



Child Welfare Expenditure and Divorce Law Reform: A Fiscal History of State Intervention in Post-War European Family Dissolution Economies

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Abstract

This paper examines the historical relationship between child welfare expenditure and divorce law reform in post-war Europe, with particular focus on how states developed fiscal mechanisms to address the economic consequences of family dissolution. Drawing on comparative analysis across Britain, Sweden, Germany, France, and other European welfare states, the paper traces how governments moved from treating divorce as a private moral matter to managing it as a public fiscal concern. The study finds that the expansion of welfare state infrastructure after 1945 both shaped and was shaped by evolving divorce legislation, creating a feedback loop between legal reform and public spending. The paper argues that child welfare expenditure became a central instrument through which European states exercised authority over dissolving families, transforming divorce from a judicial event into an economic governance problem.

Keywords: child welfare, divorce law reform, fiscal history, post-war Europe, welfare state, family dissolution, state intervention

1. Introduction

When a marriage ends, the state rarely stays silent. It steps in sometimes through courts, sometimes through welfare offices, and often through public money. In post-war Europe, this involvement became both more systematic and more expensive. Governments that had just rebuilt entire nations after devastating wars were now also expected to rebuild families, or at least cushion the economic blows when families fell apart.¹The story of how European states responded fiscally to rising divorce rates after 1945 is not simply a story about law. It is also a story about money about who paid for children when parents separated, about how welfare systems were redesigned to catch families falling through the cracks, and about what divorce law reform really cost the public. This paper tells that story.²Divorce rates across Western Europe rose sharply after the Second World War. England and Wales saw particularly high rates in the late 1940s, partly because couples who had married hastily before deployment now found themselves strangers after years apart. Similar patterns emerged across the continent. Governments could not ignore this. Children born into those marriages needed food, housing, education, and healthcare regardless of what their parents decided to do with their relationship. The state had to decide: how much responsibility would it accept, and how much would it force onto separating parents? This paper argues that the fiscal response to family



dissolution was not simply reactive. It was actively shaped by divorce law reform, and it in turn shaped further legal change. The two law and money moved together, often in tension, sometimes in productive coordination. Understanding that dynamic is essential to understanding both the modern European welfare state and modern family law.

2. The Post-War Context: Families, States, and Fiscal Pressure

The immediate post-war period in Europe was defined by reconstruction. Welfare states were being built almost from scratch in many countries. The Beveridge Report in Britain had promised coverage from "cradle to grave," and similar ambitions were visible in France, Sweden, and the Netherlands. But these ambitions were shaped by a very specific vision of the family the male breadwinner at the centre, the wife at home, and children as dependents of that stable unit. This model was not merely ideological. It was fiscally convenient. If families were stable, children were provided for privately. The state's responsibilities were limited to exceptional cases orphans, the severely destitute, or children suffering neglect.³Public expenditure on child welfare, while growing, was calibrated around this assumption of family stability. The idea that divorce might become common a mass phenomenon requiring systematic public funding was barely on the policy radar in 1945. Within a decade, that assumption had begun to crack. Divorce rates, which had been artificially suppressed during the war years, surged. ⁴Courts across Britain, Germany, and France were handling far more matrimonial cases than they had before. And as divorces increased, so did the number of children living in single-parent households households that were, statistically, far more likely to require state financial support. The fiscal implications were becoming visible. Policy makers and lawmakers could no longer treat divorce as purely a private matter. It had become a public expense.

3. From Moral Concern to Fiscal Governance: The Shift in State Thinking

Before the Second World War, divorce in most European countries was governed primarily by moral and religious considerations. It was difficult to obtain, socially stigmatised, and understood as a failure of individual character rather than a social problem. The state's interest in divorce was essentially punitive courts existed to determine who was at fault, to punish the guilty party, and to protect the institution of marriage as a social good. Children appeared in this framework only incidentally, as objects to be allocated between parents. Their welfare was assumed to follow naturally from whichever parent was deemed more morally fit.⁵What changed after 1945 was the emergence of child welfare as an independent category of public concern, disconnected from parental moral culpability. The development of professional social work, child psychology, and educational policy during the post-war decades created a new language one in which the child had interests of its own that the state was responsible for protecting. In England, the Denning Committee of 1947 was particularly significant in this respect. The Committee recommended that courts should be satisfied with the arrangements made for children before granting any divorce. Crucially, it acknowledged that "an unhappy home may be worse for the children than a home with one parent only" a remarkable statement that shifted the analysis from marriage preservation to child welfare.⁶This reframing had profound fiscal consequences. Once children were understood as independent welfare subjects rather than parental attachments, the state had a duty to fund their wellbeing regardless of what happened to the parental marriage. Child welfare ceased to be a by-product of marital stability and became a free-standing public obligation. The budget followed the concept. Social workers were hired, court welfare officers were appointed, child guidance clinics were opened, and all of these required sustained public investment. Divorce law reform

was no longer just a legal question it had become a question of public finance.

4. Britain: Courts, Welfare Officers, and the Cost of Supervision

Britain provides one of the clearest early examples of the direct link between divorce law reform and public expenditure on child welfare. The Matrimonial Causes Act 1950 and the subsequent reforms leading to the Divorce Reform Act 1969 were accompanied by the gradual institutionalisation of the court welfare service a publicly funded apparatus designed specifically to supervise the welfare of children in divorcing families.

The Denning Committee's 1947 recommendation for court welfare officers was not purely altruistic. It reflected genuine anxiety about the social costs of poorly managed divorce, particularly for children who might become dependent on public assistance. The argument, implicitly, was that early intervention funded by the state would reduce larger costs later. A child receiving psychological support during parental divorce was, in this logic, less likely to require more expensive state care in adulthood. This instrumental framing of child welfare expenditure was characteristic of mid-century British social policy thinking more broadly.⁷The costs were real and growing. By the 1950s and 1960s, the welfare state was absorbing increasing expenditure on single-parent families, children in care, and educational support for children from broken homes. Family law under successive Labour governments reflected a willingness to expand the state's role, including commitments to childcare facilities and income support for lone parents. The Thatcher years brought a partial reversal, emphasising private responsibility over public provision, but even the Thatcher government could not fully unwind the fiscal commitments that divorce law reform had created. The Child Support Act 1991, which followed, represents perhaps the most direct legislative attempt to shift the financial burden of divorce from the public back to absent parents a measure that only made sense because public expenditure on post-divorce child welfare had become substantial enough to be politically salient.

5. Sweden: Liberal Reform and the Welfare State's Absorptive Capacity

Sweden represents a different model, one in which liberal divorce law reform was pursued deliberately and in tandem with the development of a highly capacious welfare state capable of absorbing the costs. The Swedish divorce law reform of 1974 is particularly significant. It fundamentally liberalised the conditions for divorce, making the process far easier and placing it beyond the reach of moral judgment no fault was assessed, no grounds were required. This was a radical change, reflecting both the growing economic independence of women and a philosophical shift away from state-supervised marriage toward individual autonomy.⁸What made this liberalisation fiscally sustainable was the simultaneous development of Sweden's welfare infrastructure. Sweden had invested heavily in childcare, public housing, and income support for single parents throughout the 1960s and 1970s. When the 1974 reform produced the anticipated increase in divorce rates, the welfare system was capable of providing an economic safety net for the children affected. This was not accidental Swedish policymakers had explicitly considered the welfare consequences of liberalisation before implementing it. The reform thus illustrates a sophisticated model of fiscal planning in which legal change and public expenditure were coordinated rather than left to chance.⁹The long-term outcomes for children of the 1974 Swedish reform have been studied extensively. Evidence suggests that children exposed to the mandatory six-month reconsideration period for parents of children under sixteen showed improved educational outcomes, partly through increased parental investment during that period. This finding is significant for fiscal analysis because it suggests that well-designed procedural interventions in divorce law can reduce long-term child welfare

costs by improving the quality of post-divorce parental behaviour. Law, in this reading, can be a cost-effective substitute for direct public expenditure.

6. Germany: Splitting, Pensions, and the Fiscal Architecture of Divorce

Germany approached the fiscal consequences of divorce through a distinctive mechanism: pension splitting. Under the German system, pension credits accumulated during the marriage are divided equally between spouses upon divorce a system that has significant implications for public expenditure on elderly women who would otherwise depend on state welfare. This arrangement represents a sophisticated form of fiscal pre-distribution, using private matrimonial assets to reduce future public welfare costs before they arise.¹⁰ The development of pension splitting in Germany reflects the country's broader approach to welfare state design, which has historically preferred contributory insurance mechanisms over direct state provision. Rather than funding divorced women's retirement through public pension supplements, the German system compelled redistribution within the marriage itself at the point of dissolution. Research has confirmed that this system significantly equalises the pension outcomes of divorced men and women, particularly in West Germany, where traditional gender roles meant that women frequently interrupted or abandoned careers to raise children.¹¹ This approach also has implications for child welfare expenditure. By reducing the long-term poverty risk for divorced mothers who are typically the primary custodial parents pension splitting indirectly protects children's living standards during their developmental years. A mother who can rely on an adequate retirement income is less likely to face acute poverty in mid-life, which in turn reduces the instability that poverty imposes on children still living at home. The German model thus demonstrates that divorce law reform can be designed with fiscal efficiency in mind, engineering public savings through private redistribution.

7. France: Pro-Natalism, Family Allowances, and the Politics of Dissolution

France presents a case where the politics of family policy were dominated, throughout most of the twentieth century, by pro-natalist concerns. The trauma of population loss in two world wars had convinced French policymakers that the state must actively support families, not simply assist them when they failed. The family allowance system, which France developed more comprehensively than almost any other European country, was originally designed to support large, stable families.¹³ The question of how this system would interact with divorce was not initially central to its design but it became increasingly important as divorce rates climbed.

French family law underwent significant reform with the 1975 divorce legislation, which introduced divorce by mutual consent and reduced the role of fault. This liberalisation was followed by an increase in single-parent households, and the family allowance system had to adapt. Allowances originally calibrated for the two-parent household were extended and modified to cover single parents, and new targeted benefits were created specifically for divorced parents with custody of children. The fiscal cost of these adaptations was substantial. France consistently maintained one of the higher levels of family-related public expenditure among OECD countries, and much of that expenditure increasingly went to households formed through dissolution rather than households built through new family formation.¹⁴ The French experience illustrates a general pattern visible across post-war European welfare states: family policy designed for stability was repeatedly forced to adapt to instability. Divorce law reform created new categories of fiscal need the lone parent, the non-custodial parent defaulting on maintenance, the child shuttling between households and welfare systems had to



stretch to cover them. The cumulative effect was a significant reorientation of family spending away from supporting the male-breadwinner model toward supporting the consequences of its breakdown.

8. The Economics of Child Support Enforcement

One of the most contentious fiscal questions in post-war European family law has been who pays for children after divorce. Where the custodial parent usually the mother lacked adequate income, the state had to step in. This created an obvious incentive structure problem: private maintenance obligations were often not enforced, and when they lapsed, public welfare bore the cost. Governments gradually recognised that passive welfare provision for post-divorce children was not fiscally sustainable. A more active approach was needed one that used legal mechanisms to recover public expenditure or prevent it from arising.¹⁴ Child support enforcement became an increasingly important area of legal reform across Europe from the 1970s onward. The logic was straightforward: if the non-custodial parent could be compelled to pay adequate maintenance, the state would spend less on income support for the custodial household. Legal reform and fiscal efficiency were explicitly connected in the policy discourse. Sweden developed an advance maintenance payment system, under which the state paid the custodial parent and then attempted to recover the amount from the non-custodial parent effectively nationalising the short-term risk of default while pursuing private recovery. Britain followed a broadly similar logic with the Child Support Act 1991.

The economics of these systems were, however, more complicated than their designers anticipated. Research on the unintended consequences of welfare reform for divorced parents showed that some policy interventions particularly those that increased custodial parents' effective wage through childcare subsidies or reduced benefit withdrawal rates could paradoxically reduce child welfare. By increasing the custodial parent's labour market participation, these reforms reduced the parental time available to children. The interaction between divorce law, labour market policy, and child welfare spending produced outcomes that were often not intuitive, suggesting that fiscal planning around divorce required careful modelling of behavioural responses, not merely accounting for direct expenditure.

9. Welfare State Typologies and Family Dissolution Costs

Welfare state scholars have long distinguished between different models of welfare capitalism the social democratic Scandinavian model, the conservative continental model, and the liberal Anglo-American model. These typological differences had significant implications for how the fiscal costs of family dissolution were allocated and absorbed. In social democratic states, generous universal provision meant that the state bore most of the income loss associated with divorce. In liberal states, means-tested provision meant that only the poorest divorcing families qualified for substantial public support, pushing costs onto middle-income households. In conservative corporatist states, social insurance mechanisms mediated between private responsibility and public provision.¹⁵ These structural differences shaped both the incentives created by divorce law reform and the distributional consequences of family dissolution. In liberal welfare states, rising divorce rates translated directly into larger welfare rolls, creating political pressure to tighten either divorce law or benefit eligibility. In social democratic states, the welfare system's absorptive capacity was greater, reducing the political urgency of restricting divorce access while simultaneously requiring higher baseline expenditure. The relationship between divorce rates and welfare expenditure was not universal it was mediated by the institutional design of each welfare state.

Research comparing OECD countries has found that welfare state generosity does not

straightforwardly destroy the family, as some conservative critics have argued. The relationship is more nuanced. Generous welfare provision reduces the material cost of divorce for women and children, which may marginally reduce the deterrent effect of economic dependence on marriage but the effect size is modest, and the welfare gains from reduced poverty among divorcing families are substantial. The fiscal cost of family dissolution is, in this view, a price worth paying for the welfare benefits delivered to vulnerable children.

10. The Gender Dimension of Fiscal Intervention

Any fiscal history of post-war European divorce law must grapple with gender. Women were, overwhelmingly, the primary custodial parents after divorce across all European jurisdictions in the post-war period.¹⁷ They were also, overwhelmingly, the economically weaker party in most divorces having frequently sacrificed career development to manage the home and raise children within the male-breadwinner model that post-war welfare states were built to support. When that model broke down through divorce, women and their children bore most of the economic consequences. Public expenditure on post-divorce child welfare was, to a significant degree, an implicit subsidy for the gender inequality embedded in marriage itself.¹⁶ This realisation gradually entered the policy consciousness of European governments, shaping both divorce law reform and welfare policy. Measures like German pension splitting were direct responses to the gendered economic consequences of divorce. Broader welfare reforms expanded childcare provision, individual rather than household-based taxation, earnings-related benefits reflected recognition that the male-breadwinner model could no longer be assumed and that fiscal policy needed to catch up with demographic reality. Family law reform was thus inseparable from gender policy, and both were inseparable from the fiscal architecture of the welfare state.¹⁹ The expansion of family policy in OECD countries from the 1980s onward tracked closely with the growing employment orientation of welfare states the shift from income replacement to labour market integration as the primary goal of social policy. For divorcing mothers, this shift had ambiguous consequences. Greater childcare provision and in-work benefits increased economic independence. But the simultaneous retraction of passive income support increased financial vulnerability for those unable to re-enter the labour market quickly after divorce. The fiscal settlement around post-divorce child welfare was, and remains, deeply gendered in its distributional consequences.

11. Conclusion

The fiscal history of state intervention in post-war European family dissolution is a history of expanding public responsibility meeting the limits of private capacity. When marriages ended, children remained and someone had to pay for them. European states, having built welfare systems on the assumption of family stability, were repeatedly forced to adapt those systems to the reality of family breakdown. The result was a body of law and expenditure policy that transformed divorce from a private moral event into a managed fiscal process.

Divorce law reform across Britain, Sweden, Germany, France, and comparable European states was never purely about liberating individuals from unhappy marriages. It was also about managing public budgets, enforcing private financial obligations, and protecting child welfare at acceptable public cost. The two domains law and fiscal policy evolved together, each shaping the other. Understanding this relationship is essential for any serious analysis of the modern European welfare state, and it remains relevant today as European governments face new pressures on family policy from ageing populations, declining fertility, and persistent child poverty.



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