

The impact of Economic Recession on Family Dynamics in Italy. First Evidences

Anna Giraldo, Stefano Mazzuco
Dipartimento di Scienze Statistiche, Università di Padova
Via C. Battisti, 241 Padova (Italy)

Abstract

The recent economic recession has brought about several changes in families' organization; the increasing share of unemployed individuals, and decreasing salaries modified the equilibria within and between families. Since in Southern European countries, especially Italy, family is a sort of social buffer that moderates the consequences of negative economic shocks of individuals we might expect that the effects of the economic crisis on family formation and organization would be higher in that countries. The aim of this work is to describe the trend of family dynamics over time, identifying some changes due to economic recession, and to analyse the association between negative economic shocks (e.g. job loss, entry into poverty, exit from the labour force) and family behaviours (leaving/returning the parental home, having a child, entering in union, union dissolution).

1. Introduction

It is well known that the recent economic recession has brought about several changes in families' organization; the increasing share of unemployed individuals, and decreasing salaries modified the equilibria within and between families. Past literature has already shown that the economic cycle influences the ways in which individuals form and change their own families (see, for example, Sobotka et al. 2011; Barbieri et al. 2012; Vignoli et al. 2012; Goldstein et al. 2013). Moreover, it has been shown that, in Southern European countries, especially Italy, family is a sort of social buffer that moderates the consequences of negative economic shocks of individuals (Dalla Zuanna, 2001). If this is true, we might expect that the effects of the economic crisis on family formation and organization are even higher in these countries. For example, young adults may decide to postpone their leaving the parental home in order to minimize the risk of entering poverty. This is in line with what shown by Aassve et al. (2007), who found that in Southern Europe youth leave home when the risk of entering poverty is particularly low. The same reasoning can be applied to other family events: entering in union, having a child, union dissolution.

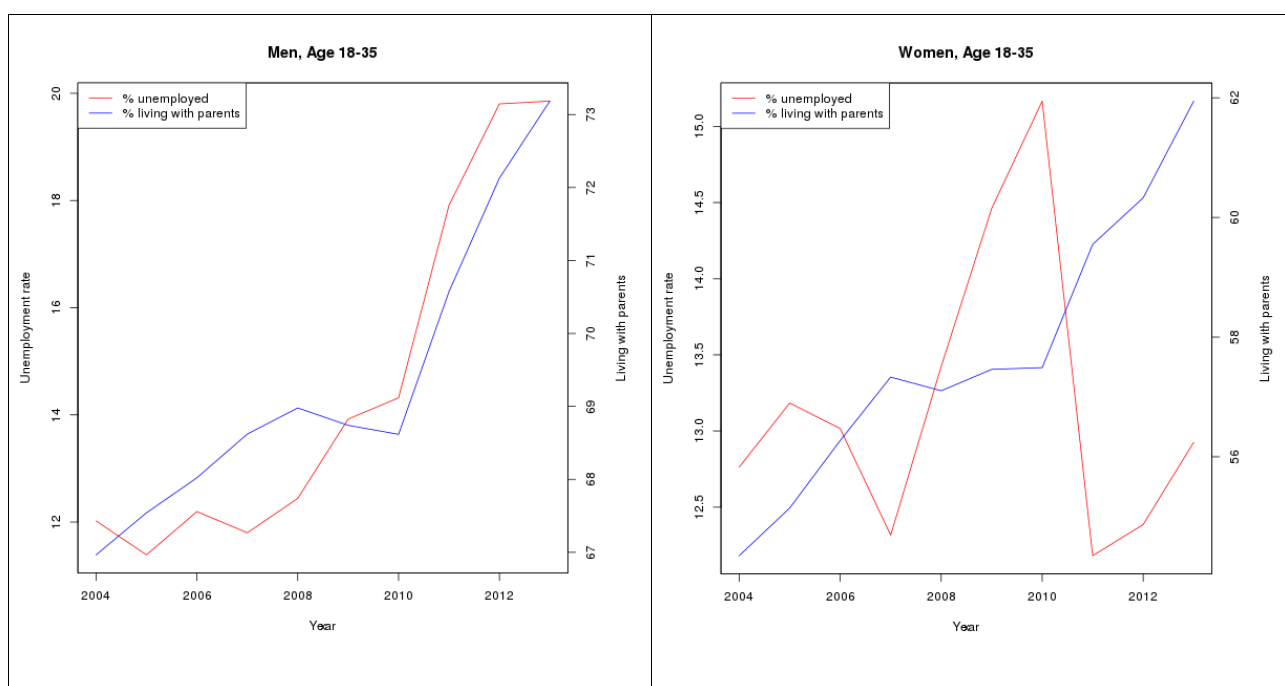
Therefore, the aim of this work is not only describing the trend of family dynamics over time, identifying some changes due to economic recession, but also analysing the association between negative economic shocks (e.g. job loss, entry into poverty, exit from the labour force) and family behaviours (leaving/returning the parental home, having a child, entering in union, union dissolution). This association will be analysed over time and we will see whether it changes during the crisis. We also might expect interfamily exchanges is a way to mitigate economic recession effects. For example, informal childcare by grandparents may be chosen more often to save formal childcare costs. In addition, interfamily economic transfers might also be an instrument for moderating the effects of the economic crisis.

For this purpose we will analyse data for Italy provided by the Eurostat Survey EU-SILC (2006-2013, cross sectional and longitudinal survey) together with the panel component of the Bank of Italy's Survey on Household Income and Wealth (2006-2012).

2. First descriptive results

First descriptive results show that, when Italy enters into the economic recession period, not only youth unemployment rate increases, but also the share of young adults staying in the parental home rises. This might suggest that young adults, considering the negative economic and labour market conditions, have become more prone to postpone leaving home.

Figure 1: Young adults (age 18-35) unemployment rate and co-residence with parents (from EU-SILC 2004-2013).



Data from Bank of Italy show approximately the same results: although there are few individuals who join a panel family between 2006 and 2012 (approximately 1.5% of the sample) we might notice some interesting pattern. Between 2008 and 2012, for instance, there is a significant increase of returning to parental home incidence, involving not only young adults (aged 18-35) but even older ones, probably after a marital split (see table 1). Moreover, we also notice a fall of the share of new children born among those who enter a panel family, which can be interpreted as sign of a reduced fertility during the recession years.

Table 1: New entries into households in 2006-2012 (Bank of Italy)

Newly entered, %	2006	2008	2010	2012
Newborn child	34,9	39,8	30,5	27,8
Partner	18,6	17,0	19,5	18,6
Child of any age returning home	25,1	22,7	27,5	30,8
Grandparents	6,1	7,0	3,0	4,0
Other relatives	12,9	10,5	18,6	17,1

Others	2,3	3,1	0,8	1,8
Total	100,0	100,0	100,0	100,0

3. Preliminary multivariate analysis

Descriptive analysis suggest that young Italians are less prone to leave home and have children during the economic recession, and they are more likely to return the parental home. In this section we show preliminary multivariate analysis on the association between family dynamics of young (aged 18-35) individuals. We first analyse the association of some transition to adulthood events (leaving home, entering in union, having a child) with poverty entry risks and employment status. The underlying hypothesis of our empirical strategy is that the higher the intensity of economic recession the more sensitive young adults are to their economic stability in taking transition to adulthood steps. We therefore expect that the effect of poverty and employment states will increase during the recession years.

We first estimate the effect of leaving home on poverty entry risks, net of confounding variables (propensity score matching estimates).

These estimates are reported in Table 2: it appears quite clearly that the association between leaving home and poverty entry increases in the last two years available (2010 and 2011) when economic recession is at its peak. Also entering union shows a similar trend, not so childbearing events, which strong effect on poverty entry risk is relatively stable over the years.

Table 2: Impact of demographic events on the probability of entering poverty (EU-SILC 2004-2013).

Event	2005	2006	2007	2008	2009	2010	2011
Leaving home	0.028 (0.011)	0.032 (0.014)	0.034 (0.014)	0.031 (0.019)	0.019 (0.011)	0.053 (0.019)	0.232 (0.080)
Entering union	0.096 (0.029)	0.067 (0.027)	-0.006 (0.023)	0.076 (0.033)	0.074 (0.027)	0.032 (0.036)	0.114 (0.065)
Having a child	0.201 (0.018)	0.412 (0.020)	0.395 (0.021)	0.405 (0.022)	0.469 (0.023)	0.401 (0.028)	0.438 (0.034)

Table 2 report the estimates of Average Treatment Effects on Treated (ATET). Following Aassve et al (2007) we will also estimate the Average Treatment Effects on Untreated (ATEU). If the matching variables eliminates the overt bias, difference between ATET and ATEU can be interpreted as a effect of selection, i.e. those at higher risk of entering poverty are less prone to leave home, enter in union or having a child. We expect that this difference will rise during the recession years.

We also analyse the effect of employment status on the probability of leaving home, entering in union and having a child (Table 3) by means of a logit regression (separate for each year). Results show a less clear pattern and no evidence of economic recession impact is found in this case.

We will replicate these analyses considering other demographic events (e.g. marital split) and other indicator of the employment status (e.g. numbers of working hours).

Table 3: Impact of having a permanent job on the probability of demographic events (EU-SILC 2004-2013).

Event	2005	2006	2007	2008	2009	2010	2011
Leaving home	0.344 (0.091)	0.640 (0.091)	0.565 (0.098)	0.409 (0.118)	0.612 (0.082)	0.552 (0.110)	0.640 (0.170)
Entering union	0.525 (0.194)	0.975 (0.198)	0.597 (0.217)	0.955 (0.231)	0.812 (0.185)	0.893 (0.283)	0.463 (0.347)
Having a child	0.247 (0.090)	0.166 (0.081)	0.204 (0.080)	-0.024 (0.081)	0.139 (0.093)	0.077 (0.112)	0.152 (0.144)

Bibliography

Aassve A., Davia M. A., Iacovou M., and Mazzucco S. (2007). Does leaving home make you poor? evidence from 13 European countries. *European Journal of Population*, 23:315-338.

Barbieri P., Cutuli G., and Tosi M. (2012). Famiglie, mercato del lavoro e rischi sociali. Nascita di un figlio e rischi di transizione alla povertà tra le famiglie italiane, *Stato e mercato*, 3: 391-428.

Dalla Zuanna G. (2001). The Banquet of Aeolus. An Interpretation of Italian Lowest Low Fertility. *Demographic Research*, 4(5):1-35.

Goldstein J. R., Kreyenfeld M., Jasilioniene A., and Karaman Örsal D. (2013). Fertility Reactions to the "Great Recession" in Europe: Recent Evidence from Order-Specific Data, *Demographic Research* 29(4): 85-104.

Mocetti S., Olivieri E., and Viviano E. (2011). Le famiglie italiane e il lavoro: caratteristiche strutturali e effetti della crisi, *Stato e mercato*, 2: 223-243.

Schaller, J. (2013). For richer, if not for poorer? Marriage and divorce over the business cycle, *Journal of Population Economics*, 26:1007–1033.

Snyder A. R. and B. Joy Jang (2013). Failure to Launch? Exits from and Returns to the Parental Home among Emerging Adults in the U.S., Presented at PAA 2013.

Sobotka T., Skirbekk V., and Philipov D. (2011). Economic Recession and Fertility in the Developed World, *Population and Development Review*, 37 (2): 267 – 306.

Vignoli D., Drefahl S., and De Santis G. (2012). Whose job instability affects the likelihood of becoming a parent in Italy? A tale of two partners, *Demographic Research*, 12(2), 41-62.