



François HÉRAN



Fertility and family-support policies: what can we learn from the European experience?

Keynote speech

Opening ceremony of the 27th International Population Conference

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Thank you very much, Mr. President¹. It is really a great honor to take the floor in this ceremony. It is also a moving moment. I remember our first conversations in Paris and Seoul nine years ago. You had already this dream to welcome the International Population Conference in your country. Here we are finally, thanks to your extraordinary commitment and perseverance.

It is no accident that this conference is being held here, in the Republic of Korea, one of the nations with the world's lowest fertility levels. At the same time, I don't know of any other society that has enjoyed such a rapid transition through all the stages of economic development. Mr. President, you are a representative of the generation that invested all its energy to make this possible. But you are not resting on your laurels; your main concern now is the future of Korea and, above all, its demographic future. My presentation will partly reflect the point of view of a researcher who happens to work in a nation —France— that has long cultivated an interest in family policy. Naturally, researchers from Australia, Canada, Germany, Italy, the Netherlands, Sweden, UK, USA and others have been working for years to assess the effectiveness of family policies. Many colleagues in this hall are much more qualified than I am to address this issue, starting with the President of IUSSP himself, Peter McDonald.

¹ Dr. Park Un-Tae, President of the National and the International organization committees.

On the eve of the Second World War, France held the world record of population ageing. The situation is now radically different, not because France has escaped the “second demographic transition” but because it experimented an early version of transition. However, neither France nor any other European country can give lessons to anyone. Europeans must analyze their own experiences and try to understand how far the rebounds in fertility they observe here and there can be explained by the implementation of family policies. This is very challenging because a family policy is partly rooted in an “embodied” or “encultured” knowledge which is not easily transferable.

Fertility trends and economic shocks

Let us look first at the fertility trends in a selection of OECD countries —up until the latest estimates released some weeks ago (figure 1). As usual with a period indicator, we observe unexpected lags and rebounds, but the divide between the hard version and the soft version of the second demographic transition is still visible: a first group of countries is close to the replacement level, while a second, including Korea, stays below. The gap between both groups has approximately the magnitude of a baby-boom: half a child —a big difference in demography when it persists for decades...

The recent economic shocks are a major test for the persistence of this divide and the effectiveness of family policies. Take the “Great Recession” of the year 2009 (figure 2). This is a global crisis; no country has been left untouched. The emerging economies are off the top of the graph —their GDP is growing faster than the Western average, approximately four or five points above. However, their economies dipped at the same time, and in the same proportion. In Europe, the crisis has been more severe in vulnerable countries such as Spain, Greece or Bulgaria (figure 3). Joshua Goldstein and his colleagues have recently examined its impact on fertility trends in OECD countries (Goldstein et al., 2013). The impact is generally negative; in some countries it has even wiped out the effect of the recent fertility rebound (figure 4). Significantly enough, the countries with a high level of welfare and family support (France, the Nordic countries, but also the UK) are more resilient to the recession: they have succeeded so far in cushioning the impact of the economic shock on fertility. The decline in fertility or, at least the postponement of childbearing, is observed mainly in Southern and Western Europe, but also in the United States (figure 5). In this last case, the crisis seems to affect the fertility behavior of the most vulnerable minorities.

Naturally, the authors are aware that this drop may affect only the *tempo* of fertility, not necessarily the *quantum*. But the magnitude of the shock, reflected in the sudden rise of unemployment, is unprecedented in the last decades. Cohort fertility may eventually be affected.

Family policy in OECD countries: a contrasting landscape

Let’s take a closer look at the landscape of family policy across the OECD countries. Family policy is a minor but significant part of the welfare system. The latest figures in the OECD Family Database reflect strong variations between countries in public spending for families (figure 6). The UK, Ireland and France devote at least 4% of their GDP to family support. The Nordic countries form a rather homogeneous group, characterized by exceptional emphasis in childcare services. By contrast, public spending for family policy remains very modest in Southern Europe. The same is true for the US, where families may receive private or community support, not included in these kind of data. Japan and Korea bring up the rear, reflecting the position of the liberal Asian countries.

However, a closer look reveals that, since the recent reforms, Korean spending now includes a substantial contribution in kind, which is parallel to the German effort in the same direction but at a much higher level.

Public investment in **early childcare** varies considerably, from the Nordic countries to the German-speaking area, Japan and the former communist societies (figure 7). Cultural and political patterns seem to be rather stable in general but there are two notable exceptions: *Germany* is rapidly progressing and *Korea* is going through an impressive revolution. In just four years, from 2006 to 2010, it has moved towards a high level of enrolment in early child care, close to the Western European standards and far above Japan.

To what extent is this investment in early childcare linked to a parallel investment in pre-school between ages 3 and 5?

Let us plot (figure 8) the enrolment rate of children enrolled in childcare (on the vertical axis) against enrolment in the pre-school system (on the horizontal axis). In the Nordic countries, followed by France and UK, the two phases are linked. The other English-speaking countries hold a middle position, while the German-speaking countries, together with Japan, have promoted the pre-school system without a parallel development in early childcare. The former communist countries have different attitudes towards pre-school but seem to share a strong aversion to early childcare services, as if they were still reacting against the system of collective organization in place before the Iron Curtain was lifted. The progress made by Korea is amazing.

It is still too early to measure the impact of the Korean reforms on fertility behavior. This experience will certainly attract the attention of population scholars in the coming years, far beyond these crude descriptive statistics. Now, will these reforms provide a solution to the Korean fertility problem? The development of some tax incentives, such as the EICT (Earned Income Tax Credit) recently imported into Korea from the US, will be certainly more effective than the French “tax-splitting system” (the so-called *quotient familial*, which helps the rich more than the poor...) (figure 9). But, as we all know, other dimensions must be taken into account.

The crucial question is: can we rely on a single instrument—here the development of childcare—to create a child-friendly environment likely to reduce the barriers to fertility?

The Thévenon-Luci study: the importance of mixed packages acting over the long-term

In an upcoming publication, Olivier Thévenon and Angela Luci clearly answer “no” (figure 10). Using macro panel data from 18 countries between 1982 and 2007, they have measured the extent to which the major instruments of family policies contributed to the fertility rebound observed in the OECD area and elsewhere from the end of the 1990s. They examine how changes in family policy are paralleled by changes in fertility. Three kinds of measures are identified: paid leave, childcare services and financial transfers (figure 11). Each one has a positive impact on fertility change, even after controlling for birth postponement, female labor participation, unemployment rate and the national welfare context. Two main results emerge:

1. The most effective formula for raising fertility is **a mix of measures**, in-cash and in-kind, which combines *short-term* help before and after the child’s birth and *long-term* support during the child’s development.
2. The *continuous* provision of childcare services after the birth and during early childhood turns out to be much more favorable to fertility than parental leave or cash payments at the time of childbirth.

The fascination of policy-makers for encouraging births through cash payments betrays a desire to ensure quick results, but the motives of individuals and couples cannot be narrowly restricted to a short-term economic perspective, even if opportunity cost is added to the cost of education. Such one-shot measures provide an incentive to bring forward childbearing, but not to raise the final number of children. They may also create a “deadweight effect” if the lump-sum amounts mainly benefit couples who have already decided to have children in any case. The non-significant or negative impact of long-term parental leave and birth grants is well known (e.g. Kalwij 2010). Thévenon and Luci fully confirm this result; they show that the small effect of leave payments and birth grants on fertility disappears when the tempo-adjusted measure of fertility is used. This is hardly surprising: the completed fertility rate cannot be affected by one-shot measures.

Interestingly enough, Thévenon and Luci confirm that the same policy may have effects that differ according to the institutional context, in particular the way in which the welfare regime addresses the issue of the work-family balance for men and women.

The reversed relationship between female employment and fertility behavior

The relationship between female employment and fertility behavior is of special relevance in Korea. It is now common knowledge—at least within the demographic community—that the correlation between female employment and childbearing has reversed in the Western world in recent decades: it was still negative in 1980, but it is now clearly positive (figures 12-17). In just one generation, women’s labor force participation has increased spectacularly everywhere, but sometimes with very contrasting consequences from one country and another. In Southern and Central Europe it increased at the expense of fertility, while in Northern and Western Europe fertility it has risen slightly. France and the English-speaking countries belong to the first group; Spain, Greece and Portugal are spectacular examples of the second group. So are Germany and Japan.

What about Korea? Its fertility has collapsed in recent decades, so the country is off the picture. You have to expand the graph in order to display the Korean trajectory (figure 18). According to the OECD recommendations issued in its 2011 special report for Korea, the country should encourage women to increase their labor market participation. But the question is: will it follow the trajectory of Western Europe on the path to a better work-life balance and higher fertility, or at least move closer to it?

Needless to say, achieving this trajectory is by no means straightforward. There are major obstacles on the way (Lee Sam-Sik, 2009). The obstacles to the work-life balance are not specific to Korea, they exist in North America and Western Europe as well, but not to the same extent. A good illustration is the employment rate of highly educated women as compared to men (figure 19). Only the Nordic countries are close to gender equality, while the German-Speaking area, the English-speaking one and Southern Europe remain far below. But the gap is still wider for Japan and Korea. Many highly educated women stop working when they marry.

The OECD experts highlighted this “waste of human capital” in their 2011 report on Korea (figure 20). Following the central scenario of the National statistical office, they show that actions designed to increase labor market participation rates could have a strong impact for older workers, but even more so for women.

A related issue is the very high cost of education in Eastern Asia, reflecting the liberal philosophy of a distant relationship between autonomous lineages and the State. It certainly has an impact on the trade-off that women must make between private educational investments on a unique heir on the one hand, and their labor market participation on the other.

Flexibility versus rigidity

May I suggest, in more general terms, that a major obstacle to the success of a family policy lies upstream, in the dual *rigidity* of family structures and labor law?

We can mention:

- first, the frustrating contradiction between *female superiority* in education and *male domination* in the workplace (a universal issue in the advanced economies!);
- second, the duality in partnership status (marriage vs. cohabitation);
- third, the strong duality of the labor market: according to the OECD report on social inclusion in Korea, a return to work after maternity leave is not fully guaranteed: women may be obliged to seek employment in sectors where protection is weak.

Family policies must tackle these institutional barriers and, so to speak, inhibit the inhibitions to childbearing.

The persistence of the male breadwinner model, including for highly educated women, is a first illustration of this rigidity. Rigid family structures are subject to male domination, reflected in two pervasive beliefs: (i) to have children, you must be formally married; (ii) to raise their children women must stay at home for as long as possible. A variant is: children will suffer in pre-school if their mother is working (figure 21), and this feeling is negatively correlated with fertility at the macro-level, especially if Eastern Europe is excluded from the analysis. Both convictions are the pillars of the “familialistic” (or “familistic”) credo. But here lies the paradox: the societies where both beliefs prevail tend also to be the societies with the very lowest fertility. In modern societies, an excessive focus on rigidly family-oriented institutions and attitudes has become an obstacle to fertility.

To put it in French: “*désormais, le familialisme est antinataliste*”. This does not mean that I am against the family institution. It means we have to define more flexible and tolerant forms of family institutions.

Another indicator of the flexibility of family structures is the proportion of births to unmarried persons (generally couples). In the OECD area, non-marital births are now positively associated with fertility (figures 22-23). Strikingly enough the country-level correlation is valid within Western and Northern Europe, and beyond, over the English-speaking area. However, it virtually disappears in Eastern Europe and is even reversed in Southern Europe and the German-speaking area. This strongly suggests that the positive impact of family flexibility on fertility is not a national phenomenon, but follows a pattern of supranational regions across Europe, each marked by their own historical or “cultural” experiences.

But here we are at serious risk of engaging in tautology. Does this mean that a family policy can succeed only in contexts where a successful family policy is in place? The typology of welfare regimes is an excellent descriptive tool. But we should not convert it into a normative tool. Neither should we imagine that this typology reflects the anthropological essence of each nation. The cultural and linguistic clusters may seem deeply entrenched. But they are mainly the crystallized result of a common and social history.

“Preference theory”

Catherine Hakim, a sociologist from Oxford University, has promoted the so-called “preference theory” (Hakim, 2000). Women should be free to choose between a work-oriented life and a family-oriented life, or to make an opportunistic choice between both. She believes this choice is “genuine” only in a liberal society, where the State remains neutral with respect to individual preferences. Hence, socio-democratic states or conservative

paternalistic states create a strong bias when they modify the conditions of choice, since they abnormally increase the number of work-oriented women.

This theory has been empirically tested (Vitali, Billari, Prskawetz and Testa, 2007) and, not surprisingly, it fits rather well the British social reality, at least before the strong impetus given to the family and to social policy by the Blair government. For most countries, particularly those with large welfare investments, the predictive power of the “preference model” is low or negative. In my opinion, the liberal conception of the links between the citizens and the State is just one model among many, neither more natural nor more artificial than the attitudes shaped by any other welfare regime. In the French or the Danish vision, for example, a “genuine choice” for women and men is a choice in which the democratically established institutions create a form of solidarity which alleviates the obstacles to childbearing and succeeds in broadening the spectrum of solutions for childcare and for work-family.

Equity versus equality?

This reflection can be linked to Peter McDonald’s work on equity and equality (McDonald, 2000; McDonald and Moyle, 2010). To explain the variable success of family policies, demographers should consider not only the objective division of tasks between spouses but also whether this division is perceived as fair or unfair. Now, if we follow this line of reasoning too far, we run the risk of blurring the distinction between internalized constraint and freedom of choice. Even with panel data, it is difficult to interpret reported “preferences”. Do we do what we prefer? Or do we prefer what we do? Our capacity to rationalize past choices is incredibly powerful! In practice, there are multiple ways to organize gender equity in daily life, before and after childbearing, as Gerda Neyer has rightly observed. A policy which privileges the traditional breadwinner model, on the pretext of a natural “complementarity” of gender roles, is far from equity if the full range of options is not open. I already alluded to those women with tertiary education who have to leave their talents and capabilities by the wayside in order to bear and raise children. If they internalize this “choice” into a “preference”, can we say this forced dilemma has nothing to do with indirect or systemic discrimination? And if this “choice” is clearly associated with a fertility level below the desires of the population, can we say the population policy is a success?

It is up to each society to debate these issues. The role of social scientists is to reveal the forces at work and to present all the solutions available, without preferring any one solution over another on the pretext that it is “genuine” or “natural”. The research I have rapidly reviewed suggests that the most effective policy for supporting families and alleviating the obstacles to fertility is to broaden the range of options in terms of childcare facilities, flexible working hours and working arrangements. However, family policy is just one component of a more general policy which aims at expanding all opportunities for education, professional fulfillment, social mobility, and intercultural exchange.

The challenge of a family policy is not to convince couples with national, moral or utilitarian arguments; it is to navigate between freedom of choice and a system of incentives, between micro-attitudes and macro-regulation, between responsibility and solidarity. Depending on the history of each country, solidarity can range from community and local authorities to the state, provided it follows clear principles. Designing technical measures is of course important but they must be designed to respect these general principles. This is the only message I would venture to communicate to this Conference.

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[French version: « Les politiques familiales des pays développés : des modèles contrastés », *Population & sociétés*, 448, sept. 2008, 4 p.]
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Fertility and family-support policies: what can we learn from the European experience?

Opening ceremony

François Héran

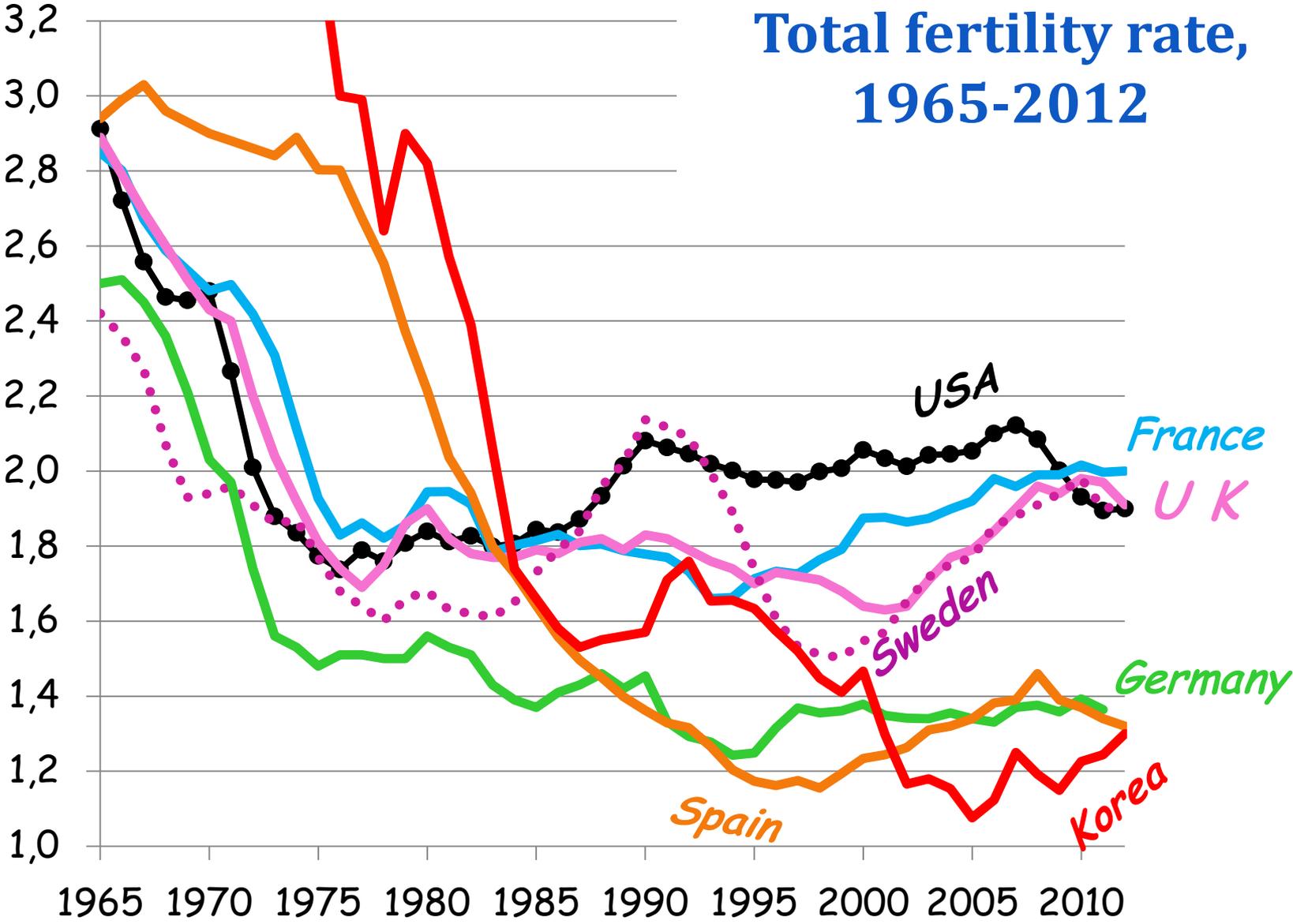


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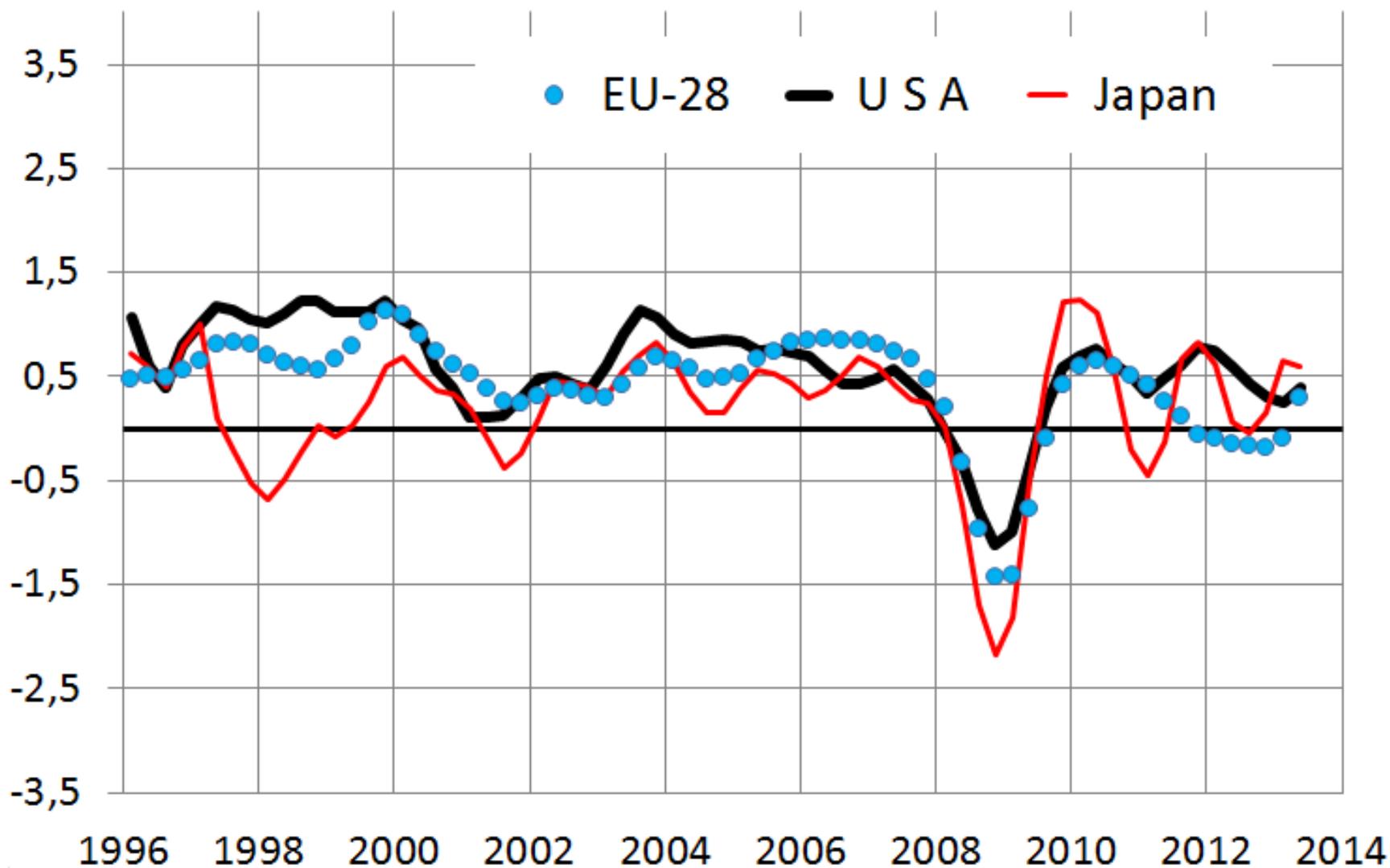
26 to 31 August 2013. Busan, Republic of Korea.



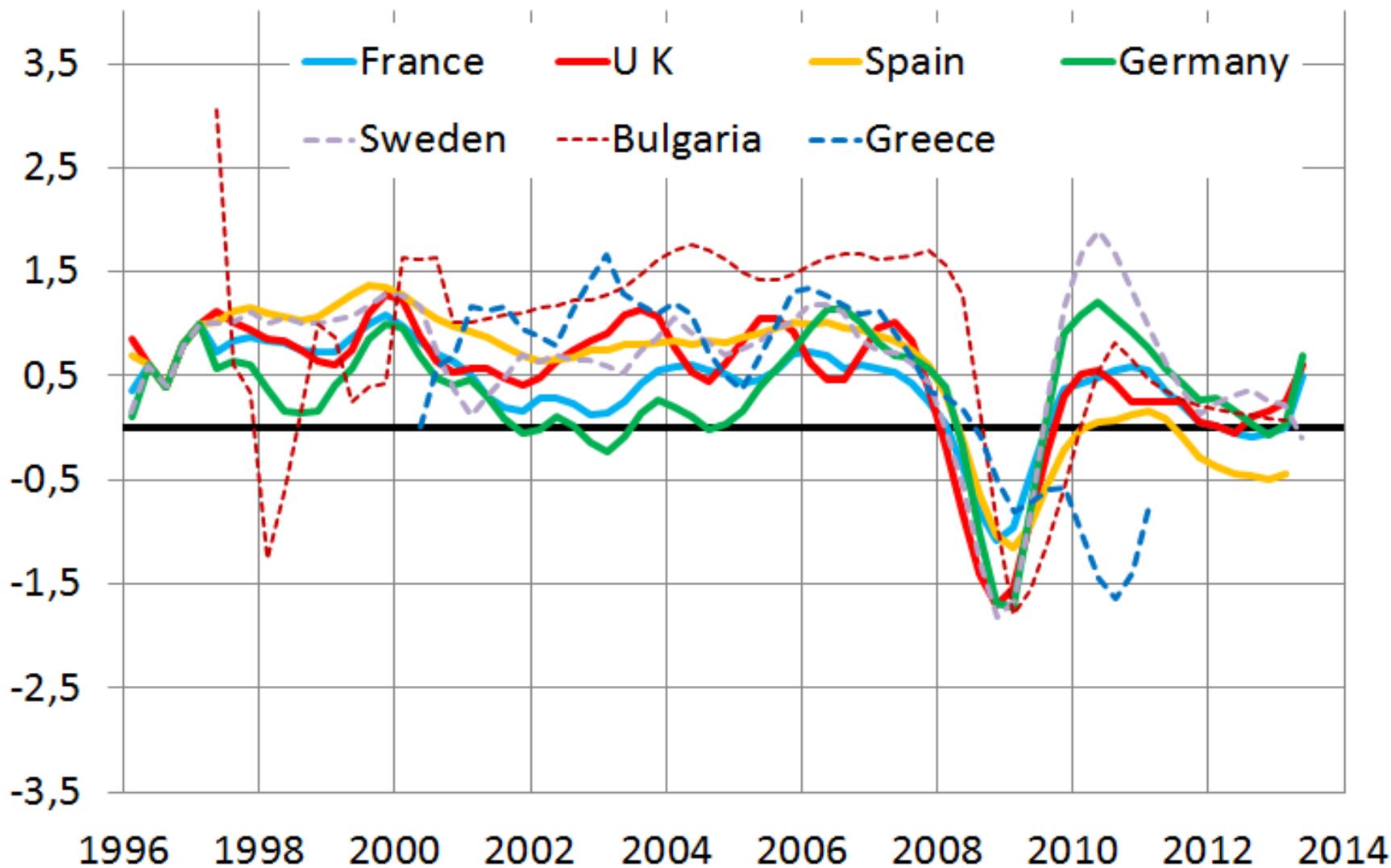
Total fertility rate, 1965-2012



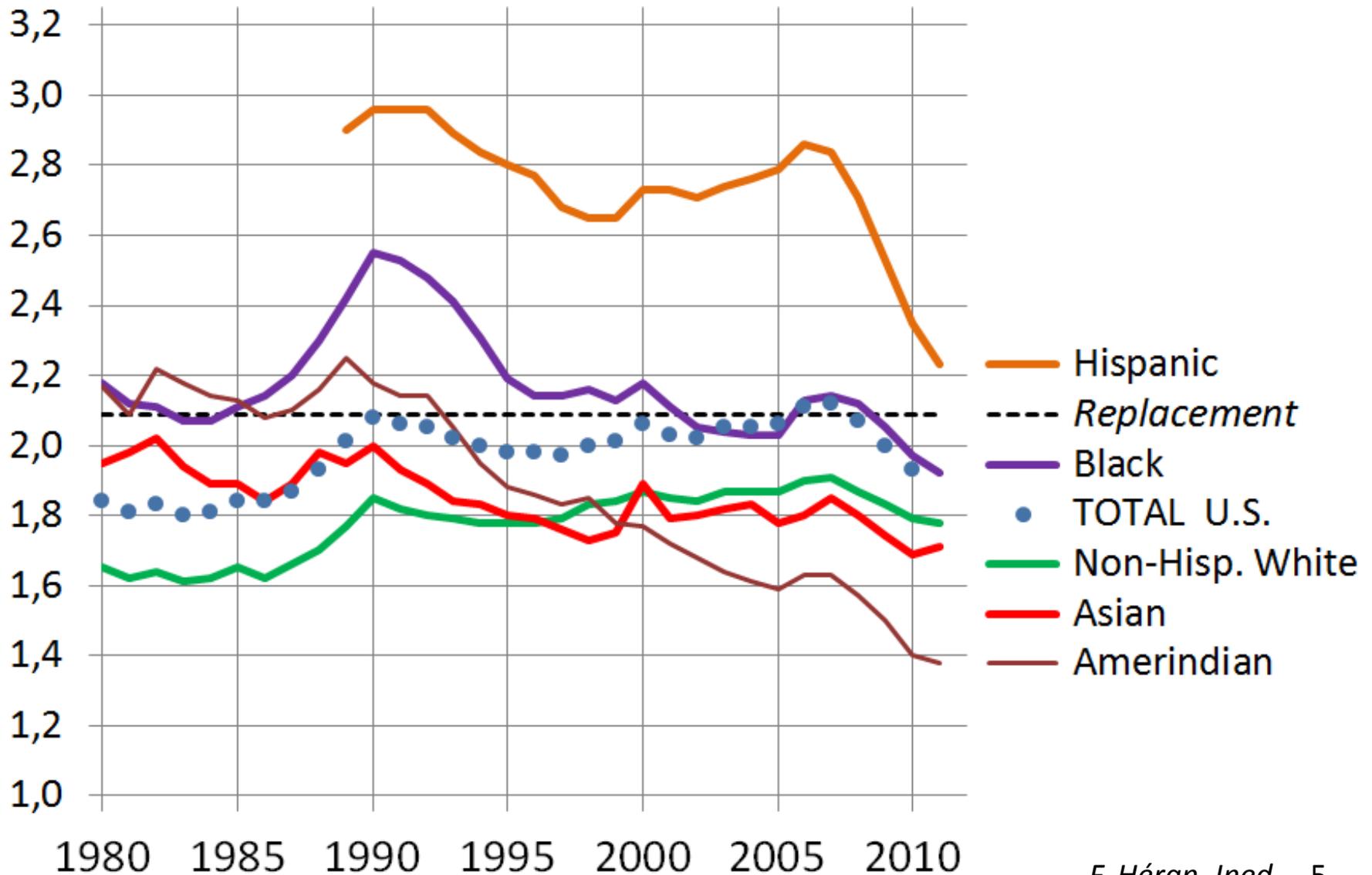
GDP growth rates: % change over the previous quarter (Eurostat, Aug. 2013, seasonally adjusted data, 3Q-centered moving average)



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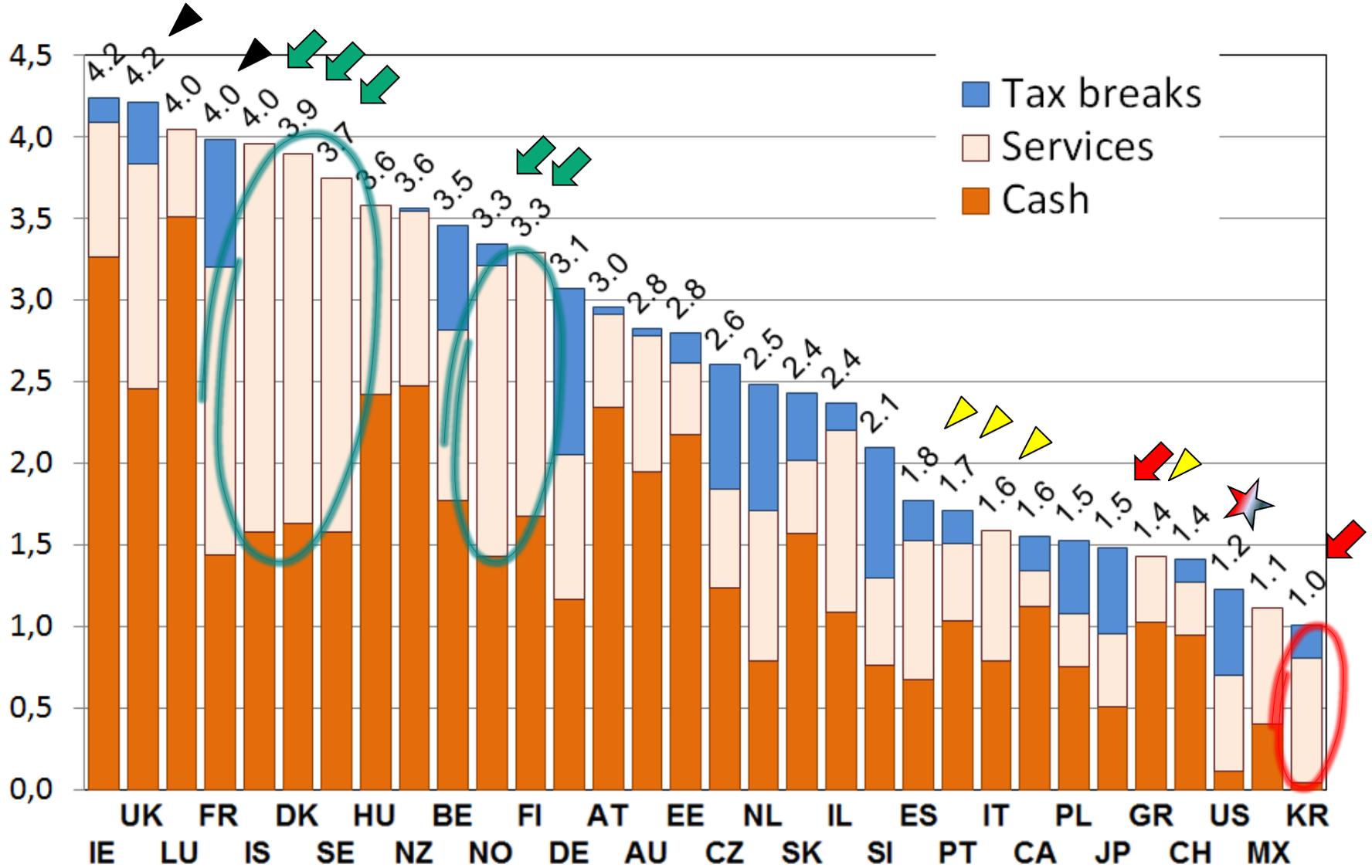


Total fertility rate by ethnicity, USA 1980-2011

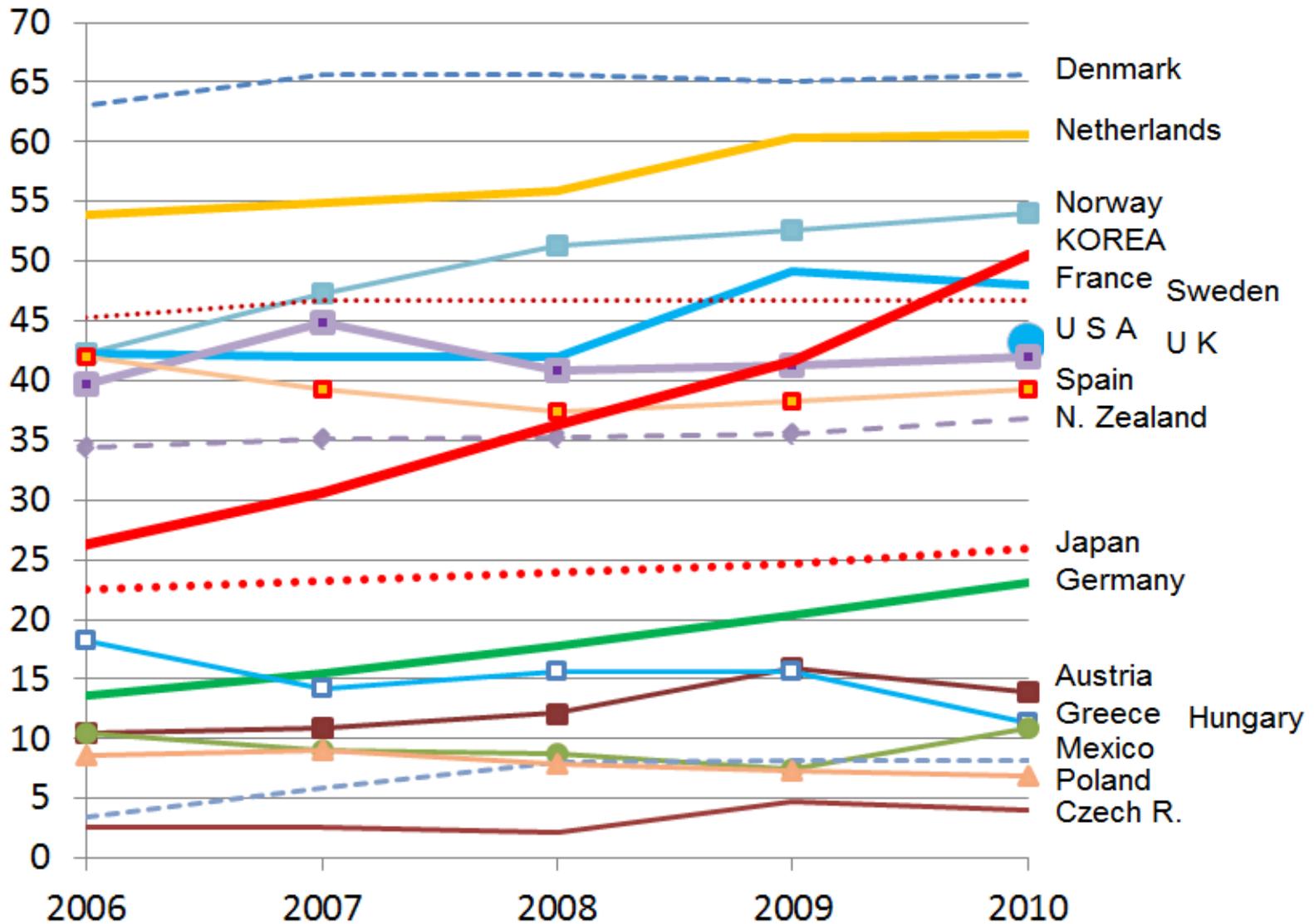


Family benefits in cash, services and tax measures

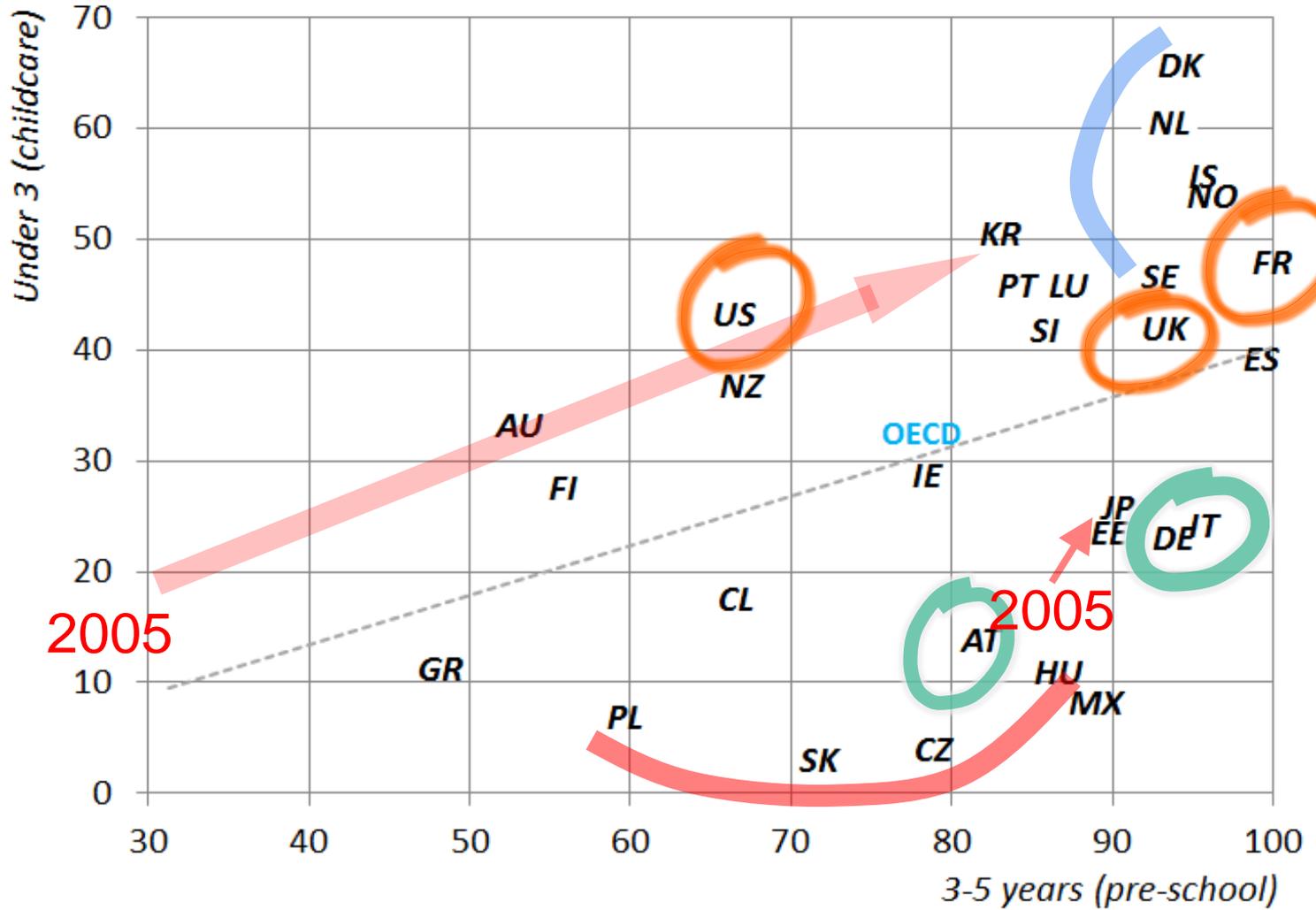
Public spending in % of GDP in OECD countries, 2009



Enrolment of children aged under 3 in childcare (OECD)



Enrolment of children in childcare (under age 3) and pre-school (3-5 years) in 2010 (source : OECD)



❑ **EICT (US, Korea)**

Earned Income Tax Credit

❑ **“Quotient familial” (France)**

Tax-splitting system for family according to the nature and number of consumption units (concerns tax-payers only)

THÉVENON Olivier, LUCI-GREULICH Angela (2013).
**“The impact of family policy packages on fertility
trends in developed countries”,**
European Journal of Population, forthcoming

- ❑ **Data: 18 OECD countries, 1980-2007**
- ❑ **Develops and discusses, among others:**
 - **Gauthier & Hazius (1997)**
 - **D’Addio & Mira d’Ercole (2005)**
 - **Gauthier (2007)**
 - **Myrskylä, Kohler & Billari (2009)**
 - **Kalwij (2010)**
 - **Sobotka, Skirbekk & Philipov (2011)**

THÉVENON Olivier, LUCI-GREULICH Angela (2013).
“The impact of family policy packages on fertility trends in developed countries”,
European Journal of Population, forthcoming

- ❑ Paid leave**
- ❑ Childcare services**
- ❑ Financial transfers**

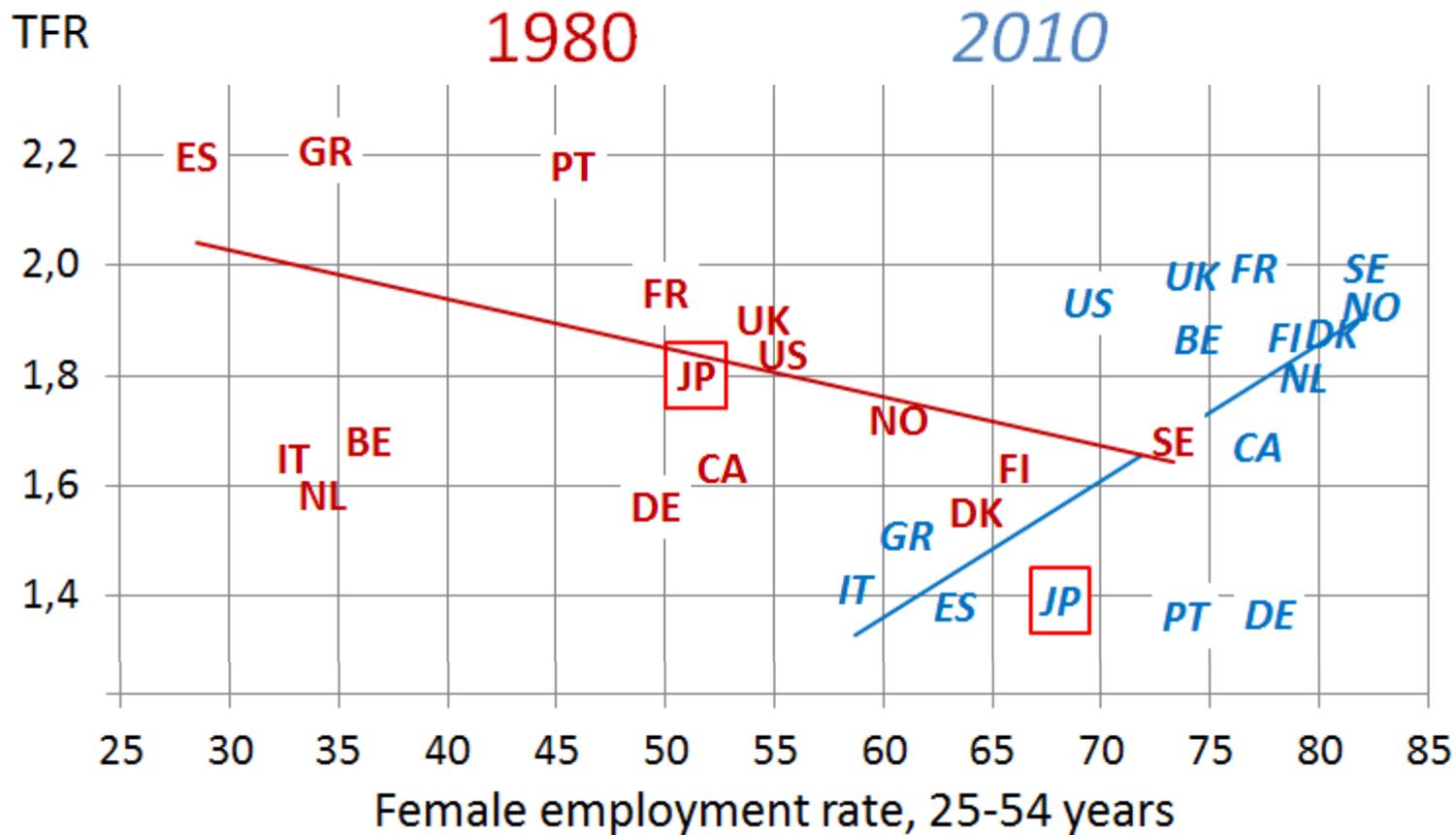
Distinction between services and cash benefits...

- Around childbirth**
- In the 2nd and 3rd year after birth**
- Ties with the following stage (3-5 years)**

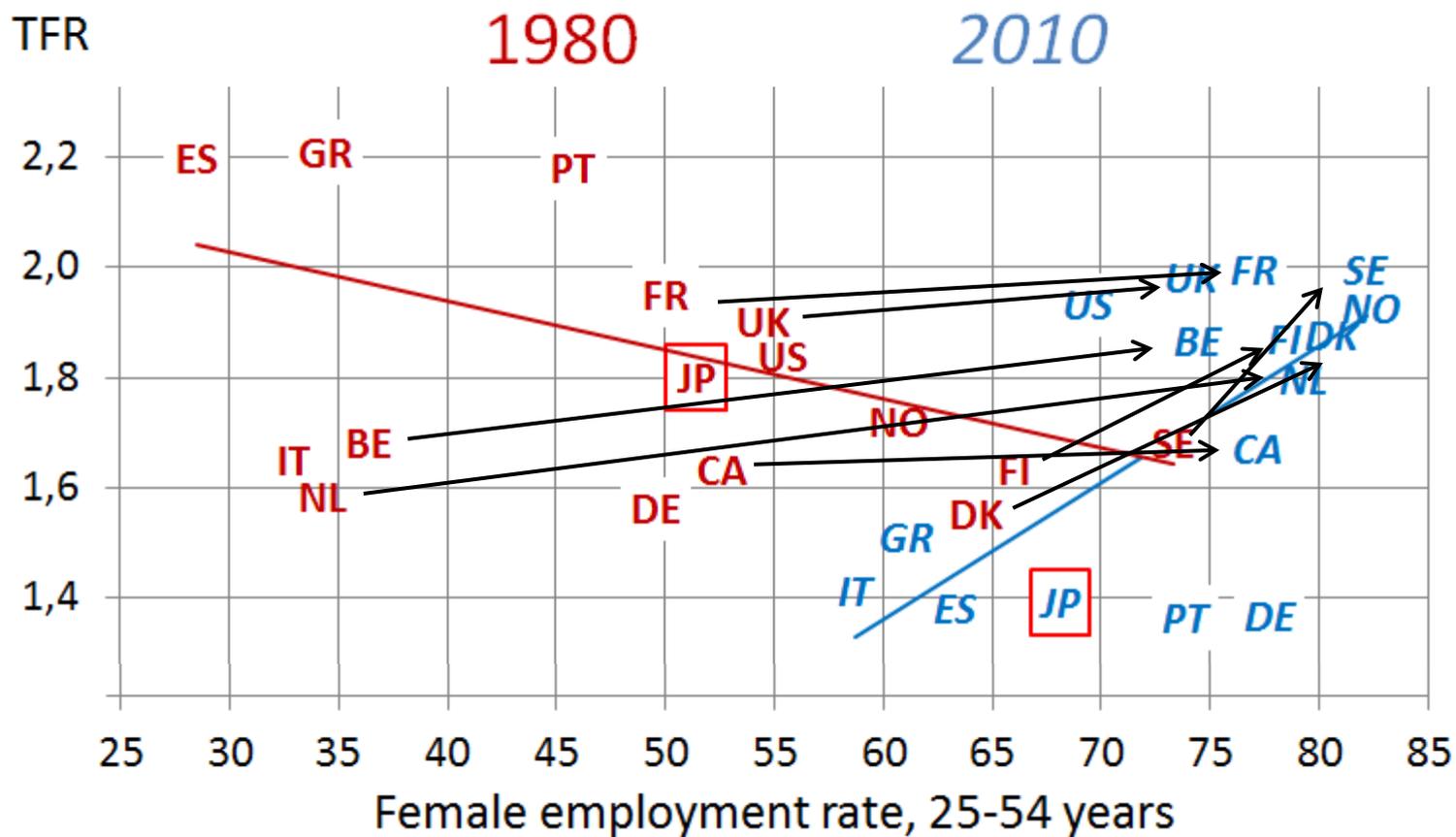
See also:

Thévenon O., “Family policies in developed countries: contrasting models”, *Population & Societies* 448, Sept. 2008

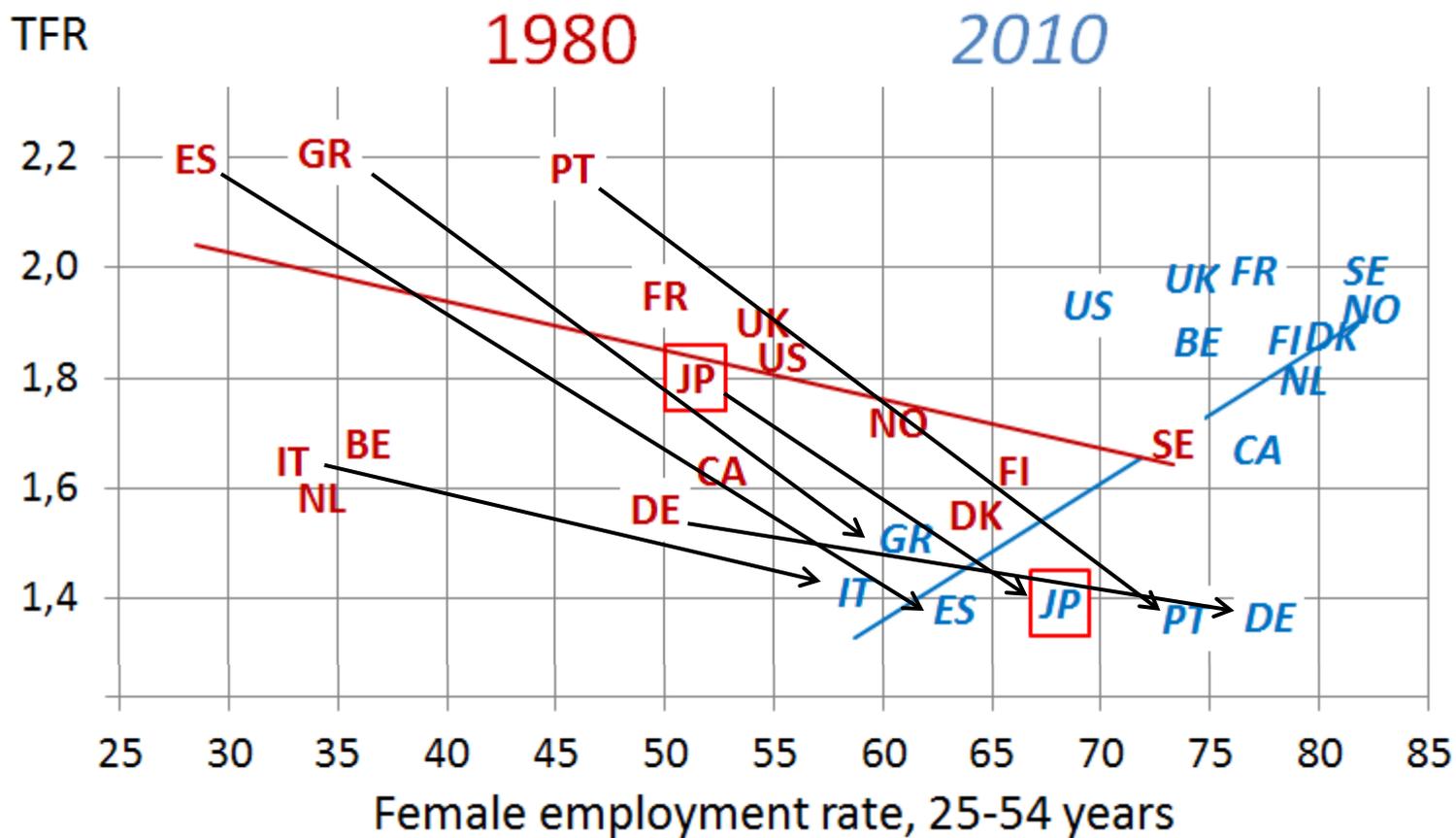
The new relationship between women's employment and fertility



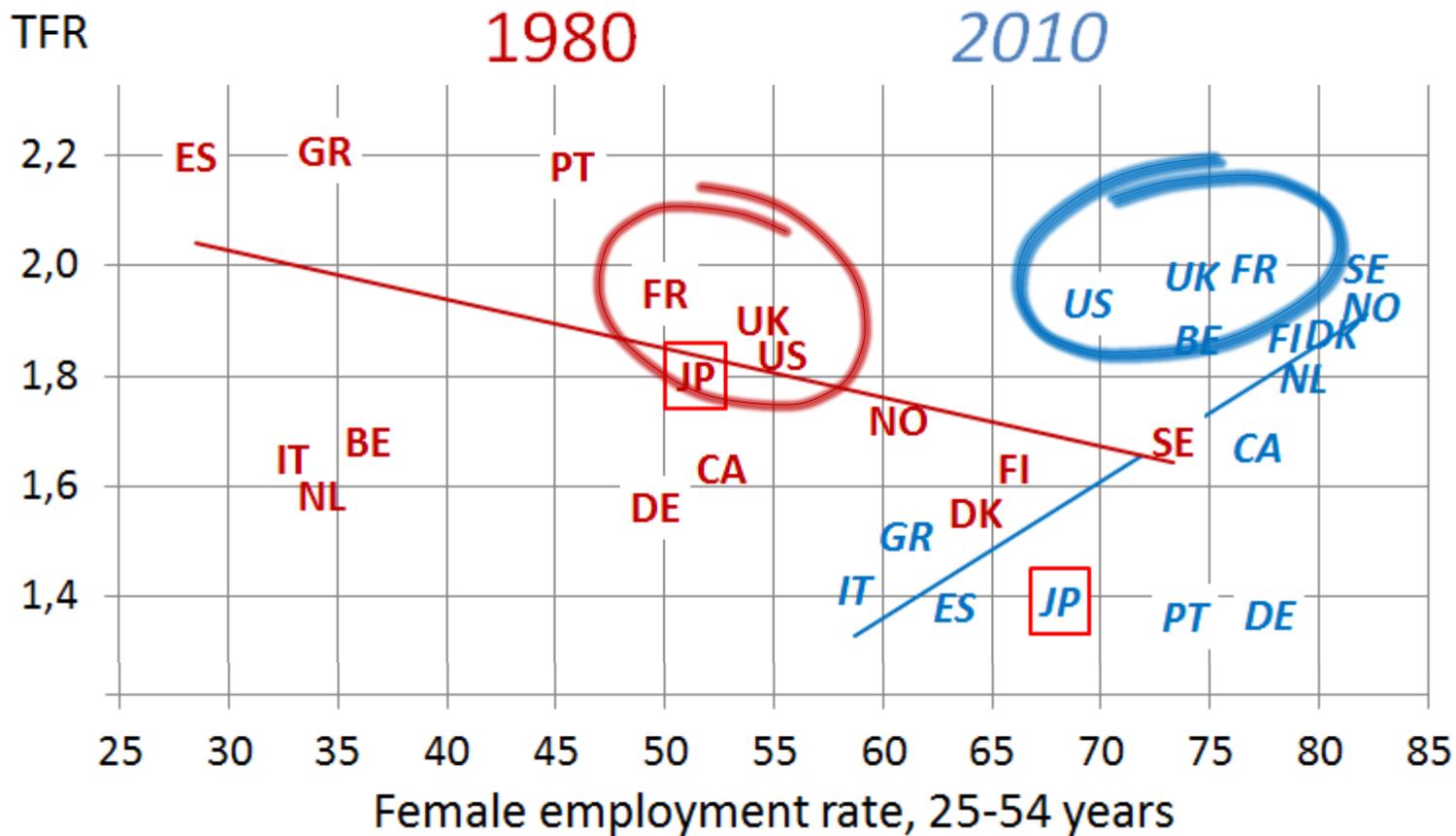
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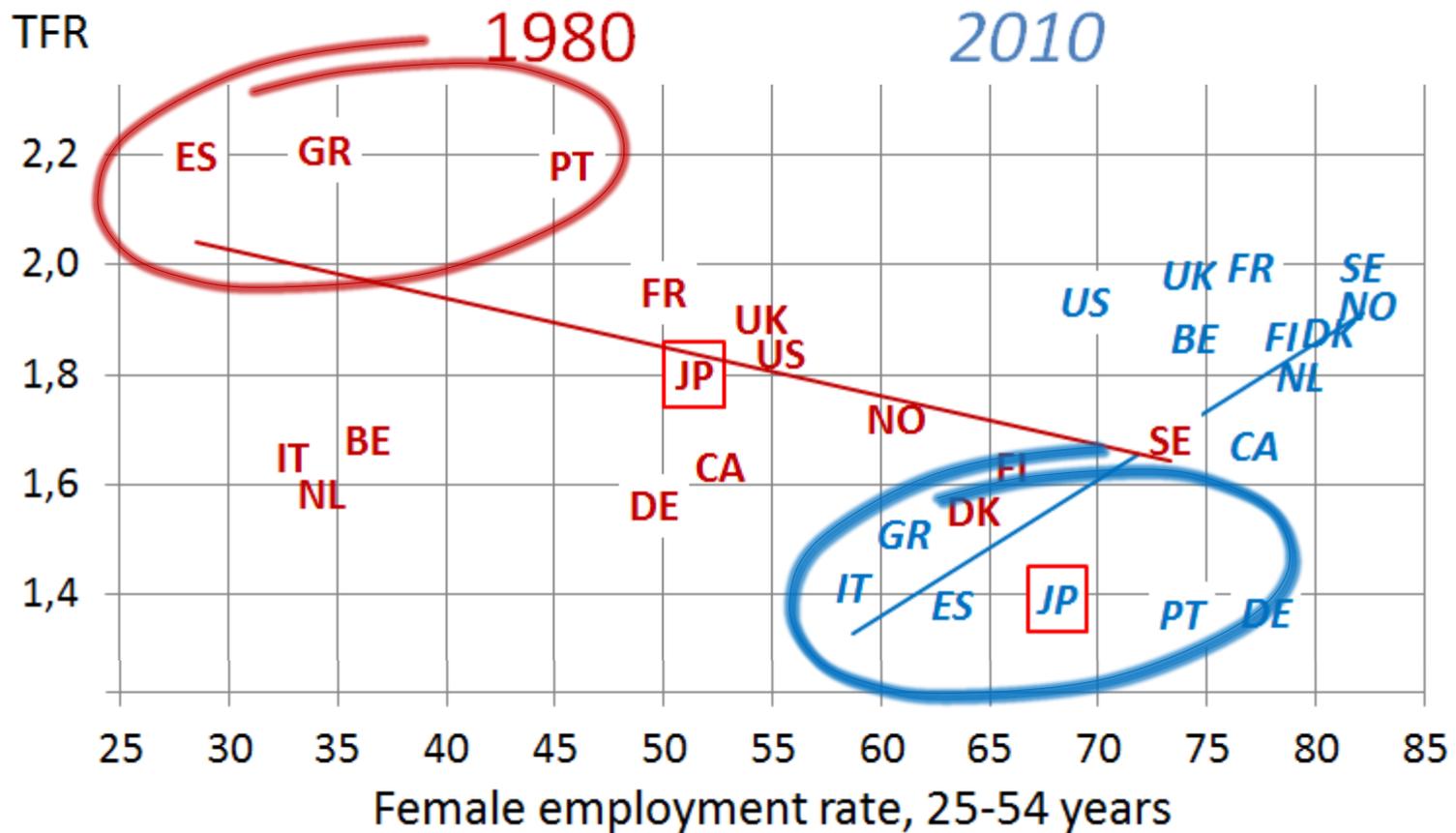
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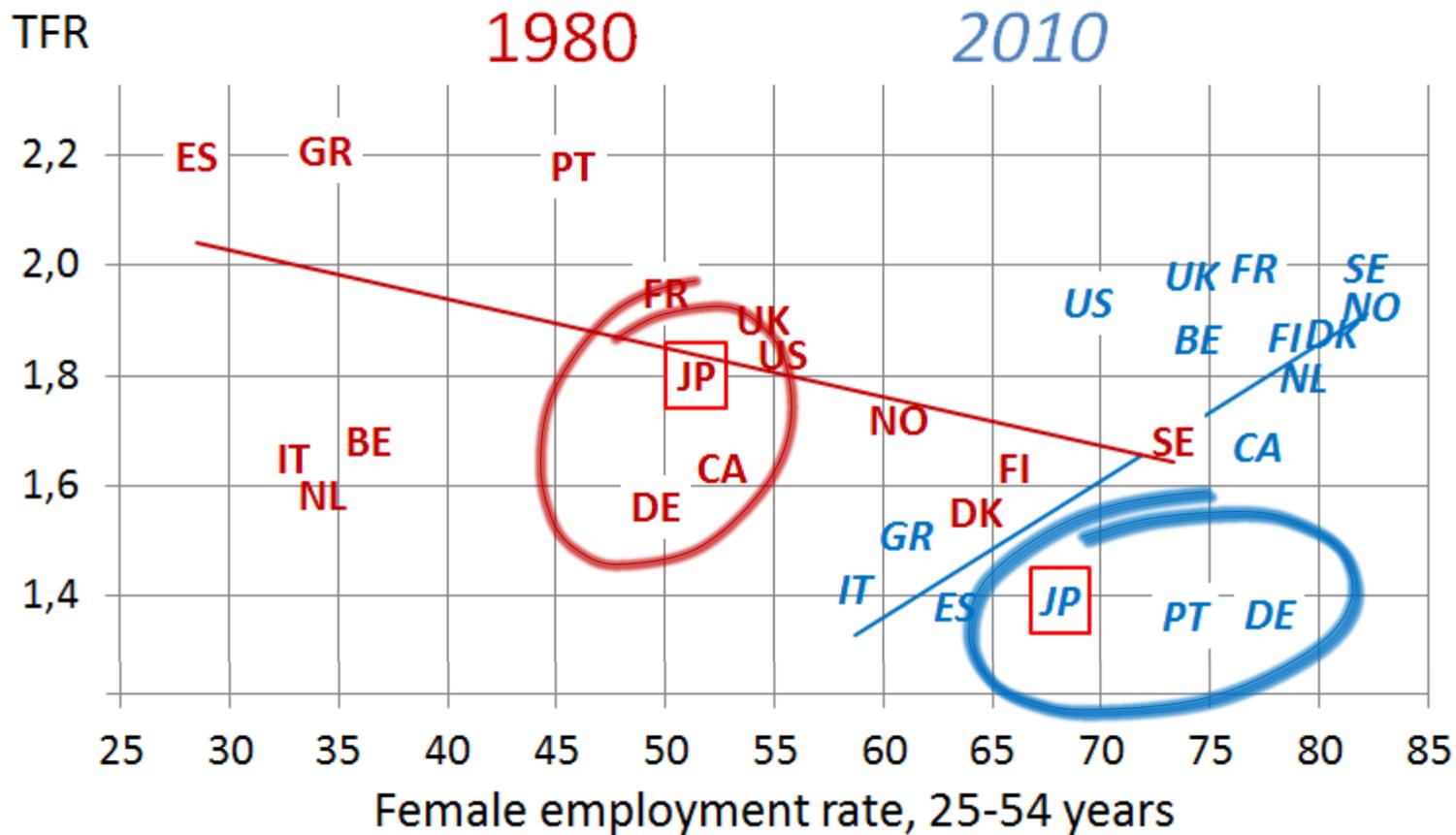
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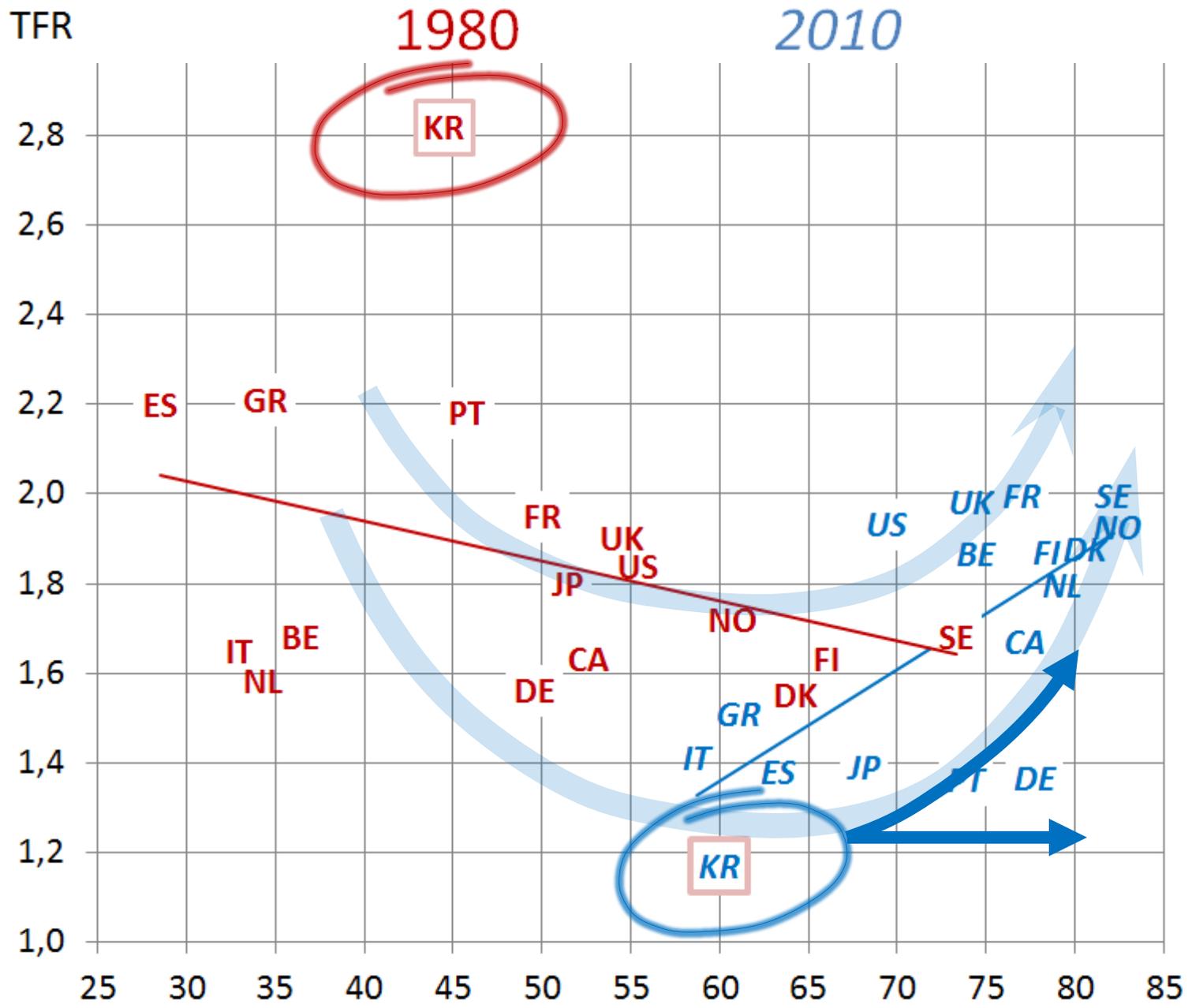


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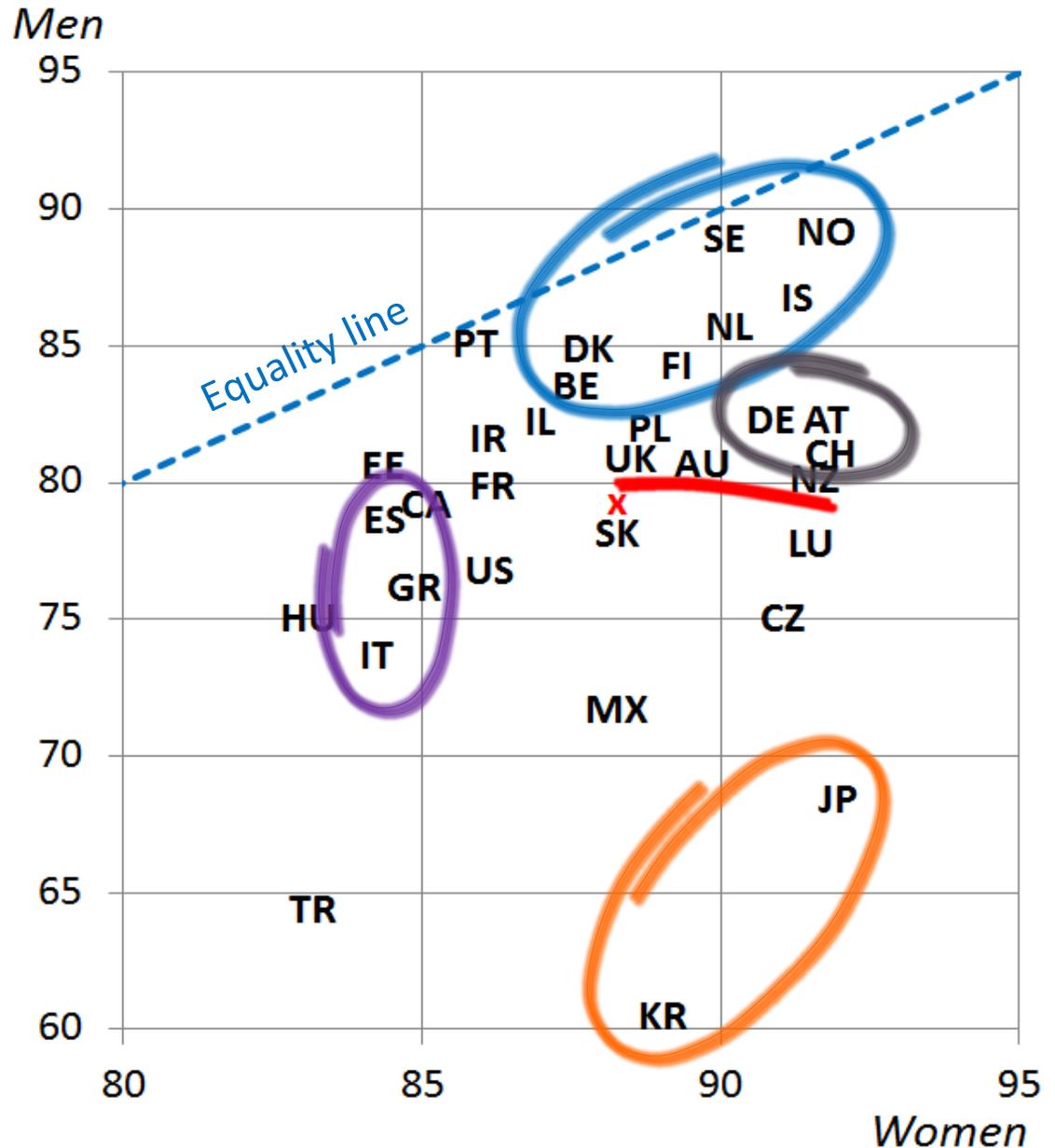
The new relationship between women's employment and fertility





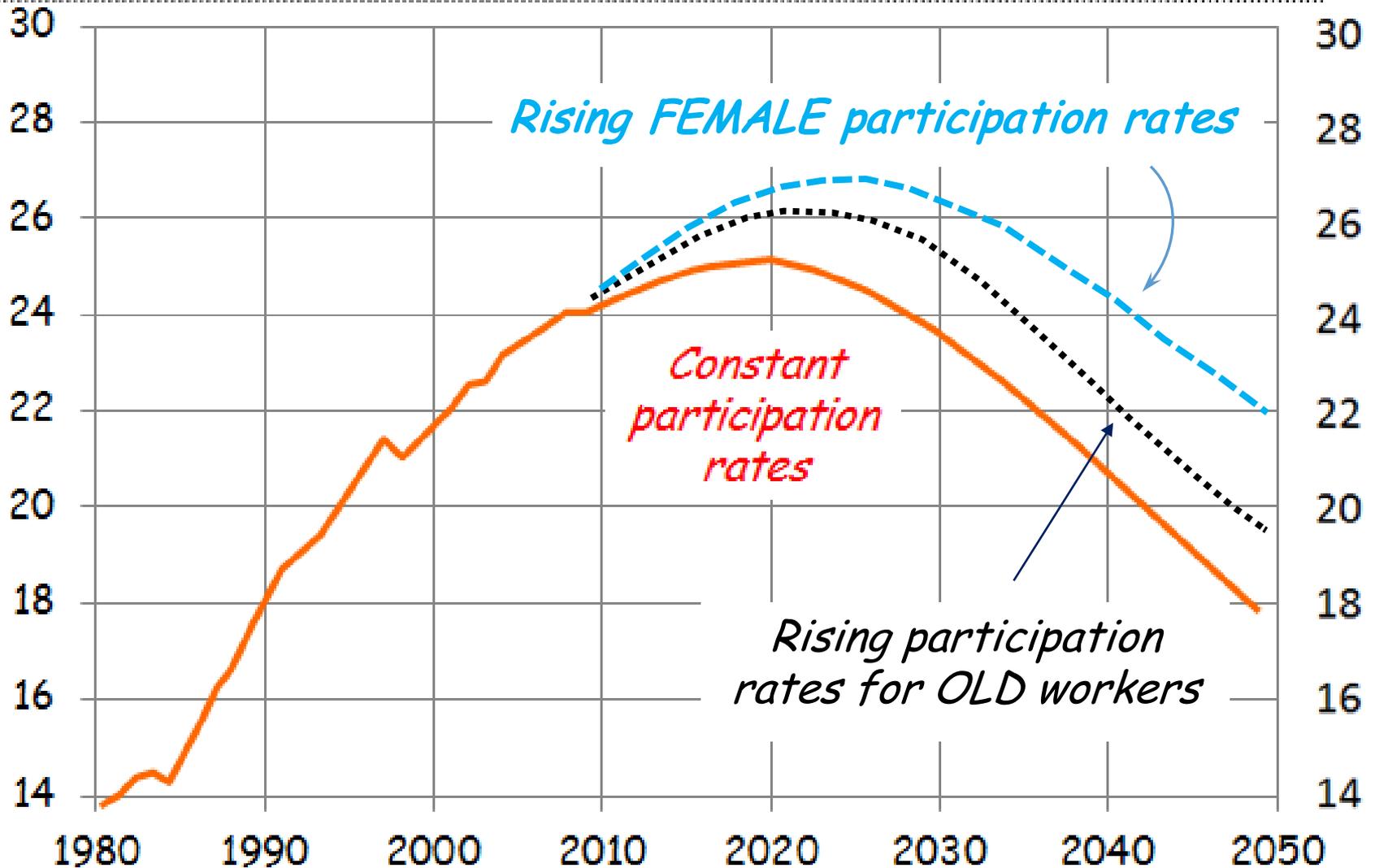
Employment rates of men and women with tertiary education

(ELFS and OECD, 2012)



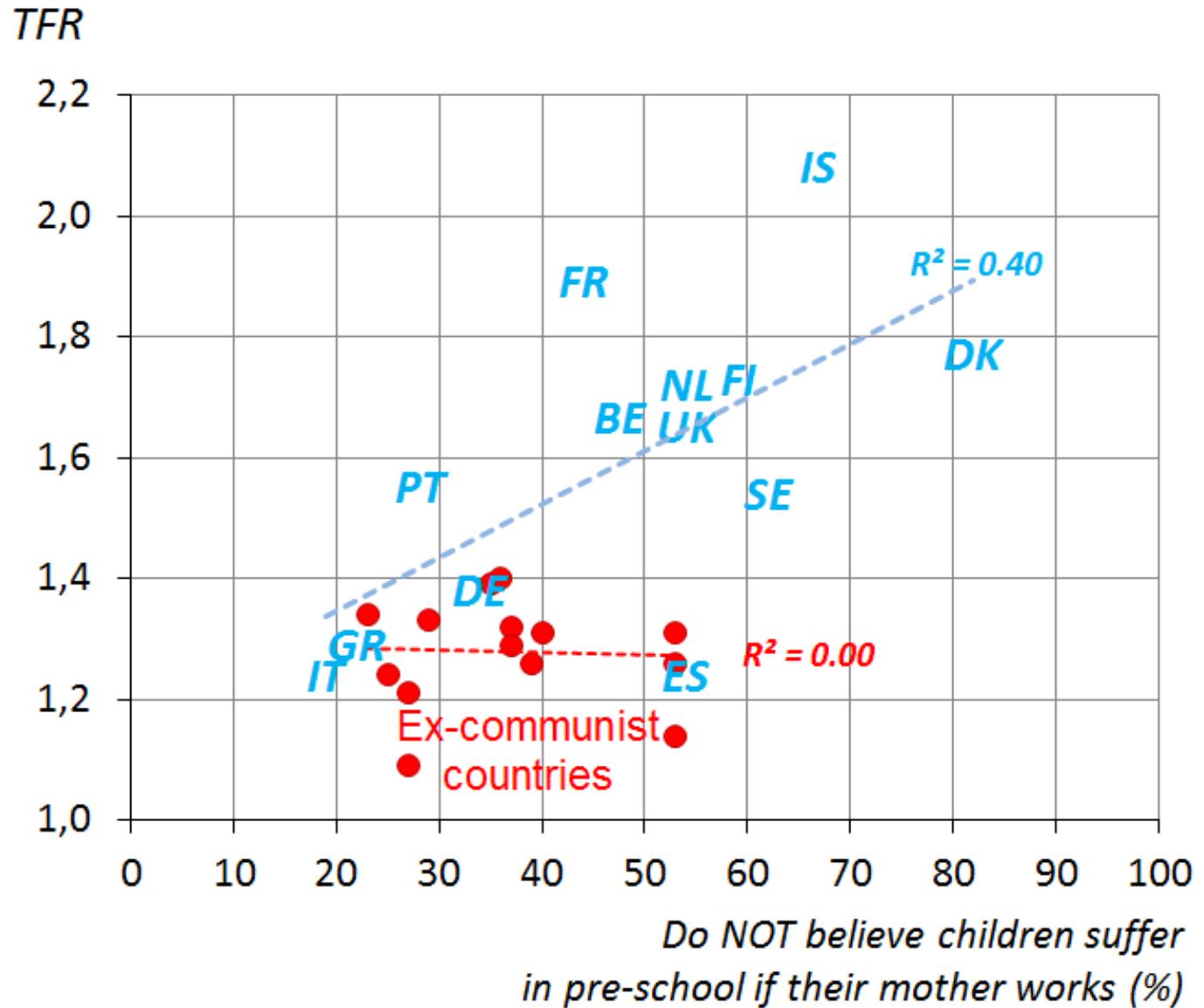
Long term projections of Korea's labor force (millions)

(OECD 2011, from the Korea NSO)

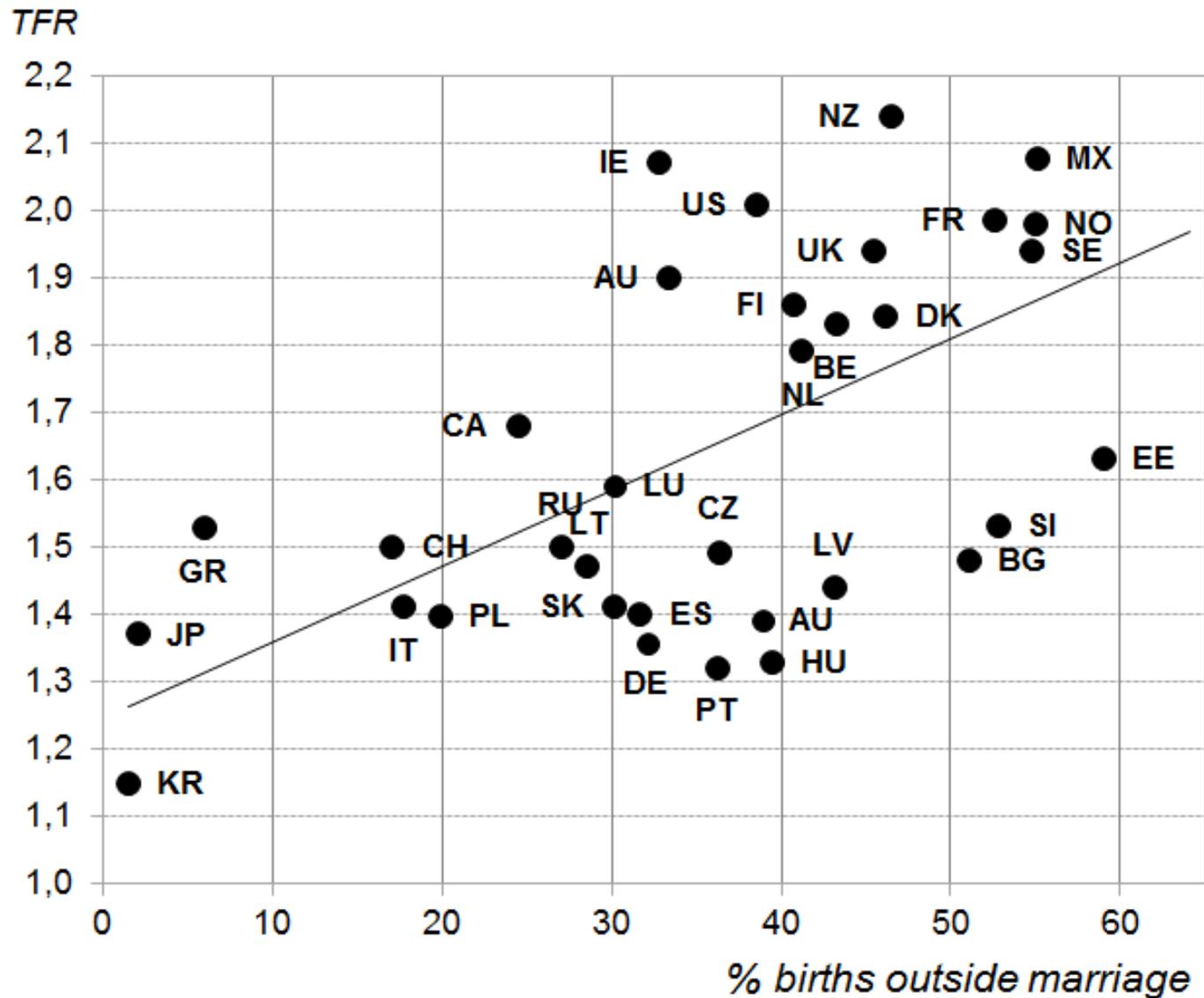


Fertility and perception of the well-being of children in pre-school

(Billari 2008, from World/Eur. Values Survey, 1999-2001)



Flexibility of family structures and fertility (2009)



Flexibility of family structures and fertility (2009)

