Marriage crisis and housing costs: Empirical evidence from provinces of Iran

Hassan F. Gholipour [a,*,1], Mohammad Reza Farzanegan [b,1,2]

[a] *Department of Accounting, Economics and Finance, Swinburne Business School, Faculty of Business and Law, Swinburne University of Technology, Melbourne, VIC 3122, Australia*
[b] *Philipps-University of Marburg, Center for Near and Middle Eastern Studies (CNMS), Department of Middle East Economics, Deutschhausstraße 12, 35032 Marburg, Germany*

Abstract

The term "marriage crisis" is becoming more visible in Iranian public and private debates and constitutes a major issue in political discussions at the time of elections. The increasing proportion of the young working age population in Iran has difficulty establishing families. This has increased political concerns about addressing the basic needs of young Iranians. This study examines the link between housing costs and the marriage rate in Iran, controlling for other relevant economic determinants of marriage. Using a panel of provinces of Iran over a period of nine years (2002–2010) and applying the generalized method of moments (GMM) estimator, our results reveal that there is a negative relationship between housing costs and the marriage rate. We also find that government special loans for marriage, and a lower unemployment rate, increase the marriage rate. Finally, increasing spending on higher education has a dampening effect on the marriage rate.
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* Corresponding author.
  E-mail addresses: hgholipour@swin.edu.au (H.F. Gholipour), farzanegan@uni-marburg.de (M.R. Farzanegan).

1. Introduction

Family formation and changes in fertility rates have significant relevance for policymakers around the world[1]. All world regions have experienced a reduction in fertility rates. In some regions, such as the Middle East and North Africa (MENA), the fall in fertility rates is significant: from total of 6.87 births per woman in 1960 (the highest in world) to 2.74 births per woman in 2012, close to the world average of 2.47 (World Bank, 2014). There are different socio-economic, political, and institutional reasons for reduction in fertility rates[2]. Increasing marriage age due to rising economic and financial costs of family formation is one of major drivers of lower fertility rates, especially in countries where unmarried partners with children are rare and not protected by formal and informal institutions, such as in Iran.

During the last decade, one of the major socio-demographic trends taking place in Iran has been an increase in age at marriage and a decrease in the marriage rate. According to *Iran's National Organization for Civil Registration*, 48% of women and 46% of men are of marrying age but have not married yet (BBC, 2013a). Similarly, another survey study conducted by Abhari (2013) showed that 84% of young Iranians[3] of marrying age cannot afford to marry.

Table 1 shows the changes in age at first marriage of men and women in Iran. As can be seen, over the last three decades, the mean age at first marriage has risen from 23.8 to 26.7 for men and from 19.9 to 23.4 for women.

In addition to the increase in age at first marriage, the marriage to divorce ratio shows a continual decreasing trend, from 16 in 1993 to a historically low level of 5 in 2013. This is the lowest ratio of marriage to divorce in Iran since 1965[4]. The growth rate of total number of marriages in Iran has been negative for 3 subsequent years: 2011 (−1.9%), 2012 (−5.1%) and 2013 (−6.7%). Such a consistent negative growth trend is also a unique development that was not seen in past decades in Iran.

Delaying family formation and the marriage crisis, among other factors, has resulted in significantly decreasing fertility rates since early 1990s in Iran. On average, each Iranian woman in 1989 had 5 children. This number fell to 1.86 in 2006 and then to 1.91 in 2012. Family control policies, which began in the 1990s, proved to be effective in reducing population growth by increasing the participation of women in the education system, subsidizing family control tools and access to health instruments, and providing more opportunities for women in the job market. Some countries use such historical changes in fertility behavior as a golden opportunity for higher savings, investment and growth. Others fail to benefit from it. The negative trends in fertility rates in Iran and increasing marriage age have become major concerns for the religious leaders of Iran

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[1] Decreasing fertility rates of families shape the speed and duration of demographic transition (i.e. increasing working age population). It is shown that when there are good policies for meeting the basic economic and political needs of youth, such a demographic transition can result in a boost for the national economy. If the political institutions and economic structure fail to meet such needs, including affordable housing, then the demographic transition may convert to a demographic curse, destabilizing political systems as reflected in the Arab Uprisings since 2011 and the Green Movement in Iran in 2009 (see Bjorvatn and Farzanegan, 2013 for more details).

[2] For example, see Hondroyiannis and Papapetrou (2005) in which they show that in a sample of 18 European countries, in the long run an increase in real output per capita will be associated with higher fertility while positive employment shocks are responsible for the deterioration of fertility. Or in another study for China, Hasan (2010) shows a negative long-run causal relationship from per capita income to population.

[3] Iran is a very young country, with 55% of the population under 30 in 2011.

[4] Data are from the Iran National Organization for Civil Registration: https://www.sabteahval.ir/Default.aspx?tabid=4821 (access 11 February 2015).