

Economic recession and fertility in Europe

Tomáš Sobotka

Vienna Institute of Demography (Austrian Academy of Sciences), Wittgenstein
Centre for Demography and Global Human Capital

International Congress on Demography
Santiago de Compostela, 21 March 2014

EURREP

FERTILITY AND REPRODUCTION
IN 21ST CENTURY EUROPE



European Research Council
Established by the European Commission



Wittgenstein Centre
FOR DEMOGRAPHY AND
GLOBAL HUMAN CAPITAL

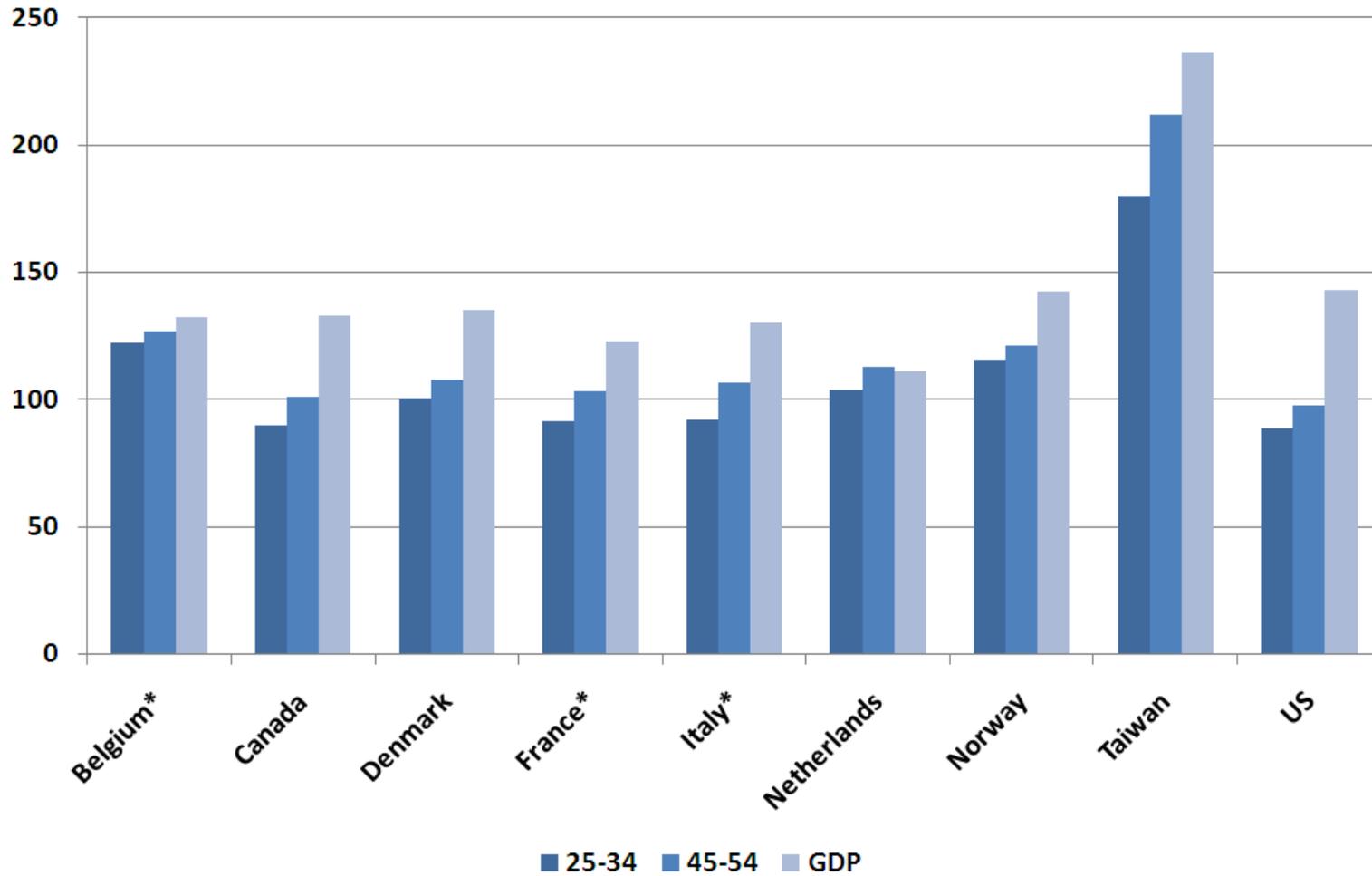
CHANGING PATHWAYS TO FAMILY FORMATION

Long-term shifts prior to the recession:

- Expanded education
- Longer partner search, less conventional living arrangements (+ reliable contraception)
- Higher tolerance of voluntary “childfree” lifestyle
- Rising labour market uncertainty, high youth unemployment, unstable jobs (especially for lower-educated & in Southern Europe)
- Mills & Blossfeld (2004): young adults ‘losers’ of globalisation process
- Vanhuysse (2013) *and others*: social spending unequally distributed, “pro-elderly bias”; rise of “gerontocracy” (Berry 2012)

→ *Delayed family formation, in some countries (very) extended stay in parental home (Southern Europe, CEE)*

Change in real wages and GDP per worker in 1980s – early 2000s [rescaled to 100 – in 1980s]



Source: Skirbekk-Stonawski-Sanderson (2010): *No country for young men*. Computations based on Luxembourg Income Study

COMMON PRECONDITIONS FOR FAMILY FORMATION in contemporary Europe

- Completing education
 - Achieving relatively stable employment (also important for childcare & family support)
 - Accumulating resources (income, wealth, sufficient housing)
 - Having a stable partner (marriage no longer necessary)
 - Feeling ready for parenthood
-
- Not only support for families, but also living conditions and choices of young adults in pre-family stage matter
 - >2008: Economic position of young adults deteriorating rapidly in most countries; potentially negative effects on family formation and fertility
 - Government spending in times of austerity: *intergenerational (in)justice?*

EMPLOYMENT INSTABILITY AND FERTILITY

Multiple effects of instability: part-time jobs, unemployment, time-limited contracts, job changes, downward mobility, income loss...

Strong effect identified for first births and partnership formation (also indirect effect on first births); especially for M

- Adsera 2005, 2009, 2011; Pailhe 2009: Negative effect of unemployment, unstable work and time-limited contracts on 1st & 2nd births and intentions
- Neels et al 2012: Adverse economic conditions & unemployment depress birth rates among M+F < age 30
- Oppenheimer 1994: loss of men's income key factor in couples' reprod. decisions (*male breadwinner model still at work!*); also Schmitt (2012)
- Sobotka et al. (2011): Negative link between economic downturn and aggregate fertility

Policies may eliminate some of the effects, especially those related to income loss (Andersson 2000, d'Addio & d'Ercole 2005)

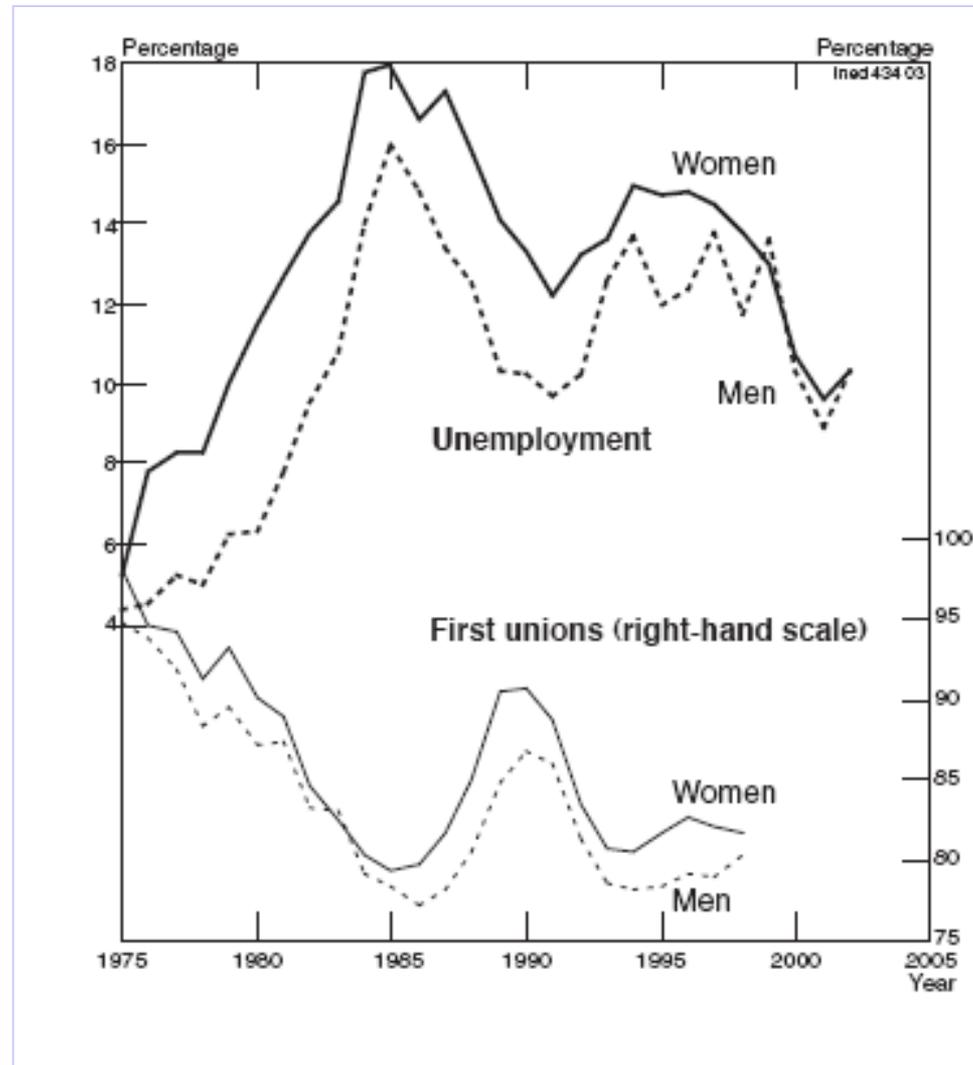
Youth unemployment (% aged 20-24) and partnership formation in France

Source:

F Prioux (2003)

Age at first union in France: a two-stage process of change.

Population-E 58(4): 559-578.



FAMILY CHANGES DURING THE RECENT RECESSION

Why is the recent recession likely to have affected fertility?

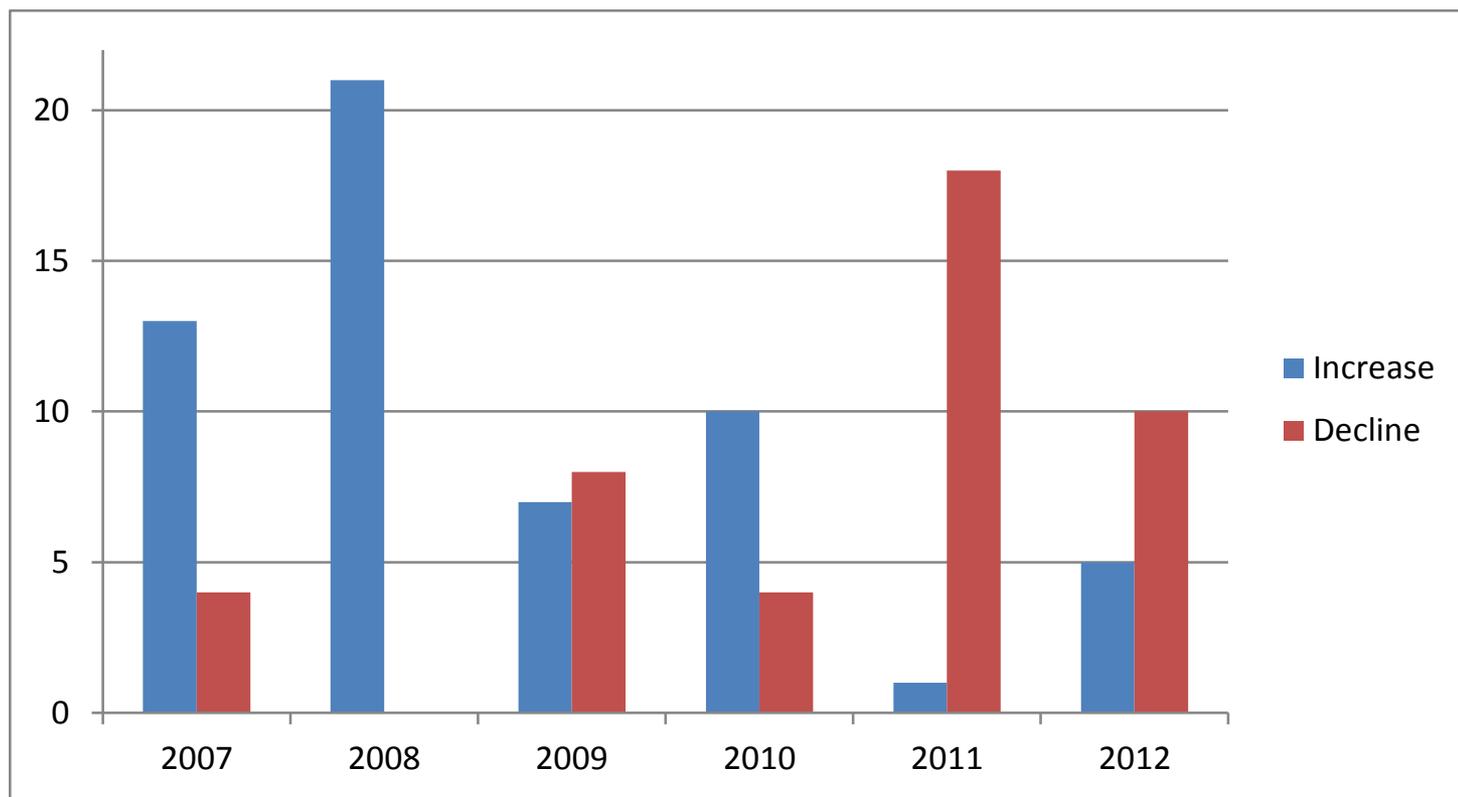
- Massive unemployment in some countries
- Strongly affects young adults, further exacerbates the previous trend of rising economic and employment uncertainty
- Massive cuts in government budgets, also for family support (*double-dip effect on fertility?*)
- Prolonged duration of the recession; loss of hope in the future (Southern Europe)
- Effective contraception, better access to abortion, “morning after” pill

Strongest expected impact:

- Countries hit most by the recession (Y, partly)
- Weaker welfare state environment (?)
- More educated F (?)
- Migrants (Y)
- Younger women (Y), first births (Y / mostly)

Overall picture: Europe

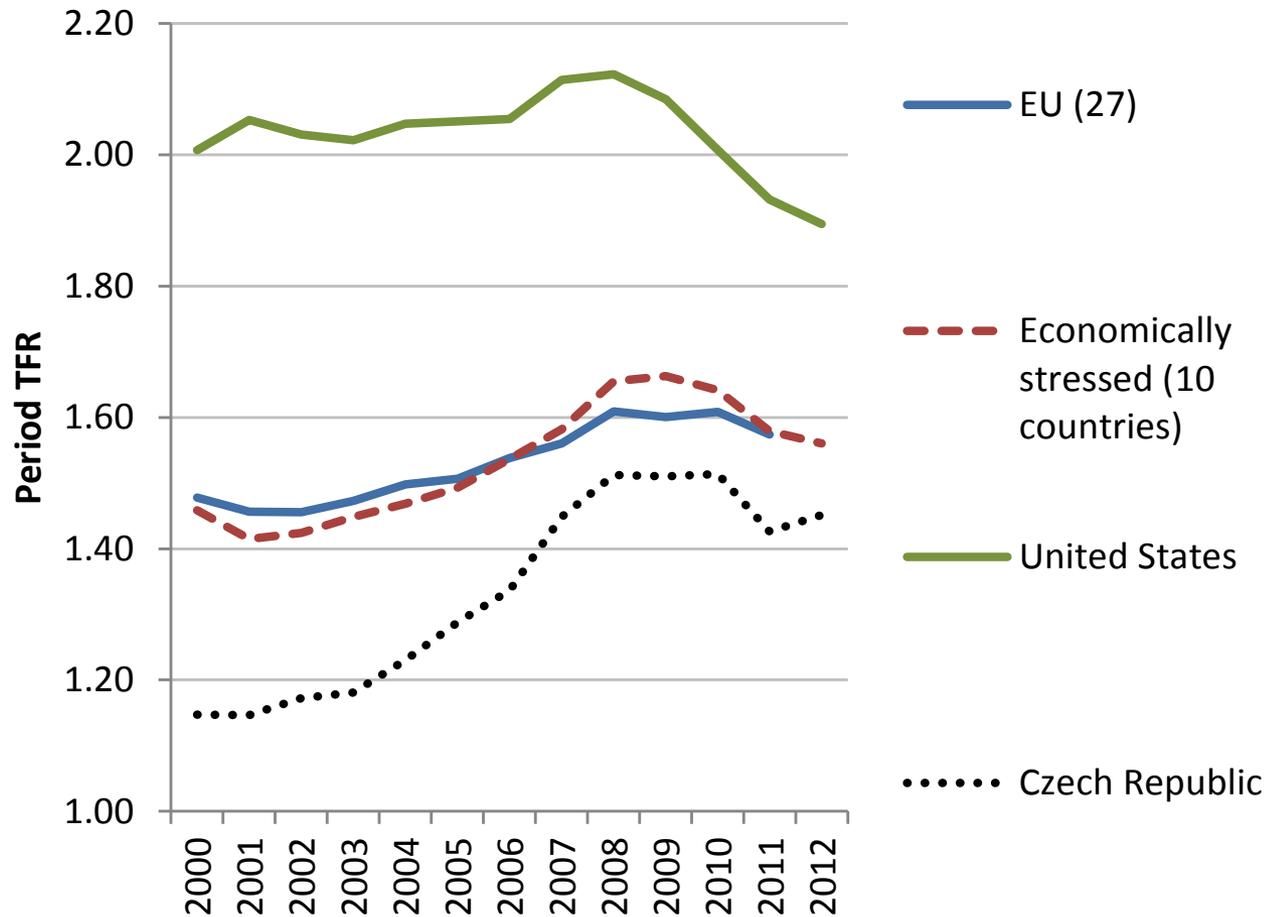
Number of countries experiencing increasing or declining fertility, 2007-2012 (21 countries, excluding Eastern Europe)



Source: Own computations based on Eurostat 2013.

Data for 2012 missing for 4 countries

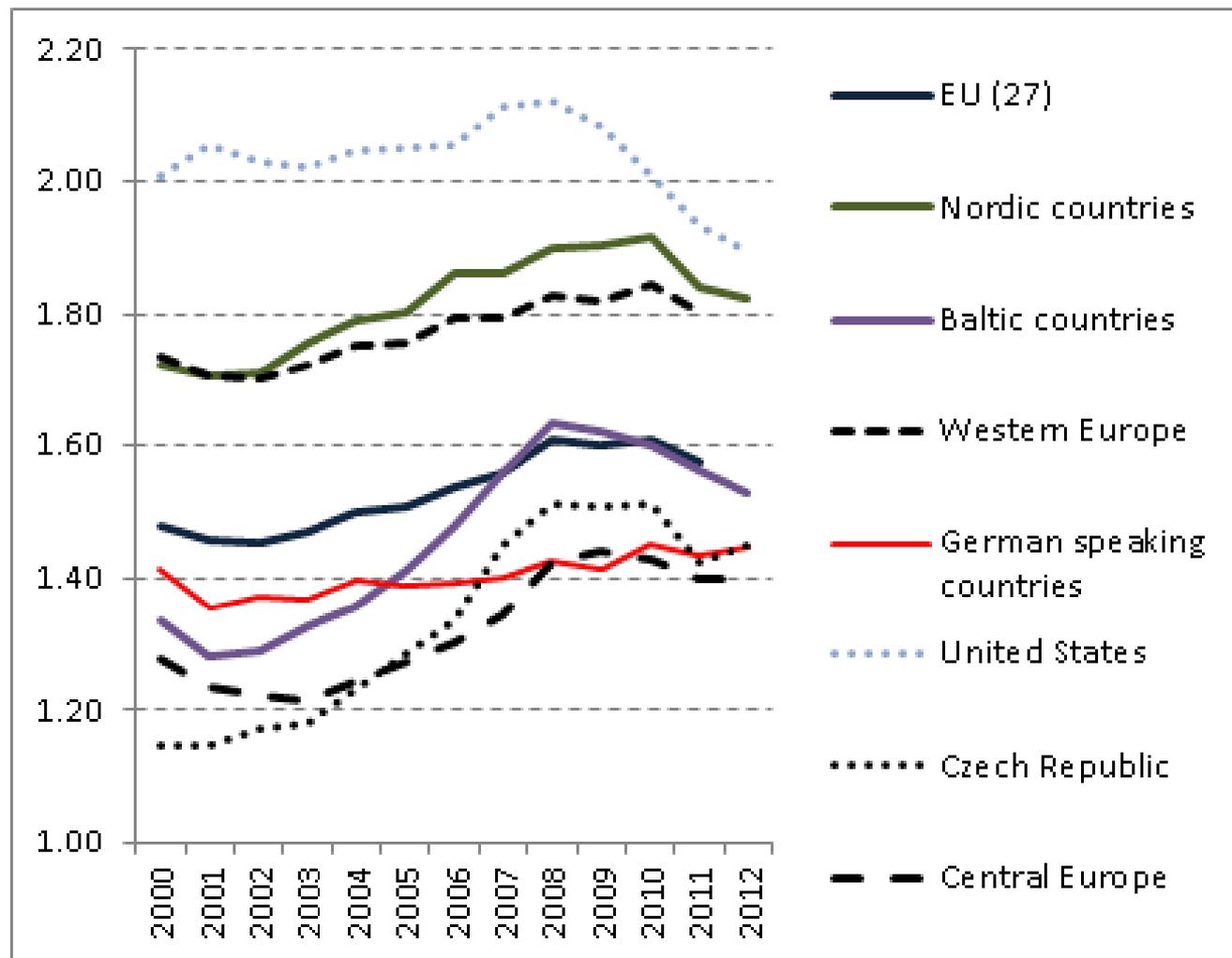
Trends in the period TFR, 2000-2012



Source: Own computations based on Eurostat 2013.

Data for 2012 missing for 4 countries

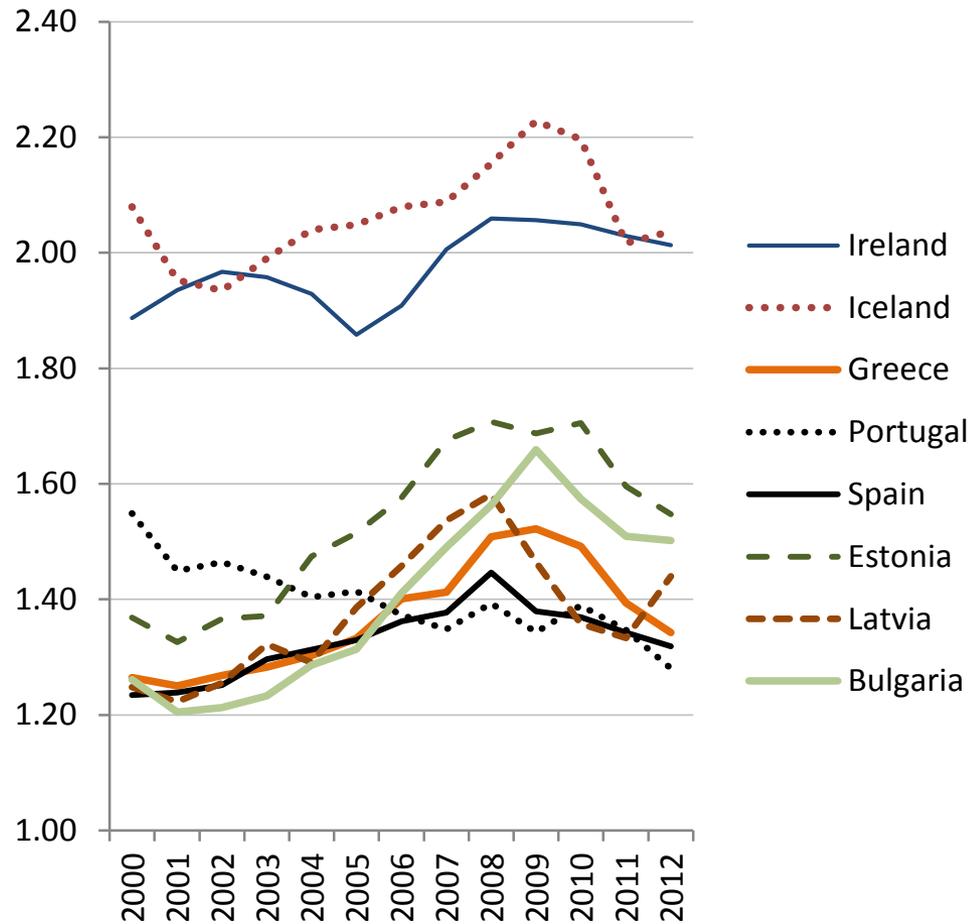
Trends in the period TFR, 2000-2012 (regions)



Source: Own computations based on Eurostat 2013.

Data for 2012 missing for 4 countries

Trends in the period TFR, 2000-2012 (countries most affected by the recession)



Source: Own computations based on Eurostat 2013.

Data for 2012 missing for 4 countries

Changes in the age schedule of childbearing

US: Fertility in 2008-9 declined most among young adults

% change in birth rate



Note: Birth rate is the number of births per thousand women. Birth rate data for 2009 are preliminary.

Source: Statistics calculated using data from National Center for Health Statistics

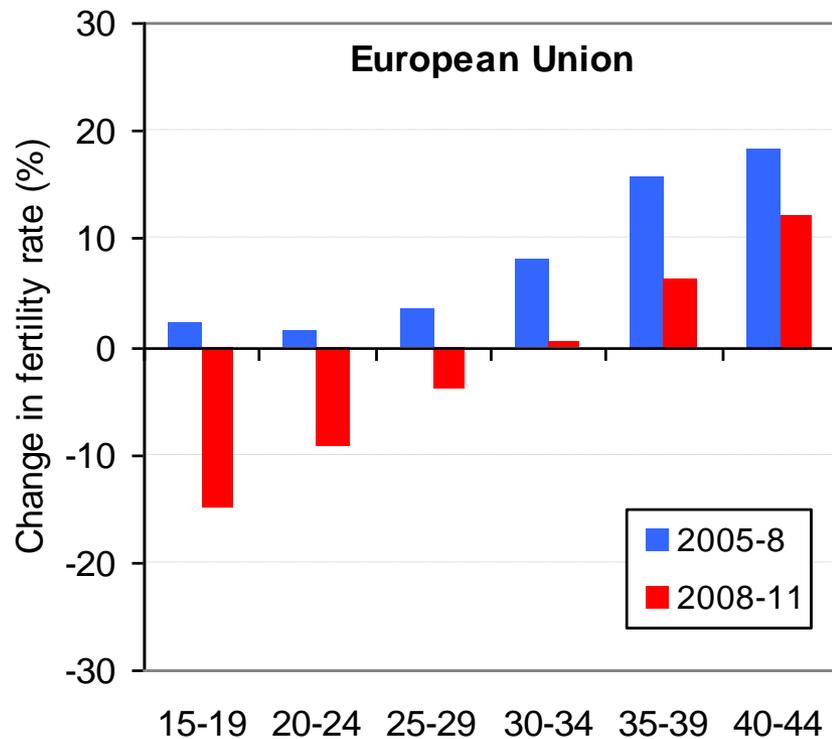
PEW RESEARCH CENTER

Source:

G. Livingston (2011):
In a down economy, fewer births,
Pew Social & Demographic Trends
October 11, 2011

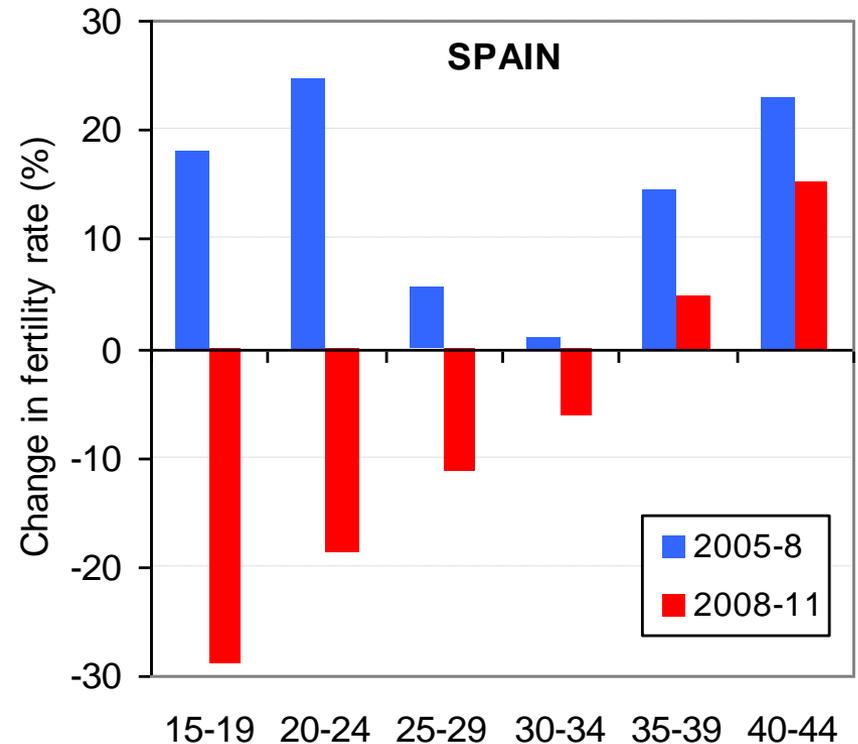
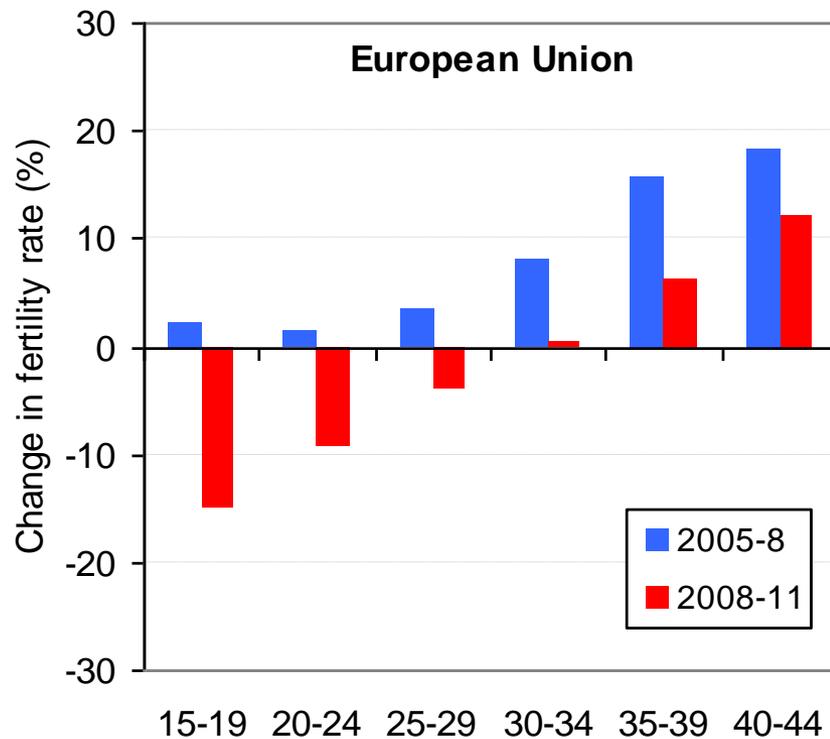
TFR trends during the recession: falling early fertility

Changes in age-specific fertility three years before (2005-8) and three years into the recession (2008-11)

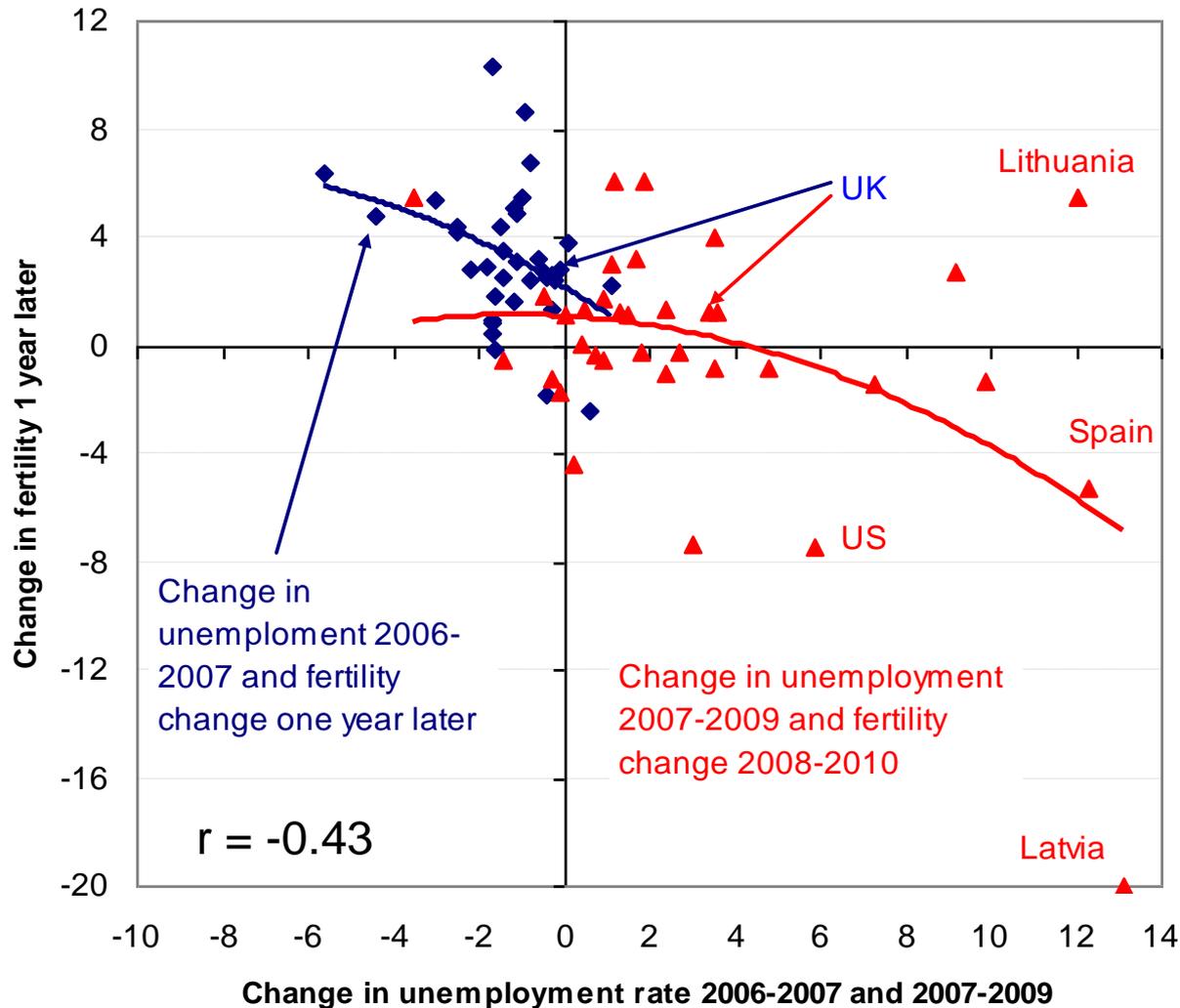


TFR trends during the recession: falling early fertility

Changes in age-specific fertility three years before (2005-8) and three years into the recession (2008-11)



EUROPEAN UNION and the US, 2006-10: Unemployment trends and live births



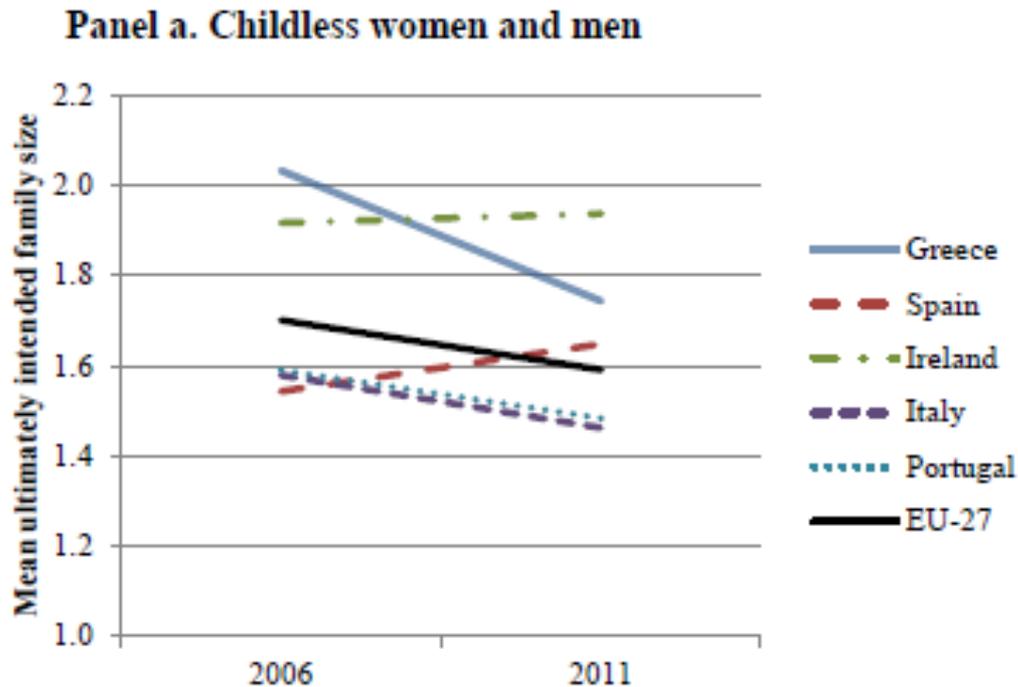
Unemployment data:

Own computations from Eurostat (LFS quarterly statistics), and US data based on *Current Population Survey*; data pertain to age group 15-39, in the US to 25-34

Fertility intentions

Some evidence on declining fertility intention (childless women, PIIG countries)

Figure 5: Mean ultimately intended family size (UIFS). Women and men aged 20 to 45. PIIGS countries and EU-27. Years 2006 and 2011



Source:

MR Testa & S Basten

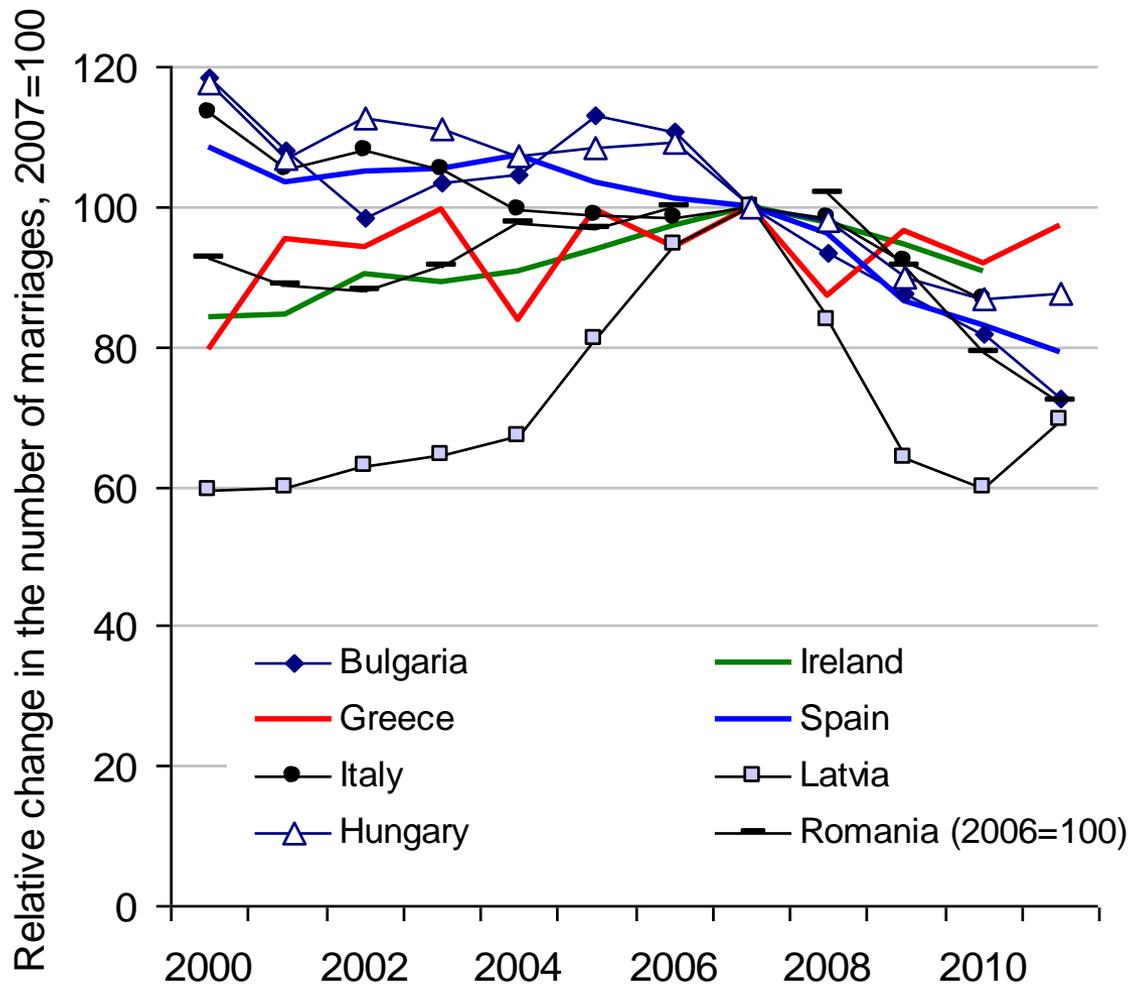
“Fertility intentions and the Great Recession in Europe”

Presented at the 2013 annual PAA meeting, New Orleans, April 2013

US: Pew Research Center Survey 2009 (respondents aged 25-34)

- 21% said they postponed marriage
- 15% said they postponed getting a child

Trends in the number of marriages, 2000-2011



Trend in the relative number of marriages in selected countries, 2007=100

Source: computations based on Eurostat (2012)

US evidence: More young adults living with parents (Morgan et al. 2012)

DISCUSSION, POLICY RESPONSES

The Great Recession has accelerated some of the previous family trends

The “*lost generation*”:

- Sharp fall in fertility & marriage rates, esp. young adults
- Birth *postponement* (sharper decline in first birth rates)
- More uncertainty in intentions among the childless
- Longer stay in parental home (evidenced in the US)

EU-27: 13% young adults NEETs; close to 20% in IT (European Foundation 2011)

Selected possible policy responses & ideas

...not all of them readily acceptable...some cost money...

1. *Increase labour market flexibility, tap unused LM potential of young adults, women, migrants*

- *DK: 'flexicurity'*: extensive retraining, lower LM protection, but unemployment protection & short duration of unemployment
- Support flexible work arrangements—work days, work hours—that make it easier for parents to combine job and family
- Remove remaining facets of insider-outsider labour market disparities

2. *Reduce poverty and income inequalities among the young*

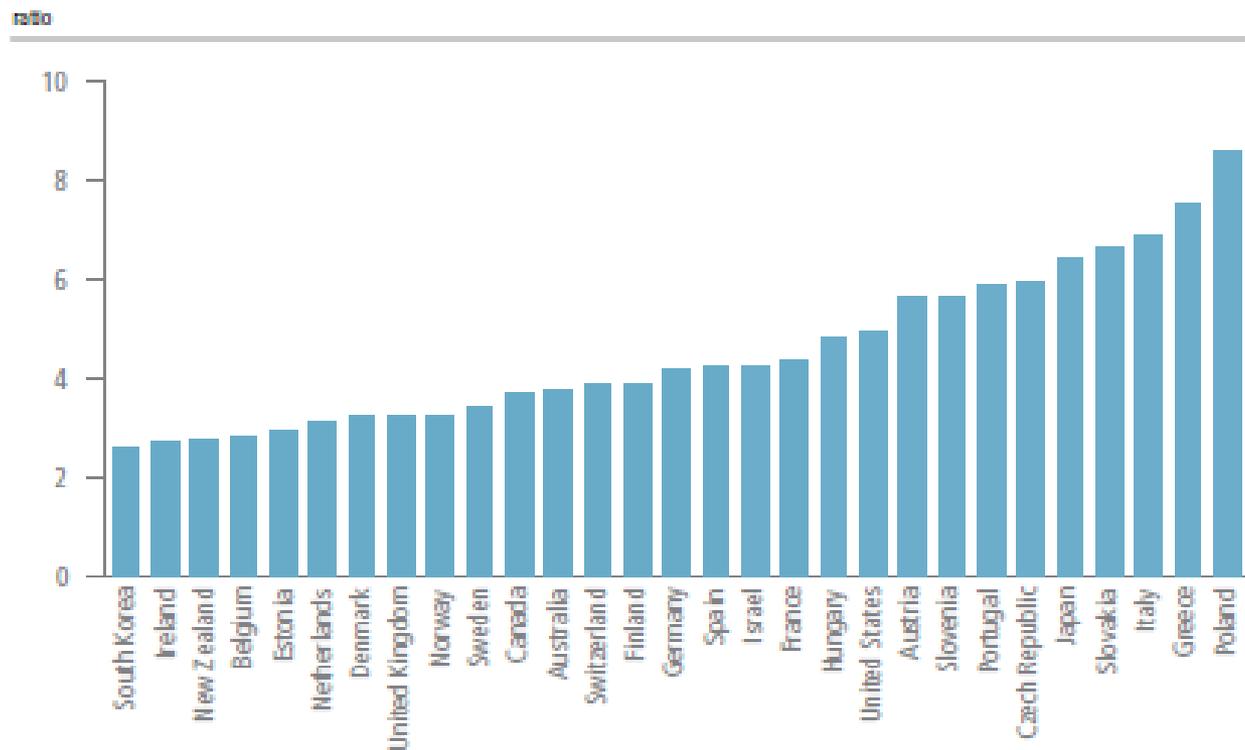
- More young adults live “on the margins”
- Threat to their family formation; “reproduction of poverty”

3. Reduce elderly bias in social spending

- Many countries experience declining IG justice
- **EU poverty rates 2008 to 2011**: young adults (18-24): 19.9 → 21.7%; elderly (65+): 19.0 → 15.9% (Eurostat database, 2013, based on *EU-SILK* survey)

The elderly bias in social spending, OECD, 2007-8

Figure 6: The elderly-bias indicator of social spending EBiSS, 2007 – 2008



Most pro-elderly biased countries:
Poland,
Greece, Italy,
Slovakia,
Czech Rep.,
Portugal,
Slovenia,
Austria,
EBiSS>5

Source: Author's computations from the OECD SOCK database and OECD (2011).

Bertelsmann Stiftung

SOURCE: Vanhuysse, P. 2013. *Intergenerational Justice in Aging Societies. A Cross-national Comparison of 29 OECD Countries*.
Gütersloh: BertelsmannStiftung, p. 27.
www.sgi-network.org/pdf/Intergenerational_Justice_OECD.pdf

4. Expand options for family formation and home care for children among those temporary out of employment

- “Productive use” of the time out of labour market
- Reducing the link between labour market involvement and leave benefits during uncertain times
- **Paying parents for the home care:** unintended “strategy” in Finland during the early 1990s recession
- Preferential loans and housing subsidies for young families experiencing unemployment / unstable employment

tomas.sobotka@oeaw.ac.at



European Research Council
Established by
the European Commission

Work on this presentation was funded by the European Research Council under the European Union's Seventh Framework Programme (FP7/2007-2013) / ERC Grant agreement n° 284238 (EURREP).

EURREP website: www.eurrep.org