


The Long-Range Impact of the Recession on Families

A Briefing Paper Prepared for the
Council on Contemporary Families

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The economy is now out of free fall, but the impact of recent economic losses on families will continue for many years to come. An overview of the economic, unemployment and poverty trends suggests why:

- The Congressional Budget Office estimates that thousands more jobs would have disappeared and the growth rate would have been 1.2 to 3.2 points lower in the third quarter of 2009 without the Recovery Act's stimulus package, but even so the official unemployment rate remains around 10 percent. When economists take into account discouraged workers that rises to almost 18 percent, the highest figure since the 1930s.
- As of March 2010, according to the Bureau of Labor Statistics, more than 44 percent of jobless workers had been out of work for six months or more. This is more than double the number recorded in December 2008.
- A December 2009 survey found that 44 percent of families had experienced the job loss of one or more members, a reduction in hours, or a cut in pay over the past year.

The expanded unemployment benefits, increased food stamp allowances, and additional tax credits passed by Congress are estimated to have saved 6 million Americans from falling into poverty. But although new poverty figures will not be released into August, many other indicators point to a significant rise over the past year. And even before the recession, the number of poor people climbed by 15 percent between 2000 and 2008, wiping out the gains of the 1990s. America's suburbs saw the biggest increase, with the number of poor people jumping by 25 percent. By 2008, according to the Brookings Institution, one-third of the nation's poor lived in suburbs, most of which lack the emergency shelters and social services such found in urban areas.

Although lower housing prices in some areas opened up access to individuals and families that could not previously afford them, foreclosures and evictions continue. As of November 2009, one in seven mortgages was delinquent. By March 2010, one in four people were "under water"; that is, they owed more on their mortgages than their houses were worth on the market. According to Moody's Economy.com, even if the administration's new anti-foreclosure measure prevents 1.5 million foreclosures by 2012, another 3.6 million homes will be lost by that date.

FEELING THE PINCH ON BASIC NECESSITIES

- The Gallup Household Wellbeing Poll shows that between in the final quarter of 2009, 18.5 percent of households reported that they had not always had enough money to buy

the food they needed during the year. Another poll found that one in 5 low-income New York City residents had the gas, electricity, or telephone turned off for nonpayment or late payment.

- A study released by the House Committee on Ways and Means in November found that 78 percent of the nation's food banks had been forced to reduce the amount of food they gave to each client. Fifty-five percent had to turn people away because the agency didn't have enough food.
- A December 2009 New York Times/CBS News poll of unemployed adults found that more than half of the unemployed had cut back on medical treatments or doctors' visits, and a similar number had to borrow money from friends or relatives to get by.

THE HUMAN COSTS OF UNEMPLOYMENT AND ECONOMIC STRESS

A recent National Bureau of Economic Research working paper looked at the mortality rates of men who had lost their jobs in earlier recessions and found a 15 to 20 percent increase in death rates during the next 20 years. A man who lost his job at age 30 was on average likely to die a year-and-a-half earlier than a man who was steadily employed. A study of plant closures in Sweden reported a 44 percent increase in the mortality risk among men during the first four years following the loss of a job.

Suicide hotlines across the country have seen a spike in calls, from 39,000 in January 2009 to 57,000 in July, with 30 percent of the increase directly related to the economy, according to Richard McKeon, lead adviser for suicide prevention for the Substance Abuse and Mental Health Services Administration.

Even among workers who retain their jobs, pay cuts and fears of job loss take a huge toll. The Families and Work Institute's ongoing *National Study of the Changing Workforce* shows that economic insecurity is the number one predictor of overall health problems, more frequent signs of depression, sleep difficulties, and stress among employed workers. Unemployment takes an even more severe toll on people's health. In the NYT/CBS poll, 55 percent of laid-off workers reported that their unemployment triggered insomnia. Almost half said that it had led to conflicts with family members or friends. Women were more likely than men to admit to anxiety or depression as a result of job loss, but men were more likely to report feeling ashamed most of the time.

MEN AND WOMEN FEEL THE CRISIS IN DISTINCTIVE WAYS

Men have borne the brunt of the recession so far, accounting for more than three-quarters of job losses. And men are more likely than women to experience job or income loss as a fundamental threat to their identity. But the wives of laid-off men also suffer: Unemployed men are more likely to exhibit hostility towards their partners than unemployed women. Not surprisingly, female partners of unemployed men have higher level of depressive and anxious symptoms than do male partners of unemployed women.

As with previous economic crises, domestic violence has risen. Last year, the National Domestic Violence Hotline reported that calls were up by almost 50 percent over the previous year. A 2009 poll found an increase in domestic violence distress calls at 75 percent of the centers surveyed, most of them related to "financial issues," "stress," and "job loss."

The lower rates of unemployment among women relative to men disguise a crisis for single mothers and their children. According to a Bureau of Labor Statistics report released March 5, 2010, the unemployment rate of single mothers is now 68 percent higher than at the start of the recession. Many single mothers are now struggling to avoid foreclosure, since low-income women, especially women of color, were more likely to be targeted by predatory lenders for subprime mortgages.

Even when they did not take on a mortgage and have not lost their jobs, such women are at risk. The National Low Income Housing Coalition estimates that 40 percent of families facing eviction because of foreclosure are renters, many of them single-mother families.

Unemployment, poverty, and housing insecurity have also risen sharply among married couples with children. As of December 2009, one in seven children was living with a parent who had lost his or her job.

IMPACT ON CHILDREN

Children of economically stressed families often stop looking up to their parents and instead find identity in their peer group. Their motivation to succeed in school and in life can plummet. Teachers reported that children of economically distressed parents are more likely to have behavioral issues. A Chicago study found that children whose mothers experienced unstable employment showed declining levels of self-esteem and proficiency in school.

Children who become homeless are especially at risk, because they tend to miss more school days, which leads them to fall behind academically, and to change schools more often. School relocation is more closely associated with delinquent behavior and academic failure among teens than is family structure.

- On average, living through a parent's unemployment increases a child's chance of being held back in school by 15 percent.
- Data compiled from The Panel Study of Income Dynamics in the recessions in 1973-1975 and 1980-1982 show that children who fell into poverty during these recessions were three times more likely to be poor as adults than were children who did not experience poverty. They also had worse health as adults than those whose parents remained solvent throughout the recession.
- Other studies show that the chronic stress associated with homelessness, poverty, and school relocation in childhood significantly impairs short-term memory - a key factor in academic success and personal competence -- by the teenage years.

YOUNG ADULTS AND THE RECESSION

The current recession has also put pressure on young people who are trying to complete their college education. Just as they or their parents are facing income losses, financially strapped states are cutting back on support for higher education and further raising tuition, which was already rising much faster than family income.

In 2009, 37 percent of 18-to-29-year-olds were unemployed or no longer looking for work, and a Pew Survey that year found that 10 percent of people aged 18-34 had moved back in with their parents because of the recession. One national longitudinal study found that people who were unemployed for substantial periods in their teens or early 20s were far more likely to develop depressive symptoms and/or to become heavy drinkers by the time they were middle-aged, regardless of their prior psychological history or drinking patterns.

Young adults who recently graduated from college are not out of the woods, even if they get job offers. Yale economist Lisa Kahn studied the careers of white men who graduated from college between 1979 and 1989. She found that graduates who entered the job market during the 1981-82 recession not only made 25 percent less in their first year than graduates who entered the job market in better times, but continued to earn less than their more fortunate peers even 17 years later.

African-American men face even worse prospects. While the rate of long-term unemployment has grown for all demographic groups, it has grown most sharply for African-American men, who by January 2010 made up just 5.5 percent of the labor force, but 13 percent of the long-term unemployed.

OLDER AMERICANS

Some people assume that seniors, who have often paid off their houses, are faring relatively well in this recession. But pension plans have been slashed for many retirees, and there are now more than a million people in their 60s and 70s looking for work, a 250 percent increase from two years ago. Seniors who already have jobs are less likely to be laid off than other age groups, but when they do lose their jobs, it takes them 40 percent longer to find a new job than it does the average job seeker. And a report released March 29 by the National Alliance to End Homelessness projects a 33 percent increase over the next decade in elderly people who are homeless.

EFFECTS ON FAMILY RELATIONSHIPS

Positive parent interactions can help alleviate the negative consequences that children suffer due to poverty or financial reverses, but stress and depression erode people's ability to parent effectively. Parents who are worried about their financial stability often do not have the patience to reason with their children or respond to misbehavior appropriately. Feeling frustrated at the seeming ineffectiveness of their first attempt at discipline, they tend to discipline repeatedly, with increasing harshness and in the heat of the moment,

which escalates and prolongs parent-child conflict. Stressed parents also find less time to share warm, positive experiences with their children.

Psychologist Joshua Coleman points out that such reactions can occur even in families that remain comparatively secure in the basics of life, but see savings and college education funds slipping away. Stressed parents may fail to recognize that their annoyance with their children may stem from their own anxiety rather than the children's behavior. Feeling guilty about not being able to buy their kids what they want, parents may also behave inconsistently, allowing some misbehavior or whining to succeed, then reacting strongly against the same behavior the next day. Parents should take time to exercise, meditate, do yoga, or just go for a walk with friends, recommends Coleman. "These activities have been shown to decrease anxiety and depression, elevate mood, and increase overall psychological resilience."

Marital relations are also strained by job loss and financial stress. It is sometimes tempting to vent frustrations onto a spouse, believing that he or she will be more forgiving than a stranger. But marriages suffer when negative interactions increase. Psychologist John Gottman reminds us that a marriage needs about 5 positive interactions for every negative one.

MARRIAGE, DIVORCE, AND CHILDBEARING

Divorce rates have been falling modestly but steadily since 1981, and the pace quickened in 2009, with more than half of the lawyers surveyed by the American Academy of Matrimonial Lawyers reporting a drop in divorce filings. A few observers have suggested that this is the recession's silver lining. Many of these divorces, however, were postponed only because the couple could not afford to split their assets, not because they were resolving their problems. In some cases, couples continue living together, despite being alienated each other, simply because they cannot afford two separate homes. In these cases, staying together may not be good for either the adults or the children. While a good marriage increases people's immune functioning and lowers their blood pressure, a bad marriage does just the opposite. Children in high conflict marriages generally show fewer behavior and social adjustment problems when their parents separate than when they stay in those high-conflict situations. We know from the experience of the Great Depression of the 1930s that divorce rates can fall while family conflicts and domestic violence rates rise.

After rising from 2003 to 2007, fertility fell slightly in 2008 and then more rapidly in early 2009, according to demographer Steven Martin. A state-by-state analysis of 2008 birth rates released April 6 by the Pew Research Center found that the declines were strongly associated with drops in personal income and housing prices and the percentage of employed workers. Some of the largest declines in fertility occurred in Arizona, California, and Florida, three states especially hard hit by this recession. Although restricting births is economically rational for individual families, when countries fall below replacement fertility, this puts further pressure on pension, health care, and social welfare programs.

HOPE FOR THE FUTURE; RESOURCES FOR NOW

Reaction to the recession has not been all bad. Many families are rethinking their material priorities. Volunteerism is up. Community gardens and other forms of neighborhood cooperation and sharing are on the increase. And some studies show that in the long run people raised in adversity become more sensitive to social inequity and less inclined to blame others for their misfortunes.

But when social adversity is accompanied by marked social inequality, it often leads to resentment and scapegoating. This recession, unlike others, has not yet reduced the huge gulf between the very rich and the rest of Americans, which reached an all-time high in 2007-08, so it is difficult to predict the future of our social climate. In the meantime, we need to be aware of the ongoing threats to individual well-being and family solidarity. Here are some places people can turn for immediate help:

National Suicide Prevention Lifeline at 1-800-273-TALK (8255) is a 24 hour hotline that will connect you with a local crisis center in your area.

If someone in your life is hurting you, call the National Domestic Violence Hotline at 1-800-799-SAFE (7233) or TTY 1-800-787-3224.

If you are suffering from alcohol or drug abuse, find a program in your area
<http://dasis3.samhsa.gov/>

If you need a mental health provider
<http://mentalhealth.samhsa.gov/databases/>

To find a local food bank
http://feedingamerica.org/default.aspx?SHOW_SHOV=1

If you are concerned about foreclosure
http://portal.hud.gov/portal/page/portal/HUD/topics/avoiding_foreclosure

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Founded in 1996 and now based in the School of Education and Human Development at the University of Miami, the Council's mission is to enhance the national understanding of how and why contemporary families are changing, what needs and challenges they face, and how these needs can best be met. To fulfill that mission, the Council holds annual conferences, open to the public, and issues periodic briefing papers and fact sheets.

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