MARRIAGE AND THE GLOBAL ECONOMIC CRISIS*

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ABSTRACT:
That the global economic crisis has taken a vicious toll on household finances is well known. Stock market values have plunged, unemployment rates have spiked, and, in the United States in particular, foreclosure rates have skyrocketed. But, the reach of the economic crisis may extend beyond household economics to influence household relations, altering plans to divorce, have children, and marry. This narrative is by no means a new one. Social scientists spent the decades following the Great Depression examining how economic hardship and unemployment affected marriage, marital quality, and divorce (Liker and Elder, 1983; Conger and Elder, 1994). Contemporary sociological and demographic theory has shifted the focus from employment to wealth and suggests that the real and financial asset holdings of young men and women may also be important determinants of marriage (Edin and Kefalas, 2005). Against this backdrop, we might expect that the wealth depletion caused by the economic crisis would have had pronounced effects on marriage entry. In this study I make an early contribution to understanding how the current crisis has affected family formation. I draw on a new set of survey data collected in the summer of 2009 by TNS/Research International that was designed to assess the short-run effects of the economic crisis. I examine changes in plans to marry among respondents in six countries: The United States, Great Britain, Canada, France, Germany, and Italy. I show that significant minorities of respondents in each country reported that the economic crisis has made them less likely to marry. Moreover, respondents who have been most affected by the economic crisis in terms of wealth loss are most likely to report diminished plans to marry. This association is robust to adjustment for multiple demographic and economic characteristics and to the inclusion of country fixed effects.

Beginning in December of 2007, American and European financial markets began a long and at times sharp decline that left them, by March at 2009, at just 50% of their value relative to start of that period.[1] That was but one symptom of a deep and far-reaching global economic crisis. For instance, in the United States, the 10.2% unemployment rate recorded in November 2009 was the highest in the last quarter century and 7.1 million foreclosures were recorded in 2008 and 2009 alone (Goodman, 2009; Levy, 2009).

Accounts of the crisis in the popular press have linked this turmoil in household finances to similar upheavals in household relations, suggesting that the economic crisis may make new marriages less likely, weaken existing ones, and ultimately increase divorce (Shwarz, 2009; Douthat, 2009). This notion, that economic distress may spillover into family life, is in many ways validated by years of research on prior economic crises.

The Great Depression of the 1930s was followed by decades of research describing how that economic crisis affected family relations. For instance, Liker and Eldar (1983) charted the ways in which income loss led to diminished marital quality. Fifty years later, the United States' Farm Crisis led to a similar outpouring of research on family relations and to the development of the "family stress model" which conceptualized the connection between economic hardship and marital quality (Conger et al, 1990). Much of this research suggests that the relationship between economic crisis and family life is attributable to the effects of these crises on employment and income.

This focus on work in times of crisis is mirrored in the vast sociological literature in the United States that seeks to explain the increasing age at first marriage and rising proportion of adults projected to never marry. For instance, on the one hand, scholars have argued that these shifts can be attributed to women's increased labor force participation (Becker, 1991) and on the other hand that a lack of employed marriageable men plays an important explanatory role (Wilson, 1987).

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[1] Based on performance of Dow Jones, S&P 500, and S&P Europe 350. Data drawn from Google Finance.

However, more recently, scholars have suggested a new perspective for understanding how economic standing may affect marriage. A number of recent qualitative studies have looked beyond employment and income to document the emergence of an asset-based standard of marriage. Young men and women report that before they get married, they feel they must have some money in the bank, own a car, and perhaps even a home (Edin and Kefalas, 2005; Gibson-Davis, Edin, and McLanahan, 2005; Smocking, Manning, and Porter, 2004). For instance, Edin and Kefalas (2005) report one respondent's view of marriage, that only "after everything is situated the way I want it to be situated, then I'll be ready to get married. After I have a house and a car and everything, and I'm financially stable…" (2005: 112). This sentiment is mirrored in interviews with young men and women from all across the United States including those living in cities such as Austin, Boston, Charleston, Chicago, Milwaukee, New York, Toledo, Philadelphia, and San Antonio.

A limited volume of quantitative analysis has buttressed this ethnographic and qualitative evidence by reporting confirmation of an association between marriage and asset holding under "normal" economic conditions (Schneider, 2009; Dew and Price, 2009; Mamun, 2005). However, the asset-based standard of marriage may take on particular resonance in the context of the widespread economic losses of the economic crisis. Just as the ownership of assets may make one more likely to marry, the loss of wealth as precipitated by the economic crisis may have led many young people to put off plans to marry.

This paper then is designed to make two primary contributions to the literature. First, it should shed some early light on how the economic crisis has affected family life in Europe and North America. Second, it provides an additional source of data with which to investigate the recent claims made by Edin and others that assets, increasingly, play an important role in the definition of marriagability.

DATA:

I draw on a multi-national survey fielded by TNS/Research International (the largest for-profit market research company in the world) in August and September of 2009. This data has just been made available and has been used in only a handful of studies to date (Lusardi, Schneider, and Tufano, 2009a; 2009b). The full set of survey data contains nationally representative samples of respondents in 13 countries: the United States, Great Britain, Canada, France, Germany, Luxemburg, Portugal, Netherlands, Italy, Mexico, Argentina, Singapore, and Hong Kong for a total of 13,853 respondents. In each country, a random sample of approximately 1,000 respondents was interviewed (2,000 in the United States) and the data were then weighted to reflect each country's population. I make use of a subset of the data, focusing on six countries: the United States, Great Britain, Canada, France, Germany, and Italy and a total of 7,420 respondents. Though many of the same questions were asked in each of the 13 countries, questions about demographic and economic characteristics are only fully comparable at this point for these six countries.

The survey collected information on a number of topics, but for the purposes of this paper, I focus on two key variables. First, respondents were asked "As a result of the economic crisis, are you any more or less likely to getting married the immediate future?" and were given the option of selecting either "more likely," "less likely," "no difference," "not relevant," or "don't know / refuse." Second, respondents were asked how their wealth in August or September of 2009 compared with their wealth before the global economic crisis and were asked if it was the same, had increased (0% - 10% or > 10%), or had declined (1% - 10%, 10% - 29%, 30% - 50%, or > 50%). In addition to these two measures, the survey also collected measures of age, gender, income, education, wealth, household composition, employment, and marital status that are generally comparable across countries as well as measures of race/ethnicity and region that cannot be easily harmonized across countries. Finally, the survey also collected two classes of variables that are less commonly measured but are potentially important covariates: respondents' risk literacy and respondents' financial planning behavior. These two measures are potentially confounding factors in the relationship between wealth and marriage.

I begin by providing some descriptive analyses of the two key variables: wealth loss and changes in plans to marry, showing the distribution of responses to each item and their bivariate correlation. I next estimate a logistic regression model with a dichotomous measure of being less likely to marry (vs. more likely or equally likely) as the outcome variable, changes in wealth as the key predictor, and with controls for the demographic and economic attributes described above. I estimate this model first for the United States alone and then on a pooled sample of respondents from the six countries, including country-level fixed effects.

RESULTS:

Figure 1 presents the distribution of changes in respondents' wealth since the economic crisis. In each country, the most common outcome has been that household wealth remained relatively unchanged. However, in each country between a third and half of households reported wealth loss. These losses were most pronounced in the United States where 55% of households lost some wealth and 10% of households lost at least 50% of their wealth. Fairly large shares of households also lost wealth in Great Britain (46%) and Italy (45%) while losses were somewhat less common in France (33%), Germany (35%), and Canada (38%).

While on a macro-scale, the crisis was beyond the control of any individual household, it could certainly be that the investment strategies of individual households exposed them to greater loss than others and that these households differed from other households in terms of demographic, economic, or psychological characteristics. Figure 2 examines which respondents lost wealth. Interestingly, while there is an age gradient to wealth loss, there are few differences in terms of education, income, wealth, gender, or risk literacy. At least in terms of observable characteristics, it does appear that the wealth losses created by the economic crises were fairly indiscriminate, buttressing our case for viewing the crisis as an exogenous shock.

Figure 3 charts respondents' reports of changes in plans to marry as a result of the economic crisis, by country and only for respondents who found the question relevant. In each country, large shares of respondents report that their likelihood of marriage is unchanged. However, in each country I also find significant minorities of respondents who report that they are less likely to marry, ranging from 20% in Canada and Germany to 40% in Italy. At least judging by respondents' own reports then, the crisis has had pronounced effects on plans for marriage.

As depicted in Figure 4, there does indeed appear to be a relationship between wealth loss and plans to marry, with those who have lost larger shares of wealth being more likely to report being less likely to marry since the economic crisis. Tracking the blue bars (% less likely to marry) across the categories of change in wealth shows a fairly monotonic relationship between larger losses in wealth and higher likelihood of reduced plans to marry. It is however somewhat surprising that fairly large shares of respondents who reported wealth increases also reported being less likely to marry. However, similarly sized shares of these respondents also reported being more likely to marry. It may be that these responses are indicative of "normal" fluctuation of marriage plans, fluctuation that would go one irrespective of the economic crisis. Indeed, taking a measure of "net" change in plans (less likely – more likely) shows that the less likely residual is much larger among respondents losing wealth. It may also be that other unobserved (at least in this chart) effects of the crisis are playing a role in shaping respondents' reports.

I next estimate a logistic regression model designed to further draw out the relationship between wealth loss and changes in plans to marry. Table 1 reports the results of this model, confining the sample first to just United States residents (Model 1). Here, I test whether there is relationship between a categorical measure of wealth loss and dichotomous indicator of being less likely to marry (versus no different or more likely), controlling for the demographic and economic characteristics described above. Respondents who reported wealth losses of greater than 10% were significantly more likely to report being less likely to marry because of the economic crisis. Respondents who lost between 10% and 29% of their wealth had 99% higher odds of being less likely to marry, those who lost 30% - 50% had 102% higher odds, and those who lost 50% or more of their wealth had 135% higher odds relative to those whose wealth was unchanged.

Second, drawing on the larger set of data on all 6 countries, I find a similar set of relationships between wealth loss and reduced plans to marry (Model 2). Respondents who lost wealth all had higher odds of being less likely to marry than respondents whose wealth was unchanged since the crisis. There also appear to be independent country-level effects of the crisis on changes in plans to marry. Compared to Americans, Italians were much more likely to report that they had reduced plans to marry because of the crisis while French, German, and Canadian respondents were all less likely to report being less likely to marry.

PLANNED ANALYSES:

The conference paper will benefit from three key advances over the work summarized here. First, I plan to be able to further harmonize data for respondents in Portugal and the Netherlands and so be able to include those countries in this analysis as well.

Second, the analyses presented here suggest that the economic crisis has had uneven effects on plans for marriage across countries. In the analyses to date, I have used country indicators to make inferences about how national context affects plans for marriage, controlling for variation in individual economic conditions. I plan to ultimately include additional country-level data on economic conditions in order to isolate which country characteristics drive these changes. The inclusion of such characteristics may also allow me to separate the effects of realized economic distress, as measured in the individual-level indicators of wealth loss, and national climates of economic uncertainty, as measured by the country-level characteristics.

Third, the current models are estimated with logistic regression with the standard errors corrected for clustering by country. I will also test the robustness of these results to estimation with multi-level models and use the multi-level models to estimate cross-level interactions.

CONCLUSION:

The economic crisis has had very real effects on household finances. Between one third and one half of households have lost wealth in this period of economic recession. These economic losses appear to have taken a personal toll. For many couples, it appears that marriage has been postponed because of the economic crisis. I find evidence of a strong relationship between wealth losses and reduced likelihood of marriage. This dynamic appears in both the United States alone, but also in a pooled sample of respondents from six North American and European countries. In all, I report preliminary evidence of the relational consequences of the economic crisis. These results also suggest that wealth – independent of income or employment – appears to be strongly related to marriage, and not just in the American context.

However, additional analyses of this data set have the potential to produce a fuller picture of the connection between economic crisis and the family. Several possible advances are sketched out in the preceding section. In addition, though much research points to the ways in which economic crisis might reduce the likelihood of marriage, it is also possible that marriage might increase in times of economic crisis, perhaps as a form of solidaristic response to pressure and stress. Indeed, I do find that non-insignificant shares of respondents report being more likely to marry. It will be interesting to further parse out these two dynamics.

It will be more difficult to answer the question of why wealth appears to matter in marriage plans. Does wealth loss lead to reduced marriage because it reduces the ability of couples to afford independent housing or pay for a wedding? Or, alternatively, does wealth function as an important symbolic marker of readiness for marriage (Cherlin, 2005)? While these data may not provide insight into these more complex questions of causal process, qualitative interviews might be a useful strategy to get inside the "black box" of the wealth and marriage relationship. Additionally, these data are focused on examining the short-run consequences of the economic crisis. It remains to be seen whether marriages delayed will end up being marriages foregone.

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Table 1. Associations between Being Less Likely to Marry and Changes in Wealth (odds ratios from logistic regressions). US, UK, Canada, France, Germany, and Italy (TNS, 2009)

Explanatory Variables	**US Only** [1]		**Six Countries** [2]	
Country-Level Fixed Effects				
France	--		0.706	***
Germany	--		0.618	***
Italy	--		2.91	***
Great Britain	--		1.035	
Canada	--		0.656	***
United States (reference)	--		--	
Change in Wealth Since Crisis				
Increase wealth > 10%	0.761		0.938	
Increase wealth < 10%	1.64		1.602	*
Decrease wealth < 10%	1.255		1.322	***
Decrease wealth 10% to 29%	1.99	*	1.65	***
Decrease wealth 30% to 50%	2.021	*	1.879	***
Decrease wealth > 50%	2.351	*	2.616	***
Same (reference)	--		--	
N	581		1457	

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

Notes:

1. Model [1] includes controls for age, race/ethnicity, region, gender, income, wealth, education, number of children, unemployment, risk literacy, and financial planning behavior.

2. Model [2] includes controls for age, gender, income, wealth, education,, risk literacy, and financial planning behavior.

3. analyses are weighted

4. Standard errors are adjusted to account for clustering by country

Figure 1: Distribution of Changes in Wealth by Country (TNS Global, 2009)

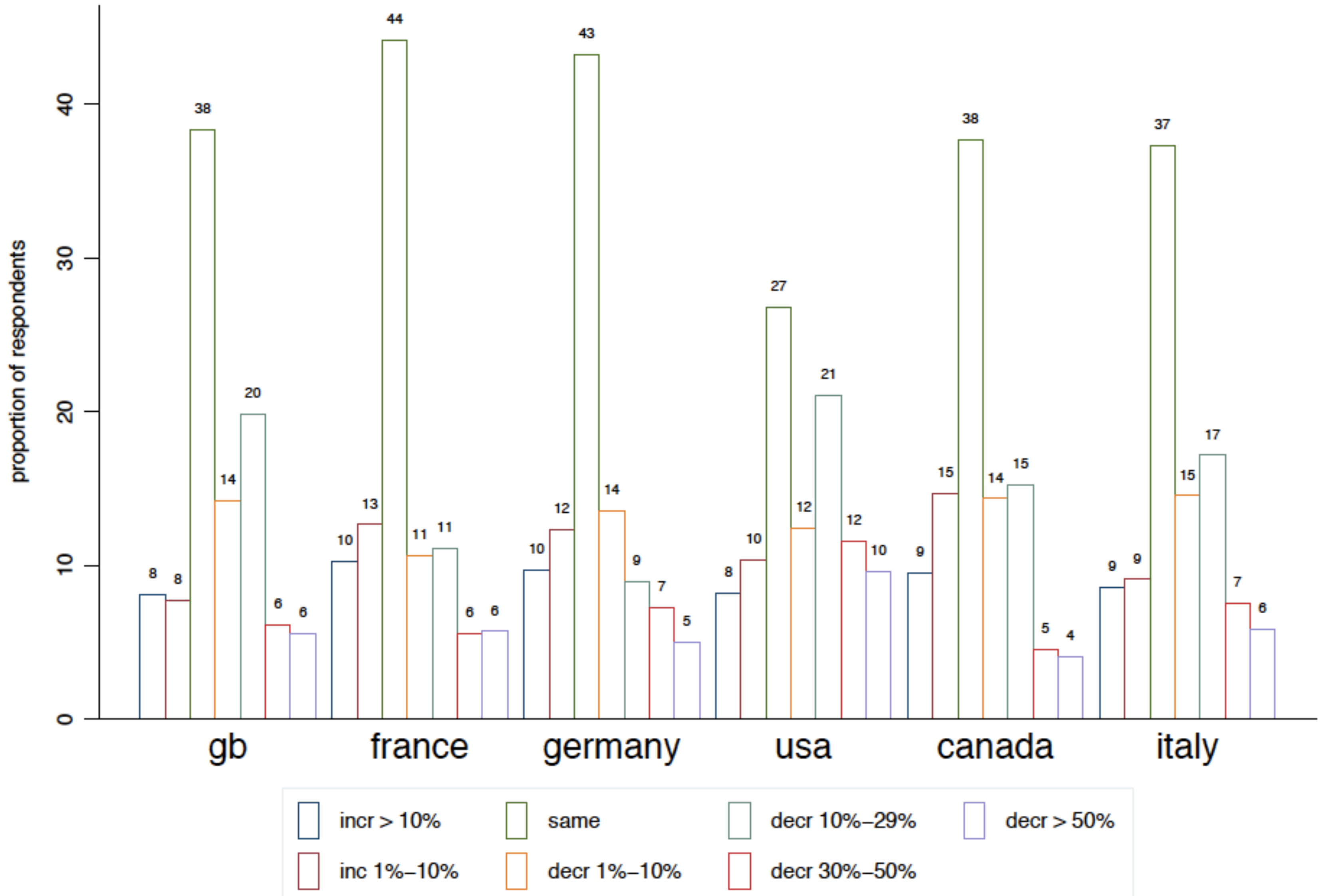

Figure 2: Changes in Wealth by Demographic and Economic Characteristics by Country (TNS Global, 2009)

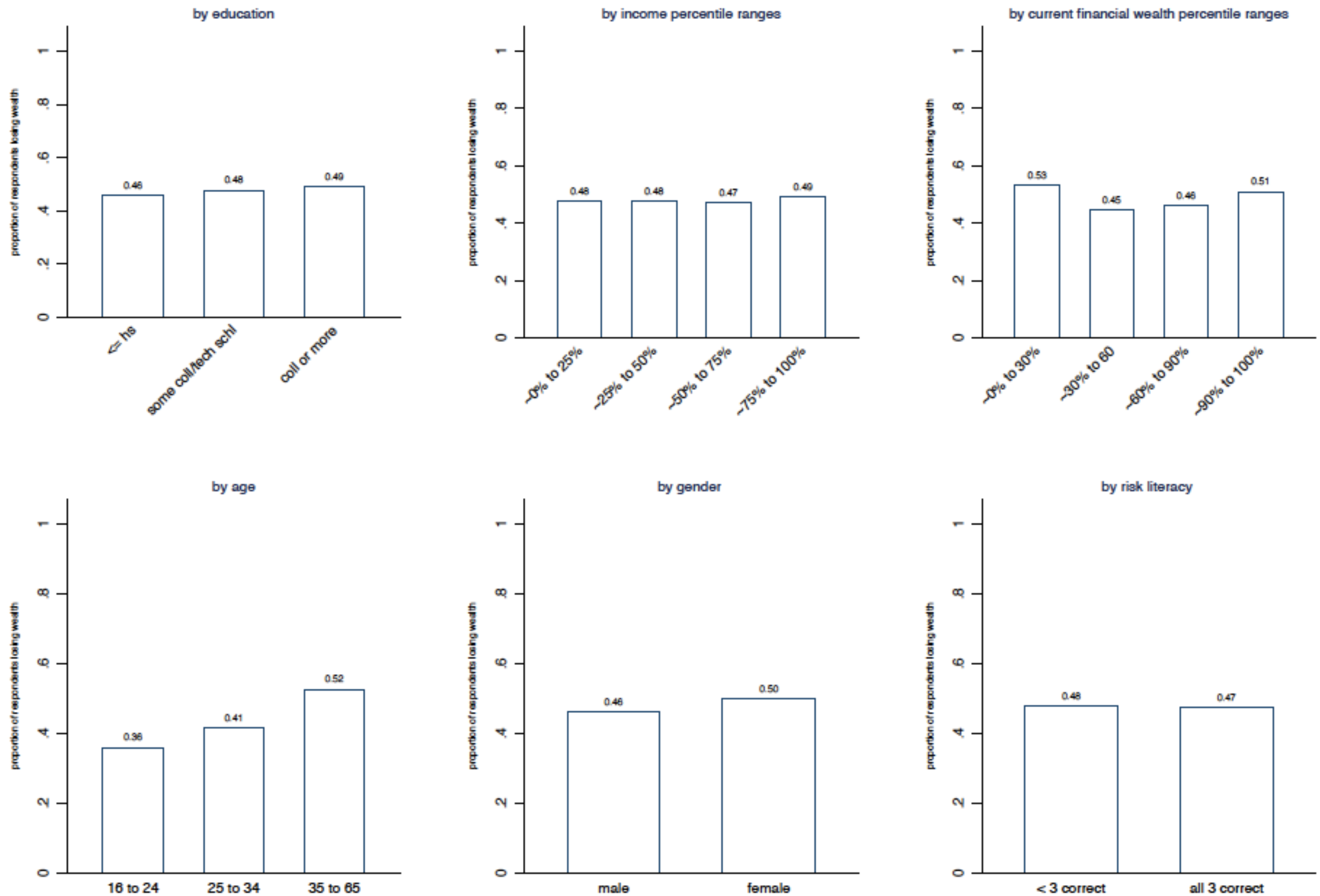

Figure 3: Distribution of Changes in Plans to Marry by Country (TNS Global, 2009)

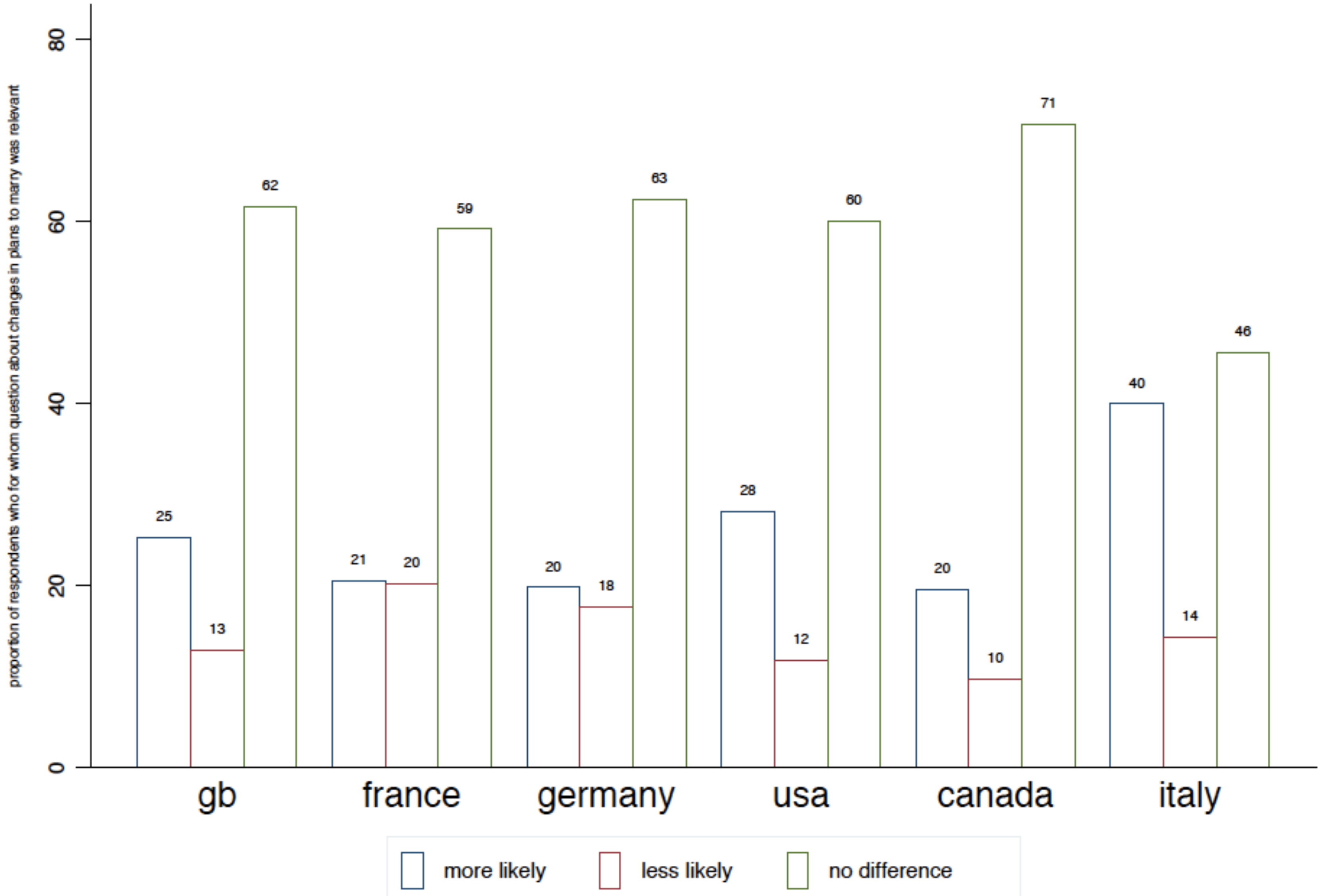

Figure 4: Changes in Plans to Marry by Changes in Wealth by Country (TNS Global, 2009)