IS THE COHABITATION-MARRIAGE GAP IN MONEY POOLING UNIVERSAL?

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1. INTRODUCTION

Research on intra-household economy and money management, especially the extent of money pooling, has been attracting considerable attention in the last decades. A growing body of literature acknowledges that the organization of household finances is closely related to other aspects of couples' life and that money is one of the central issues of conjugal relationship (Papp et al., 2009). Past studies show that the degree of income pooling is affected by a wide range of factors, among which the legal status of the union plays a prominent role. Using a variety of research methods, these studies systematically found that cohabiting couples are less likely than married couples to pool their money in the United States (Heimdal and Houseknecht, 2003; Kenney, 2004; Kenney, 2006), Great Britain (Vogler, 2005; Vogler et al., 2006), New Zealand (Elizabeth, 2001), Sweden (Elizabeth, 2001), Norway (Lyngstad et al., 2011), Denmark, France, Spain (Hamplová and Le Bourdais, 2009), the Czech Republic (Chaloupková, 2006) and among mainland Puerto Ricans (Oropesa et al., 2003).

Despite the fact that the marriage-cohabitation gap in money management has been well described in a variety of contexts, little is known about whether and to what extent the size of this gap varies according to the level of institutionalization of cohabitation in society. So far, most of the comparative research focused on money management in marriage (Treas

and Tai, 2012; Treas and Widmer, 2000; Lauer and Yodanis, 2011) or studied conjugal unions in general without distinguishing marriage and cohabitation (Ludwig-Mayerhofer et al., 2011). In contrast, comparative studies that directly explore the marriage-cohabitation gap in income pooling in various institutional settings are rare (Hamplová and Le Bourdais, 2009; Heimdal and Houseknecht, 2003). Surprisingly, none of the existing studies confirms the hypothesis that the size of the gap between married and cohabiting couples depends on the prevalence and level of institutionalization of cohabitation in the society. This finding suggests that cohabitation remains a conjugal arrangement based on individualized economies even when becoming similar to marriage in other life domains, such as childbearing. However, the lack of difference observed with respect to the institutionalization of cohabitation might perhaps be attributed to the limitation of the data used in these comparative studies as all of them rely exclusively on the International Social Survey Program (ISSP) data. Unfortunately, these data do not provide information on important characteristics that are likely to play a crucial role in explaining the marriage-cohabitation gap, such as the duration of the relationship or the type of children (biological or stepchildren) living in the household.

The goal of this paper is to contribute to the comparative research on money pooling practices among married and cohabiting couples. It takes advantage of the 2011 Canadian General Social Survey on family, which contains retrospective information on respondents' conjugal and parental histories, and compares married and cohabiting couples in the English speaking Canada and in the French speaking province of Québec. Canada provides an excellent opportunity for comparative research on cohabitation for several reasons. First, the demographic regimes of English and French Canada radically differ, especially with respect to the prevalence and meaning of cohabitation. Whereas the levels of cohabitation are moderate in English-speaking provinces, Québec appears to be the society with the highest

proportion of cohabiting couples in the world (Statistics Canada, 2012). Second, the regions differ not only with respect to the levels of cohabitation but also in their legal systems: the Québec system is based on a Civil Code while other Canadian provinces are governed by Common-Law principles.

2. INTRA-HOUSEHOLD ECONOMY – JOINT AND INDIVIDUAL MONEY MANAGEMENT

The question of how money is handled and allocated in households is of great interest as it is closely related to other domains of couples' relationship and has important implications for individuals' well-being. Money management style reflects norms and beliefs about family life, attitudes towards gender roles, distribution of power within the couple, satisfaction with the relationship or the level of commitment to the partner (Elizabeth, 2001; Vogler, 2005; Vogler et al., 2006; Nyman, 1999; Addo and Sassler, 2010; Lauer and Yodanis, 2011). Moreover, money has been found to be an important source of conjugal conflict that tends to be particularly pervasive and recurrent, and money-related disagreements appears to be a key predictor of marital distress (Papp et al., 2009; Dew, 2011). Furthermore, the adopted system of money allocation has important implications for social inequality or poverty levels in societies given that money is often not shared equally among family members (Jenkins, 1991; Cheal, 1997; Ludwig-Mayerhofer et al., 2006).

Much of the literature on money management practices traditionally relied on Pahl's foundational studies using a 5-category typology of money management[1] (e.g. Pahl, 1995). However, most of the current empirical studies do primarily distinguish between couples who pool their money together and couples who keep some or all of their money separate (Hamplová and Le Bourdais, 2009; Heimdal and Houseknecht, 2003; Treas, 1993; Lyngstad

[1] Jan Pahl distinguished between female whole wage system, male whole wage system, housekeeping allowance, pooling system, and independent money management.

et al., 2011; Yodanis and Lauer, 2007; Poortman and Mills, 2012; Raijas, 2011). There are two principal reasons why most current studies distinguish only the broader pooling – non-pooling categories. First, the traditional allowance or whole-wage arrangements are no longer common (Bonke and Browning, 2009) and, as qualitative research suggests, today's couples describe their money management usually as predominantly 'joint' or 'separate' (Ludwig-Mayerhofer et al., 2011).

Second, the choice between separate or joint finances goes to the heart of conjugal identity. Money pooling is viewed as an expression of the ideology of companionate marriage and joint finances symbolize the common identity of interests between spouses and signal greater commitment to the relationship's future (Cheal, 1993). Keeping money together suggests that family members are willing to put the collective goals above their individual desires (Addo and Sassler, 2010). In contrast, independent money management is often viewed as a rejection of this collectivist approach and is more likely to be chosen by couples who assign precedence to each partner's individual interests. Those keeping their money separate tend to operate as two autonomous individuals and family interactions in the two-pot households are more openly based on rational calculation of costs and rewards (Treas, 1993; Vogler et al., 2006). Whereas money in the one-pot system is perceived as nebulous, co-operative and not openly calculated according to its source, access or control, money in the two-pot system is "individual, calculable, and accountable" (Singh and Lindsay, 1996).

However, it must be noted that the choice between joint and separate finances cannot be fully attributed only to the collectivistic versus individualistic orientation of the couple. The decision to pool or not to pool money, in part, also depends on which type of intra-household economy is more efficient. As Treas (1993) argued, using the transaction cost economy perspective, money pooling is effective in case of long-term relationships as it lowers the bargaining and monitoring costs. In contrast, couples who are not sure about the

prospects of their relationship tend to avoid relationship-specific investments and maintain individual and financial autonomy (Lauer and Yodanis, 2011).

Money in marriage and cohabitation

Past studies using representative samples bring unanimous evidence that the legal form of the union is one of the strongest predictors of how couples handle their money (Heimdal and Houseknecht, 2003; Singh and Lindsay, 1996; Kenney, 2006; Lyngstad et al., 2011; Hamplová and Le Bourdais, 2009). Two types of arguments were brought forward to explain the finding that cohabiting couples are less likely to share their finances than their married counterparts. First, cohabitation generally offers lower legal protection than marriage (Baatrup and Waaldijk, 2005; Barlow, 2004; Perelli-Harris and Gassen, 2012). The lack of protection for joint investments, as well as the high degree of insecurity regarding the future of the union reduce the incentives to pool money together (Brines and Joyner, 1999). In this sense, the tendency to keep money separate is an intrinsic characteristic of cohabiting unions due to the lower levels of obligation and formal ties.

The second type of arguments emphasizes the compositional differences between married and cohabiting couples (Lyngstad et al., 2011). Couples who marry and who cohabit differ from each other in many aspects. In turn, these differences are expected to influence the probability of sharing resources. In particular, cohabitating unions tend to be less stable and of shorter duration than marriages. This is not without consequence since union duration is one of the key factors encouraging money pooling: as couples' life and finances are becoming increasingly intertwined, the transaction cost of keeping purses separate increases (Treas, 1993). Furthermore, cohabitors often deviate from the traditional gendered patterns of males' relative economic power over females, with cohabiting women more likely than their married counterparts to have similar or even higher income than their male partners (Brines and Joyner, 1999; Hamplová, 2002). This likely explains some of the gap observed between

marriage and cohabitation, as previous findings suggest that the share of income earned by each partner exerts a significant effect on money management practices. The one-pot system seems to be most common among partners with approximately equal income (Vogler et al., 2006) and less likely among couples in which the woman earns more money (Kenney, 2006; Hamplová and Le Bourdais, 2009).

Finally, to understand the link between income pooling and union type, previous conjugal experience must be taken into consideration. Individuals entering higher rank unions often choose to cohabit rather than to marry and those previously divorced or serial cohabitors show less willingness to share their money (Burgoyne and Morison, 1997; Raijas, 2011). Their tendency to withdraw money from the common purse might be linked to the heightened awareness of a break-up risk but other factors, such as inheritance issues or presence of children from earlier relationships, might play a significant role. Although the decision to have a child together can to a certain degree be used as a proxy for the relationship commitment and even though common biological (or adopted) children are often considered to be a principal joint investment of the couple (Treas, 1993; Becker, 1996), it is not clear whether the presence of stepchildren constitutes the same kind of investment as common children and similarly influences couples' money management practices (Lyngstad et al., 2011).

Are marriage and cohabitation becoming alike?

Past research also suggests that marriage and cohabitation are becoming increasingly similar in many domains. The growing similarity between these two types of conjugal arrangements is usually attributed to two opposite trends: the progressive institutionalization of cohabitation that accompanies the de-institutionalization of marriage. The idea that cohabitation is gradually becoming a marriage-like conjugal union was first advocated by Kiernan (2001;

2002) who suggested that, in the final stage of development, marriage and cohabitation would become indistinguishable. She argues that this stage was already achieved in Denmark and Sweden where significant numbers of children are born and reared in both types of unions. At the same time, marriage is becoming increasingly de-institutionalized as social norms related to spousal roles are becoming weaker (Cherlin, 2004). Some authors advocate the idea that marriages are becoming more fluid and less stable, and argue that couples with individualized understanding of marriage no longer assume the permanency of their relationship. Such fluidity is likely to have implications for money management practices as individualized marriages are progressively becoming similar to cohabitating unions (Lauer and Yodanis, 2011). Building on the theoretical arguments predicting the institutionalization of cohabitation and de-institutionalization of marriage, one might expect the marriage-cohabitation gap in money management to be smaller in societies where cohabitation is more common and more closely associated with childbearing and where marriages are more unstable.

Cohabitation in Québec and other Canadian provinces

Québec and other parts of Canada are excellent examples of societies where cohabitation plays different role. Before the 1980's, cohabitation was quite rare in Canada and in the 1981 Canadian Census, Québec did not differ significantly from the other Canadian regions: 7.2% of Québec couples cohabited compared to 5.1% elsewhere. However, both parts of Canada have since experienced very divergent developments. Between 1981 and 2011, the percentage of cohabiting couples was multiplied by more than 5 in Québec reaching 37.8% in the last census, while it multiplied only by 2.6 times in the other provinces, attaining 14.4% (see Table 1).

Québec also differs from the other provinces with respect to the stability of conjugal unions. Based on life table estimates, Table 2 shows the percentage of conjugal unions that

separated within the first 12 years since the beginning of the union. The table distinguishes unions that started as cohabitation (transformed into marriage or not) and direct marriages (i.e. without any cohabiting period preceding the union) for three cohorts of unions. The data illustrates two general trends. First, conjugal unions in Québec are now less stable than elsewhere in Canada. Second, cohabitating unions are more unstable than marriages in both regions. Considering the differences between Québec and the rest of Canada in more details, one must note that the cumulative percentage of conjugal union separations grew steadily in Québec from the 1970's to the 1990's, among both unions started as a cohabitation (from 41.6% to 49.2%) or as a direct marriage (from 13.5% to 24.7%), the relative increase being substantially more important among direct marriages (by 18% among cohabitation versus by 82% among direct marriages). In the other Canadian regions, the changes were minor, the percentage of breakups fluctuating around 45% for cohabitation and 17% for direct marriages. Moreover, a comparison of the separation rates between Québec and the other Canadian regions shows a reversal of their respective positions: among the 1970's cohort, Québec had a lower rate of union breakups than the other Canadian regions for both cohabitation and direct marriages, but in the more recent cohorts, the Québec rate has become higher by 3 percentage points among cohabitors and by 9 percentage points among direct marriages (see Table 2).

Not only has marriage become more unstable in Québec than in the other Canadian regions, the attraction of marriage among cohabiting couples has also declined over the years: among couples who started their conjugal life in a cohabiting union in the 1990's, only approximately 20% of those living in Québec but nearly 50% of those residing in the other Canadian provinces married before reaching their 10^{th} anniversary, compared to respectively 40% and 60% of couples who formed a union in the 1970s (Le Bourdais et al., 2013). These differences in behaviors mean that, at any point in time, the cohabiting couples in the two

regions comprise a relatively different mix of long-term cohabitating unions and of short unions that rapidly lead to marriage or separation. As a consequence, the relative importance of long-lasting cohabiting relationships per se is higher in Québec than elsewhere in Canada, as we will see later in Table 3 (37.5% versus 30.8% for duration longer than 10 years). Moreover, in Québec, cohabitation has become the favored conjugal setting in which to give birth: since 2006, over 60% of all births have occurred outside of marriage, the majority of these to cohabiting couples, while in Canada (including Québec) the percentage of non-marital births was only 32% in 2010 (Girard, 2012). This accounts for the result observed in Table 3 showing that only 40.7% of Québec cohabitors are childless compared with 50.5% elsewhere in Canada and that Québec cohabiting unions are likely to comprise intact families.

Hypotheses

The significant differences observed in the proportion and composition of cohabiting couples in Québec and in the rest of Canada indicate that cohabitation plays a different role in the two regions. Based on the theoretical arguments reviewed above and on the empirical evidence concerning the different demographic regimes of these two regions, three hypotheses are formulated:

Hypothesis 1: Quebeckers are less likely to pool money than other Canadian couples. This hypothesis is based on the fact that conjugal unions – both married and cohabiting – in Québec are less stable. If the insecurity regarding the future is a key predictor of money management practices, the relative instability of Québec unions is likely to undermine the willingness to share money.

Hypothesis 2: Cohabitors are less likely than their married counterparts to pool their finances in both parts of Canada. This hypothesis is derived from the relative instability and consequent insecurity of cohabiting unions in both regions.

Hypothesis 3: The gap between married and cohabiting couples is likely to be smaller in Québec than in English Canada. Given the longer mean duration of cohabiting unions per se and the fact that a significant proportion of children are now born into such unions in Québec, it is likely that cohabitation is now more marriage-like with regard to money management practices in this province than in the rest of Canada.

DATA AND METHOD

Data

The hypotheses are tested using the 2011 General Social Survey (GSS) on families. The target population comprised all non-institutionalized persons aged 15 years or older living in Canada, excluding residents of Yukon, the Northwest Territories and Nunavut. Homosexual couples are not included in the analysis as their number was small and their household dynamics are likely to be different from those among heterosexual couples (Patterson, 2000). In total, we use information on 1,728 respondents from Québec (637 cohabitors) and 8,124 respondents from elsewhere in Canada (890 cohabitors).

Measurements

Type of union – This variable distinguishes respondents who are legally married and live with their spouse from those who reported living with a partner without being married.

Money allocation/Income pooling – The current study measures the extent of money pooling by using three questions from the 2011 GSS questionnaire. First, respondents living in a conjugal union were asked: "*Do you have bank accounts in your sole name only, held in joint names with your spouse/partner, or do you have both sole and jointly held accounts?*". Those who reported the existence of both types of bank accounts were asked the following question: "*Including income from all sources, such as salary, social assistance, pension, etc., which*

bank accounts does your personal income go to?". Respondents could indicate all the bank accounts to which their money goes. Finally, all respondents living with a partner were asked to which accounts their partner's money go (*Including income from all sources, such as salary, social assistance, pension, etc., which bank account does your spouse/partner's own income go to?*). Based on the questions indicated above three categories of money management were distinguished:

Income pooling refers to two situations. First, the respondent has only a joint bank account and (a) the partner has no income, or (b) the partner sends all his/her money to the couple's joint bank account, or (c) the partner sends everything to the respondent's account, assuming that it is the joint bank account. Second, the respondent holds both types of bank account and (d) both partners send all incomes to the joint bank account, or (e) the partner sends all his/her money to the joint bank account and the respondent has no income.

Partial pooling refers to arrangements when (a) the respondent has both types of account and sends some money to the joint account and some to his/her separate bank account, or (b) the respondent has only a joint bank account but the partner sends some money to his/her personal account.

Separate money management includes situations in which the respondent does not have a joint bank account or has both types of accounts, but each partner sends all incomes to his/her own separate account.

Relative resources of the couple - As no information on the partners' relative income was collected, the relative resources of each partner are measured by three characteristics. *Age difference* is the simple difference between the male and female partner age in years. *Relative education* consists of three categories: 1) partners have completed the same level of education, 2) the man has achieved a higher level of education or 3) the woman has a higher level of education. For example, if the woman has a university degree and the male partner

achieved any type of lower education (e.g. diploma from community college, some university, high school or less[2]), the couple will be classified in category 3 'woman has higher education'. *Relative work contribution* combines the information on each partner's employment status and hours worked per week. In total, six categories are distinguished: 1) both the man and woman are employed and work similar number of hours (<= 5 hours difference); 2) both are employed but the man works at least over 5 hours per week more than the woman; 3) both are employed but the woman works at least over 5 hours per week more than the man; 4) only the man works; 5) only the woman works; 6) none of the partners works.

Family structure and union's characteristics – The family situation of the respondent is measured in four categories. It consists of: 1) a couple without children living in the household, 2) an intact family (only children of both partners are present), 3) a stepfamily[3] with a common child born to the couple, or 4) a stepfamily without a common-child. Union characteristics include information on its duration (in years) and rank for the respondent (first union versus a higher order union).

Control variables – respondents' age (in years) and completed level of education (1 – less than high school, 2 – high school, 3 – some university/community college, 4 – diploma, community college, 5 – university degree); immigration status (both partners born in Canada versus at least one of them is an immigrant); household income (measured in 12 categories that were recoded into 3 groups: $ 0-39,999, $ 40,000-79,999, $ 80,000+).

[2] The educational categories are described below when control variables are described.
[3] Stepfamilies refer to couples in which at least one partner has a child born from a previous union living in the household.

Method and analytical strategy

Given the categorical character of the dependent variable, multinomial logistic regression is used to predict the relative risk ratio of partial pooling and non-pooling (pooling is treated as the baseline category). First, multinomial regressions are run for each region separately. Control variables, relative resources, family-related characteristics, and union type are entered into the model in a step-wise manner. In the second step, the data from Québec and other Canadian provinces are merged and the differential effect of cohabitation on money management is tested directly by an interaction effect. All models are estimated in Stata 11 and are compared by using the BIC criterion and log-likelihood ratio test for nested models. Finally, the selected models are re-estimated using bootstrap weights in order to adjust the standard errors of the estimates.

RESULTS

Descriptive statistics

Table 3 summarizes the distribution of the variables used in the models. It shows that some of the differences between married and cohabiting couples are observed in both regions whereas some differences are region-specific. For instance, in both Québec and the English provinces, cohabitors are on average younger than their married counterparts and their union is of shorter duration. Similarly, cohabiting couples are less likely than married couples to be homogamous with respect to education but more likely to work a similar number of hours, and these relations are found in both regions. In contrast, significant differences with respect to education and financial situation are found between the cohabitors living in Québec and those living in other Canadian provinces. Hence, English Canada's cohabiting couples tend to be less educated and poorer than their married counterparts, whereas they appear to be better educated and slightly financially better off in Québec. The most striking differences are

however found in the family composition of cohabiting couples. In Québec, cohabitors are as likely as married couples to form an intact family (45.7% versus 45.9%). In contrast, the proportion of intact families among cohabitors living elsewhere in Canada is only half of that observed among married couples (28.5% versus 55.4%).

Table 4 reports the distribution of money management practices among married and cohabiting couples in Québec and elsewhere in Canada. It shows that cohabiting couples are more likely to choose separate money management in both regions but that the difference between union types is smaller in Québec as predicted by Hypothesis 1. Thus, cohabitors in English Canada are approximately 3 times as likely as their married counterparts to keep their money separate, whereas Québec cohabitors are twice as likely to do so (59.3/18.3 = 3.2 for English Canada, 75.1/40.2 = 1.9 for Québec). However, we must note that these are crude differences that are not adjusted for compositional differences among married and cohabiting couples.

Multivariate results

Table 5 reports results from the multinomial regression. Specifically, it shows the relative risk ratio (1) of choosing partial pooling of money versus complete pooling and (2) of keeping money separate versus complete pooling. The models are first estimated for each region independently (M1-M2). Model 1 includes all control and explanatory variables except for the type of union. Specifically, it uses age, education, immigration status (nativity of the couple), household income, age difference between partners, their relative work contribution, family type, union rank and duration. The reported model distinguishes only 2 categories of education (‘high school or less’ versus ‘more than high school’) as the full 5-category measure is redundant and the dummy could be used without any loss of information.

With the exception of age, the socioeconomic characteristics of the respondent do not exert a clear effect on the likelihood of choosing partial pool instead of pooling money together. Even though the partial pool system seems to be more common among better educated respondents in English Canada, this effect is only marginally significant and does not meet the standard 0.05 significance level. Education does not have any effect on the choice between complete and partial pool of money in the French province. The immigration status does not influence the relative risk of choosing the partial pool model in either region, and this result holds even if other measures and more detailed categorization of the couple's nativity status are used. Interestingly, partial pooling of money tends to be also less common if the financial arrangements of the household were reported by male respondents from English Canada.

Although the effect of education is only marginally significant in case of partial pooling in English Canada, it clearly plays a significant role in the choice to manage money separately instead of pooling money together in Québec. In the French province, those with more than a high school education have approximately a 50 percent higher risk of independent money management than their counterparts with lower education. Elsewhere in Canada, the effect is much weaker and non-significant. Moreover, independent money management is more common if both partners are native-born Canadians but only if they live in Québec. Finally, we should note that the risk of partial pool or completely independent money management increases with respondent's age in both regions.

Table 5 also indicates that the relative resources of the partners are more important predictors of money management in English Canada than in Québec. In the French province, partial pooling of money is more common among couples where the man has a higher education than the woman, and separate money management appears to be less common among couples where the woman works more hours than the man. Both coefficients are

however only marginally significant. None of the other measures of relative resources exert a significant effect on the relative risk of keeping at least some of the money separate in this province. In contrast, the partner's relative resources play an important role in money management practices in the English speaking region. Hence, living in a traditional family constellation comprising a working man and a non-working woman nearly halves the risk of partial pooling and decreases the risk of individual money management by approximately 25 percent. Similarly, the likelihood of keeping at least some money apart is smaller if none of the partners works, as most of these couples include elderly individuals who are out of the labor force. On the contrary, the risk of separate money management increases by nearly 50 percent among non-traditional couples where the woman spends more time than her partner in paid work.

Past research suggests that the presence of the couple's children increases the likelihood of using a common purse, although the effect of stepchildren is not clear. Model 1 therefore controls for the presence of the children and distinguishes intact families and stepfamilies. It suggests that having only biological children decreases the risk of both partial pooling and separate money management in the English provinces. In Québec, the parental status of the partners does not appear to significantly influence the risk of partial pooling but it does lower the risk of completely separated money management. However, it must be noted that children deter the likelihood of separate money management only if these children are biological and this finding holds in both regions. Couples with a stepchild at home are not more likely to pool their money than those who have no children living with them. Furthermore, we tested whether stepfamilies with a common child differ from those living only with children from previous relationships, but this assumption was not confirmed (model not reported here).

Regarding the characteristics of the union, the rank and duration matter in both parts of Canada. Individuals who have already experienced a union break-up or divorce are less likely to pool their resources. In the French province, those who are not living in their first union have a 57 percent higher risk of keeping some money apart and more than twice as high the risk to keep their money completely separate (compared to a 15 percent increase and 73 percent increase in the rest of Canada). The likelihood of keeping at least some money separate steeply decreases with the union duration in both regions even though the effect seems to be better captured by a categorical variable than a linear measure (linear measure not reported in the table).

Finally, Model 2 includes a dummy variable indicating whether the couple is legally married or not. It clearly shows that the legal form of the union is the strongest predictor of money management practices in both regions, even after controlling for a series of individual's and couple's characteristics. In both regions, unmarried couples are more than 4 times as likely to keep their money completely separate and twice as likely to keep at least some money apart compared to married couples with similar characteristics. This result from model 2 thus confirms Hypothesis 2 predicting that cohabitors in both regions are less likely to put their money together, but it does not seem to corroborate the idea that this effect is weaker in Quebec. Controlling for the union type induced only minor changes in most covariates. However, the presence of children is a notable exception. Even though living in an intact family still decreases the risk of completely separate money management in Québec, the presence of children ceased to significantly influence the financial practices in other instances. This finding suggests that having children exerts an additional effect on money arrangements besides union type in Quebec but not in the rest of Canada.

To account for possible heterogeneity among cohabiting unions, a series of models including interaction terms between union type and union duration and between union type

and parental status were estimated. These models are not reported in the table as none of the interaction terms appeared to be significant. However, we must mention one interesting difference between Québec and the rest of Canada. In the English speaking provinces, the point estimates for cohabitors with children and without children were nearly identical and the same finding holds the married couples. This result confirms the conclusion that the presence of children does not exert any additional influence on pooling money once the type of union is controlled for in the English region. In Québec, however, having a child plays an independent role which is similar in both marriage and cohabitation. Consequently, even when they have children and form an intact family, cohabitors do not catch up with married couples in their likelihood to pool money. In other words, the gap observed between childless married and cohabiting unions is similar to that found between married and cohabiting couples forming an intact family.

Model 2 indicates that the legal form of the union matters in both Québec and the English provinces, but it cannot confirm whether the effect is weaker in Québec, as predicted by Hypothesis 3. Therefore, the data from both regions were merged together and two models were estimated in a next step. The first model included all the independent variables comprised in Model 2 and a dummy variable for the region. The results of this model are not reported in the table but they showed that, compared to couples living outside of Québec, Quebeckers are 2.9 times more likely to opt for partial pooling and 4.6 times more likely to keep their money completely separate than to pool their money together. The second model adds an interaction term between region and union type in order to test whether the type of union exerts a different effect between regions (Model 3 in Table 5). The statistical fit of the model without the interaction term and of the model with the interaction term was compared using the BIC criterion and the likelihood ratio test. Given that the BIC of the model increased (from 16,736 to 16,750) and that the likelihood ratio test was not significant (-8166.2 versus

8163.7, sign. 0.086), we must conclude that the interaction effect does not improve the model, and thus that the effect of union would not differ across regions.

However, a closer inspection of the model suggests that whereas the interaction effect between the union type and the province is nearing the value of 1 with regards to partial pooling, it is much lower in case of separate money management. This result tends to suggest that the effect of cohabitation on partial pooling is rather similar in both regions but that the marriage-cohabitation gap with respect to completely independent money management might differ across regions. Therefore, a constrained model was estimated which allowed the effect of the union to vary only with regards to independent money management. In other words, the type of union and the region were interacted only for the outcome category "separate money" management (Model 4). From the BIC perspective, the constrained model appears to be over-specified compared to the baseline model and the inclusion of the interaction does not improve the overall model fit (BIC – 16,741). The likelihood ratio test does however suggest some improvement with the constrained model, which would point to the potential significance of the interaction effect (-8163.7, sign. 0.027). After applying bootstrap weights, the confidence intervals for the interaction effect broadened to the extent that the interaction effect became non-significant (0.58-1.17 from original interval 0.55-0.96). Our analysis therefore does not confirm Hypothesis 3 predicting that the marriage – cohabitation gap in money management is smaller in Quebec than in English Canada.

Finally, we should note that a three-way interaction between region, type of union and one's family form (intact family) was tested to reveal possible differences between regions. This model tested whether the gap between married couples and cohabitors with children is smaller in Quebec compared to elsewhere in Canada. The interaction effect was found to be not significant and thus does not bring supportive evidence to the effect that cohabiting

couples with children would now more closely resemble their married counterparts in Québec than elsewhere in Canada with regards to money management practices.

CONCLUSION

The goal of this paper was to contribute to the comparative research on the marriage – cohabitation gap in money management arrangements and to explore to what extent the differences between marriage and cohabitation depend upon the meaning of cohabitation in the society. Specifically, this paper uses data from the Canadian GSS 2011 and compares conjugal unions in Québec and elsewhere in Canada. As shown in the introductory section and in the descriptive statistics, these two regions have been experiencing radically divergent trends with respect to cohabitation over the last 30 years. Consequently, the prevalence of cohabiting unions is currently moderate in the English part of Canada whereas Québec has one of the highest proportions of cohabiting couples in the world (Statistics Canada 2012). Moreover, over 60 percent of all births in Québec take place outside of marriage, which suggest that marriage is no longer considered to be a necessary prerequisite to having a child and that childbearing is common among cohabiting couples.

Given the differences in the prevalence and meaning of cohabitation in these two regions, we hypothesized that the marriage-cohabitation gap in money management practices would be smaller in Québec than elsewhere in Canada. Three principal considerations motivated this expectation. First, cohabitating unions in Québec are on average of longer duration per se than in the other provinces and money pooling is more common in long-term unions as it lowers bargaining, monitoring, and transaction costs (Treas, 1993). Second, the proportion of children born to unmarried parents is higher in the French province. Consequently, cohabiting unions in Québec are more likely to form intact families. As children can be considered as the principal joint investment of the couple, they might be

viewed as a sign of commitment and long-term perspective for the relationship. This, in turn, is likely to encourage money pooling. Finally, the smaller expected gap between marriage and cohabitation with respect to money pooling in Québec might be not only linked to the longer duration of cohabiting unions but also to a higher level of the de-institutionalization of marriage in the French province as expressed by the high instability of marital unions.

The data analysis showed that, in general, Quebeckers were found to be less likely to pool money than other Canadian couples. For example, couples in Québec are 4.6 times more likely to keep all their money completely separate and 2.9 times more likely to keep at least some of it separate than those living in the rest of Canada. Furthermore, the analysis corroborated past research findings showing that the legal status of the union is one of the strongest predictors of how couples handle their money. However, the GSS 2011 data did not provide a clear support for the idea that the gap between married and cohabiting couples is smaller in Québec than in English Canada due to the higher level of institutionalization of cohabitation in the French province. Even though having a child encourages money pooling in Québec, this effect seems to be independent of the legal marital status of the union and the presence of biological children does not compensate for the effect of union type. This result suggests that having a child does not make cohabiting unions more marriage-like and that cohabiting couples forming an intact family are still less likely to pool their resources than childless married couples. Similarly, longer union duration appears to increase money pooling in both marriage and cohabitation but it does not attenuate the marriage – cohabitation gap in either region. In other words, cohabitors do not catch up with spouses even if they have a child or live in a long-term relationship.

The analysis of the GSS 2011 data thus suggests that marriage and cohabitation still represent different forms of engagement even in societies in which cohabitation is widespread and high proportions of children are born to unmarried couples. Cohabitation is perhaps

becoming more similar to marriage in terms of childbearing and mean duration in Québec but it remains a conjugal arrangement with lower levels of financial solidarity. This conclusion holds even after controlling for couples with children and those involved in long-term unions. Moreover, the analysis of the GSS 2011 data does not corroborate the idea that the marriage – cohabitation gap in money management practices might be fully attributed to the compositional differences of the couples; it rather points to the intrinsic dissimilarity of these two types of conjugal unions.

As money management is closely related to other aspects of couples' life, the fact that cohabitors are less willing to share their money raises questions about the levels of commitment and solidarity among cohabitors in general. Past research emphasized the lack of protection for joint investments as a reason for cohabitors to keep separate purses. This constitutes a plausible explanation and some of the differences between married and cohabiting couples are indeed likely to be linked to the lower levels of protection for joint investments among unmarried couples. However, given the relative stability and universality of the marriage – cohabitation gap across social contexts that have different legal systems and offer different levels of protection, other explanatory factors need to be considered. For example, the differences observed in the behaviors of married and cohabiting couples might perhaps be attributed to the lack or lower levels of commitment among cohabitors. It appears that even individuals forming an intact family keep their money separate from that of their partners if they are not married, and the fact of having a child does not overcome the individualized approach to the household economy adopted by cohabitors. Cohabiting unions remain less stable than marriages, and this supports the idea of relatively low levels of commitment to the partnership. Our analysis thus suggests that being married is more important than having a child together to predict money management arrangements among couples. This finding goes in line with that of a recent study which showed that being married

appears to be a more important deterrent of union-break up than having a child together (Le Bourdais et al., 2013).

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Table 1. Evolution of the percentage of cohabiting couples among all couples in Canadian Population Censuses, 1981, 1991, 2001 and 2011, Québec and other Canadian provinces.

Regions	Percentage of cohabiting couples among all couples			
	1981	1991	2001	2011
Québec	7.2	19.0	30.2	37.8
Other Canadian provinces	5.1	8.6	11.7	14.4

Source : Statististics Canada, Population Censuses, 1981 Census, National Series, Vol. 1, cat. 92-905, table 4 and Canadian Families : Diversity and Change, cat. 12F0061 XPF; 1991 Census, http://www.statcan.gc.ca/c1996-r1996/oct14-14oct/family-famille2-fra.htm ; 2001 Census, http://www12.statcan.gc.ca/francais/census01/products/standard/themes/Rp-fra.cfm ; 2011 Census, http://www12.statcan.gc.ca/census-recensement/2011/dp-pd/tbt-tt/Rp-fra.cfm

Table 2. Cumulative percentages of separation 12 years after the beginning of the union, according to union type and cohort, Québec and other Canadian provinces.

Union cohort	Cohabiting Union*		Direct Marriage	
	Québec	Other Canadian provinces	Québec	Other Canadian provinces
1970-1979	41.6	47.8	13.5	16.4
1980-1989	47.0	44.6	18.8	17.5
1990-1999	49.2	46.1	24.7	16.2

*Union started as a cohabitation, transformed or not into a marriage.
Source: Life tables derived from Statistics Canada, 2006 General Social Survey on Family Transitions, cycle 20, Public Use Microdata Files.

Table 3: Descriptive statistics – characteristics of married and cohabiting couples in Québec and other Canadian provinces (OCP).

Variables	Cohabitation		Marriage		Total	
	OCP	Québec	OCP	Québec	OCP	Québec
Age (mean)	41.4	40.5	50.1	53.8	49.1	48.8
Age difference in years (mean)	2.5	2.6	2.3	2.5	2.4	2.5
Education (>High school)	69.9	77.0	75.6	67.6	74.9	71.2
Both native	80.4	92.5	64.5	79.2	66.3	84.3
HH income						
$0-$39,999	15.9	11.4	12.6	20.5	13.0	17.0
$40,000-79,999	30.1	39.4	30.1	34.0	30.1	36.0
$80,000+	54.0	49.2	57.3	45.5	57.0	46.9
Relative education						
Same education	35.4	39.4	43.5	42.2	42.6	41.1
Man with higher education	24.8	22.6	28.2	28.9	27.8	26.5
Woman with higher education	39.9	38.1	28.3	28.9	29.6	32.4
Relative labor force supply						
Both work approx. same hours	34.5	40.8	25.3	28.0	26.4	32.9
Man works longer hours	30.2	32.7	29.2	19.7	29.3	24.6
Woman works longer hours	8.2	5.7	6.2	5.8	6.4	5.8
Man in LF, woman not in LF	14.3	11.4	16.4	12.8	16.1	12.3
Woman in LF, man not in LF	6.3	4.1	5.6	6.2	5.7	5.4
Both out of LF	6.6	5.3	17.4	27.5	16.2	19.1
Family type						
No child at home	50.5	40.7	40.5	50.4	41.7	46.7
Intact family	28.5	45.7	55.4	45.9	52.3	45.8
Stepfamily	21.0	13.7	4.1	3.8	6.0	7.5
Higher rank union	52.4	46.1	19.4	16.0	23.2	27.4
Duration of union in years						
0-4	44.6	35.3	8.7	6.3	12.8	17.3
5-9	24.6	27.2	14.2	9.2	15.4	16.0
10-19	20.1	24.9	25.0	17.7	24.5	20.4
20+	10.7	12.6	52.1	66.7	47.4	46.3
Unweighted N =	**890**	**637**	**7234**	**1091**	**8124**	**1728**

Source: Statistics Canada, 2011 General Social Survey on Families, cycle 25.

Table 4: Distribution of money management practices among married and cohabiting couples in Québec and other Canadian provinces.

Type of money management	Québec			Other Canadian Provinces		
	Marriage	Cohabitation	Total	Marriage	Cohabitation	Total
% of pooling	40.4	11.8	29.6	68.0	27.4	63.4
% of partial pooling	19.4	13.1	17.1	13.7	13.3	13.6
% of independent money	40.2	75.1	53.3	18.3	59.3	23.0

Source: Statistics Canada, 2011 General Social Survey on Families, cycle 25.

Table 5: Estimated coefficients from the multinomial logit regression

Independent Variables	Other Canadian Provinces		Québec		Canada total	
	M1	M2	M1	M2	M3	M4
			Partial pooling			
Age	1.03 **	1.03 **	1.02 *	1.03 **	1.03 **	1.03 **
Male	0.85 +	0.85 *	0.80	0.77	0.84 *	0.84 *
Education (> HS)	1.19 +	1.21 *	1.35	1.39	1.22 *	1.22 *
Native couple	1.12	1.09	1.28	1.09	1.08	1.08
Hh income	1.03	1.04 +	0.96	0.97	1.02	1.02
Age difference	0.99	0.99	1.00	1.00	0.99	0.99
Relative education						
Male edu > female edu	0.97	0.96	1.42 +	1.44 *	1.04	1.04
Male edu < female edu	0.94	0.93	1.31	1.29	0.99	0.99
Rel. work contribution (similar work hrs)						
Both work, M whrs > F whrs	1.00	1.02	1.05	1.02	1.02	1.02
Both work, M whrs < F whrs	1.08	1.09	0.84	0.84	1.09	1.09
M works, W out of LF	0.55 **	0.56 **	0.65	0.65	0.57 **	0.57 **
M out of LF, works	0.73 +	0.74	0.90	0.90	0.79	0.79
None works	0.53 **	0.55 **	0.89	0.90	0.63 **	0.63 **
Family type (no children)						
Only biological children	0.82 *	0.85	0.92	0.94	0.88	0.88
Step-family	1.12	1.04	1.69	1.64	1.14	1.14
Higher rank union	1.15	1.10	1.57 *	1.36	1.15	1.15
Union duration (< 5 years)						
5-9 years	0.86	0.94	0.59	0.60	0.90	0.90
10-19 years	0.52 **	0.58 **	0.43 *	0.48 +	0.59 **	0.59 **
20+ years	0.38 **	0.43 **	0.31 **	0.39 *	0.44 **	0.44 **
Cohabitation		2.00 **		2.28 **	1.98 **	2.01 **
Québec					2.49 **	2.50 **
Cohabitation*Québec					1.04	--

Source: Statistics Canada, 2011 General Social Survey on Families, cycle 25.

Level of significance: *** : p < .001 ** : p < .01 * p < .05 † p < .10

Table 5 – cont.

Independent Variables	Other Canadian Provinces M1		Other Canadian Provinces M2		Québec M1		Québec M2		Canada total M3		Canada total M4	
					Separate money							
Age	1.01	**	1.02	**	1.02	*	1.03	**	1.02	**	1.02	**
Male	0.76	**	0.76	**	0.60	**	0.56	**	0.70	**	0.70	**
Education (> HS)	1.07		1.15		1.50	**	1.57	**	1.23	**	1.23	**
Native couple	0.96		0.86	+	1.64	*	1.15		0.92		0.92	
Hh income	0.98		0.99		1.00		1.02		1.00		1.00	
Age difference	1.01		1.01		0.99		0.99		1.00		1.00	
Relative education												
Male edu > female edu	0.86	+	0.83	*	1.09		1.13		0.88		0.88	
Male edu < female edu	0.89		0.85	+	1.13		1.11		0.88	+	0.88	+
Rel. work contribution (similar work hrs)												
Both work, M whrs > F whrs	0.82	*	0.84	+	1.04		0.98		0.89		0.89	
Both work, M whrs < F whrs	1.47	*	1.50	**	0.57	+	0.59	+	1.21		1.21	
M works, W out of LF	0.73	**	0.77	*	1.07		1.08		0.86		0.86	
M out of LF, works	1.07		1.07		0.76		0.78		0.99		0.99	
None works	0.71	*	0.78		0.86		0.90		0.82		0.82	
Family type (no children)												
Only biological children	0.80	*	0.91		0.66	*	0.69	*	0.83	*	0.83	*
Step-family	0.92		0.79		0.83		0.84		0.78		0.78	
Higher rank union	1.73	**	1.52	**	2.09	**	1.59	*	1.48	**	1.48	**
Union duration (< 5 years)												
5-9 years	0.50	**	0.60	**	0.29	**	0.31	**	0.54	**	0.54	**
10-19 years	0.26	**	0.34	**	0.14	**	0.17	**	0.29	**	0.29	**
20+ years	0.11	**	0.15	**	0.06	**	0.10	**	0.14	**	0.14	**
Cohabitation			4.41	**			4.19	**	4.40	**	4.42	**
Québec									4.56	**	4.57	**
Cohabitation*Québec									0.83		0.81	

Source: Statistics Canada, 2011 General Social Survey on Families, cycle 25.

Level of significance: *** : p < .001 ** : p < .01 * p < .05 † p < .10