Whose money matters?

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In the United States, about half of first marriages end in divorce, and marital disruption is associated with a host of negative outcomes for both adults and children.[1] In particular, divorce is associated with substantial financial loss and high risk of poverty for women.[2] In part because of these negative financial consequences, parental divorce is associated with negative outcomes for children, including lower cognitive achievement, reduced educational attainment, increased risk of teen pregnancy, and less favorable socio-emotional outcomes.[3] It is therefore important to ask what factors work to stabilize or destabilize marriages. In this article, I investigate the role financial circumstances play in couples' risk of divorce.[4]

Theoretical perspectives on divorce

There are, of course, many different causes of divorce, and economic circumstances capture only a small portion of these.[5] Yet, the role of couples' economic characteristics in marital stability has received substantial scholarly attention and a plethora of theories have developed to explain how the employment and income of spouses may affect their risk of divorce. In this section, I outline four common theoretical perspectives by which economic circumstances and marital stability have been linked. Prior research has not reached consensus on the relative validity of each of these theories. We argue that this disagreement is due at least in part to the conflation in prior research of *current* income while married with *expected* income in the event of divorce. These two measures have conceptually distinct effects on marital stability, but are often assumed to be interchangeable.

Women's economic independence

One popular hypothesis is that divorce is more likely when divorced women are better able to support themselves financially, allowing them to leave unhappy marriages. Although this theory seems intuitive and plausible, findings have been inconclusive and inconsistent.[6]

Financial strain

A second school of thought argues that marital well-being should be higher when household income is higher, as financial resources reduce stress in a relationship, potentially allowing couples to outsource household labor, reduce conflict, and increase leisure time.[7] If true, wives' employment and earnings should have a stabilizing effect on marriage through positive effects on household income. Indeed, research has shown that household income is negatively associated with the risk of divorce, but it is unclear whether both wives' and husbands' incomes have the same effect.[8]

Gendered institution

A third perspective conceptualizes marriage as an inherently gendered institution and predicts that divorce will be less likely when spouses' labor conforms to traditional gender roles.[9] While dual-earner couples are now very common, wage-earning remains normative for men, particularly married men and fathers, consistent with findings that husbands' unemployment is associated with marital disruption.[10] Other scholars have suggested that a wife's earnings may become particularly disruptive to her marriage when they exceed her husband's, and there is some empirical support for this claim.[11]

Specialization

A final perspective, based on employment status rather than earnings, rests on the assumption that marital well-being is enhanced when spouses engage in different and complementary activities. With each spouse doing the activity in which she or he excels, both spouses benefit. If, instead, spouses perform similar activities, these gains are lost, and marital well-being is reduced.[12] Thus, this theory predicts that couples will be more stable when only one spouse is employed (or, at least, employed full-time) than when both spouses are employed full-time. Support for this theory is again mixed.[13]

Measuring economic independence

The lack of consensus on the theoretical underpinnings of observed associations between financial circumstances and divorce stems in part from the difficulty of empirically distinguishing among these multiple hypothesized pathways. In particular, prior work has typically measured wives' economic independence with their current earnings or employment, using economic outcomes while married as a proxy for likely post-divorce outcomes.[14] This approach has two negative consequences. First, our own preliminary analyses suggest that the correlation between a woman's earnings before and after divorce is quite low. Second, by using wives' current economic circumstances to stand in for their economic independence, prior research has relied on a single measure—either the wife's employment status or her earnings—to capture multiple hypothesized mechanisms. As a result, it is challenging to isolate the empirical support for each theoretical model.

Expanding on past work

In the analysis described here, we do not assume that a wife's earnings would remain the same after divorce; instead, we model divorced women's economic outcomes directly. We also do not assume that a woman's income in the event of divorce is equivalent to her earnings in the event of divorce; we include non-labor sources of income, including child support payments. Finally, we do not assume that a woman's economic well-being is necessarily directly proportional to her income; we adjust for household size.

Analysis of divorce risk

To overcome the limitations of previous studies, we directly model divorced women's economic well-being (household income relative to the poverty line for her household) using a sample of separated and divorced women drawn from Census data. The results of these models are then used to predict likely outcomes for married women in the Panel Study of Income Dynamics, were they to divorce. We find support for the economic independence theory; as the economic cost of divorce rises, the likelihood of divorce falls. The coefficient goes in the direction expected under the financial strain perspective—higher current economic well-being correlates with less divorce—however, this result is not statistically significant. We find no statistically significant differences in a couple's risk of divorce by the employment status of the wife, provided that the husband is employed full-time, casting doubt on the specialization hypothesis. We also find no support for the female-breadwinner component of the gendered institution perspective; there is no evidence that women out-earning their husbands is bad for marital stability. In contrast, we do see fairly clear evidence that marital disruption is more likely when the husband is employed less than full time, consistent with the aspect of the gendered institution perspective that focuses on the norm of men being wage-earners. It is notable that the wife's employment status does not moderate the disruptive effect of her husband's underemployment; thus, this effect does not seem to be related to household income level, but simply to whether or not the husband is working full time.

Conclusions and policy implications

In our study, we examine the role that financial circumstances play in couples' risk of divorce. Theories about how economic circumstances and marital stability are related include: (1) *women's economic independence*, which predicts that divorce is more likely when women are better able to support themselves; (2) *financial strain*, which predicts that divorce is less likely when household income is higher; (3) *gendered institution*, which predicts that divorce is less likely when spouses' labor conforms to traditional gender roles; and (4) *specialization*, which predicts that divorce is less likely when only one spouse is employed full-time. We improve upon prior research by modeling wives' economic independence based on the economic outcomes of divorced peers, allowing us to measure economic independence separately from current employment and income. Our preliminary results provide support for the economic independence hypothesis and gendered institution perspective, with less support for the financial strain perspective and specialization. In particular, marriages are destabilized when husbands are not fully employed and when wives would sacrifice less financially, were they to exit the marriage. Thus, while we find no evidence that marriages are particularly disrupted when wives earn more than their husbands, we do find that partners' economic resources matter differently for men and women. For women, real economic resources that would allow her to maintain an adequate standard of living post-divorce allow divorce, while for men the association between work and marriage appears to be through symbolic rather than financial constraints, consistent with prior research suggesting that a husband's unemployment increases the risk of divorce primarily because of the signal it sends about his noneconomic characteristics, rather than because of the economic consequences.[15] Thus, our results support the notion that gender remains a powerful lens through which the link between economic circumstances and divorce is filtered.■

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[4]This article draws on ongoing joint research with Ian Lundberg, with research assistance from Cassandra Robertson.

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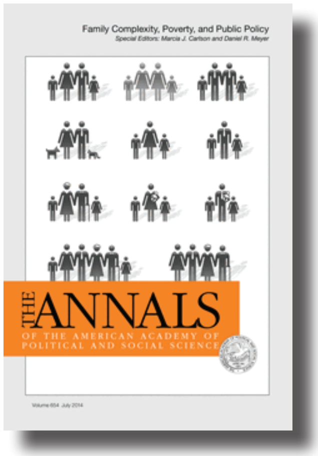

Of all the ways in which family life in the United States has changed over the past 50 years, an increase in family complexity is one of the most important demographic shifts. High rates of cohabitation, nonmarital childbearing, divorce, and repartnering present challenges for policymakers as well as for families, especially children. Particularly notable is an increase in multi-partner fertility, or the proportion of adults who have biological children by more than one partner. These changes and trends in family life are important for understanding both the causes and consequences of poverty. As the reach and effects of many antipoverty policies vary with family structure, changes in family life pose challenges to the effective design of antipoverty programs and policies.

Papers from a national research and policy conference, convened by the Institute for Research on Poverty, on growing U.S. family complexity make up the July 2014 issue of The ANNALS, "Family Complexity, Poverty, and Public Policy." In the volume, leading scholars explore multiple aspects of contemporary family complexity in the United States, focusing on families with minor children.

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