

Sheltering the Storm: American Families in the Great Recession



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The family is an important setting within which the Great Recession can exert its influence.

Although the downturn directly affected many workers by reducing their earnings or forcing them into unemployment, it affected others indirectly by changing their living arrangements or family life.

Further, the ways in which families are formed or broken up may be affected by the Great Recession, as it can alter the perceived costs and benefits of various family-relevant behaviors. Amid the turmoil and economic upheaval in the wider economy, individuals and families go about their lives, deciding to get married, suffering through breakups and divorces, planning families, and sorting out their living arrangements. The recession could have major effects on all of these family processes.

In this article, we provide evidence on the ways American families are changing in the face of the biggest economic calamity since the Great Depression. Is the downturn altering the fabric of the American family? Or are families functioning pretty much as usual? This question will be taken on by examining changes in rates of fertility, marriage, divorce, cohabitation, and multigenerational living arrangements. The simple answer proffered here: With a few important and intriguing exceptions, these key family processes have not changed much during the recent downturn.

Fertility

We begin by considering fertility rates. Over the past century, fertility rates in the United States varied dramatically, plummeting during the Great Depression, skyrocketing during the post-World War II baby boom, and declining again in the baby bust of the 1970s. Since 1990, there has been an extended period of striking stability, with Americans averaging close to two children per woman. In figure 1, we focus on the trend since 1970 in the total fertility rate (TFR), one of the most commonly used measures of fertility. The TFR is defined as the number of births a woman would have if she, over her lifetime, experienced the age-specific rates of a given period. The TFR may therefore be understood as the expected number of births under the assumption that the age-specific rates don't change over time. The resulting fertility estimates, based on vital registration data, are of high quality. Given measurement of these births at precise dates, changes in rates 6 to 12 months after an economic shock can be plausibly linked to the shock.

The figure shows that, after plummeting in the early 1970s to a low of 1.74 births, the TFR recovered and climbed as high as 2.12 in 2007. Fertility fell slightly with the onset of the recession, down to 2.08 in 2008 (when recession effects would just be starting to show up in the number of births), and then fell further to 1.93 in 2010. This drop brings the rate back to the lowest level since 1987. The recent decline in fertility, which is modest compared to the dramatic shifts earlier in the twentieth century, is in line with evidence from previous recessions.

Economic downturns tend to reduce fertility. For most couples, having a child and making such a long-term commitment is a decision best made when they are economically secure in their jobs and their future. Thus, in times of recession, when uncertainty and insecurity about the future runs rampant, we might expect that persons would postpone births and that fertility rates would drop.

In supplemental analyses that we've undertaken, we also found that the recent declines in fertility were greatest in states that were hit hardest by the recession, as would be expected if the declines are a response to the economic hardship brought about by the recession. Further, we found that the fertility response to economic hardship was greater in "red states" (i.e., those voting disproportionately Republican) than in "blue states" (i.e., those voting disproportionately Democratic), a result that again suggests that fertility is affected by judgments about future economic circumstances. The optimism that Obama's election in 2008 generated in "bluer" states may have dampened concern about the recession or raised hopes that it would end quickly and well. This finding emphasizes that people's perceptions of the severity and long-term impact of recession influence fertility decisions over and above people's objective circumstances.

Marriage and Cohabitation

The recession might also influence the likelihood of getting married. But the direction of this effect, if it can be found, isn't entirely obvious. It's just as easy to tell a story about how the Great Recession will increase the number tying the knot as it is to tell a story about how it reduces that number.

The marriage-reducing hypothesis is perhaps more plausible, given that among the most consistent and robust predictors of marriage are men's employment and economic potential. Those who are employed and who demonstrate greater economic potential have been shown to be more likely to enter into marriage across many time periods and for various types of groups. Couples might also defer marriage if financial strains cause more tension and fighting in relationships, or if they plan on having a costly wedding. Thus, in times of economic uncertainty, we might expect marriages to decline.

On the flip side, marriage confers tax benefits on couples and allows them to create so-called economies of scale, as two can live together more cheaply than each individually. This would lead us to conclude that marriages might increase during recessions. In adjudicating between these two discrepant accounts, the key question is whether couples place more weight on (a) the tax advantages and economies of scale that marriage entails,

or (b) the norm that marriages should only be undertaken when economic circumstances appear to be secure.

What do the data reveal on this question? Figure 2 shows the marriage rate (the number of marriages per 1,000 population). Note that since the start of the Great Recession the marriage rate has declined. However, because it was already declining prior to the recession, one shouldn't treat this result as a true recession effect. Contrary to some accounts in the media, there seems to be no major inflexion of the trend corresponding to the recession onset. Moreover, our supplemental analyses revealed that states varying in the extent to which the recession hit them did not show corresponding variation in their marriage rates. Thus,

with these data we find little evidence that the recession led consistently to marriage or to its postponement.

It may nonetheless be premature to conclude that the Great Recession had no effects on union formation. There are three reasons why some amount of caution is in order. First, the marriage rate (marriages per 1,000 population) is not a very precise measure and reporting is less reliable than for births. Second, responses to the Great Recession could have been substantial at the individual level but largely offsetting. That is, some couples may have responded with earlier marriage and others with marriage delay, meaning that overall we observe no net effect (or aggregate change). Finally, many contemporary unions are not formal marriages (but cohabitations). Thus, the marriage rate, even if reliable, misses much contemporary union formation behavior.

Can a recession effect be salvaged when the focus shifts from marriage to cohabitation? Although many think it's inappropriate to get married without the requisite economic security, it's less common to insist on such security before entering into cohabitation; and hence one might argue that an economies of scale effect would govern trends during a recessionary period. We assess this hypothesis by returning to figure 2.

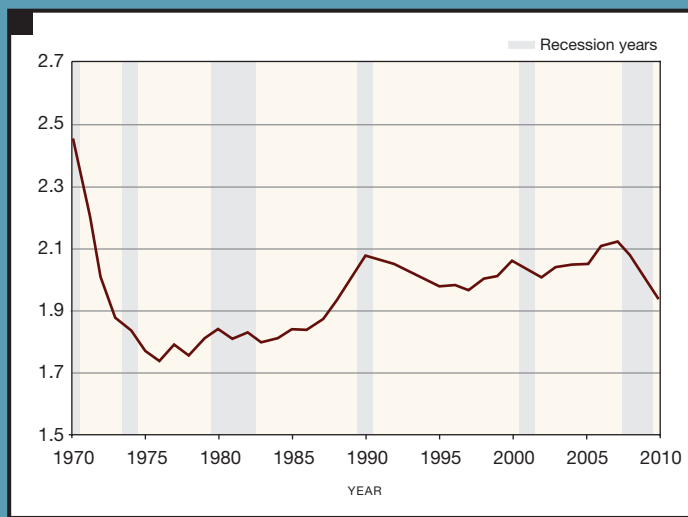
The trend line shows the proportion of individuals in a cohabiting relationship based on the Current Population Survey. This measure reflects the cumulative proportion in this union status (the "stock" of persons cohabiting) and not the monthly flows into this union status. The latter measure would provide a much more sensitive measure of the Great Recession's effect, but such data are not yet available. The data that are available, as reported in figure 2, might at first blush suggest a recession-induced uptick in cohabitation, but again the trend should be interpreted in the context of ongoing and preexisting trends. That is, just as the marriage rate has been declining over the long run, so too the percentage living with an unmarried partner has been increasing over the long run. The simple conclusion: While the proportion cohabitating increased slightly after the onset of the recession, it again appears to be the continuation of a preexisting trend. As with marriage, we find little evidence of a true recession effect.

Divorce

What about divorce? Two equally plausible stories can again be told. Substantively, one might reasonably think that the recession would lead to fewer divorces, as they can be quite costly and have the additional negative side effect of disrupting economies of scale. At the same time, the stress and turmoil of economic hardship could work to disrupt relationships and marriages, leading to a spike in the divorce rate. It's a matter, then, of whether the instrumental effect (i.e., the high cost of divorce) trumps the emotional effect (i.e., the disruptive effect of economic trauma).

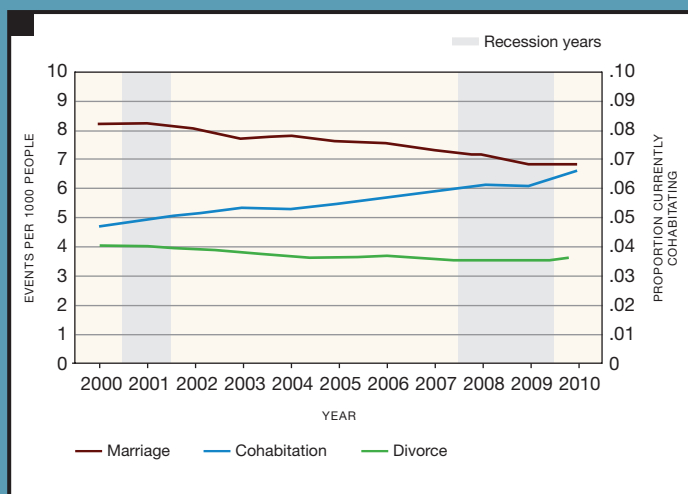
As with union formation, the currently available data have weaknesses that suggest cautious interpretation. A divorce date is a poor proxy for the de facto end of a union, such as a separation that might precede the divorce by months or years.

FIGURE 1. Total fertility rate



Source: National Center for Health Statistics.

FIGURE 2. Marriage, divorce, and cohabitation rates



Notes: Vertical bars show recession periods. Each point represents the average of the marriage (divorce) rates for all 12 months in each year.

Source: National Vital Statistics Report (National Center for Health Statistics) and Current Population Survey.

Moreover, the divorce rate considers only formal unions, not cohabitation.

But in figure 2 we make do with such evidence as is available. The data show a declining divorce rate (divorces per 1,000 population). But as with marriage and cohabitation, the change in the divorce rate appears to be a continuation of a longer-standing decline dating back to around 2000. The tentative conclusion must therefore be that the Great Recession has had no major effect on the trend in divorce.

In sum, future analysis will be able to address these questions with greater precision than is allowed by the measures that we examine here. But, to the extent that we can weigh in on union formation and disruption with currently available data, we find no evidence of spikes that suggest major effects of the Great Recession.

Multigenerational Living Arrangements

We conclude our analysis of recession effects by examining trends in multigenerational living arrangements. It's surely plausible that, as the Great Recession played out, people dealt with their personal economic crises by increasingly moving in with their kin.

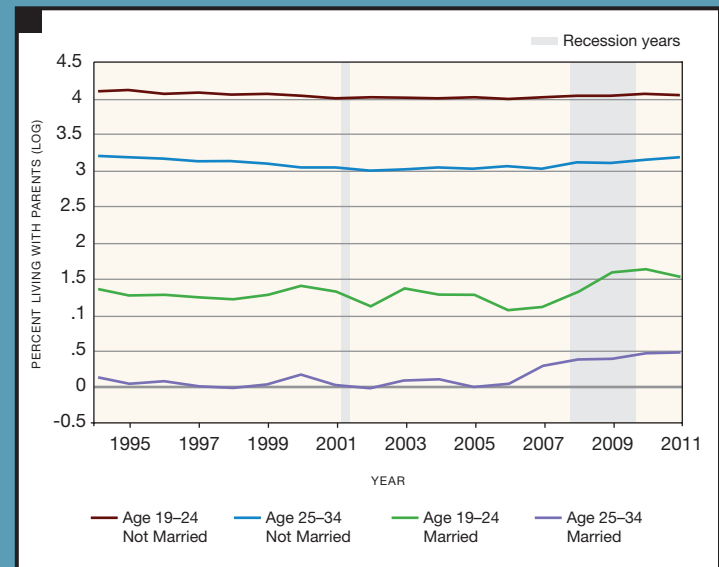
The empirical backdrop to this possible recession effect is the increasingly less orderly transition to adulthood. What used to be a carefully and linearly sequenced set of transitions from school to employment and independent living and then to marriage and childrearing has now become a set of transitions increasingly dissociated from one another, more episodic than permanent, and more discontinuous. The transition to adulthood, then, is changing as becoming an adult becomes more fraught with uncertainty and experimentation by young people. Recessions, especially severe ones, are likely to exacerbate such uncertainty, potentially leading more young people to coreside with their families in response to economic pressures.

Figure 3 shows the trend in the logged proportion of young adults living with their parents over the period from 1994 to 2011 (using the Current Population Survey). We show trends for four groups defined by age (19–24, 25–34) and marital status (married, unmarried). The proportion coresiding varies sharply by these characteristics; for example, the young and unmarried are more likely to live with parents, while the older and married groups are less likely. But regardless of age and marital status, we find that living with parents increased between 2006 and 2011. During this period, the proportion increased quite steadily for all groups, with the exception of a slight curvilinearity for the young married group. Attributing this increase to the Great Recession is reasonable, but more research is required to assess competing explanations for the rise in coresidence.

Conclusions

The available evidence suggests that the Great Recession had a modest impact on family processes. In the case of marriage, cohabitation, and divorce, we don't find evidence that overall rates shifted in response to the Great Recession. Given the severity of the Great Recession, individuals and families cer-

FIGURE 3. Percentage of young adults living with their parents or grandparents (log scale)



Notes: Vertical bars show recession periods. Each point represents the average of the monthly estimates for March through September.

Source: Current Population Survey.

tainly responded but there seems not to be a consistent response (such as postponing marriage) that would alter aggregate rates.

On the other hand, we do find that the proportion of young adults living with their parents has increased since the start of the recession, an increase that we've shown (in analyses not presented here) to be pervasive across socioeconomic groups. We also find a recession effect on fertility. Fertility rates fell in 2008, 2009, and 2010 nationwide; the declines were strongest in states that were hardest hit by the recession.

We've also cautioned that, even when a recession effect is to be found, it isn't necessarily a simple mechanistic one in which the objective circumstances of the situation are dispassionately evaluated. For example, we've found that the effect of the recession varied by the politics of the state (i.e., how "red" or "blue" it is), which makes the important point that our family behaviors depend on how we evaluate the economic situation. We evidently adjust our family behaviors to align with our expectations regarding how severe the downturn is, how long it will last, and how robust the eventual upturn will be. This leads us to conclude that recessions can produce consistent behavioral responses when the underlying material conditions deteriorate *and* when the population perceives these conditions as problematic or threatening.

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