

# Effects of Family Structure on the Economy

The economic well-being of the United States is strongly [related to marriage](#), which is a choice about how we channel our sexuality. The implications of sexual choices are apparent when comparing family structures across basic economic measures such as employment, income, net worth, poverty, receipt of welfare, and child economic well-being. In all of these the stable, intact married family outperforms other sexual partnering structures; hence the economy rises with the former and encounters more difficulties and inefficiencies as it diverges from it.

Family structure and economic well-being are correlated. Behind the demographics of changing family structures with all their economic implications lies a deeper change: the lessening capacity for the intimate social relationships that marriage demands. In 2008, only 45 percent of American seventeen-year-olds were in a family headed by their biological parents, leaving them weaker in their relational capacities than prior generations. The numbers are lowest among African-Americans, where only 17 percent of seventeen-year-olds have spent childhood in an intact family. Among Asian Americans the intact family is strongest, but even for them it is only 62 percent.<sup>1)</sup> As this research illustrates, these data have profound implications for both the [household economy](#) and the national economy, and cannot be disconnected from the fiscal strains this nation is experiencing.

Poverty rates especially highlight this strain. Poverty is principally the problem of [non-intact family structures](#). Compared to married families, six times as many female-headed families are impoverished. There are differences in the financial well-being of always-single mothers and divorced mothers, but poverty and welfare needs are major problems for female-headed households.

Data collected in 2001 shows that more than two-thirds of children in [never-married families](#) live at or under official levels of poverty compared to 12 percent of children living in two-parent, married families.<sup>2)</sup> Data from the National Longitudinal Survey of Youth reveal that a child of a single, never-married parent will live one-half of his or her childhood in a household officially classified as poor. If the [parent eventually marries](#), the child will spend about a quarter of his or her childhood living in poverty, which is about the same amount of time that children of [divorced families spend in poverty](#). However, children of married, intact families, will spend only 7 percent of their childhood, on average, in poverty.<sup>3)</sup>

The correlation between child poverty and living outside of an intact family is even stronger in the African-American community. According to Current Population Survey (CPS), the chances that African-American children would experience poverty in 1998 was seven times greater among those who live in a non-married household than those who live in a married-family household.<sup>4)</sup> Data from 2006 show that, while there are almost equal numbers of married and not-married black families with children under 18, huge disparities separate the two household types that live in poverty (7.9 percent of married families versus 25.3 percent of not-married families).<sup>5)</sup>

## 1. Marriage

(See [Effects of Marriage on Financial Stability](#))

Married couples enjoy, on average, larger incomes, greater net worth, and greater year-to-year net worth growth. Married couples also create the best economic environment for children. Their children experience more economic mobility and [less poverty](#) in childhood than children in any other family

structure.

## 2. Re-Marriage

(See [Effects of Stepfamilies on Financial Stability](#))

Remarriage after divorce increases a family's income, though income and net worth rarely rise to pre-divorce levels. However, children whose mothers remarry after divorce are less likely to live in poverty than those whose cohabit after divorce.

## 3. Divorce

(See [Effects of Divorce on Financial Stability](#))

Following a divorce, both spouses' net worth decreases. Many women also sustain substantial income losses and are forced into poverty, particularly if the couple has any children. If they do, women frequently must care for them financially or developmentally on their own, which also depresses their economic well-being. Even among women who receive child support, many custodial mothers are impoverished. Divorce severely diminishes child economic well-being, particularly child economic mobility.

## 4. Cohabitation

(See [Effects of Cohabitation on Financial Stability](#))

Cohabiting relationships are frequently unstable and of [short duration](#). Cohabitation produces weaker economic outcomes than marriage, according to all economic metrics examined in this paper. Cohabiting men have less stable employment histories than married men, and cohabiting couples earn less and are less likely to pool their incomes than married households. They also have low net worth and low net worth growth, are more likely to be poor, and create a less stable environment for children, compared to married households.

## 5. Single Parenthood

(See [Effects of Single Parents on Financial Stability](#))

Single parents, and single mothers, in particular, face remarkably difficult economic circumstances. Single mothers have the lowest median income and the lowest net worth of all family structures with children. Half of single mothers live in [poverty](#), and an estimated 60 percent [rely on government welfare](#). Children of single mothers are at increased likelihood of dependence on welfare benefits during childhood and enjoy less economic mobility than children in married families as adults.

Long-term income, wealth and hence poverty are largely a matter of choice in America today—the choice of marriage and the pathways to it. We assert this not only because of all associated structural correlates, but also based on the revealed income-earning capacities of the different householders, as exemplified by the marriage premium, and on their “home-economics” wealth-management choices, as exemplified by the strong net-worth accrual of the intact married family (especially when controlling for other socio-economic factors). Choice about marriage is mainly a choice about how to handle our sexual capacities and our [sexual relationships](#).

There is an intimate relationship between our income and wealth and our sexual culture. They rise or fall together, and thus, strange though it may seem, there is a significant connection between our sexual culture and our national economic strengths and weaknesses.

## 6. Intergenerational Effects

Simply put, whether or not a child’s parents are married and stay married has a massive [effect on his or her future prosperity](#) and that of the next generation. Unfortunately, the growth in the number of children born into broken families in America—from 12 for every 100 born in 1950 to 58 for every 100 born in 1992<sup>6)</sup>—has become a seemingly unbreakable cycle that the federal government not only continues to ignore, but even promotes through some of its policies.

Numerous academic and social science researchers have demonstrated how the path to achieving a decent and stable income is still the traditional one: complete school, get a job, get married, then have children, in that order.<sup>7)</sup> Obviously, the journey toward a secure income can be derailed by choices growing children make, such as dropping out of school or getting pregnant before marriage. But generally, children who grow up in a stable, two-parent family have the best prospects for achieving income security as adults.

Because of recent advances in the methods social scientists and economists use to collect data, researchers are taking a broader intergenerational view of America’s poor. From this vantage point, it has become clear that federal policies over the past three decades have [promoted welfare dependency](#) and single-parent families over married parents while frittering away the benefits of a vigorous free market and a strong economy. Today, the economic and social future of children in the poor and the middle class is being undermined by a culture that promotes teenage sex, divorce, cohabitation, and out-of-wedlock birth.

<sup>1)</sup> Patrick Fagan, “The US Index of Belonging and Rejection” (2010) Available at <http://downloads.frc.org/EF/EF10L25.pdf>.

<sup>2)</sup> Survey of Consumer Finance, 2001 data.

<sup>3)</sup> Robert E. Rector and Kirk A. Johnson, “Understanding Poverty in America,” *Heritage Foundation Backgrounder*, No. 1713, January 5, 2004.

<sup>4)</sup> U.S. Census Bureau, Current Population Survey, 1998.

<sup>5)</sup> U.S. Census Bureau, Current Population Survey, 2007 Annual Social and Economic Supplement, at [http://pubdb3.census.gov/macro/032007/pov/new44\\_100\\_06.htm](http://pubdb3.census.gov/macro/032007/pov/new44_100_06.htm).

<sup>6)</sup> The federal statistics system since 1992 has been unable to provide accurate data on the number of children who move into broken families. Complete data on divorce are no longer collected by the National Center for Health Statistics and the Bureau of the Census.

<sup>7)</sup> Ron Haskins and Isabel Sawhill. *Creating an Opportunity Society*. Brookings Institution Press, 2009.

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This entry draws heavily from [Marriage and Economic Well Being: The Economy Rises or Falls with Marriage](#), [The Family GDP: How Marriage and Fertility Drive the Economy](#), and [How Broken Families Rob Children of their Chance for Future Prosperity](#).

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