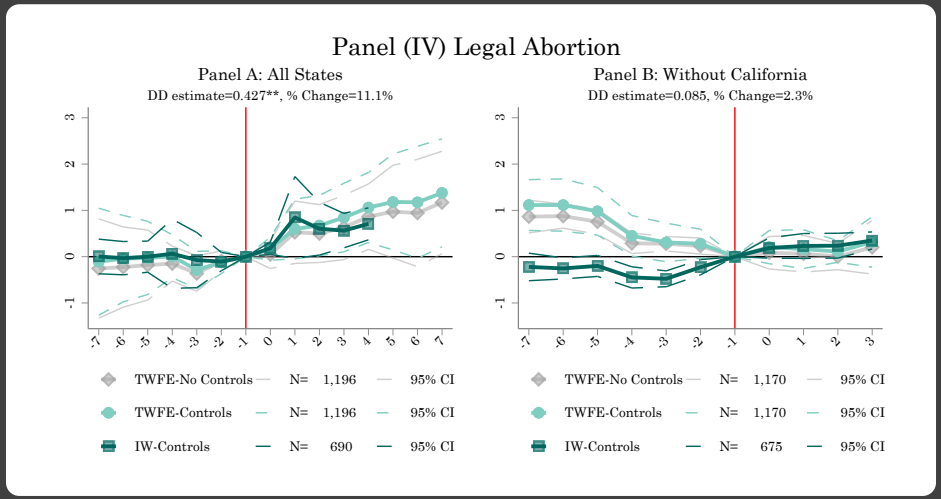
No-fault Unilateral Divorce and Divorce Rates



Unilateral No-Fault Divorce with No-Fault Property



Legal Abortion and Divorce Rates



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!*

Remainder of Paper: Extends to Literature

* Short presentation–focused on Wolfers (2006)

Remainder of Paper: Extends to Literature

- Short presentation–focused on Wolfers (2006)
- Applies to similar studies studying *unilateral divorce and legal abortion*:
  1. Female suicides in Stevenson and Wolfers (2006)
  2. Married women's labor force participation/asset accumulation in Voena (2015)
  3. Teenage births in Myers (2017)

Remainder of Paper: Extends to Literature

- Short presentation–focused on Wolfers (2006)
- Applies to similar studies studying *unilateral divorce and legal abortion*:
  1. Female suicides in Stevenson and Wolfers (2006)
  2. Married women's labor force participation/asset accumulation in Voena (2015)
  3. Teenage births in Myers (2017)
- 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)

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)
* Not an isolated problem
  - Occurs throughout the literature
  - Identification challenges related to multiple treatment effects extend beyond concurrent policy adoption

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)
- Not an isolated problem
  - Occurs throughout the literature
  - 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!

lvelasco@gsu.edu