It's not about the economy
Another divorce myth bites the dust

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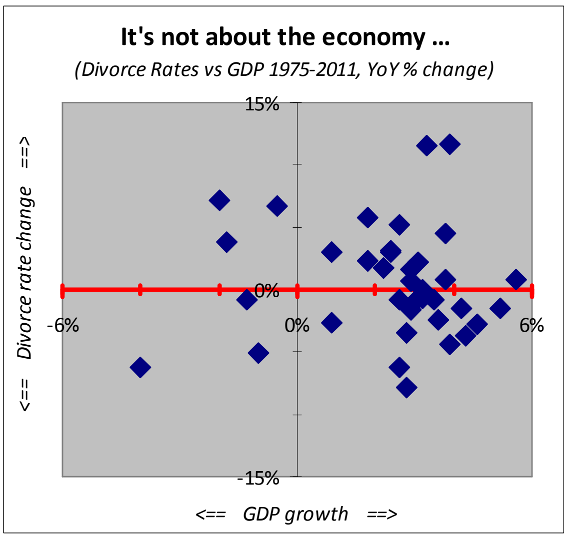
Commentators often claim that the latest annual change in divorce rates, whether up or down, is linked to the state of the economy, whether boom or bust.

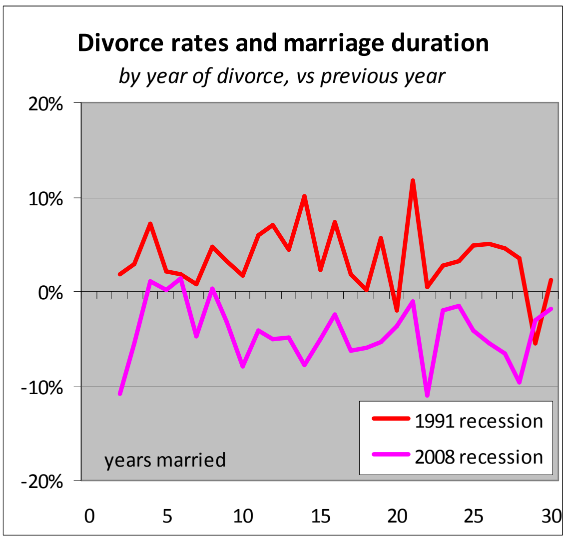
My new research shows that there is no evidence whatsoever to link either economic growth or stock market performance with changes in divorce rates. For example, during the 1991 recession divorce rates rose slightly for almost all durations of marriage whereas during the 2008 recession divorce rates fell slightly.

For every year since the 1970s – and across every duration of marriage, from "newlyweds" through to "silver surfers" – divorce rates have almost always stayed within plus or minus 10% of the previous year's figure. Boom and bust years are no different.

Changes in divorce rates are hard, if not impossible, to explain solely on the basis of the year of divorce. Divorce rates can only really be understood and explained by looking at trends within each year of marriage. As we have illustrated before, almost all of the change in divorce rates takes place within the first ten years of marriage.

When the next annual figures for divorce are released, commentators can now be confident that changes have nothing to do with economy or stock market.





INTRODUCTION

Commentators are confused.

Whether economic boom or economic bust, counsellors, lawyers and statisticians can be relied on to supply explanations for why the divorce rate has gone up. Or down.

Lawyers claim divorce rates rise during times of economic boom.

- “Rising divorce rate is linked to the economic recovery” Daily Mail, July 2010

  'Husbands and wives have been telling us that they felt they simply couldn't afford to break up during the last two years … Some of those couples had come to us before the recession to initiate proceedings but then decided not to continue as the economic picture worsened. They now believe the upturn in their financial circumstances has provided what they believe to be the right moment for them to make a break.'

Counsellors claim divorce rates rise during times of recession.

- “Recession blamed for rise in divorce rates” Guardian, December 2011

  ‘Counselling charity Relate says the recession is putting added pressure on couples. "It's no surprise that the divorce rate is rising given the pressures that couples and families are under. We are seeing more people than ever coming to Relate because of money worries.”’

However falling divorce rates present a problem.

- *‘Although divorce has been on the decline in recent years, a number of couples report that the recession actually strengthened their union. Still, money issues are notoriously tough on marriages’.* US law firm, May 2013
- ‘*Figures released just before the New Year reveal that the divorce rate has been falling. The drop follows a surprising rise in the number of divorces in 2010 and demonstrates that divorces have been fairly resilient in the face of the recession. It was feared that marriages may suffer as a result of the credit crunch; however it appears that they have in fact been fairly robust despite the economic hardship. This could be due to a number of factors and it will therefore be interesting to see what impact economic recovery has upon the divorce rate*.’ UK law firm, January 2013

Even top statisticians at the office for National Statistics are confused.

- ‘*Two competing theories exist relating to the effect of an economic downturn on the number of partnerships dissolving. One theory suggests that recession could contribute to a rise in partnership break-ups because of increased financial strain, changes in employment and related lifestyle changes … In contrast, an alternative theory suggests that partnerships would be less likely to dissolve in an unfavourable economic climate because of an increase in family solidarity during difficult times and the need to postpone marital break-ups until the economy, and the value of their home improves. … It is too early to say whether the decrease in divorces in 2011 will continue in 2012 ….*’ ONS December 2012

So who is right, if anyone?

Let’s look at the evidence.

DIVORCE FROM YEAR TO YEAR

The Office for National Statistics (ONS) produce an excellent annual dataset that apportions *number of divorces by duration of marriage*. From this dataset, I can build an entire database of *divorce rates* for every year and every *duration of marriage* by comparing the *number of divorces by duration* with the *number of weddings in the appropriate year*.

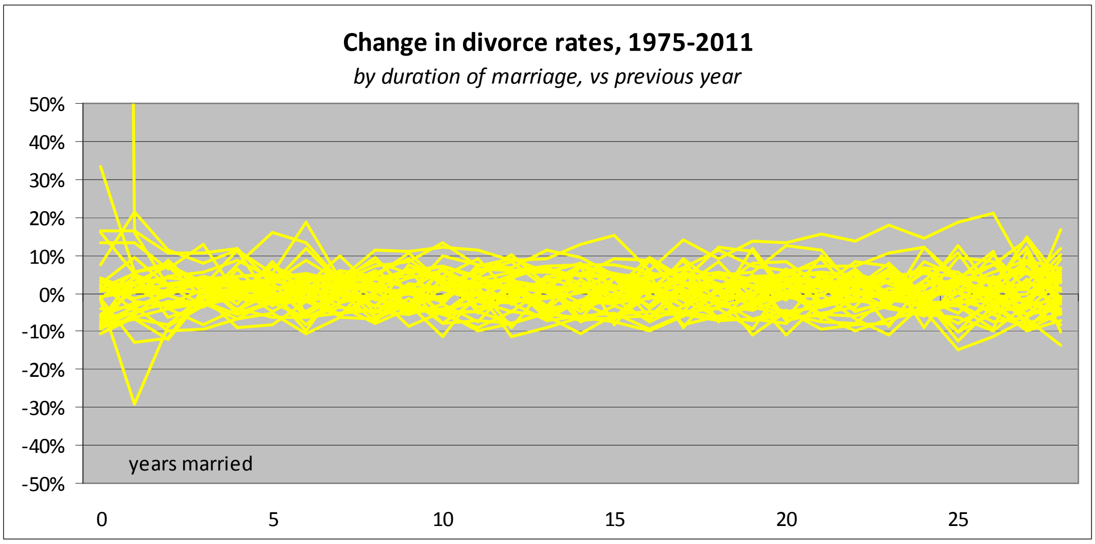
For example, by comparing the *number of divorces involving marriages of less than one year* with the *number of weddings in the previous year*, I can calculate the *divorce rate for marriages lasting less than one year*. For marriages lasting less than two years, I compare the number of divorces with the number of weddings two years earlier. And so on.

Although divorces and weddings do not necessarily overlap exactly, this year-on-year method produces near enough identical results to the more complex month-on-month method used by ONS.

In order to analyse whether and how economic boom and bust might be linked to changes in divorce rates, I must compare divorce rates across every duration of marriage in any given year with the divorce rates from the previous year.

Note that all of this analysis applies to the year in which divorces occur. So when, for example, I compare marriages that end after five years, I am comparing this year's five year old marriages that end in divorce with last year's five year old marriages that end in divorce. In other words, I am comparing two different groups of people.

The rather messy chart below explores the percentage change in divorce rates from year to year. Each yellow line represents the change in divorce rates for marriages that ended in divorce during every calendar year from 1975 to 2011.



What is immediately striking is how annual changes in divorce rates vary so consistently from year to year and by less than plus or minus 10% across every duration of marriage.

In other words, the first observation is that changes in divorce rates from year to year vary relatively little.

DIVORCE RATES IN BOOM AND BUST YEARS

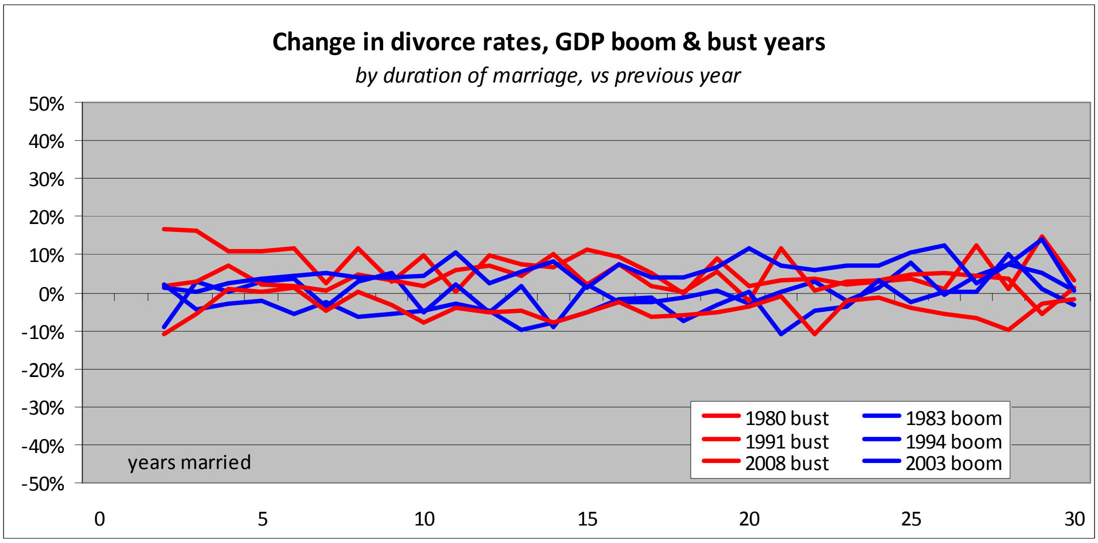
If there is a link between economic boom and bust and divorce rates, it should be apparent when I isolate just those years of strongest economic growth or weakest recession.

Because it is possible that divorce rates may be more strongly linked to personal wealth rather than economic activity, I have therefore compared years in which major changes took place in either GDP growth (economy) or FTSE all share index (stockmarket).

The first chart looks at economic boom and bust years, as defined by GDP growth. Boom years are in blue. Bust years are in red. As with all other years, changes in divorce rates for every duration of marriage are within plus or minus 10% of the previous year figures.

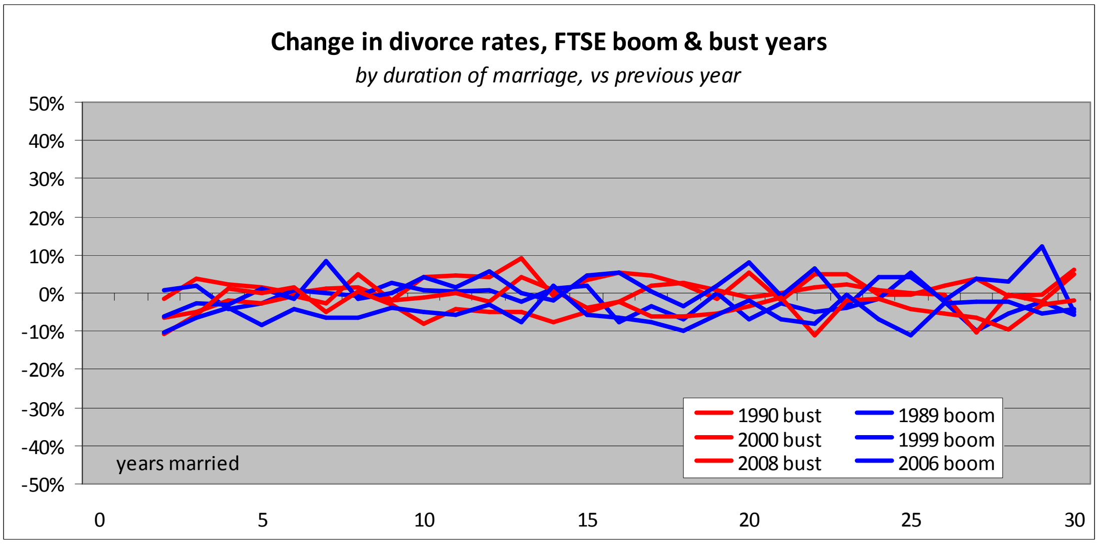
There is no obvious distinction between blue and red lines. For example, divorce rates fell across the board during the 1994 boom but rose across the board during the 2003 boom. Likewise, divorce rates fell during the 2008 bust yet rose during the 1980 and 1991 busts.

In other words, there is no direct link between economic boom and bust and divorce rates.



The second chart shows changes in divorce rates during years of stock market boom and bust. Once again, changes go both ways.

Whether looking at GDP or FTSE, boom and bust is not a reliable predictor of divorce rates.



DIVORCE RATES BEFORE AND AFTER BOOM AND BUST YEARS

In case this analysis misses a bigger trend, I have also looked at what happens to divorce rates in the two years preceding and two years following boom and bust, again separately considering years of economic change (GDP) and stock market change (FTSE).

From my previous research (Benson, 2013), I have combined the years 3 to 6 of marriage which are consistently peak years for divorce risk. This also avoids any complication from the sudden adjustment to early divorce rates following the 1984 Matrimonial and Family Proceedings Act which allowed divorce after just one year.

The left chart looks at changes to divorce rates in years 3 to 6 during years of economic boom and bust. The right chart looks at changes during years of stock market boom and bust. Interestingly, 1980 was a year where the economy boomed and stock market busted.

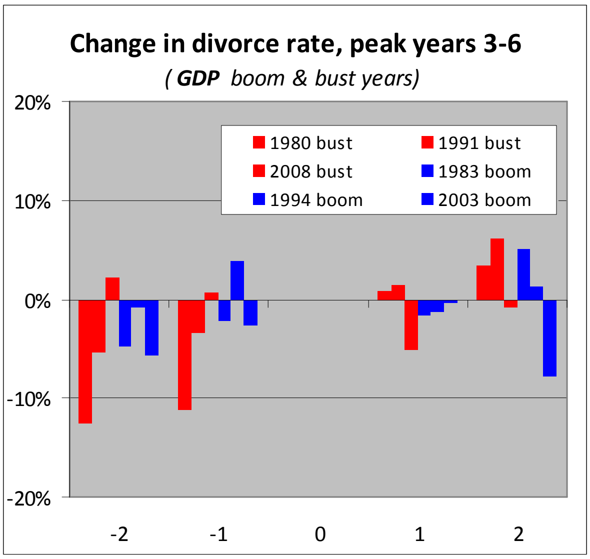
If there were a link with divorce rates during the actual year of either boom or bust, it should be apparent in significant changes on the left side of each chart (at -2 and -1 years).

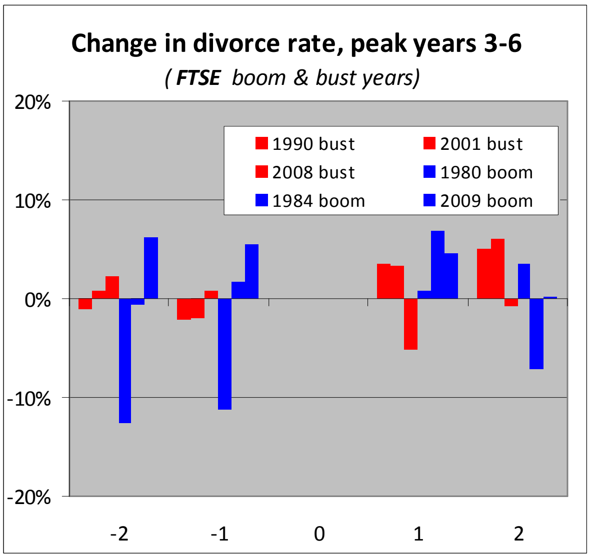
If there were any delayed effect of boom or bust on divorce rates, it should be apparent on the right side of each chart (at 1 and 2 years).

Starting with the left chart (GDP), divorce rates were lower prior to the 1980 and 1991 economic busts (the first two red columns at -2 and -1 years) yet slightly higher before the 2008 bust (the third red column). Similarly, the inconsistency of the blue columns shows that there is no particular link to the economic boom years. The trend in divorce rates in years 1 and 2 following boom or bust is similarly inconsistent, showing that neither is there any delayed effect.

Moving to the right chart (FTSE), the inconsistency is mirrored both before and after stock market boom and bust. There is no obvious trend.

The standout year for change on both charts is 1980, where the change against preceding years is more a reflection of the uptrend in divorce rates during the early years of marriage at that time.





WHAT MATTERS IS YEAR OF MARRIAGE, NOT YEAR OF DIVORCE

As discussed in previous reports for the Marriage Foundation (Benson, 2013) the major flaw in looking only at divorce rates by reference to the year in which divorce takes place is that real underlying trends are hard, if not impossible, to spot.

The reason is simple. Everybody wants to know whether the risk of divorce is rising or falling. That means thinking about the overall trend in divorce rates over time for couples who married in one particular year compared with couples who married in the previous year. Year of marriage is what matters.

However because data is released by year of divorce, comparisons are only relevant when looking at a single year duration of marriage. Whenever we try to add together numbers of rates for more than one year's duration, we are combining different groups of people, each of whom married for a different length of time.

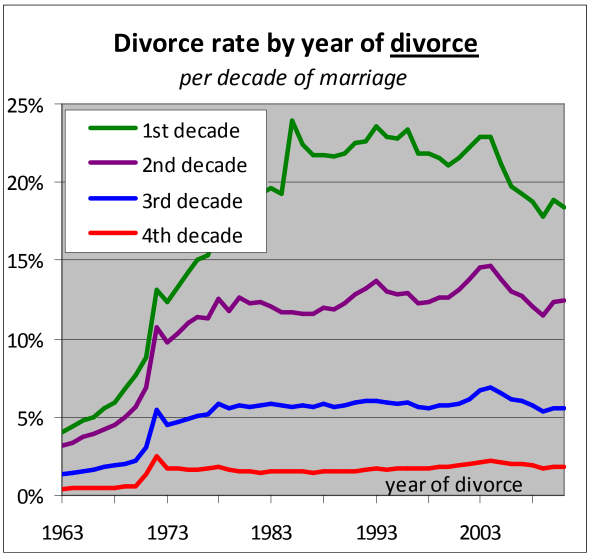
This is what commentators are looking at when they comment on divorce rates. They are not looking at the experience of two groups of couples who married in consecutive years. They are looking at different combinations of different couples who married in different years and trying to make sense.

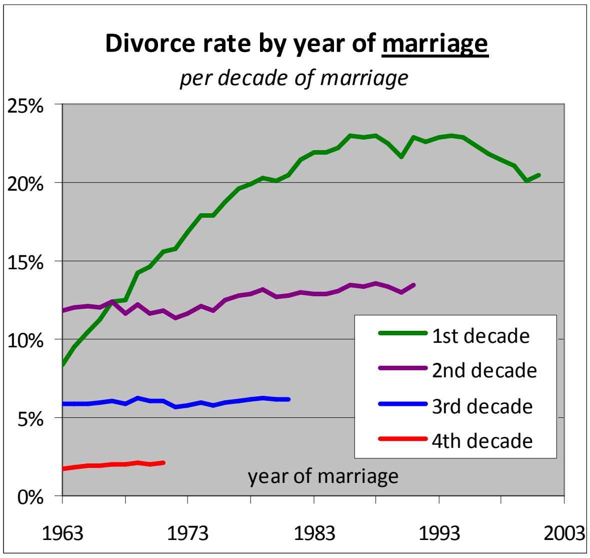
The charts below illustrate this well by looking at divorce rates per decade of marriage – firstly (and rather confusingly) by year of divorce and secondly by year of marriage.

The left chart shows a bumpy pattern that mirrors the ONS chart of annual overall divorce rates. It shows a big rise in divorce rates during the 1960s and 1970s in the first decade. It also shows all sorts of apparent variation in the second and third decades of marriage. The problem is that no two bits of data are strictly comparable. Every divorce rate figure for every decade combines ten different groups of couples at ten different stages of marriage. No wonder this is confusing!

The right chart brings order out of chaos by following each period of ten years of marriage by the same couples. The real trend becomes much clearer. All that matters is why divorce rates vary a lot during the first ten years and very little thereafter.

It is this real trend that commentators should be explaining. And it has nothing to do with the economy or stock market.





REFERENCES

Benson, H. (2013) What is the divorce rate? Marriage Foundation