The Impact of the Welfare State on Divorce Risk and the Role of Risk Attitudes in Germany

This study focuses on differences in divorce habits and the role of risk attitudes in creating gender inequalities in Germany. To a great extent, the welfare state shapes post-divorce options — both by regulating the degree of institutional and economic support and by supporting labor market participation after a split-up. Labor market and family policies play a key part in this, with the conservative German welfare state promoting a traditional male breadwinner model which undermines female labor market integration, thus devaluing women’s human capital investment and significantly limiting their options outside marriage (DiPrete 2002, Cooke 2006).

This study focuses on the research question of how likely couples are to separate. Two components of this question are analyzed: a) what is the likelihood of separation given the woman’s options outside marriage as indicated by their attachment to the labor market, and b) controlling for variations in individual labor market attachment, is there a greater likelihood of more risk-loving individuals to separate or does a high degree of risk-seeking behavior offset bleak economic prospects?

To examine these questions, I estimate a discrete time piecewise-constant model, using data from the German Socio-Economic-Panel-Study (SOEP). Preliminary results suggest that a high degree of risk seeking behavior increases the likelihood of divorce, even if
employment prospects are uncertain. In contrast, risk aversion appears to hinder the likelihood of divorce. These findings are particularly pronounced among women, but are weak for men, which is related to a high risk for women to become dependent on state subsidies after marital dissolution. This renders divorce an endeavour, associated with fundamental elements of gender inequality in the German welfare state. Pending analyses aim to differentiate these findings between female cohorts with differences in labour market attachment.
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