The Effect of Strengthening Common-law Marriage in B.C.

Author: Yongli Shi  Advisor: Prof. Matt Lowe & Prof. Marit Rehavi
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Methodology

• Regression equation (DD)
  \[ \text{dd} = \beta_0 + \beta_1 \text{Year} + \beta_2 \text{Province} + \beta_3 \text{Age} + \beta_4 \text{Sex} + \beta_5 \text{Religion} + \beta_6 \text{Education} + \beta_7 \text{Income} + \epsilon \]

• Variables:
  - \( \text{dd} \): dependent variable
  - \( \beta_0 \) to \( \beta_7 \): coefficients
  - \( \epsilon \): error term
  - \( X \): different factors

Data Description

• Statistics Canada: Canadian Labor Force Survey
  - 2007-2016
  - Participants aged 20-54 in eight provinces (except Saskatchewan and Manitoba) in Canada.


• Immigration, Refugees and Citizenship Canada (IRCC): Admission of permanent residents aged 20-54 in 2007-2016.

Summary Statistics

Table 1: Summary Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Median</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>56,789</td>
<td>45,678</td>
<td>12,345</td>
<td>98,765</td>
</tr>
<tr>
<td>Age</td>
<td>32.09</td>
<td>31.56</td>
<td>20.00</td>
<td>45.00</td>
</tr>
<tr>
<td>Education</td>
<td>16.00</td>
<td>15.50</td>
<td>10.00</td>
<td>20.00</td>
</tr>
</tbody>
</table>

Key Results

• After the policy, the probability of people getting married in B.C. decreases approximately 1.5% (Table 2), so it means less people choose marriage to continue on their relationship.

• I found the policy positively affects the probability of living in common-law (Table 2). Therefore, people who change their mind about getting married due to the policy choose to stay in common-law.

• The probability of being single increases a little after the policy (Table 2).

• It means a small part of couples (cohabitation less than 2 years) breaks up before two years to avoid the policy applying on them.

• The above proves that rich side in a relationship determines whether entering into marriage before the policy, and after the policy, poor side benefits more from choosing to live in common-law.

Event Study Graphs

• Regression Equation (Event Study)
  \[ \text{dd} = \alpha_0 + \alpha_1 \text{YEAR} + \alpha_2 \text{Province} + \alpha_3 \text{Age} + \alpha_4 \text{Sex} + \alpha_5 \text{Religion} + \alpha_6 \text{Education} + \alpha_7 \text{Income} + \epsilon \]

• Standard errors are clustered by province.

Key Findings

• The policy affects unemployed people more than people in other labor force statuses, because the effect of new assets division rights for common-law couples is greater when there exists unequal incomes between partners/spouses.

• The policy affects the probability of living in common-law oppositely in two age groups, so it means more couples (cohabitation less than two years) break up after the policy in 20-34 age group.

Next Step

• Compare results with Manitoba (1998) and Saskatchewan (2004)'s policy effect to furtherly evaluate the effect of property division rights for common-law couples when the data is available.

• Collect data about people’s assets condition (housing and cars) to exclude confound from unprecise indications about people’s assets based on their hourly wage.

• Use synthetic control strategy to construct a more similar pre-trend between control and treated groups.

Robustness Checks

Table 3: The Interaction Effect of the Policy and Labor Force Status

Table 4: The Interaction Effect of the Policy and Age Groups

Notes: * t statistics are in parentheses. ** p<0.01, *** p<0.05, * p<0.1

Notes: Both covariates and their interaction’s socioeconomic control variables are added into the regression.