The Effect of Unilateral Divorce Laws on Married Women’s Labour Supply in Mexico City

Maria Alejandra Hernandez
MPA Class of 2014, London School of Economics and Political Science

Abstract

In 2008, Mexico City liberalised and simplified divorce laws, shifting from mutual consent to unilateral divorce laws. The reform was followed by a sharp increase in the number of divorces granted over the subsequent years. Some studies have demonstrated that unilateral divorce laws are positively correlated with married women’s labour supply (Genadek et al., 2007). However, empirical evidence from the United States has shown that the impact of divorce laws on married women’s labour supply remains puzzling (Stevenson, 2008).

This article exploits the 2008 reform as a natural experiment to analyse the effect of unilateral divorce laws on the labour supply of married women in Mexico City using a difference-in-differences approach. The results suggest that there is no robust evidence to support the hypotheses that either female labour participation or work hours is different from what it would have been had the no-fault divorce laws not been implemented. Additionally, the results suggest that the reform did not have an effect on the work-hours decision.
INTRODUCTION

In 2008, Mexico City liberalised its divorce laws. The shift from mutual consent to unilateral divorce laws took place alongside incremental changes in the number of divorces filed and changes in the labour supply of married women.

Recent empirical evidence has demonstrated that unilateral divorce laws are positively correlated with married women’s labour supply (Peters, 1986; Parkman, 1992; Genadek et al., 2007). However, other studies show that the impact of divorce laws on married women’s labour supply remains puzzling (Parkman, 1992; Gray, 1995, 1998; Genadek et al., 2007; Stevenson, 2008).

The effect of divorce liberalisation has been widely studied in the literature on divorce. However, there are no studies exploring the effects of unilateral divorce laws on the labour decisions of women in the Mexican context. This study intends to contribute to the literature by using data in a developing country where little has been investigated about the impact of the liberalisation of divorce laws. In particular, it explores the causal effect of the 2008 unilateral (no-fault) divorce laws in the labour decisions of married women in Mexico City.

The shift from mutual consent to unilateral divorce laws in October 2008 was followed by a sharp increase in the number of divorces granted over the subsequent years (Figure 1).

Figure 1. Divorce rate in Mexico

For comparison purposes, other states are shown.

Source: INEGI, Marriage and divorce statistics, various years.

Figure 2 displays the percentage of women in the labour force and the percentage of employed women in selected states from 2005-2010. Mexico City shows an increasing trend and a jump at around 2008, when the reform was adopted.
When analysing the hours worked by employed women, we see some patterns after 2008. The percentage/number of women who worked 15-34 hours per week increased after the reform. By contrast, the percentage/number of women who worked 35-48 hours declined after 2008.

To address the potential endogeneity problem of reverse causality between risk of divorce and female labour supply, I will exploit the unilateral divorce law reform as a natural experiment. The hypotheses are: (a) the reform was drastic enough to have an impact on married women’s labour participation at the extensive margin, and (b) the reform contributed to changing married women’s hours-worked decisions at the intensive margin.

The empirical strategy will allow me to use a difference-in-differences approach with repeated cross-sectional data of married women from the Labour Force Survey from 2005–2011, a survey that was conducted by Mexico’s National Institute of Statistics and Geography (INEGI). I propose as controls several states that still have mutual consent divorce laws to exploit state-level variation.

The analysis suggests that there is no robust evidence to support the hypotheses that either the female labour supply or hours-worked is different from what it would have been had the no-fault divorce laws not been implemented in Mexico City. The results are not robust to state and time fixed effects. Additionally, they do not support the claim that the reform had an effect on the work-hours decision. After using three samples, I find no evidence to support an effect that is robust to various specifications and state and time fixed effects.

The article is organised as follows. Section II summarises the theoretical framework of the study. Section III describes the law reform and its institutional context. The description of the difference-in-differences approach, the data, the results, the robustness checks, and the discussion of the analysis will all be shown in Section IV. Finally, Section V concludes.

---

1 The causal effect of the labour supply on the divorce rate is outside the scope of this study.
THEORETICAL FRAMEWORK

Labour supply decisions are explained by the standard utility maximisation framework based on the comparison of market and reservation wages: a person will participate in the labour market if the market wage exceeds the lowest wage the person is likely to accept for working the first hour.

Within the literature on household behaviour, there are two alternative models of household behaviour that explain potential reasons for why an increase in the risk of divorce might change labour supply decisions. Becker’s (1981) conventional economic model of household behaviour considers the maximisation of household utility subject to the total income of a household. In contrast, cooperative bargaining models take into consideration the differential bargaining power of each member in the decision-making process.

According to the Beckerian approach, household utility is maximised under sex-role specialisation. The independence hypothesis of the model establishes that an increase in women’s labour supply implies an increase in the level of economic independence, reducing the attractiveness of marriage (Oppenheimer, 1997). If the risk of divorce increases, then the level of specialisation within the marriage might decrease, which might lead to changes in labour decisions to secure options outside the marriage.

On the other hand, Chiappori et al. (2002) develop a theoretical framework to examine the impact of the marriage market and divorce laws on labour supply. They argue that household members’ behaviour depends on the relative bargaining power of each spouse, and its impact on how the resources are distributed. They examine divorce laws as an example of a variable that alters the family distribution of assets, and therefore influences the household members’ bargaining position. They argue that when divorce laws favour women, women’s labour supply would be lower in relation to their husbands’.

The empirical debate about the economic consequences of divorce rests on the applicability of the Coase Theorem (Wolfers, 2006). Under the assumptions of complete information and no transaction costs, the shift from mutual consent divorce laws to unilateral ones would not increase the probability of divorce. The Coase Theorem (Coase, 1960) predicts that: “no-fault divorce laws merely reallocate the property right to marriage among the spouses. As a result, changes in the law, ceteris paribus, should not affect divorce rates. [In this sense,] changes in the property right[s] would simply result in side-payments from one spouse to another” (cited in Genadek et al., 2007, p. 251).

Sociological literature in the Mexican context has admitted that, despite the prevalence of the sex-role model, a division of roles is taking place (Arriagada, 2007; García and Oliveira, 2011). I suggest that in the context of Mexico City, the cooperative bargaining model may be better to help us understand the impact of the reform. I will follow the approach developed by Gray (1998), and give special attention to the property settlements of the divorce laws to explain women’s labour decisions. If the reform changed the distribution of assets and increased women’s bargaining power, female participation in the labour market might increase as a way of insurance for potential loses after marital breakdown, ceteris paribus. If no-fault divorce laws did not increase women’s bargaining power, then it is likely that women’s did not increase their labour participation, ceteris paribus.
INSTITUTIONAL CONTEXT AND THE REFORM

The Heads of Government of Mexico City have been officials in the centre-left party, the Party of the Democratic Revolution (PRD) since 1997. The local government has implemented not only many liberalisation policies (e.g. abortion legalisation, unilateral divorce laws), but also many social welfare programmes (e.g. programmes to assist single or divorced mothers).

In Mexico, divorce is regulated by the states’ Civil Codes. All the states in the country have their own Civil Codes, which contain the different requirements and procedures that citizens must follow to file for divorce.

Before the reform of 2008, mutual consent divorce laws prevailed all over the country. In Mexico City, there were 21 grounds for divorce, such as domestic violence. The divorce settlement, including marital-property division, alimony, and child support, had been discretionary and subject to the judicial courts’ assessment of the financial resources and needs of each family member.

In March 2008, media announced the need to discuss a reform regarding divorce laws to make divorce less restrictive.

After legislative discussions, Mexico City’s Legislative Assembly approved no-fault divorce laws in August of the same year, stipulating that a spouse could get a divorce without the consent of his or her partner, as long as the partners had been married for at least one year. The spouses would need to suggest to the Mexican courts both a division and distribution of marital assets and alimony. Despite the elimination of all the grounds for divorce, the reform did not change the grounds for divorce settlement.

The unilateral divorce law states that spouses must contribute to children’s expenses in proportion to their own income and assets. Before the reform, all children younger than 7 years old were to be under the charge of the mother, but after the reform, this cut-off changed to 12. Additionally, the divorce process would last up to 30 days.

To analyse the effect of unilateral divorce laws on women’s labour decisions, I exploit the reform arguing that it was an unexpected and exogenous variation in divorce legislation. The chronology of the reform and the political process in which the reform was discussed are useful tools to support the variation in circumstances of women living and working in Mexico City. The chronology of the reform was as follows: in March 2008, Legislative lobbying and the discussions between legislators in the Assembly to liberalise divorce started. It was uncertain as to what the net result of the discussions in the Legislative Assembly would be. Despite six months of high media coverage and intense public debate, in August however, the Legislative Assembly officially approved the elimination of all fault grounds for divorce in Mexico City in August, thereby leading to the adoption of the new marital laws in October, after being published in the Official Gazette.

The draft spurred discussion amongst politicians, social scientists, and journalists regarding the implications of the reform in a family-oriented society, in which the traditional sex-role specialisation model could be considerably modified as a result of this type of reform.

Regarding the political process, Figure 3 illustrates the distribution of votes in the Legislative Assembly. The majority of the votes in favour of the reform came from the PRD, and all of the votes against came from deputies
of the National Action Party (PAN). As Figure 3 reveals, 12 votes could have been considered pivotal on the Election Day.

I argue that the chronology of the reform and the political process in which it was discussed support the validity of using the reform as an exogenous variation of marital dissolution in Mexico City. I suggest that this policy change is a natural experiment that can be used to measure the effect after October 2008, when it was officially published.

The law does not contain much detail about either the criteria or the requirements for the distribution of marital property, alimony, and child support after divorce. The divorce law still grants the courts with a great level of discretion regarding property settlement and alimony after marital breakdown, as documented by Bargain et al. (2012) in the case of Ireland.

Figure 3. Distribution of votes in the legislative assembly

Note: The majority of the votes in favour of the reform came from the PRD and all of the votes against came from deputies of the PAN. Two deputies from the PRD did not vote.

Source: Mexico’s City Legislature, August 27, 2008.

EMPIRICAL STRATEGY, DATA AND RESULTS

This study aims to estimate the effect of an increase in the risk of divorce on married\(^2\) women’s labour supply by assessing the average treatment effect. I exploit the unilateral divorce law reform as a naturally occurring exogenous variation by using a linear difference-in-differences (DID) approach, following the study conducted by Genadek et al. (2007).

If the divorce liberalisation is ‘as if’ randomly assigned in Mexico, the causal effect can be estimated using the difference in the sample averages for the women in Mexico City and in the control states, in which mutual consent divorce laws still prevail. The control states are Jalisco, the State of Mexico, and Nuevo Leon.

The DID estimator represents the treatment effect, and it is the average change in labour supply for women in Mexico City, subtracted by the average change in labour supply for women in the control groups. There are some technical advantages to estimating average treatment effects: it controls for any pre-existing differences

\(^2\)Here defined as women who are married or who live with their partner in ‘marital union’.
between Mexico City and control states while simultaneously controlling for any time trends that affect all states similarly (DID is robust to time-invariant heterogeneity).

The critical assumption behind the DID estimator is known as the parallel trends assumption, which means that in the absence of the divorce liberalisation, female labour supply in Mexico City would have developed in exactly the same way as in the control states.

The data comes from the Labour Force Survey conducted by INEGI. This longitudinal survey covers the population 14 years old and older. It is designed to provide information about demographic characteristics and labour-related issues. Data is representative of the whole country (for both urban and rural areas), as well as for each state in the country. Given the survey’s observation unit is the household, the unit of analysis is household members. The period of analysis is 2005–2011, which includes 2008, when the reform was implemented.

The original sample consisted of an average of over 121,000 households and nearly 413,000 individuals per quarter, including both females and males. This gives a total of 11.5 million observations for the entire period of analysis. On average, the sample contains approximately 272,000 working-age people per quarter, giving a total of 7.6 million observations. The available data allowed me to exploit state-level variation, despite the fact that the dataset only includes repeated cross-sectional observations.

Figure 4 illustrates the percentage of divorced women across Mexico City and the control states.

Figure 4. Percentage of divorced women

![Percentage of divorced women](image)

Source: INEGI. Labour Force Survey.

For the estimations, I restricted the sample to include only married women between the ages of 14 and 65 that lived in Mexico City, Jalisco, the State of Mexico, and Nuevo Leon. On average, the subsample consisted of nearly 11,000 women per quarter, and a total of 317,390 observations. The variables used in the analysis are comparable across all years. Summary statistics across years are presented in Appendix A. The average age of married women is 39, and half of them have finished at least four years of elementary education.

Overall, only 41 per cent of the women in the sample are labour force participants (39 per cent employed and 2 per cent unemployed). 9.7 per cent of the women in the sample are employed part-time and 27.8 per cent full-time, and on average, married women work 13.7 hours in the week of reference (36.6 hours excluding the
zeros). When analysing the different types of labour decisions and work hours, the sample selection problem may be relevant, because approximately 60 per cent of the women in the total sample are not in the labour force (therefore not working or actively looking for a job) or are unemployed (not working but seeking work). I will explain in detail the strategy used to overcome this potential problem later in this section.

There is a slight jump in the average female labour force participation after 2008, reaffirming an increase relative to the control states. However, an analysis of full-time employment shows an upward trend from 2007, with no clear jump in the data starting in 2008. The latter might be related to the sharp increase in the proportion of unemployed women from 2008 to 2009.

**Figure 5. Proportion of women in the labour force, unemployed**

![Graph showing the proportion of women in the labour force and unemployed women over time](image)

Source: INEGI. Labour Force Survey.

To support the validity of the control states used, I will present some examples that illustrate the similar trends across Mexico City and the proposed control group. I suggest as control states Jalisco, the State of Mexico, and Nuevo Leon (shown in blue in Figure 6), which are subject to similar economic conditions as Mexico City (in red) but did not experience – or were much less affected by – the reform.

**Figure 6. Mexico City and ‘control’ states**

![Map showing Mexico City and control states](image)

The largest cities in the country are situated in the control states, and they have the largest share of contribution to total Gross Domestic Product (GDP). From 2003–2010, Mexico City contributed 18 per cent, followed by the State of Mexico (9 per cent), Nuevo Leon (7.5 per cent) and Jalisco (6.4 per cent) (INEGI). Figure 7 shows the nominal GDP per state and GDP growth, suggesting a similar trend in the level of production and a similar business cycle from 2004–2011. It is noteworthy that the control states had a better recovery after the recession in 2008.
Appendix B presents additional data affirming a similar trend across states by comparing other socioeconomic indicators (e.g. years of schooling, children per employed woman, labour market).

I acknowledge that differences in labour supply are attributed to differences in socioeconomic and cultural factors, as well as the institutional framework in which decisions are taken. However, I intend to provide some illustrations to support the similar trends across states before the policy change was implemented. The graphical analyses help support the argument that the control states are valid to estimate the causal effect of the no-fault divorce reform on labour supply in Mexico City.

For the estimation of the models, I use the complete sample and two restricted samples to test if the coefficients of interest changed because of the presence of selection bias. The criteria of the sample restriction are:

1. Women in the labour force (working and actively looking for a job): 129,711 observations.
2. Women who worked at least one hour in the reference week (I exclude the observations when data of work hours is zero): 119,173 observations.

I calculate the linear DID estimators using the statistical software Stata 12. I use clustered standard errors at the household level to adjust for the presence of correlation within married women living in the same households.

Table 1 shows the linear DID estimators. Panel A shows the coefficients of the extensive margin of the labour supply models according to the types of labour decisions. Panel B presents the coefficients of the intensive margin of the labour supply or work-hours model. The table also shows the coefficients of specifications (1)-(5) using the complete and restricted samples as described above.

Columns (1.A)-(1.C) correspond to the unconditional DID estimators (with no control variables), and specifications (2.A)–(5.C), control for different cut-off variables for the number of children in the household (number of children younger than 3 years old, younger than 7 or 12). The different cut-off variables correspond to the fact that the reform changed the age of the children who should be under the charge of the mother after filing for divorce – the reform changed it from 7 to 12 years old.

Household income and social security were not included as they are endogenous factors that are determined by labour supply.
I explore in detail the results of the three preferred models: female labour force participation and female full-time labour participation at the extensive margin; and at the intensive margin, the work-hours model (the results of the rest of the models are not shown in the study, but are available if needed).

Columns (1.A)-(1.C) show that all coefficients of the unconditional specification are not statistically significant at the 5 per cent level for neither the intensive nor extensive margin supply, using all samples. The coefficients of the part-time employment model are negative and statistically significant at the 5 per cent level for the samples used. In the case of the part-time and paid employment coefficients, they are statistically significant only for the complete sample. By contrast, the coefficients of the full-time employment and full-time and paid-employment model are not statistically significant for both samples used.

For the work-hours model, the DID coefficient is statistically significant at the 1 per cent level, and positive only when the sample is restricted to women who worked at least one hour (i.e. excluding the zeros).

The results suggest that just for some specifications and subsamples, the effect of the divorce liberalisation was negative in the labour force model, but positive at the intensive margin when excluding the zeros. That is, for those married women in Mexico City, there seemed to be a statistically significant negative effect of no-fault divorce laws on labour force participation, but a statistically significant positive effect on the work-hours decision of those women who reported to work for at least one hour.

When I analyse the magnitude of the statistically significant effects across the extensive margin models, I conclude that the effect does not vary significantly. Similarly, the probability of part-time employment and part-time paid-employment decision was reduced by 0.9 and 0.6 percentage points, respectively.

The coefficient of the work-hours model (excluding the zeros), indicates an increase of 0.65 hours per week relative to women in the control states. However, as noted earlier, it is important to note that the work-hours model excluding the zeros may suffer from selection bias.

The extensive margin

Tables 2.a and 2.b present the coefficients of the female labour participation and full-time employment model for different specifications. Columns 2-5 show that the estimated negative effect of the reform on the probability of participation remains using the different cut-off variables of children. In all the specifications, the reform has a small and negative effect of 0.8 percentage points on female labour force participation.

The estimates in columns 3-5 allow for differing effects of the reform for the number of children under 3, 7 and 12 years old. The negative and statistically significant coefficients imply that children are negatively associated with female labour participation. Consistent with other studies the negative effect is larger for children under 3 (Genadek et al., 2007).

Consistent with Gray (1998), the analysis of full-time employment suggests that the unilateral divorce laws did not have an effect on labour supply. Again, the variables of number of children reaffirm that children are negatively associated with labour supply.
### Table 1: DID estimates of female labour supply

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Unrestricted sample</td>
<td>Restricted Sample (^a)</td>
<td>Restricted Sample (^b)</td>
<td>Unrestricted sample</td>
<td>Restricted Sample (^a)</td>
<td>Restricted Sample (^b)</td>
<td>Unrestricted sample</td>
<td>Restricted Sample (^a)</td>
<td>Restricted Sample (^b)</td>
<td>Unrestricted sample</td>
<td>Restricted Sample (^a)</td>
<td>Restricted Sample (^b)</td>
<td>Unrestricted sample</td>
<td>Restricted Sample (^a)</td>
<td>Restricted Sample (^b)</td>
</tr>
<tr>
<td>A. Extensive Margin of Female Labour Supply</td>
<td>1) LFP</td>
<td>0.000</td>
<td>-0.008**</td>
<td>-0.008**</td>
<td>-0.008**</td>
<td>-0.008**</td>
<td>-0.008**</td>
<td>-0.008**</td>
<td>-0.008**</td>
<td>-0.008**</td>
<td>-0.008**</td>
<td>-0.008**</td>
<td>-0.008**</td>
<td>-0.008**</td>
<td>-0.008**</td>
<td>-0.008**</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.1)</td>
<td>(2.77)</td>
<td>(2.84)</td>
<td>(2.79)</td>
<td>(2.78)</td>
<td>(2.84)</td>
<td>(2.79)</td>
<td>(2.78)</td>
<td>(2.84)</td>
<td>(2.79)</td>
<td>(2.78)</td>
<td>(2.84)</td>
<td>(2.79)</td>
<td>(2.78)</td>
<td>(2.84)</td>
</tr>
<tr>
<td></td>
<td>2) Emp part-time</td>
<td>-0.003</td>
<td>-0.009**</td>
<td>-0.013*</td>
<td>-0.009**</td>
<td>-0.013*</td>
<td>-0.009**</td>
<td>-0.013*</td>
<td>-0.009**</td>
<td>-0.013*</td>
<td>-0.009**</td>
<td>-0.013*</td>
<td>-0.009**</td>
<td>-0.013*</td>
<td>-0.009**</td>
<td>-0.013*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(-1.01)</td>
<td>(-2.15)</td>
<td>(-1.22)</td>
<td>(-2.18)</td>
<td>(-1.22)</td>
<td>(-2.18)</td>
<td>(-1.22)</td>
<td>(-2.18)</td>
<td>(-1.22)</td>
<td>(-2.18)</td>
<td>(-1.22)</td>
<td>(-2.18)</td>
<td>(-1.22)</td>
<td>(-2.18)</td>
<td>(-1.22)</td>
</tr>
<tr>
<td></td>
<td>3) Paid emp part-time</td>
<td>0.000</td>
<td>0.001</td>
<td>-0.006*</td>
<td>-0.006*</td>
<td>-0.006*</td>
<td>-0.006*</td>
<td>-0.006*</td>
<td>-0.006*</td>
<td>-0.006*</td>
<td>-0.006*</td>
<td>-0.006*</td>
<td>-0.006*</td>
<td>-0.006*</td>
<td>-0.006*</td>
<td>-0.006*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.17)</td>
<td>(0.71)</td>
<td>(0.71)</td>
<td>(0.71)</td>
<td>(0.71)</td>
<td>(0.71)</td>
<td>(0.71)</td>
<td>(0.71)</td>
<td>(0.71)</td>
<td>(0.71)</td>
<td>(0.71)</td>
<td>(0.71)</td>
<td>(0.71)</td>
<td>(0.71)</td>
<td>(0.71)</td>
</tr>
<tr>
<td></td>
<td>4) Emp full-time</td>
<td>-0.002</td>
<td>-0.005</td>
<td>0.002</td>
<td>0.005</td>
<td>-0.002</td>
<td>0.005</td>
<td>-0.002</td>
<td>0.005</td>
<td>-0.002</td>
<td>0.005</td>
<td>-0.002</td>
<td>0.005</td>
<td>-0.002</td>
<td>0.005</td>
<td>-0.002</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.68)</td>
<td>(0.75)</td>
<td>(0.75)</td>
<td>(0.75)</td>
<td>(0.75)</td>
<td>(0.75)</td>
<td>(0.75)</td>
<td>(0.75)</td>
<td>(0.75)</td>
<td>(0.75)</td>
<td>(0.75)</td>
<td>(0.75)</td>
<td>(0.75)</td>
<td>(0.75)</td>
<td>(0.75)</td>
</tr>
<tr>
<td></td>
<td>5) Paid emp full-time</td>
<td>0.002</td>
<td>0.002</td>
<td>-0.005</td>
<td>0.003</td>
<td>-0.005</td>
<td>0.003</td>
<td>-0.005</td>
<td>0.003</td>
<td>-0.005</td>
<td>0.003</td>
<td>-0.005</td>
<td>0.003</td>
<td>-0.005</td>
<td>0.003</td>
<td>-0.005</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.49)</td>
<td>(0.37)</td>
<td>(0.49)</td>
<td>(0.49)</td>
<td>(0.49)</td>
<td>(0.49)</td>
<td>(0.49)</td>
<td>(0.49)</td>
<td>(0.49)</td>
<td>(0.49)</td>
<td>(0.49)</td>
<td>(0.49)</td>
<td>(0.49)</td>
<td>(0.49)</td>
<td>(0.49)</td>
</tr>
<tr>
<td>B. Intensive Margin of Female Labour Supply</td>
<td>6) Work Hours</td>
<td>0.122</td>
<td>0.235</td>
<td>0.245</td>
<td>0.13</td>
<td>0.31</td>
<td>0.652**</td>
<td>0.135</td>
<td>0.307</td>
<td>0.648**</td>
<td>-0.122</td>
<td>0.331</td>
<td>0.679**</td>
<td>-0.123</td>
<td>0.347</td>
<td>0.698**</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.60)</td>
<td>(0.66)</td>
<td>(0.98)</td>
<td>(2.6)</td>
<td>(2.6)</td>
<td>(2.6)</td>
<td>(2.6)</td>
<td>(2.6)</td>
<td>(2.6)</td>
<td>(2.6)</td>
<td>(2.6)</td>
<td>(2.6)</td>
<td>(2.6)</td>
<td>(2.6)</td>
<td>(2.6)</td>
</tr>
</tbody>
</table>

**Notes:**
- Restricted Sample \(^a\): Sample restricted to women that are working and actively looking for a job
- Restricted Sample \(^b\): Sample restricted to women who worked at least one hour in the week of reference (excludes the zeros)
- Specifications 2-5 use different control variables
- All standard errors are clustered at the household level
- **levels of significance:** * p<0.05, ** p<0.01, *** p<0.001
Table 2.a. Female labour participation

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mexico City</strong></td>
<td>0.069***</td>
<td>0.014***</td>
<td>0.010***</td>
<td>0.010***</td>
<td>0.010***</td>
</tr>
<tr>
<td></td>
<td>(19.43)</td>
<td>(6.36)</td>
<td>(4.55)</td>
<td>(4.48)</td>
<td>(4.67)</td>
</tr>
<tr>
<td><strong>Post2008</strong></td>
<td>0.014***</td>
<td>0.011***</td>
<td>0.010***</td>
<td>0.010***</td>
<td>0.010***</td>
</tr>
<tr>
<td></td>
<td>(7.32)</td>
<td>(8.08)</td>
<td>(7.2)</td>
<td>(7.16)</td>
<td>(7.23)</td>
</tr>
<tr>
<td><strong>Mexico C*Post2008</strong></td>
<td>0.000</td>
<td>-0.008**</td>
<td>-0.008**</td>
<td>-0.008**</td>
<td>-0.008**</td>
</tr>
<tr>
<td></td>
<td>(0.1)</td>
<td>(-2.77)</td>
<td>(-2.84)</td>
<td>(-2.79)</td>
<td>(-2.84)</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td>0.010***</td>
<td>0.011***</td>
<td>0.011***</td>
<td>0.011***</td>
<td>0.011***</td>
</tr>
<tr>
<td></td>
<td>(19.63)</td>
<td>(24.65)</td>
<td>(25.07)</td>
<td>(23.84)</td>
<td></td>
</tr>
<tr>
<td><strong>Age^2</strong></td>
<td>-0.000***</td>
<td>-0.000***</td>
<td>-0.000***</td>
<td>-0.000***</td>
<td>-0.000***</td>
</tr>
<tr>
<td></td>
<td>(-18.99)</td>
<td>(-20.02)</td>
<td>(-20.23)</td>
<td>(-18.81)</td>
<td></td>
</tr>
<tr>
<td><strong>Years of schooling</strong></td>
<td>0.066***</td>
<td>0.065***</td>
<td>0.065***</td>
<td>0.065***</td>
<td>0.065***</td>
</tr>
<tr>
<td></td>
<td>(93.83)</td>
<td>(96)</td>
<td>(95.58)</td>
<td>(95.15)</td>
<td></td>
</tr>
<tr>
<td><strong># of Children</strong></td>
<td>0.012***</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(17.43)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unemployment Rate</strong></td>
<td>-0.008***</td>
<td>-0.009***</td>
<td>-0.009***</td>
<td>-0.009***</td>
<td>-0.009***</td>
</tr>
<tr>
<td></td>
<td>(-14.88)</td>
<td>(-17.51)</td>
<td>(-17.59)</td>
<td>(-17.45)</td>
<td></td>
</tr>
<tr>
<td><strong>Urban Residence</strong></td>
<td>-0.011***</td>
<td>-0.019***</td>
<td>-0.019***</td>
<td>-0.019***</td>
<td>-0.019***</td>
</tr>
<tr>
<td></td>
<td>(-8.40)</td>
<td>(-13.66)</td>
<td>(-13.95)</td>
<td>(-13.71)</td>
<td></td>
</tr>
<tr>
<td><strong># children &lt;3</strong></td>
<td></td>
<td>-0.008***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(-7.69)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong># children &lt;7</strong></td>
<td></td>
<td></td>
<td>-0.005***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(-6.84)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong># children &lt;12</strong></td>
<td></td>
<td></td>
<td></td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(0.53)</td>
<td></td>
</tr>
<tr>
<td><strong>Constant</strong></td>
<td>0.389***</td>
<td>-0.040***</td>
<td>-0.024***</td>
<td>-0.025***</td>
<td>-0.038***</td>
</tr>
<tr>
<td></td>
<td>(270.82)</td>
<td>(-5.59)</td>
<td>(-3.50)</td>
<td>(-3.79)</td>
<td>(-5.70)</td>
</tr>
<tr>
<td><strong>R^2</strong></td>
<td>0.003</td>
<td>0.662</td>
<td>0.66</td>
<td>0.66</td>
<td>0.66</td>
</tr>
</tbody>
</table>

t statistics in parentheses

* p<0.05, ** p<0.01, *** p<0.001
Table 2.b. Female full-time labour participation

<table>
<thead>
<tr>
<th>Dependent variable: Female Full-Time Employment</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico City</td>
<td>0.051***</td>
<td>0.004</td>
<td>0.003</td>
<td>0.003</td>
<td>0.002</td>
</tr>
<tr>
<td></td>
<td>(15.61)</td>
<td>(1.45)</td>
<td>(1.16)</td>
<td>(0.92)</td>
<td>(0.88)</td>
</tr>
<tr>
<td>Post2008</td>
<td>0.010***</td>
<td>0.006***</td>
<td>0.006***</td>
<td>0.006***</td>
<td>0.006***</td>
</tr>
<tr>
<td></td>
<td>(5.95)</td>
<td>(4)</td>
<td>(3.84)</td>
<td>(3.72)</td>
<td>(3.81)</td>
</tr>
<tr>
<td>Mexico C*Post2008</td>
<td>0.003</td>
<td>-0.002</td>
<td>-0.002</td>
<td>-0.002</td>
<td>-0.002</td>
</tr>
<tr>
<td></td>
<td>(0.66)</td>
<td>(-0.70)</td>
<td>(-0.70)</td>
<td>(-0.60)</td>
<td>(-0.60)</td>
</tr>
<tr>
<td>Age</td>
<td>0.010***</td>
<td>0.010***</td>
<td>0.009***</td>
<td>0.010***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(23.99)</td>
<td>(24.69)</td>
<td>(24.67)</td>
<td>(26.08)</td>
<td></td>
</tr>
<tr>
<td>Age$^2$</td>
<td>-0.000***</td>
<td>-0.000***</td>
<td>-0.000***</td>
<td>-0.000***</td>
<td>-0.000***</td>
</tr>
<tr>
<td></td>
<td>(-22.28)</td>
<td>(-21.90)</td>
<td>(-22.20)</td>
<td>(-23.31)</td>
<td></td>
</tr>
<tr>
<td>Years of schooling</td>
<td>0.047***</td>
<td>0.046***</td>
<td>0.046***</td>
<td>0.046***</td>
<td>0.046***</td>
</tr>
<tr>
<td></td>
<td>(90.14)</td>
<td>(93.6)</td>
<td>(93.2)</td>
<td>(92.81)</td>
<td></td>
</tr>
<tr>
<td># of Children</td>
<td>0.002***</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(4.09)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Looking another job</td>
<td>-0.033***</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(-4.15)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>-0.005***</td>
<td>-0.005***</td>
<td>-0.006***</td>
<td>-0.006***</td>
<td>-0.006***</td>
</tr>
<tr>
<td></td>
<td>(-8.31)</td>
<td>(-8.58)</td>
<td>(-8.78)</td>
<td>(-8.93)</td>
<td></td>
</tr>
<tr>
<td>Urban Residence</td>
<td>0.005***</td>
<td>0.004*</td>
<td>0.003*</td>
<td>0.002</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3.54)</td>
<td>(2.56)</td>
<td>(1.97)</td>
<td>(1.55)</td>
<td></td>
</tr>
<tr>
<td># children &lt;3</td>
<td>-0.010***</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(-8.32)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># children &lt;7</td>
<td>-0.013***</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(-15.73)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># children &lt;12</td>
<td></td>
<td></td>
<td></td>
<td>-0.010***</td>
<td>-0.010***</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(-14.05)</td>
<td>(-14.65)</td>
</tr>
<tr>
<td>Constant</td>
<td>0.264***</td>
<td>-0.097***</td>
<td>-0.080***</td>
<td>-0.067***</td>
<td>-0.082***</td>
</tr>
<tr>
<td></td>
<td>(203.43)</td>
<td>(-13.58)</td>
<td>(-11.12)</td>
<td>(-9.43)</td>
<td>(-11.74)</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.002</td>
<td>0.407</td>
<td>0.407</td>
<td>0.407</td>
<td>0.407</td>
</tr>
</tbody>
</table>

$t$ statistics in parentheses
* $p<0.05$, ** $p<0.01$, *** $p<0.001$

The intensive margin

Tables 3.a, 3.b and 3.c present the coefficients for the specifications of the work-hours models. Columns 2–5 show the estimated effect of the reform using the cut-off variables of the number of children. The analysis of work-hours considers the full sample and restricted sample, suggesting that the reform does not lead to a change in the number of hours worked. When the zeros are excluded, the effect of no-fault divorce is an increase of 0.65–0.67 hours per week relative to women in control states. This is a 1.8–1.9 per cent increase compared to the average work hours of women in Mexico City before the reform (a change from 36.32 to 36.97—37.02 hours).
<table>
<thead>
<tr>
<th>Table 3.a. Work-hours (full sample)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Dependent variable: Female Work-Hours</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>(1)</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td><strong>Mexico City</strong></td>
</tr>
<tr>
<td>(14.82)</td>
</tr>
<tr>
<td><strong>Post2008</strong></td>
</tr>
<tr>
<td>(5.79)</td>
</tr>
<tr>
<td><strong>Mexico C*Post2008</strong></td>
</tr>
<tr>
<td>(0.6)</td>
</tr>
<tr>
<td><strong>Age</strong></td>
</tr>
<tr>
<td>(21.97)</td>
</tr>
<tr>
<td><strong>Age²</strong></td>
</tr>
<tr>
<td>(-20.50)</td>
</tr>
<tr>
<td><strong>Years of schooling</strong></td>
</tr>
<tr>
<td>(91.97)</td>
</tr>
<tr>
<td><strong># of Children</strong></td>
</tr>
<tr>
<td>(11.35)</td>
</tr>
<tr>
<td><strong>Unemployment Rate</strong></td>
</tr>
<tr>
<td>(-8.18)</td>
</tr>
<tr>
<td><strong>Urban Residence</strong></td>
</tr>
<tr>
<td>(-1.84)</td>
</tr>
<tr>
<td><strong># children &lt;3</strong></td>
</tr>
<tr>
<td>(-8.28)</td>
</tr>
<tr>
<td><strong># children &lt;7</strong></td>
</tr>
<tr>
<td>(-13.48)</td>
</tr>
<tr>
<td><strong># children &lt;12</strong></td>
</tr>
<tr>
<td>(-10.97)</td>
</tr>
<tr>
<td><strong>Constant</strong></td>
</tr>
<tr>
<td>(217.79)</td>
</tr>
<tr>
<td><strong>R²</strong></td>
</tr>
</tbody>
</table>

* t statistics in parentheses
* p<0.05, ** p<0.01, *** p<0.001
Table 3. b. Work-hours (women in the labour force)

<table>
<thead>
<tr>
<th>Dependent variable:</th>
<th>Female Work-Hours (Women in the Labour Force)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td>Mexico City</td>
<td>-0.219</td>
</tr>
<tr>
<td>(-1.07)</td>
<td>(-3.40)</td>
</tr>
<tr>
<td>Post2008</td>
<td>-0.021</td>
</tr>
<tr>
<td>(-0.18)</td>
<td>(-1.37)</td>
</tr>
<tr>
<td>Mexico C*Post2008</td>
<td>0.235</td>
</tr>
<tr>
<td>(0.86)</td>
<td>(1.13)</td>
</tr>
<tr>
<td>Age</td>
<td>0.333***</td>
</tr>
<tr>
<td>(9.02)</td>
<td>(6.72)</td>
</tr>
<tr>
<td>Age$^2$</td>
<td>-0.003***</td>
</tr>
<tr>
<td>(-7.63)</td>
<td>(-6.50)</td>
</tr>
<tr>
<td>Years of schooling</td>
<td>-0.087***</td>
</tr>
<tr>
<td>(-8.08)</td>
<td>(-5.18)</td>
</tr>
<tr>
<td># of Children</td>
<td>-0.473***</td>
</tr>
<tr>
<td>(-8.84)</td>
<td></td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>0.088</td>
</tr>
<tr>
<td>(1.6)</td>
<td>(2.29)</td>
</tr>
<tr>
<td>Urban Residence</td>
<td>0.781***</td>
</tr>
<tr>
<td>(5.84)</td>
<td>(7.33)</td>
</tr>
<tr>
<td># children &lt;3</td>
<td>-0.502***</td>
</tr>
<tr>
<td>(-4.30)</td>
<td></td>
</tr>
<tr>
<td># children &lt;7</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td># children &lt;12</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>33.590***</td>
</tr>
<tr>
<td>(366.89)</td>
<td>(36.48)</td>
</tr>
<tr>
<td>Observations</td>
<td>129,711</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.000</td>
</tr>
</tbody>
</table>

$t$ statistics in parentheses

* $p<0.05$, ** $p<0.01$, *** $p<0.001$
To check the robustness of my findings, I also estimate a state and time fixed effects model:

\[
\text{Part}_{tst} = \alpha + \gamma_1 \text{MC}_s \times \text{Post}_t + \gamma_2 \text{Dum}^{\text{Jalisco}}_t + \gamma_3 \text{Dum}^{\text{State}}_{\text{Mexico}}_t + \gamma_4 \text{Dum}^{\text{NuevoLeon}}_t + \\
\gamma_5 Y2005_s + \gamma_6 Y2006_s + \gamma_7 Y2007_s + \gamma_8 Y2009_s + \gamma_9 Y2010_s + \gamma_{10} Y2011_s + \\
\gamma_{11} X_{ist} + \epsilon_{ist}
\]

\[
\text{Hours}_{tst} = \theta + \theta_1 \text{MC}_s \times \text{Post}_t + \theta_2 \text{Dum}^{\text{Jalisco}}_t + \theta_3 \text{Dum}^{\text{State}}_{\text{Mexico}}_t + \theta_4 \text{Dum}^{\text{NuevoLeon}}_t + \\
\theta_5 Y2005_s + \theta_6 Y2006_s + \theta_7 Y2007_s + \theta_8 Y2009_s + \theta_9 Y2010_s + \theta_{10} Y2011_s + \\
\theta_{11} X_{ist} + \varphi_{ist}
\]

\(^4\) Mexico City is the reference state and 2008 is the reference year.

### Table 3.c. Work-hours (excluding the zeros)

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico City</td>
<td>0.407*</td>
<td>-1.000***</td>
<td>-0.851***</td>
<td>-0.923***</td>
<td>-0.959***</td>
</tr>
<tr>
<td></td>
<td>(2.17)</td>
<td>(-4.94)</td>
<td>(-4.21)</td>
<td>(-4.57)</td>
<td>(-4.75)</td>
</tr>
<tr>
<td>Post2008</td>
<td>0.188</td>
<td>-0.688***</td>
<td>-0.657***</td>
<td>-0.671***</td>
<td>-0.665***</td>
</tr>
<tr>
<td></td>
<td>(1.66)</td>
<td>(-5.21)</td>
<td>(-4.98)</td>
<td>(-5.09)</td>
<td>(-5.04)</td>
</tr>
<tr>
<td>Mexico C*Post2008</td>
<td>0.245</td>
<td>0.652**</td>
<td>0.648**</td>
<td>0.679**</td>
<td>0.698**</td>
</tr>
<tr>
<td></td>
<td>(0.98)</td>
<td>(2.6)</td>
<td>(2.58)</td>
<td>(2.71)</td>
<td>(2.78)</td>
</tr>
<tr>
<td>Age</td>
<td>0.126***</td>
<td>0.029</td>
<td>-0.008</td>
<td>0.099**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3.63)</td>
<td>(0.83)</td>
<td>(-0.23)</td>
<td>(2.9)</td>
<td></td>
</tr>
<tr>
<td>Age(^2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-0.002***</td>
<td>-0.001*</td>
<td>-0.001*</td>
<td>-0.002***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(-3.67)</td>
<td>(-2.32)</td>
<td>(-1.99)</td>
<td>(-5.35)</td>
<td></td>
</tr>
<tr>
<td>Years of schooling</td>
<td>-0.024*</td>
<td>0.018*</td>
<td>0.009</td>
<td>-0.003</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(-2.43)</td>
<td>(2.01)</td>
<td>(1.07)</td>
<td>(-0.35)</td>
<td></td>
</tr>
<tr>
<td># of Children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-0.533***</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(-9.16)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.628***</td>
<td>0.671***</td>
<td>0.657***</td>
<td>0.636***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(12.26)</td>
<td>(13.15)</td>
<td>(12.88)</td>
<td>(12.48)</td>
<td></td>
</tr>
<tr>
<td>Urban Residence</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.395***</td>
<td>1.609***</td>
<td>1.543***</td>
<td>1.449***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(10.96)</td>
<td>(12.84)</td>
<td>(12.32)</td>
<td>(11.55)</td>
<td></td>
</tr>
<tr>
<td># children &lt;3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-1.133***</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(-16.42)</td>
</tr>
<tr>
<td># children &lt;7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-1.115***</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(-21.71)</td>
</tr>
<tr>
<td># children &lt;12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>36.322***</td>
<td>31.883***</td>
<td>32.670***</td>
<td>34.617***</td>
<td>33.615***</td>
</tr>
<tr>
<td></td>
<td>(421.91)</td>
<td>(45.79)</td>
<td>(45.45)</td>
<td>(48.55)</td>
<td>(48.15)</td>
</tr>
<tr>
<td>Observations</td>
<td>119,173</td>
<td>119,173</td>
<td>119,173</td>
<td>119,173</td>
<td>119,173</td>
</tr>
<tr>
<td>R(^2)</td>
<td>0.000</td>
<td>0.007</td>
<td>0.004</td>
<td>0.007</td>
<td>0.008</td>
</tr>
</tbody>
</table>

\(^{*}\) statistics in parentheses

\(^{**}\) p<0.05, \(^{**}\) p<0.01, \(^{***}\) p<0.001
The coefficient of the term $MC_w \times Post_t$ is the DID coefficient. Table 4 shows that there is no statistically significant effect of the reform on either the extensive or the intensive margin of female labour supply.

Four important results emerge:

1. There is no robust evidence to support the hypotheses that either the female labour supply or work-hours is different from what it would have been if the reform had not been implemented in Mexico City.
2. Despite finding a small negative causal effect of the reform on female labour force participation, the direction of the causal effect is not a robust result, which might derive from the fact that some variables were omitted from the model and that certainly have an effect in the labour supply decisions (e.g. cultural values). The potential omitted variable bias is captured by the fixed-effects model, considering time-invariant characteristics. The result suggests that the reform did not change the minimum wage women are willing to accept in order to participate in the labour force (reservation wage) and therefore did not have an effect on their labour decision at the extensive margin, consistent with Gray's (1998) study on divorce law changes, household bargaining, and married women's labour supply.
3. The reform did not have an effect on the work-hours decision. After using three samples, there is no evidence that supports a positive effect that is robust to various specifications and state and time fixed effects.
4. This might be consistent with the arguments of other studies, which have found that the effect of divorce liberalisation laws on women’s participation in the labour market depends critically on the laws of property settlement (Gray, 1998; Genadek et al., 2007). Following Gray (1998), I argue that given that the reform did not change the property rights, the impact of no-fault divorce laws might have been conditioned by the pre-existing discretionary laws regulating marital division of assets. Women may ultimately increase their participation in the labour market if this will lead to their increased bargaining power in the household, ceteris paribus. In this sense, a potential explanation of the results is that the reform did not change the family distribution of assets and therefore did not alter household members’ bargaining position.

**Discussion**

This study might be subject to some limitations. I identify five main threats to the internal validity of the current research: selection, context, data, independence of observations, and reverse causality.

Selection bias arises if the selection of women in the labour force influences the availability of data and that process is related to the female labour supply, beyond depending on the regressors included in the analysis. For instance, the negative effect in the labour supply model could also be driven by the underrepresentation of divorced women among the employed (Ozcan and Breen, 2012, p. 474). This consideration might change the estimates of the causal effect, but it is not known in which direction this possible bias may have affected the overall results. The fixed effect estimation shows that the result is not robust.
Table 4. The extensive and intensive margin of female labour supply: fixed-effects model

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Female Labour Force Participation</th>
<th>Female Full-Time Employment</th>
<th>Female Full-Time Employment</th>
<th>Female Work-Hours</th>
<th>Female Work-Hours</th>
<th>Female Work-Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico C*Post2008</td>
<td>-0.004 (-1.26)</td>
<td>-0.003 (-0.70)</td>
<td>-0.001 (-0.21)</td>
<td>-0.157 (-0.99)</td>
<td>-0.098 (-0.35)</td>
<td>0.334 (-1.31)</td>
</tr>
<tr>
<td>Age</td>
<td>0.010*** (19.88)</td>
<td>0.010*** (23.71)</td>
<td>0.013*** (14.41)</td>
<td>0.425*** (21.93)</td>
<td>0.305*** (6.29)</td>
<td>0.102** (2.93)</td>
</tr>
<tr>
<td>Age²</td>
<td>-0.000*** (-19.22)</td>
<td>-0.000*** (-21.95)</td>
<td>-0.000*** (-12.92)</td>
<td>-0.005*** (-20.40)</td>
<td>-0.003*** (-6.98)</td>
<td>-0.001** (-3.04)</td>
</tr>
<tr>
<td>Years of schooling</td>
<td>0.066*** (93.73)</td>
<td>0.047*** (91.64)</td>
<td>0.004*** (14.36)</td>
<td>2.189*** (91.91)</td>
<td>0.091*** (-8.45)</td>
<td>0.028** (-2.81)</td>
</tr>
<tr>
<td># of Children</td>
<td>0.012*** (17.28)</td>
<td>0.002*** (3.79)</td>
<td>-0.017*** (-11.37)</td>
<td>0.257*** (-11.21)</td>
<td>-0.456*** (-8.59)</td>
<td>-0.515*** (-9.87)</td>
</tr>
<tr>
<td>Age</td>
<td>0.012*** (-1.14)</td>
<td>0.000*** (-4.50)</td>
<td>-0.011*** (-5.15)</td>
<td>0.004 (-5.68)</td>
<td>0.571*** (1.16)</td>
<td>0.109 (-0.34)</td>
</tr>
<tr>
<td>Urban Residence</td>
<td>-0.014*** (-10.48)</td>
<td>0.009*** (6.55)</td>
<td>0.051*** (15.78)</td>
<td>1.354*** (9.99)</td>
<td>1.819*** (14.04)</td>
<td>1.099 (-1.16)</td>
</tr>
<tr>
<td>Dummy Jalisco</td>
<td>0.012*** (3.64)</td>
<td>-0.001 (-0.34)</td>
<td>-0.021** (-2.65)</td>
<td>-0.22 (-4.66)</td>
<td>-1.489*** (-3.46)</td>
<td>-1.023*** (-1.67)</td>
</tr>
<tr>
<td>Dummy State of Mexi</td>
<td>-0.020*** (-8.54)</td>
<td>0.010*** (3.36)</td>
<td>0.059*** (10.34)</td>
<td>0.206 (1.57)</td>
<td>2.259*** (10.04)</td>
<td>2.191*** (9.04)</td>
</tr>
<tr>
<td>Dummy Nuevo Leon</td>
<td>-0.006* (-2.54)</td>
<td>-0.021*** (-7.06)</td>
<td>-0.040*** (-6.89)</td>
<td>-0.694*** (-5.15)</td>
<td>-1.168*** (-7.54)</td>
<td>-0.195 (-0.86)</td>
</tr>
<tr>
<td>Dummy 2005</td>
<td>-0.003 (-1.54)</td>
<td>-0.002 (-0.71)</td>
<td>0.001 (-1.09)</td>
<td>-0.119 (-0.02)</td>
<td>-0.005 (0.2)</td>
<td>0.2 (-1.02)</td>
</tr>
<tr>
<td>Dummy 2006</td>
<td>0.000 (-0.09)</td>
<td>-0.003 (-1.38)</td>
<td>-0.008 (-1.54)</td>
<td>-0.14 (-1.31)</td>
<td>-0.312 (-1.51)</td>
<td>-0.158 (-0.82)</td>
</tr>
<tr>
<td>Dummy 2007</td>
<td>-0.001 (-0.34)</td>
<td>-0.006** (-2.64)</td>
<td>-0.015** (-3.02)</td>
<td>-0.328** (-3.08)</td>
<td>-0.763** (-3.74)</td>
<td>-0.541** (-2.84)</td>
</tr>
<tr>
<td>Dummy 2009</td>
<td>0.000 (-1.09)</td>
<td>0.003 (0.87)</td>
<td>0.003 (0.42)</td>
<td>0.178 (0.7)</td>
<td>0.191 (1.52)</td>
<td>-0.382 (-1.27)</td>
</tr>
<tr>
<td>Dummy 2010</td>
<td>-0.001 (-0.27)</td>
<td>0.000 (0.13)</td>
<td>0.002 (0.36)</td>
<td>0.055 (0.39)</td>
<td>0.182 (0.7)</td>
<td>-0.546* (-0.82)</td>
</tr>
<tr>
<td>Dummy 2011</td>
<td>0.000 (-0.02)</td>
<td>0.008** (2.93)</td>
<td>0.020*** (3.53)</td>
<td>0.337** (2.95)</td>
<td>0.904*** (3.82)</td>
<td>0.223 (1.02)</td>
</tr>
<tr>
<td>Constant</td>
<td>-0.063*** (-6.96)</td>
<td>-0.093*** (-9.30)</td>
<td>0.437*** (19.09)</td>
<td>-2.927*** (-6.38)</td>
<td>30.921*** (31.87)</td>
<td>34.179*** (38.05)</td>
</tr>
</tbody>
</table>

Notes: Dummy Mexico City and Dummy 2008 were not included

| Dummy 2008 | Using the complete sample |
| Dummy 2007 | Using the restricted sample including women in the labour force |
| Dummy 2010 | Using the complete sample |
| Dummy 2011 | Using the restricted sample including women in the labour force |
| Dummy 2012 | Using the complete sample |
| Dummy 2013 | Using the restricted sample excluding the zeros |
| t statistics in parentheses |

*p<0.05, ** p<0.01, *** p<0.001

For the rest of the models, selection is also a potential threat due to the large proportion of women who are not in the labour force or working (60 per cent). For this reason, a different sample size was used to estimate the various specifications and fixed effects model. Similarly, the estimated effect on the work-hours was not robust to specifications and state and time fixed effects. I suggest that more research on nonlinear DID estimations that solve selection bias in the presence of censored data is needed.

Secondly, context should be considered. Many other factors that are not included in the study might influence women’s labour preferences or decisions in Mexico City, and therefore the results might lead to imprecise
conclusions. For instance, the economic crisis of 2008 for example, might have affected women’s reservation wage, employment opportunities and labour instability in general. An additional consideration might include factors of intra-household decision-making processes that vary across time that impact female labour decisions. Additionally, the effect of Mexico City’s welfare policies and governmental strategies to assist single or divorced mothers (Moffitt, 2002) should be considered.

Regarding the property settlements, the discretionary nature of the marital division rules before and after the reform might not have changed the real economic consequences of divorce and therefore divorce liberalisation did not encourage women’s participation in the labour market.

I also argue that the reform can be exploited as a natural experiment representing an exogenous variation in the risk of divorce. Given the timing and the political process of the reform, one might argue, however, that the results can be questioned because in 5 months of legislative discussions the women may have adapted to the ‘potential’ divorce law changes, contaminating the estimation of the causal effect.

Thirdly, repeated cross-sectional data allowed me to exploit cross-state and cross-time variation. However, there are some limitations of not having panel data. Lack of information about the same women over time made me lose information about the real marital breakdown - data on those women who chose to divorce after the reform was implemented and on those women who re-married following dissolution after the reform. Data limitations might have affected the overall results, but the direction of this potential bias is unknown.

Fourthly, in order to measure the causal effect the independence of observations should be controlled., which means that ensuring the independence of observations would require that female labour supply decisions are independent of each other. In this sense, if the reform in Mexico City stimulated women from control states to move across the border, then the results of this study might be contaminated. One must exercise caution when analysing the findings, considering that the available data did not allow me to control for this potential problem.

Additionally, reverse causality is the problem of whether divorce liberalisation was a response to, rather than a cause of, household and women decisions. This implies that legislation can affect individuals’ decisions, but also ‘the laws themselves can reflect legislators’ attempts to respond to changes in demographic and socioeconomic forces’ (Nakonezny et al., 1995, p. 487).

Finally, regarding the external validity of the study, results should be interpreted with caution when trying to generalise for other settings or contexts, even within the same country. The breadth of my results is limited to the effect of no-fault divorce law within Mexico City and during the time frame specified in the study. It is, however, noteworthy that the analysis might shed some light on similar settings in developing countries.

**Conclusion**

This study exploits the unilateral divorce law reform of 2008 in Mexico City as a natural experiment to analyse the effect of an increase in the risk of divorce on the labour supply of married women in Mexico City. Given the

---

5 Most of the social policy in Mexico City is targeted at women, underlying the belief that women are caring, dependent, and maternal.
institutional context in which the reform took place, the process of discussion of the reform lasted from March to October 2008. Regarding the property settlement, the divorce law grants the courts a great deal of discretion about the distribution of payments and marital assets.

Using repeated cross-sectional data from the Labour Force Survey from 2005–2011, I followed a linear DID approach to examine the following hypotheses: (a) the reform was drastic enough to have an impact on married women’s labour participation or at the extensive margin, and (b) the reform contributed to changing married women’s hours-worked decisions or at the intensive margin. I proposed three control states (Jalisco, the State of Mexico, and Nuevo Leon) arguing for their validity in estimating the causal effect of the no-fault divorce reform on female labour supply in Mexico City.

To measure the causal effect of the reform on the extensive and intensive margin of the labour supply, I estimated different models of labour supply using unrestricted and restricted samples. There is no robust evidence to support the hypotheses that the no-fault divorce law led to changes in female labour supply decisions at the extensive and intensive margin.

There is no causal effect of the reform on female labour force participation robust to state and time fixed effects, different sample sizes and various specifications checks. The results might be consistent with the arguments of other studies that have found that the effect of divorce liberalisation laws on women’s participation in the labour market depends critically on the laws of property settlement. Given that the reform grants a great deal of discretion to the courts to decide on the division of marital assets, I argue that in this context women did not change their participation in the labour market because the reform did not lead them to gain bargaining power, ceteris paribus. Therefore, the no-fault divorce did not alter women’s labour supply decisions as a way of insuring themselves for potential loses after marital breakdown.

When deriving policy implications, potential threats to internal validity must be considered: selection bias, context, data, independence of observations and reverse causality. Further research is clearly needed to incorporate the importance of property division laws and their effects on the bargaining power of family members in developing countries. I suggest that the interpretation of the results should combine different disciplinary perspectives and bodies of research in order to better understand the effect of this policy change on women’s labour supply.

When trying to generalise for other settings or contexts, one should interpret the results with caution -- the breadth of the results is limited to the effect of no-fault divorce law within Mexico City from 2005–2011.

This study intends to contribute to the literature by exploring data in a developing country where little has been investigated regarding the impact of divorce law reforms. I intend for the results of this study to shed some light on the potential implications of no-fault divorce on the female labour supply in Mexico City.
REFERENCES


### Appendix A: Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Std. Dev.</td>
<td>Mean</td>
<td>Std. Dev.</td>
</tr>
<tr>
<td>Labour Force Participation</td>
<td>0.388</td>
<td>0.487</td>
<td>0.404</td>
<td>0.491</td>
</tr>
<tr>
<td>Part-Time Employment</td>
<td>0.091</td>
<td>0.288</td>
<td>0.098</td>
<td>0.298</td>
</tr>
<tr>
<td>Part-Time and Paid- Employment</td>
<td>0.086</td>
<td>0.280</td>
<td>0.093</td>
<td>0.291</td>
</tr>
<tr>
<td>Full-Time Employment</td>
<td>0.266</td>
<td>0.442</td>
<td>0.275</td>
<td>0.446</td>
</tr>
<tr>
<td>Full-Time and Paid- Employment</td>
<td>0.259</td>
<td>0.438</td>
<td>0.269</td>
<td>0.444</td>
</tr>
<tr>
<td>Unemployment</td>
<td>0.014</td>
<td>0.116</td>
<td>0.014</td>
<td>0.118</td>
</tr>
<tr>
<td># of Children</td>
<td>2.968</td>
<td>2.267</td>
<td>2.910</td>
<td>2.332</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>4.813</td>
<td>0.935</td>
<td>4.631</td>
<td>0.877</td>
</tr>
<tr>
<td>Urban Residence</td>
<td>0.712</td>
<td>0.453</td>
<td>0.704</td>
<td>0.457</td>
</tr>
<tr>
<td>Observations</td>
<td>46,876</td>
<td>46,928</td>
<td>46,656</td>
<td>45,691</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour Force Participation</td>
<td>0.413</td>
<td>0.492</td>
<td>0.414</td>
<td>0.493</td>
<td>0.421</td>
<td>0.494</td>
<td>0.409</td>
<td>0.492</td>
</tr>
<tr>
<td>Part-Time Employment</td>
<td>0.097</td>
<td>0.296</td>
<td>0.099</td>
<td>0.299</td>
<td>0.094</td>
<td>0.292</td>
<td>0.097</td>
<td>0.296</td>
</tr>
<tr>
<td>Part-Time and Paid- Employment</td>
<td>0.091</td>
<td>0.288</td>
<td>0.093</td>
<td>0.291</td>
<td>0.089</td>
<td>0.285</td>
<td>0.091</td>
<td>0.288</td>
</tr>
<tr>
<td>Full-Time Employment</td>
<td>0.277</td>
<td>0.448</td>
<td>0.280</td>
<td>0.449</td>
<td>0.293</td>
<td>0.455</td>
<td>0.278</td>
<td>0.448</td>
</tr>
<tr>
<td>Full-Time and Paid- Employment</td>
<td>0.271</td>
<td>0.444</td>
<td>0.274</td>
<td>0.446</td>
<td>0.287</td>
<td>0.453</td>
<td>0.272</td>
<td>0.445</td>
</tr>
<tr>
<td>Unemployment</td>
<td>0.020</td>
<td>0.140</td>
<td>0.019</td>
<td>0.137</td>
<td>0.016</td>
<td>0.127</td>
<td>0.016</td>
<td>0.125</td>
</tr>
<tr>
<td># of Children</td>
<td>2.799</td>
<td>1.908</td>
<td>2.727</td>
<td>1.910</td>
<td>2.688</td>
<td>1.859</td>
<td>2.834</td>
<td>2.092</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>6.650</td>
<td>1.085</td>
<td>6.426</td>
<td>0.715</td>
<td>6.014</td>
<td>0.591</td>
<td>5.415</td>
<td>1.208</td>
</tr>
<tr>
<td>Urban Residence</td>
<td>0.689</td>
<td>0.463</td>
<td>0.685</td>
<td>0.464</td>
<td>0.685</td>
<td>0.464</td>
<td>0.696</td>
<td>0.460</td>
</tr>
<tr>
<td>Observations</td>
<td>44,523</td>
<td>43,833</td>
<td>42,883</td>
<td>317,390</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix B: Parallel trends

Years of schooling and number of children per woman

[Graphs showing trends in years of schooling and average number of children per woman for different regions in Mexico over the years 2005 to 2011.]

Note: Estado de Mexico has been translated as State of Mexico.

Source: INEGI. Labour Force Survey.

Labour market indicators

[Graphs showing trends in employed as a percentage of total population, unemployed as a percentage of total population, and informal employment for different regions in Mexico over the years 2005 to 2012.]

Note: Estado de Mexico has been translated as State of Mexico.

Source: INEGI. Labour Force Survey.