



EUROPEAN POLICY BRIEF



multilinks

Project title: How demographic changes shape intergenerational solidarity, well-being, and social integration: A multilinks framework

Policy brief # 5: A Aassve, N. Robette (2011). Family paths and their implications for economic well-being and happiness

SUMMARY

Objectives of the research

Since the 1970s family formation patterns have been changing as the result of the emergence of unmarried cohabitation, the rise in divorce, the postponement of childbearing, and so forth. We want to understand the extent to which traditional family formation patterns persist and new ones are emerging. How do family formation patterns differ across countries that differ in their welfare system? What are the consequences of pursuing different family paths in different societies?

Scientific approach / methodology

We take the first wave of the Gender and Generation Surveys from France, Germany, Bulgaria, Georgia, Hungary, Romania, Russia (2004) and combine it with the British Household Panel Survey (BHPS wave 18, 2009) and the National Longitudinal Survey of Youth (NLSY79) from the USA. We record pathways of family formation and identify clusters of the most prevalent patterns, and then assess differences in terms income and happiness.

Objectives of the research

Whereas in the past family formation (i.e. finding a partner and having children) followed a rather fixed pattern, it has become much more diverse. Couples cohabit instead of marrying, have children outside marriage, they increasingly divorce, and importantly, family formation starts at older ages. We want to understand the extent to which traditional family formation patterns persist and new ones are emerging. Moreover, how do patterns compare across countries that have very different cultures and different welfare systems (and hence very different levels of generosity of welfare provision)? As new patterns of family formation are emerging, we would like to know what the implications might be for individuals and couples in terms of their income and subjective wellbeing.

New knowledge and/or European added value

- The traditional family formation pattern of marriage and childbearing is still highly persistent
- There is a huge variation across countries in family behaviour

Key messages for policy-makers, businesses, trade unions and civil society actors

- The prevalence of cohabitation as an alternative to marriage differs hugely across countries
- Country patterns must be taken into account for policy design
- Single parenthood is associated with economic and subjective disadvantage across almost all countries
- Divorce is on the rise, and does affect economic and subjective wellbeing but consequences appear temporary
- Childbearing is costly – the more children the lower is the economic well being – a consistent pattern across almost all countries

KEY OBSERVATIONS

New knowledge and European added value

The summary of our results are as follows:

- The traditional family formation pattern of marriage and childbearing is still highly persistent
- Huge variation across countries in family behaviour
- Cohabitation appears to replace marriage in many countries, but not all. In countries where cohabitation is rare – it is also associated with lower wellbeing.
- Single parenthood is always associated with lower income and lower subjective wellbeing

These results can be seen from the Tables below. The percentage sign indicates how frequent the group appears in the sample.

The first four groups (i.e. the four first lines) consist of “**traditional**” **family formation** patterns starting with **marriage** and in most cases ending up with **childbearing**. The only difference is that they differ in terms of the number of children.

After the fourth line, we have another six family types. They are: 5) **Late family formation**, consisting of individuals who are characterized by starting family formation at a later age – independent which family formation this might be (marriage, cohabitation, or childbearing), 6) **Cohabitants**, individuals whose path from 18 to 35 is dominated by being in a cohabiting union, 7) **Separated or divorced**, individuals whose path is dominated by having split with their partner, 8) “**Single with no children**”, and 9) “**Single parent**”, consisting of individuals whose path is dominated by being single parent to one or more children.

Women’s relative income

Table 1 refers to women’s family formation patterns and the outcome is defined over relative household income. The general pattern is that having more than two children always put you lower down on the income distribution. The effects are worst in Russia, Romania, Bulgaria and Hungary – countries known to have low fertility rates. A surprising result is that married women with more than two children in France are also significantly worse off than if only having two children. Those who start family formation late are not so different than the reference category, apart from the UK and USA where they are better off. Postponing family formation does not indicate any worsening in income compared to the traditional pattern.

Table 1: Women's family formation patterns and household income

Household income	BUL		FRA		GEO		GER		HUN		ROM		RUS		GB		USA	
	estim.	%	estim.	%	estim.	%	estim.	%	estim.	%	estim.	%	estim.	%	estim.	%	estim.	%
Married with no child	-0,36	3,2	1,59	3,1	0,44	2,8	1,75	6,4	0,09	4,6	0,63	6,3	0,35	3,6	1,50	8,0	1,42	24,5
Married with one child	0,59	18,8	0,67	5,0	-0,16	6,6	0,98	9,6	0,48	9,9	0,69	25,5	0,32	18,1	0,91	3,7	0,62	2,9
Married with two children	4,91	43,0	4,42	15,9	5,47	31,3	4,84	16,3	3,42	38,0	4,56	32,1	6,03	33,8	4,22	11,8	4,59	10,2
Married with three children or more	-1,19	7,0	-1,10	12,1	-0,86	20,2	-0,89	7,5	-1,39	13,1	-1,44	9,9	-1,37	7,3	-0,73	12,3	-0,88	10,5
Late family formation	-0,05	9,5	0,05	18,1	-0,13	10,8	0,28	22,6	-0,03	12,3	0,78	12,4	-0,07	11,1	0,72	17,3	0,89	12,7
Cohabitant	-1,42	4,0	0,60	28,3	0,21	8,1	0,48	10,8	-0,36	5,5	-1,17	3,0	0,82	6,2	0,58	16,5	-0,83	4,6
Separated or divorced	-0,54	3,6	-0,55	2,9	-0,57	2,6	-0,87	2,5	-1,38	4,5	-0,17	3,3	-0,26	9,1	-0,57	4,0	-0,66	5,4
Single with no child	0,01	8,2	0,83	11,4	-0,43	15,8	0,20	14,1	-0,93	6,0	0,74	6,4	0,03	6,3	2,11	14,7	1,08	18,9
Single parent	-1,21	2,6	-1,11	3,2	-0,07	1,8	-1,05	10,2	-0,58	6,0	0,16	1,1	-0,42	4,6	-0,14	11,7	-1,87	10,4

Source: Generations & Gender Surveys, 2004 ; BHPS ; NLSY79

For each country, household income distribution is split into quantiles and these quantiles are used as an income score ranging from 1 (lowest income) to 10 (highest income). The third pattern ("married with two children") is taken as the reference category – all estimates of income are relative to this group. A negative number means a relative worsening – a positive value reflects a relative improvement, and the blue shade

indicates that the difference is statistically significant.

Cohabitation is a highly interesting family group in cross national perspective. Cohabitants are better off in France, Germany, Russia and Great Britain. They are worse off in Bulgaria, Romania and the USA. These differences reflect the different roles of cohabitation. In the USA they are a small group (4.6%) characterized by relative

disadvantage. In fact, in all countries where cohabitants are worse off, they constitute small parts of the overall family formation pattern. In France, they are the largest group (28.3%) and they are better off than the “traditional” family group defined as married with two children.

Those separated or divorced are in all countries, bar Russia, small groups. They are worse off in Germany, USA and particularly in Hungary. As for those defined as single with no children, country differences arise. These are women without partner and without children and are clearly better off in Great Britain and the USA, but also in Romania and France. They represent a disadvantaged group in Georgia and Hungary.

The last group concerns single mothers, and they are worse off in almost all countries. Worst off, relatively speaking, are single mothers in the USA, and interestingly, there is no significant effect for single mothers in Great Britain. However, in all other countries, single motherhood is associated with disadvantage.

Women’s happiness

Comparing family formation patterns across countries according to their economic wellbeing is of course important. However, income is based on net equivalised household income, meaning that an adjustment is done for the number of adults and children living in the household. In line with standard measures of income and poverty, we used the modified OECD equivalence scale. This means that we have used an average weighting scheme for all households and also used the same weights for all countries. Whereas this is the standard approach, it might have the effect of making large households worse off almost by construction. An alternative is to use a subjective measure of wellbeing. In all samples apart from the NLSY individuals are asked about their level of happiness using a scale ranging from 0 (extremely unhappy) to 10 (extremely happy). Similarly to the previous analysis we estimate the average level of happiness for each of the family groups. The results are reported for women Table 2.

The picture is now different. The “traditional” family formation patterns are often associated with higher happiness than those reflecting “new” behaviour. For instance, those patterns dominated by separation or divorce, or single motherhood are typically associated with lower levels of happiness. There are exceptions to the rule however. For instance in Great Britain and France there is almost no significant difference in terms of happiness for the nine different family formation patterns. The most likely reason for this is that in these two countries, the “new” family formation patterns are also more common. For instance, in France more than 28% of the respondents are classified into the cohabitation group – and they do not differ statistically compared to the other family paths. In contrast, in countries such as Bulgaria or Romania, the cohabitation is group is very small, but they are also considerably worse off in happiness compared to the other groups.

Table 2: Women's family formation patterns and subjective wellbeing

Subjective wellbeing	BUL		FRA		GEO		ROM		RUS		GB	
	estim	%	estim	%	estim	%	estim	%	estim	%	estim	%
Married with no child	-0,19	3,2	0,07	3,1	-0,76	2,8	0,14	6,3	0,07	3,6	0,29	8,0
Married with one child	-0,17	18,8	-0,13	5,0	-0,70	6,6	0,22	25,5	-0,06	18,1	0,26	3,7
Married with two children	0,21	43,0	0,04	15,9	-0,32	31,3	0,41	32,1	0,46	33,8	5,19	11,8
Married with three children or more	-0,21	7,0	-0,40	12,1	0,05	20,2	0,23	9,9	0,09	7,3	-0,17	12,3
Late family formation	-0,17	9,5	-0,11	18,1	-0,14	10,8	0,06	12,4	-0,48	11,1	0,30	17,3
Cohabitant	-0,82	4,0	-0,38	28,3	-0,69	8,1	-1,22	3,0	-0,44	6,2	0,11	16,5
Separated or divorced	-0,72	3,6	-0,75	2,9	-2,56	2,6	-1,32	3,3	-0,38	9,1	-0,06	4,0
Single with no child	-0,85	8,2	-0,18	11,4	-0,75	15,8	-1,18	6,4	-0,40	6,3	0,24	14,7
Single parent	-2,36	2,6	-1,03	3,2	-1,89	1,8	-3,28	1,1	-0,62	4,6	-0,21	11,7

Source: Generations & Gender Surveys, 2004 ; BHPS

The third pattern ("married with two children") is taken as the reference category – all estimates of subjective wellbeing are relative to this group. A negative number means a relative worsening – a positive value reflects a relative improvement, and the blue shade indicates that the difference is statistically significant.

As we stated earlier, the results reflect that cohabitation, as a family form, is very different across countries. In some, cohabitation is relatively rare and it is associated with lower wellbeing. In those where cohabitation is common, the subjective wellbeing is also higher.

The group that very much stands out is the one where individuals' family formation pattern is dominated by single parenthood. This pattern is almost always associated with extensive disadvantage. However, it is small group in all countries – apart from Great Britain. Again, in Great Britain, single parenthood constitutes a relatively large group.

Tables 3 and 4 present the same results as Tables 1 and 2, but for men. Below we report the key differences (and similarities).

Table 3: Men's family formation patterns and economic wellbeing

Household income	BUL		FRA		GEO		GER		HUN		ROM		RUS		GB		USA	
	estim.	%	estim.	%	estim.	%	estim.	%	estim.	%	estim.	%	estim.	%	estim.	%	estim.	%
Married with no child	0,10	3,9	0,13	4,6	1,53	1,6	1,17	7,5	0,56	5,5	1,23	9,0	0,27	4,8	1,46	8,2	0,73	20,7
Married with one child	0,50	11,5	0,02	3,1	0,79	3,2	0,50	5,5	0,07	7,3	1,03	17,4	1,00	18,5	0,13	2,7	0,03	2,5
Married with two children	4,14	36,6	5,18	18,7	6,03	30,6	4,98	17,2	3,45	30,5	4,59	25,8	4,92	30,3	4,59	13,6	4,62	12,8
Married with three children or more	-1,08	5,7	-1,53	8,1	-1,09	11,3	-0,49	6,0	-0,83	10,2	-0,93	6,6	-0,75	7,3	-0,75	8,0	-0,86	8,3
Late family formation	0,30	13,2	0,49	9,1	0,01	7,2	0,83	11,6	0,17	10,6	0,67	18,4	0,43	11,1	0,74	8,5	0,58	6,8
Cohabitant	-1,29	5,2	-0,12	30,9	-0,25	15,1	1,03	13,0	-0,44	8,0	-0,03	4,1	-0,01	8,1	0,56	19,4	-1,33	5,8
Separated or divorced	-1,25	2,1	0,70	3,2	-0,70	1,1	0,70	1,6	-0,14	3,1	-0,20	1,4	0,45	4,3	-0,74	1,9	-0,52	5,3
Single with no child	0,02	19,5	-0,30	20,1	0,03	28,5	0,86	31,5	-0,65	19,1	-0,06	16,7	0,38	10,7	0,27	34,3	-0,14	30,2
Single parent	-0,34	2,1	-0,59	2,2	-0,24	1,5	0,17	6,2	-0,22	5,8	1,48	0,5	0,71	5,0	-0,12	3,5	-2,08	7,6

Source: Generations & Gender Surveys, 2004 ; BHPS ; NLSY79

For each country, household income distribution is split into quantiles and these quantiles are used as an income score ranging from 1 (lowest income) to 10 (highest income). The third pattern ("married with two children") is taken as the reference category – all estimates of income are relative to this group. A negative number means a relative worsening – a positive value reflects a relative improvement, and the blue shade indicates that the difference is statistically significant.

Table 4: Men's family formation patterns and subjective wellbeing

Table 4: Men's family formation patterns and happiness

Subjective wellbeing	BUL		FRA		GEO		ROM		RUS		GB	
	estim.	%	estim.	%	estim.	%	estim.	%	estim.	%	estim.	%
Married with no child	-0,48	3,9	0,01	4,6	-0,33	1,6	-0,29	9,0	-1,17	4,8	0,00	8,2
Married with one child	0,33	11,5	-0,49	3,1	-0,22	3,2	-0,07	17,4	0,01	18,5	-0,02	2,7
Married with two children	-0,72	36,6	0,40	18,7	-0,51	30,6	0,13	25,8	0,09	30,3	4,95	13,6
Married with three children or more	-0,01	5,7	-0,23	8,1	-0,25	11,3	-0,73	6,6	0,09	7,3	-0,04	8,0
Late family formation	0,16	13,2	-0,69	9,1	0,04	7,2	0,04	18,4	-0,24	11,1	0,17	8,5
Cohabitant	-0,24	5,2	-0,65	30,9	-0,01	15,1	-0,55	4,1	-0,53	8,1	-0,11	19,4
Separated or divorced	-1,16	2,1	-0,80	3,2	-1,60	1,1	-1,18	1,4	-1,63	4,3	-0,63	1,9
Single with no child	-0,29	19,5	-0,69	20,1	-0,70	28,5	-0,89	16,7	-0,83	10,7	-0,01	34,3
Single parent	-1,14	2,1	-1,86	2,2	-0,55	1,5	-0,25	0,5	-0,82	5,0	-0,11	3,5

Source: Generations & Gender Surveys, 2004 ; BHPS ; NLSY79

The third pattern ("married with two children") is taken as the reference category – all estimates of subjective wellbeing are relative to this group. A negative number means a relative worsening – a positive value reflects a relative improvement, and the blue shade indicates that the difference is statistically significant.

The key results when comparing men with women are as follows:

- Men whose family formation pattern is dominated by divorce or separation, are not much worse off (economically speaking) than the reference category but compared to women – they are better off (divorced and separated women were generally worse off than the reference category). These results are consistent with comparative findings – divorce generally makes the economic situation worse for women, often as a result of children staying with the mother in case of separation.
- In contrast, when we consider subjective wellbeing in terms

of happiness, divorced or separated men are always worse off than the reference category. Men also suffer considerably from family breakdown – independent of which society one considers.

- Having more than two children within a partnership has a detrimental impact on economic wellbeing, but no differential impact on their happiness.
- Single men without children tend to be less happy than those with children in a partnership.

One must be aware of the caveats of the analysis. In our estimation, we have taken into account a range of factors and characteristics of our individuals prior to when family paths were measured. The benefit of this approach is that when looking at the consequences we can be more confident that they are a result of the family formation patterns observed. But, the family formation paths are collected over a time period where respondents age from 18 to 35. This is a period where young adults develop in several spheres that may impact on their economic wellbeing and happiness. Nor are the initial conditions that we control for complete. As a result, our estimates should not be looked upon as causal effects of the family paths.

RECOMMENDATIONS FOR POLICY MAKERS

Key messages for policy-makers, businesses, trade unions and civil society actors

Countries differ tremendously in terms of their family formation patterns. Policies need to take these differences into account. An overall European wide policy will not fit all and likely to fail. New demographic behaviour is on the rise, but again differs across countries. Cohabitation replacing marriage for instance, is a sign of disadvantage – but only in those countries where the behaviour is less widespread. Cohabitors in the US score lower on economic wellbeing, but is a small group, whereas they score higher in France where they constitute a large group. Divorce is associated with lower wellbeing. The analysis shows that it is important to consider several measures of wellbeing in order to better understand who being exposed to lower wellbeing and those who are not.

RESEARCH PARAMETERS

Scientific approach / methodology

We take the first wave of the Gender and Generation Surveys (GGS) from France, Germany, Bulgaria, Georgia, Hungary, Romania, Russia (2004) and combine it with the British Household Panel Survey (BHPS wave 18, 2009) and the National Longitudinal Survey of Youth (NLSY79) from the USA. We follow individuals from age 18 to 35 and record their family behaviour. Every individual has a path defined over cohabitation, marriage, children and divorce. Using these paths, which are measured over time ending at age 35, we perform a cluster analysis to identify prevalent groups of family behaviour in each of the countries. Given these paths, we estimate the average relative income for each group. The fact that it is the relative income, means that we are assessing how different family types place themselves on the income distribution in their respective country. We also assess the average subjective wellbeing for each group – where this is defined over individuals perceived level of happiness.

PROJECT IDENTITY

Coordinator	Pearl A. Dykstra, Erasmus University Rotterdam
Consortium	Erasmus University Rotterdam, Netherlands Interdisciplinary Demographic Institute, Vrije Universiteit Brussel, University of Antwerp, Wissenschaftszentrum Berlin für Sozialforschung, Utrecht University, Estonian Interuniversity Population Research Centre, Dondena Centre for Research on Social Dynamics, Bocconi University
Duration	March 1, 2008 – March 1, 2011 (36 months)
Funding Scheme	SEVENTH FRAMEWORK PROGRAMME THEME 8 Socio-Economic Sciences and Humanities (SSH), Collaborative project; Small or medium-scale focused research project SSH-2007-3.1.1 The impact of demographic changes in Europe
Budget	€ 1,499,694
Website	www.multilinks-project.eu
Further reading	
Related websites	http://www.ggp-i.org/
For more information	arnstein.aassve@unibocconi.it