For a Session 13 Policy issues

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Family Policy and Fertility in 23 European countries

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Several theoretical and empirical papers have discussed influence of family policy on fertility. However, the number of analyses about the link between family policy and demography remains modest (Hoem 2008, Hantrais 1999) when compared with numerous writings about fertility, family policy development and classifications of countries according to welfare regimes. There are some theoretical (McDonald 2002, 2006) and empirical papers with an evidence (Björklund 2006, Olah 1998, Frejka et al 2008) about the possible influence of family policy on fertility. Often missing causal relationships between policy and demographic behaviour are reported (Wennemo 1994, Hantrais 1997), but the most frequent conclusion from these papers is that, even if there is a relationship between family policy and fertility, its nature is more indirect than direct, and family policy has only a limited impact on birth rates (Gauthier and Hatzius 1997, Frejka et al 2008), mostly on the timing of childbirth (Gauthier 2007, Frejka et al 2008) or that family policy is a necessary, but not a sufficient (Rønsen 2004) fertility factor, or it can be explained by configurations of factors (Rijken 2006). Hoem (2008) concludes that, in general, national fertility is possibly best seen as a systemic outcome that depends more on broader attributes, such as the degree of family-friendliness of a society, and less on the presence and detailed construction of monetary benefits.

The concrete aims and practices of family policy vary in different countries. Data from the United Nations database about official attitudes and policy intentions of governments shows that in 1999 - 2005 the number of countries with pronatalist rhetoric has increased, but only 24 developed countries out of the 45 reported that the direct aim of the family policy was to raise fertility in 2005 (Ainsaar 2009). The other aims are related to the maintenance of fertility, gender equity, family well-being etc.

Aim of the paper is to analyse the influence of family policy on fertility in developed countries within the context of several environmental indicators. General wished number of children, share of women forced stay at home because of family, general wealth level and different family policy measures are added to the model. The database includes 23 countries from East, West, North and South Europe. In order to provide more sensitive analyses, family policy is divided into pronatalist and child well-being sections. In this paper, pronatalist policy is defined as a support for families before and one year after the birth of a child, and child well-being policy is measured as a support for families when the child is older. Family policy influence is modelled on the context of values, wealth and women's employment restrictions because of the family. The particularity of these analyses lies in the application of relative social policy data that are standardised according to the country's wealth level and family type.

Method

Family policy is defined as policy incentives directly targeted at families with children and related to child rearing (family benefits, and different parental leaves schemes) in this article. This definition coincides with the approach used by Eurostat. Accordingly, deductions related to income tax are excluded from the analysis, because their influence is

indirect and are often considered not as a part of family policy (see Eurostat). Because of the great variability of the family policy according to the number of children in the family, the income level of the household and the age of a child, a standard family is often used for comparative purposes. In this paper we used two couples' families, where both parents have an average income and have one child in their family for a unit of analysis. The family with the first child is used, because the birth of first parity child is the most frequent event in all countries. In the process of the analysis also, main tests were run according to the second parity child and the corresponding policy, but as the main outcomes remained the same, the articles cover only first parity child family results.

An effect of family policy in 2002 on total period fertility rate in 2003 is analysed in the paper. We use period rates because the family policy itself is always period dependent and therefore the use of cohort fertility rates would be inappropriate. We assumed that the effect of the policy can be observed with some delay. Time lag between the policy and the outcome measure is needed because the period between the decision to have a child or conception and the birth of a child takes at least nine months. Different combinations with time lag were analysed during the process of data analyses, but a one-year step remained theoretically most justified. A longer period is not reasonable because of possible changes of policy incentives.

Data about family policy are acquired from the European Commission, Social Security Online, Luxembourg Income Study and different scientific papers[1]. All family policies are

[1] Sources of data are as follows: Council Directive 96/34/EC of 3 June 1996 on the framework agreement on parental leave concluded by UNICE, CEEP and the ETUC. Official Journal L 145, 19/06/1996 P. 0004 – 0009. [http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=CELEX:31996L0034:EN:HTML]. 17.04.2005;
Columbia University. 2004. The Clearinghouse on International Developments in Child, Youth & Family Policies. [http://www.childpolicyintl.org]. 17.04.2005.
Social Security Online. 2002. Social Security Programs throughout the World: Europe 2002. [http://www.ssa.gov/policy/docs/progdesc/ssptw/2002-2003/europe]. 17.04.2005.

divided into two parts: pronatalist policy and child well-being policy. Pronatalism means semantically that policies are orientated towards a rise in fertility. The pronatalist policy in this paper is defined as policy incentives shortly before and after the birth of a child until the first birthday of a child. Birth grants and parental leave schemes are the most typical measures in this group. Parental leave policies can occur for several reasons; therefore the line of the first birthday of child is used as an upper limit for the pronatalist policy. The rest of the family policy is named child well-being policy in this paper. A one-child family with a nine-year-old child is used as a unit for cross-country comparisons. In order to standardise the support for families in different countries with different living standards, all monetary benefits are presented in the analyses as a % of an average worker's salary in the same country.

For an evaluation of the joint effect of the policy on fertility we use the regression model with family policy indicators and additional macro level independent factors, which can shape fertility – the desired number of children, the standardised wealth level in the country and the proportion of women at home because of the family. The desired number of children by 18-39 year-old women in 2002 was acquired from Testa (2006). The other independent factor in the model is the general wealth level in the country. According to Becker's theory, wealthier people could afford more children. Wealth is measured as GNI per capita adjusted by purchasing power parity (PPP) in order to standardise different cost of living effects. In order to secure the equal statistical weight of the indicators in the regression model, the true number of GNI PPP was divided by 1000. In addition, the

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MISSOC. 2002. Social Protection in the Member States in the EU Member States and the European Economic Area. Situation on January 1st 2002 and Evolution.
[http://europa.eu.int/comm/employment_social/missoc/2002/index_en.htm]. 17.04.2005.
MISSCEEC. 2002. Mutual Information System on Social Protection in the Central and Eastern European Countries Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic and Slovenia. Situation at 1 January 2002. [http://europa.eu.int/comm/employment_social/missceec/index_en.html]. 17.04.2005.

proportion of 24-54 year-old women who were forced stay at home because of the family was added to the model. It was assumed that a social environment where it is common for women to be forced to stay at home because of the family might discourage women from bearing children.

The majority of comparative analyses of the family policy have been oriented towards West-European countries and only very few had included East-European countries (see some examples Forsseen 2000, Stropnik 2000, Bahle 2008). This paper includes both West- and East-European examples. Data from 23 European countries are used for the analyses: Austria (AT), Belgium (BE), Czech Republic (CZ), Denmark (DK), Estonia (EE), Finland (FI), France (FR), Germany (DE), Greece (EL), Hungary (HU), Ireland (IE), Italy (IT), Latvia (LV), Lithuania (LT), Luxembourg (LU), Netherlands (NL), Poland (PL), Portugal (PT), Slovakia (SK), Slovenia (SI), Spain (ES), Sweden (SE), and United Kingdom (UK). The number of countries in the final analysis was determined by the availability of all indicators in the analyses.

Conclusions

Although only a limited number of background data were added to the final model - the model produced remarkably high scores in describing the fertility variability – more than 80%. The main results demonstrated that the child well-being policy supports fertility while the pronatalist policy around the first year of the birth of a child did not have any statistical results in connection with fertility. Also the desired number of children, the general level of wealth and the proportion of women at home because of the family had a strong influence on fertility. The desired number of children played the most crucial role

in fertility outcome and needs further profound investigations. The result allows one to draw the conclusion that stronger support for families can support higher fertility, and although models showed that family policy can support fertility independently, it turned out to be more effective in combination with favourable social environment conditions.