

Emancipation or child benefits?

What Germany's new family policy has learned from other European countries

By Steffen Kröhnert and Reiner Klingholz

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The present paper is based on an article that appeared in December 2005 in the journal *Sozialer Fortschritt*. The text is an assessment of the situation as of April 2008, based on the most recent data available. It is hoped that the paper will serve to enable the reader to reassess the findings presented in the 2005 article.

For the original version of the paper, please see:

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Abstract

The present analysis compares the social conditions for different fertility rates in the nations of western Europe based on an array of socioeconomic indicators. It shows clearly that the traditionally negative correlation between wealth and social development on the one hand and fertility on the other no longer holds once a society has reached a certain level of development. Today more children are born in the countries with the most advanced social systems in regard to gender equality. Based on this result, we propose to discuss the problem of low-fertility countries from a different point of view. Neither child benefits nor other sources of financial aid appear to motivate people in modern industrial societies to have more children. What is far more crucial is equality of men and women in society.

1 Fertility decline and population policy in Europe

Following the end of the Second World War, the shock over the National Socialist dictatorship - and its misuse of the science of demography - ran so deep in the old Federal Republic that a discussion on population policy was in effect ruled out for decades. And in the decades that followed, the pronatalist policies pursued by state-socialist regimes led to a situation in which the concept of "population policy" continued to be marred by the stain of totalitarianism.¹

Nor was there any need for a discussion on population policy in Germany up to the late 1960s. After all, the "baby boom" was still in full swing and there was little reason to doubt that, as then-German chancellor Konrad Adenauer put it, "People will always have children." In the 1970s, though, West Germany's fertility rate declined to one of the lowest figures reported worldwide. Yet even in 1979, when the West German fertility rate had already reached the very low level it still has today, namely 1.4 children per woman, Chancellor Helmut Schmidt declared that it was not within the purview of the state to seek to influence fertility development.² There was, he stated, no legitimate reason to question a couple's individual decision whether or not to have a child. The fear of a looming authoritarian state fully obscured that fact that both government inaction and a well-intended family policy whose impacts have not been properly assessed inevitably have a massive influence on this individual decision in Germany.

Demography has intensively researched the reasons for this decline in fertility, pointing above all to the following circumstances:

- 1) The end of family-based economic activities in farming or artisanal households and the introduction of state old-age insurance systems eliminated the economic reasons to put a large number of children into the world (Mackenroth 1953). Children could no longer serve as cheap labor in family-run businesses or farming operations and they were no longer required to provide for their parents when they grew old. Under the conditions given in industrial society, the more certain and less costly way to gain entitlement to a pension is to take on employment subject to social insurance, not to rear a large number of children.
- 2) Rising female educational levels go hand in hand with growing opportunity costs for children. The term opportunity costs refers to the cost of an alternative foregone by choosing a particular activity, in this case the decision to have children and to forego gainful employment (Becker 1960). At the same time, the costs involved in raising,

¹ To cite an example, in 1967 the Rumanian dictator Ceausescu banned both contraception and abortion, succeeding - for one single year - in doubling the country's birth rate. In 1976 the government of the German Democratic Republic (GDR) introduced what it called a "baby year with full pay" with a view to compensating for the GDR's constant population losses due to emigration to the West.

² See *Süddeutsche Zeitung*, 3 August 1979: "Schmidt warnt vor Katastrophenstimmung wegen Geburtenrückgangs."

feeding, clothing, caring for, and educating children have continued to rise. If in the early 20th century, a 14-year-old boy could find a job in farming or industry, enabling him to contribute to his family's income, today parents often need to pay for a phase of schooling and training that may extend to twenty and more years.

- 3) Finally, the biographical options available to members of a modern society are far greater than those open to members of an agrarian or early industrial society (Birg 1987; Birg / Flöthmann / Reiter 1991). If, in earlier times, marriage was often the only possible and accepted way to escape a patriarchally structured parental home or life as a servant, today young people are free to choose among a range of different educational and training options, places to live, and forms of partnership. Under these circumstances, the decision to start a family will necessarily curtail a person's biographical freedom of choice, or it will find itself sidelined by the "competing pleasures of life."

These circumstances are plausible and verifiable when it comes to explaining declining fertility at the transition from agrarian to industrialized society. But viewed against the background of persistent attempts to discredit any active population policy in Germany, they have, in our opinion, gone unchallenged for too long a period of time. This in turn has made it possible to ignore, for three decades, the causes and long-term implications of extremely low fertility rates in Germany. Fertility decline was long seen as something like the hallmark of a modern society.

Two conventional explanatory approaches have served to encourage a careless treatment of the problem involved in a high percentage of childless persons and low birth rates in Germany, contributing at the same time to the planlessness and lack of orientation of family policy:

a) The theory of the demographic-economic paradox

The assumption underlying this is derived directly from the economic theory of fertility decline and may be formulated this way: "The greater the wealth, the fewer the children." Up to the 1970s a negative correlation of this kind between economic development and fertility was in fact given for all industrialized and developing countries (Coale 1986).

For Birg, the demographic-economic paradox refers to the "proposition that there is an inverse relation between the number of children that people in the developed countries, but also the growing middle-class population in the developing and emerging countries, actually have and could afford to have in view of their constantly rising real income." (Birg 2001, 42). This phenomenon is explained in essence with reference to the rising opportunity costs of having children under the conditions of high women's labor force participation rates³ and levels of

³ The term women's labor force participation rate refers to the percentage of all women in a given age group (often between 15 and 65 years, though other age limits are also used) that are engaged in or actively seeking gainful employment. In other words, the rate includes both employed women and women registered as unemployed. By contrast, the term employment level refers only to persons actually gainfully employed, excluding unemployed persons.

vocational qualification. Accordingly, there is a demographic price to pay for women's prosperity, modernity, growing labor force participation, and the increasing options available to women to shape the course of their own biographies. In Birg's eyes, the demographic decline of modern societies unfolds in keeping with a scientific logic of its own.

In fact, women's labor force participation rates rose constantly in all western European countries - except Ireland - between the 1970s and 1980s (Klammer / Daly 2003) - a period in which all of these countries reported marked declines in fertility rates (Fig. 1). The rise in employment levels in the EU between 1983 and 1992 - and thus also a good share of economic growth - was due nearly exclusively to an increase in the labor force participation rate for women (Rubery / Smith / Turner 1996). In other words, this rising women's labor force participation rate at the same time boosted European prosperity and - at least according to the theory of the demographic-economic paradox - triggered Europe's demographic decline.

b) The theory of value change

This second line of argument mainly sees normative grounds at the root of the fertility decline observed in modern societies. However, depending on the political standpoint involved, a "change in values" can be interpreted either as modernization or as a loss of traditional values, and it is this state of affairs that has ignited a number of controversies over population and family policy that continue to this day.

In the eyes of conservative political or religious circles, it is modern society itself that works in favor of a loss of traditional values. Capitalism, it is argued, leads to egoism, to a dissolution of gender roles and a breakdown of the institution of marriage. The only way to stem the ongoing process of demographic decline, it is further claimed, is to return to traditional family values: As e.g. the political scientist Tilman Mayer puts it, "The population issue arises when the sum of desired individual lifestyles dissolves the given supra-individual context." He then notes by way of summary: "The older people are when they marry, the more often marriages are divorced; the more urbane in character life is, the older a society grows, the more that society will need to recruit immigrants." (Mayer 1999, 96).

The concern is also shared in church circles. As German Cardinal Karl Lehmann put the matter (*Politische Studien* 396, 10), "In my opinion, the only viable approach to counteracting a further demographic decline of the population is to strengthen the family and marriage as a lifelong bond."

A thesis of the same tenor, albeit with other connotations, is advanced by liberal and more leftist-oriented opinion leaders. The latter speak not of a loss of traditional values but of a "change in values," with the motto "Everyone has the right to lead his own life as he sees fit" being cited to cast a decision not to have children in the light of an expression of a new individual liberty. According to this view, the only conceivable way back to higher fertility

rates would be to abandon the model of an open, liberal society. Extreme advocates of this line of argument continue to reject any and every discussion over possible avenues to raising fertility rates as neoliberal, indeed even fascist, asserting that in this case “children ... are regarded as the private property, or human capital, of their parents, and as such are expected to generate a payback (in the form of pensions).” (Butterwege 2004, 282).

Both of these theoretical approaches, the conservative no less than the leftist-liberal, are ultimately based on similar premises: namely, that Germany’s low fertility rate is a necessary consequence of a social system based on liberal or free-enterprise principles. While in the one case this view gives rise to a fundamental critique of the existing social order, in the other case it leads to indifference.⁴

In the past both lines of argument have served to obstruct an objective discussion on the possibility that fertility may well be subject to social influence. The view long prevalent in politics was that the demographic-economic paradox and the ineluctable process of value change deprive the state of the instruments it would need to gain influence on the population’s fertility. If at all, it was argued, the only way to influence fertility would be to intervene massively in people’s individual liberty, and for this reason it is better not to discuss the issue at all.

This conclusion dominated the discussion in Germany up to the very recent past. The 300-page final report issued by the German Bundestag’s Commission of Inquiry on “Demographic Change,” which took ten years (1992 to 2002) to inquire into all aspects and phenomena involved in demographic change, nowhere even addresses the possibility of using political measures to raise fertility in Germany (Deutscher Bundestag 2002).

For fear of reactionary policies, Germany seems to have completely forgotten that there are a good number of democratic countries that can look back on a long history of population policy. The general public in Germany is largely unaware that France’s current fertility rate of two children per women (2006) - one of Europe’s highest - is due not only to the childcare facilities available there but equally to an uninterrupted 60-year history of population policy. As early as 1939 France adapted the “*Code de la famille*,” Europe’s first modern pronatalist population policy (Kaufmann 2003). Over the course of decades this policy has had a crucial impact on society’s attitudes toward children and the choice of individuals to have children.

⁴ The title of the 2004 annual conference of the Heinrich Böll Stiftung (Greens Party) in Baden-Württemberg was: “We’re growing older, there are fewer of us - So what!” The title may be seen as a succinct expression of the stance of a good number of people with a leftist orientation in politics when it comes to the issue of demographic change and low fertility rates in Germany.

2 A cross-European comparison: Low birth rates everywhere?

While for several decades now there have been in Europe a number of industrial societies with similarly high levels of development, no convergence has been observed in the total fertility rates of these countries (Fig. 1). Even though this is a region with comparable economic framework conditions, fertility rates there range between just under 1.4 in Germany, Italy, and Spain and roughly two in Iceland⁵ and Ireland - a discrepancy of 60 percent. While since the 1970s fertility in Italy has declined by nearly 50 percent, namely from 2.4 to 1.35, Sweden reports a decline of no more than 1.9 to 1.8 (Fig. 1).

While all western European countries have total fertility rates of under 2.1 children per women - the level that would be needed to guarantee a stable population development - it is the disparities in individual countries that will, in the medium to long term, entail marked impacts on national population development. The reason is that while countries with total fertility rates of 1.7 and above will, in the long term, be able to use moderate immigration to hold their populations at stable levels, the populations of countries with low fertility, including Germany, Italy, or Spain, will, in the foreseeable future, shrink appreciably, with the number of deaths growing at a rate in excess of the number of births.⁶

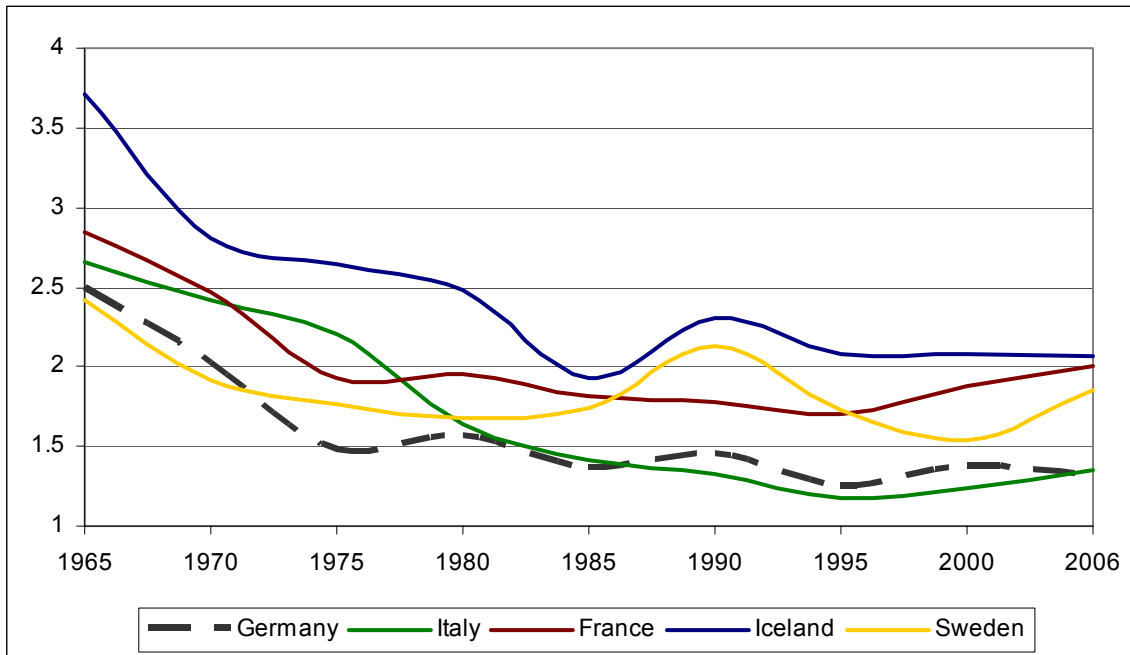
Thus far, demographic research has been unable to demonstrate that individual pronatalist policy measures have any durable effects (Bavagos / Martin 2000). However, all this proves is that one-dimensional attempts to influence reproductive behavior - e.g. payment of birth premiums or other monetary incentives - have failed and that what is called for is a comprehensive look at the phenomenon of low fertility rates: ".....any discussion of the impact of public policy on couples - and, more precisely, on fertility - requires a redefinition of the traditional approach to family policies. This is especially true in view of the increasingly blurred borderlines between family policy and other public policy domains (old age, employment, gender equality, etc.)" (Bavagos / Martin 2000, 19). We are convinced that it is in fact possible to prove that, viewed over the long term, the framework conditions in place in a given country - in particular as regards gender equality - have a sustained impact on fertility rates. In what follows, we will seek to prove, on the basis of a microanalysis and a set of

⁵ Iceland was intentionally included in the study, even though it is a small nation with a population of only 300.000. In recent decades Iceland has experienced a remarkable course of economic and social development, and today it is one of the world's most prosperous and modern countries. The indicators used for the present study confirm this. Because in Iceland the transition from a traditional to a highly modern society was effected without the decline in fertility to rates far below the replacement level that has often been observed elsewhere, the development of Icelandic society must be seen as of particular interest in the present context.

⁶ See the population forecasts issued by European national statistics offices, which are available via the Eurostat Online Database. While the populations of Germany, Italy, Spain, and Greece are expected to shrink appreciably by the year 2050, forecasts indicate that the populations of countries like France, the Netherlands, Iceland, and Norway will continue to grow.

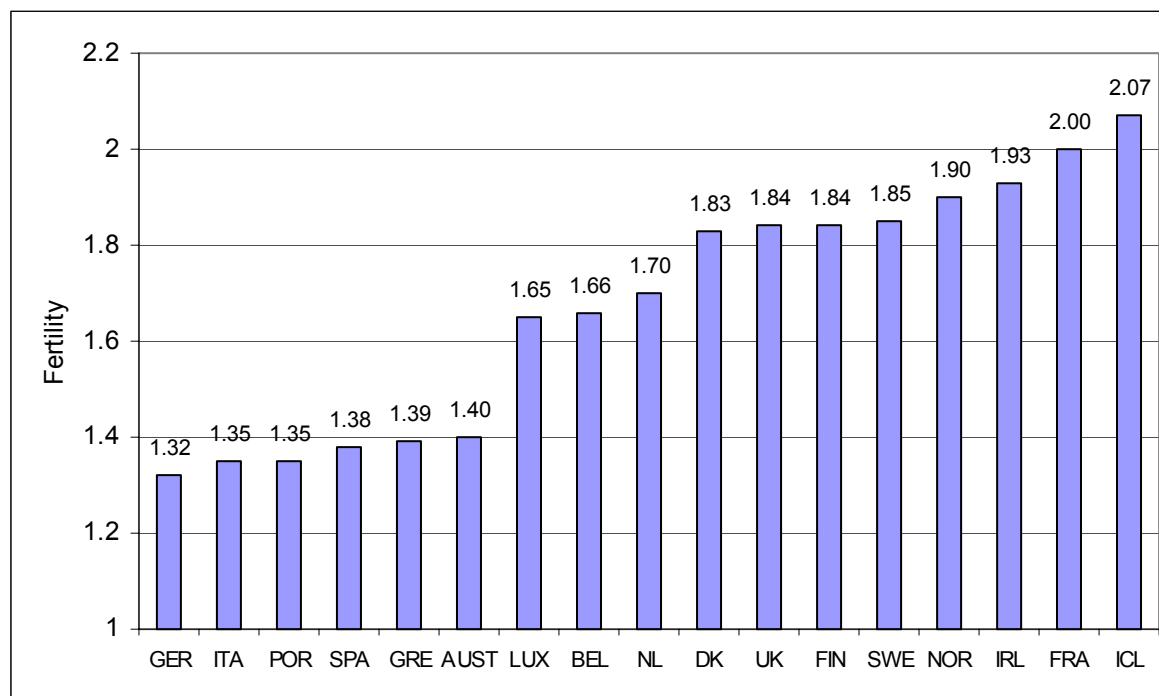
demographic indicators, that it is not modernity but traditionalism that is at the root of the low fertility rates reported specifically for Germany.

Figure 1: Fertility decline in selected European countries (1965 to 2006)



Source: Eurostat.

Figure 2: Total fertility rate (children per woman) in western Europe (2006)



Source: Eurostat. Figures for Italy, Belgium, and Iceland: national statistics offices.

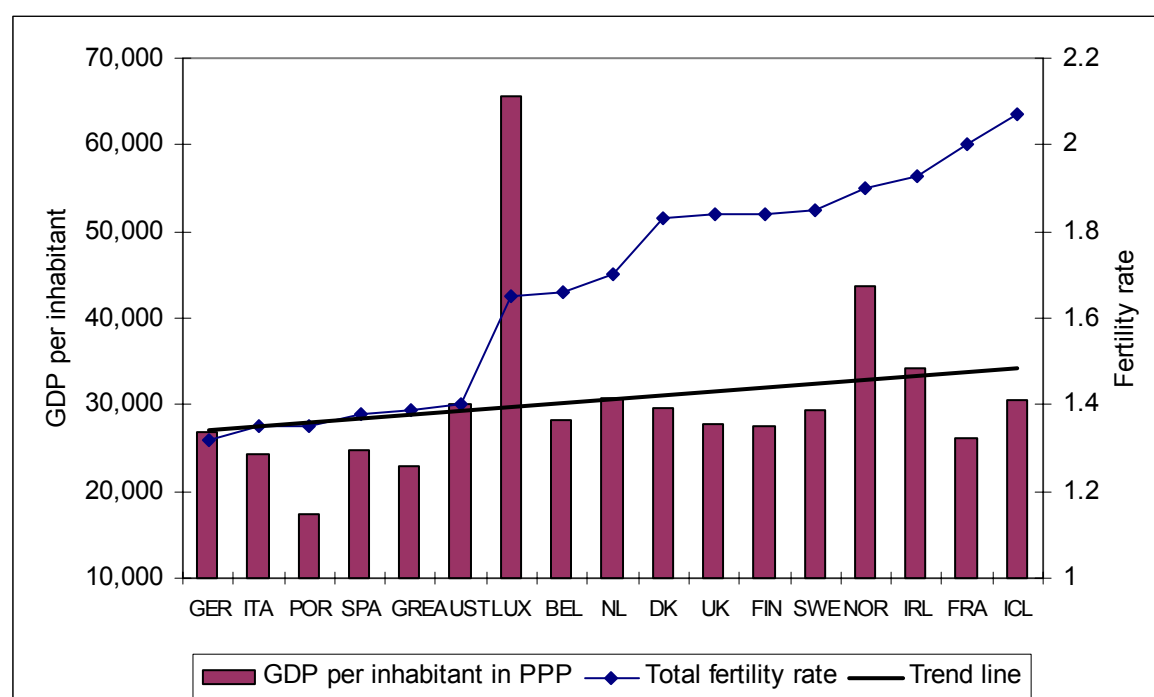
3 The richer a society, the fewer children it will have?

No - the greater the prosperity, the more children a society will have

Comparative studies show that the values and attitudes that today's young people hold on family, sexuality, and children show hardly any relevant regional discrepancies (Bavagoo / Martin 2000). If, however, given similar attitudes on family and children, the actual fertility rates in western European countries are found to diverge sharply, the reason for this discrepancy must be assumed to lie in the social conditions given in the countries in question. For opportunity costs that arise in connection with starting a new family - be they economic or biographical in nature - are defined in crucial ways by the social system concerned. And what we find here is that starting at a certain level of social development, the once inversely proportional correlation between development level and fertility rates shows a tendency to reverse.

Portugal, Spain, and Greece, countries that underwent modernization at a relatively late point of time and continue to be more closely attached to tradition than northern EU countries like Norway and Sweden when it comes to economic structure, gender relations, and the role of religion in society, have appreciably lower fertility rates than those noted for countries that embarked earlier on their course of modern social and economic development and have reached more advanced levels of development. And it should be noted in this connection that Ireland and Iceland, both countries that embarked on modernization at a relatively later juncture and today have Europe's highest fertility rates, have long since surpassed Germany in terms of economic performance.

Figure 3: Gross national product (in purchase power parities - PPP - per inhabitant) and total fertility in western Europe (2006)



Coefficient of correlation: GDP per inhabitant / total fertility = 0.27.

Source: Eurostat, own calculations. Total fertility rate figures for Italy, Belgium, and Iceland: national statistics offices.

4 The more women in the kitchen, the more children born?

No - there is no contradiction between women working and women having children

Based on Beatrice Majnoni d'Intignano (cited after Veil 2004), in Europe we can distinguish three ideal-typical phases of fertility development in connection with female labor force participation:

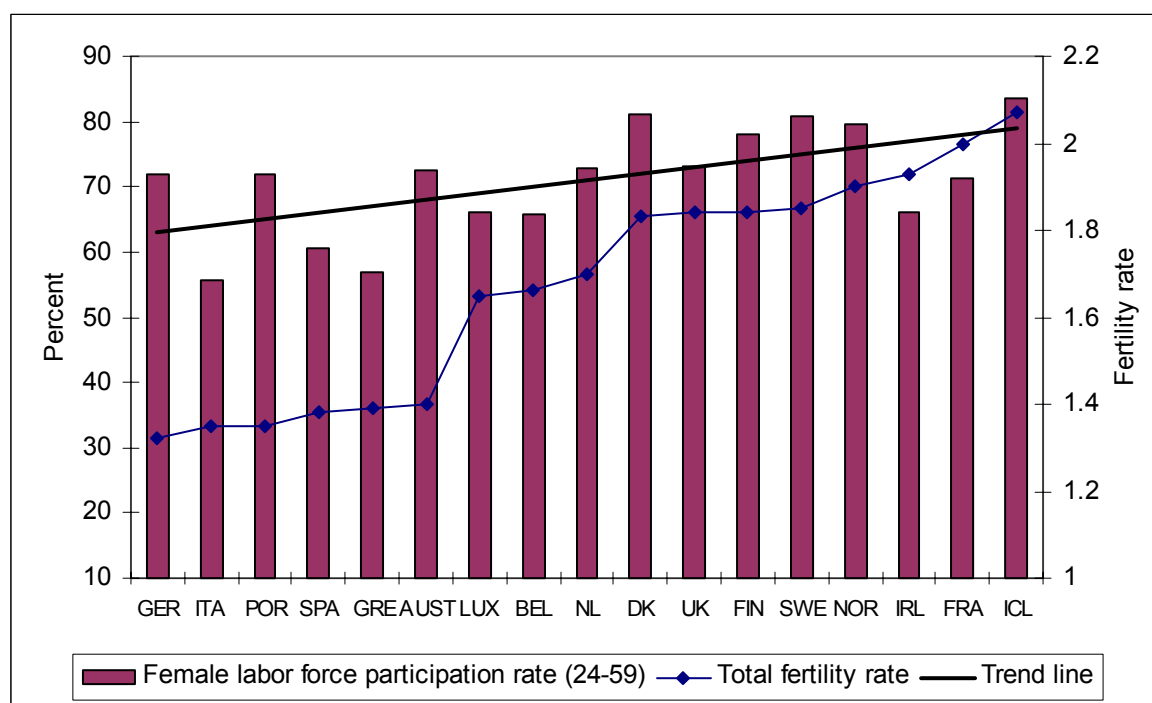
1. A traditional phase with high fertility rates and low levels of female labor force participation. In Germany this phase came to an end in the mid-1960s and thus precedes the period in which modern contraceptives were introduced.
2. A phase with rising levels of female labor force participation and declining fertility rates. In Germany this phase occurred in the 1970s, and it still continues in the countries of southern Europe.
3. A phase resting on a modernized social system, with female labor force participation stabilized at high levels and stable fertility rates.

However, there are very marked national differences in the level at which the fertility rates stabilize. While in Germany and Austria fertility rates stabilized at an early point of time at the

very low level of 1.4, the corresponding figures for Scandinavia and France appear to have stabilized at higher levels, namely above 1.7 in Scandinavia and 1.9 in France (Fig. 1).

A cross-European comparison shows a clear-cut correlation between female labor force participation level and total fertility rate - a fact that indicates that the more child-friendly a society is, the more likely it is that it will provide the conditions needed to reconcile children and working life. While countries like Spain, Italy, or Greece, less than 60% of whose women aged 25-59 years are employed, have Europe's lowest fertility rates, Iceland, where over 80% of women aged between 25 and 59 years have jobs, has the highest fertility rate reported for the continent, namely 2.05. But there are also deviations from the trend. Germany and Austria, for example, have low fertility rates and at the same time relatively high female labor force participation rates (Fig. 4). In Germany the reason for this discrepancy is very likely to be a large share of women without children - an estimated 29% (BIB 2004), probably the highest figure worldwide. This may be seen as an indication that children represent an important obstacle to the career development of German women. In Germany many women prefer to have no children at all than to accept limitations on their career development.

Figure 4: Female labor force participation rate (25 to 59 years of age) and total fertility in western Europe (2006)

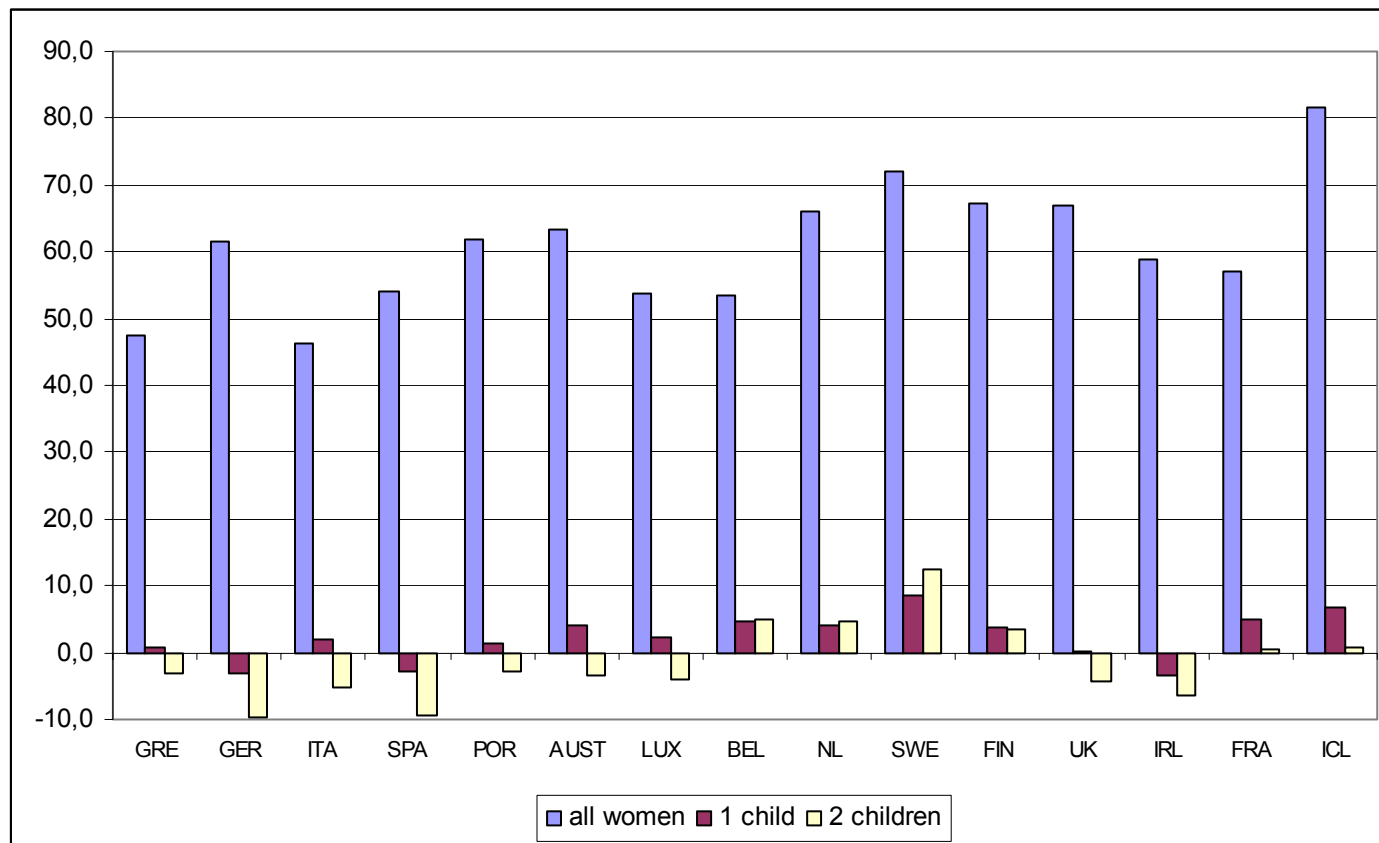


Coefficient of correlation between female labor force participation rate and total fertility rate = 0.63.
 Source: Eurostat, own calculations. Total fertility rates for Italy, Belgium, and Iceland: national statistics offices.

One other good indicator of the possibilities given in western Europe to reconcile children and job is the extent to which the female labor force participation rate changes when women have children (Fig. 5). While in 2005 a total of 61 percent of German women were gainfully

employed (a figure that includes the low labor force participation level reported for older women), the figure declines to 58 percent as soon as German women have their first child. And only 51.8 percent of German women continue to work when they have two children. By comparison, Sweden, Finland, and France, countries with relatively large families, report female labor force participation levels for women with one or two children that are as high as or higher than the total fertility rate. Even in Portugal, Austria, or Italy, labor force participation rates decline by no more than three to five percentage points when women have one or more children.

Figure 5: Female labor force participation levels (15-64 years of age; in percent) and deviations in these levels when women have one or two children under 15 (in percentage points)



Source: OECD, own calculations; countries arranged from left (low) to right (higher) in terms their total fertility rate.

5 Are childcare facilities the solution to the problem of low fertility?

No - by itself, availability of childcare facilities for three- to six-year-olds does not improve fertility rates

It is an undisputed fact that childcare facilities are a condition that must be given if job and family are to be reconciled. Since 1996 parents in Germany have been legally entitled to care

for their children - as a rule half-days.⁷ However, this offer is in no way sufficient, and thus far it has had no demonstrable influence on fertility rates (Hank / Krefeld / Spieß 2003). Evidently, mothers are in this case forced to sharply restrict or even to abandon their employment until their child has reached the age of three. For highly qualified working women in particular, this is tantamount to a sensitive loss of career opportunities.

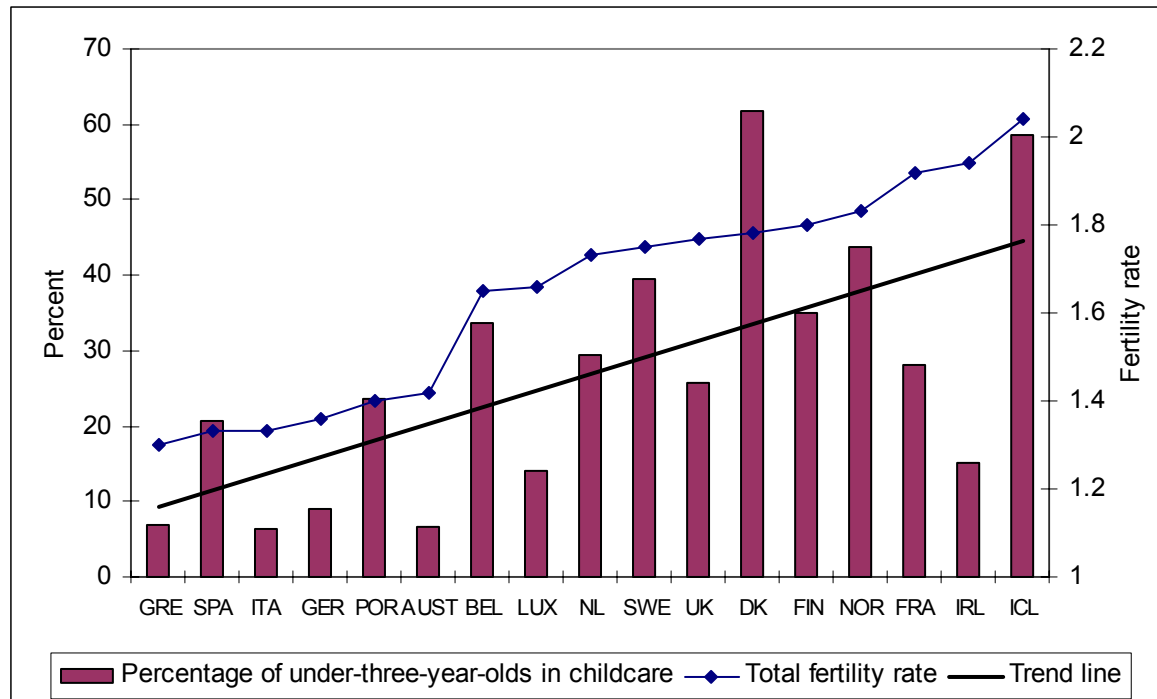
In fact, in western European countries there is a clear-cur correlation between fertility rates and the percentage of children below the age of three that attend childcare facilities (Fig. 6). In countries with relatively large families, like France, the figure for children under the age of three attending day-care centers is 28% (in 2004); and the figures for Sweden 40% and Denmark (62%) are even higher. As in other countries with low fertility rates, including Italy,⁸ Spain, and Austria, the corresponding figure for Germany is ten percent or lower.

In Germany, women's professional ambitions continue to clash with socially mediated and internalized demands that women should care individually for their own children. The view that the fact that mothers work has negative impacts on children can look back on a long tradition, and in a poll conducted in western Germany in 1996, this view was found to be endorsed by the largest number of respondents of any other European country (European Commission 1996, p. 44). Many women for this reason see work and family as competing goals, and the outcome is often that women decide against starting a family of their own.

⁷ Since 1996 parents in Germany have had a legal entitlement to a place in a childcare facility (BverfG decision on §218 StGB). The background of this decision handed down by the German Federal Constitutional Court was that legal entitlement would serve to encourage women in their decision to carry their unborn children to term. This entitlement was anchored in the German Eighth Social Security Code - SGB VII (Children and Youth Welfare Act), §24. It covers every child from the age of three to school age, providing as a rule for half-day care. The German federal states have adopted - in part differing - implementing regulations of their own in this matter in their state acts implementing the Children and Youth Welfare Act.

⁸ While Italy has a high rate of care for preschool-age children, it also has a low level of coverage for children aged under three (Della Sala 2002).

Figure 6: percentage of under-three-year-olds in childcare facilities and total fertility (2004)



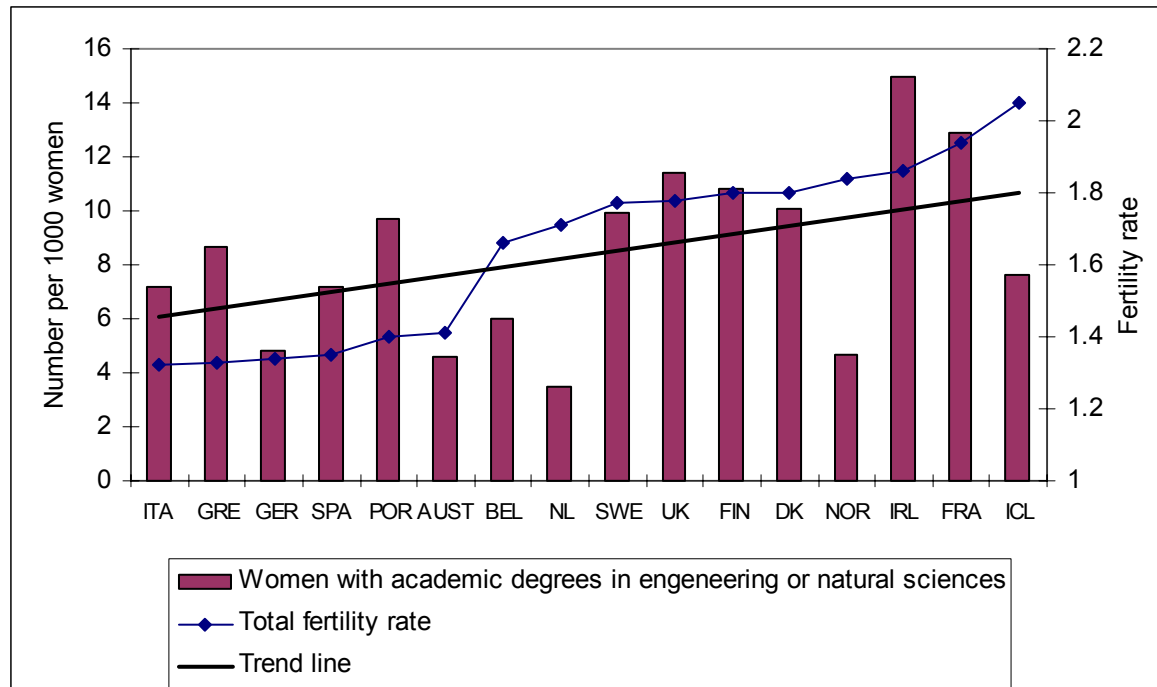
Coefficient of correlation for percentage of under-three-year-olds in childcare/ total fertility rate = 0.69.
 Source: Eurostat, OECD, own calculations. Total fertility rate figures for Italy and Belgium: national statistics offices.

6 Does a “traditional gender-related division of tasks” serve to guarantee the natural reproduction of the population?

No - there are more children where women and men enjoy equal rights

The theory of the demographic-economic paradox would seem to indicate that fertility rates decline when women break into well-paid profession domains otherwise dominated by men. Yet reality proves exactly the opposite. The overall rate of women university graduates at first shows a weak negative correlation with the fertility rates noted for the individual countries under consideration (see Column n of the table in the annex below). But if we take as an indicator for the advance of women into well-paid former male domains not total academic degrees per se but degrees in engineering and natural sciences, we find one particular tendency that should not be overlooked: In Germany, with its low birth rates, only 4.8 of 1000 women aged between 20 and 29 have such degrees. The corresponding figure for Sweden is 9.9, for France 12.9, per 1000 women (Fig. 7).

Figure 7: Academic degrees in engineering and natural sciences per 1000 women (20 to 29 years of age) and total fertility rate (2005)



Coefficient of correlation for women with academic degree / total fertility rate = 0.40.

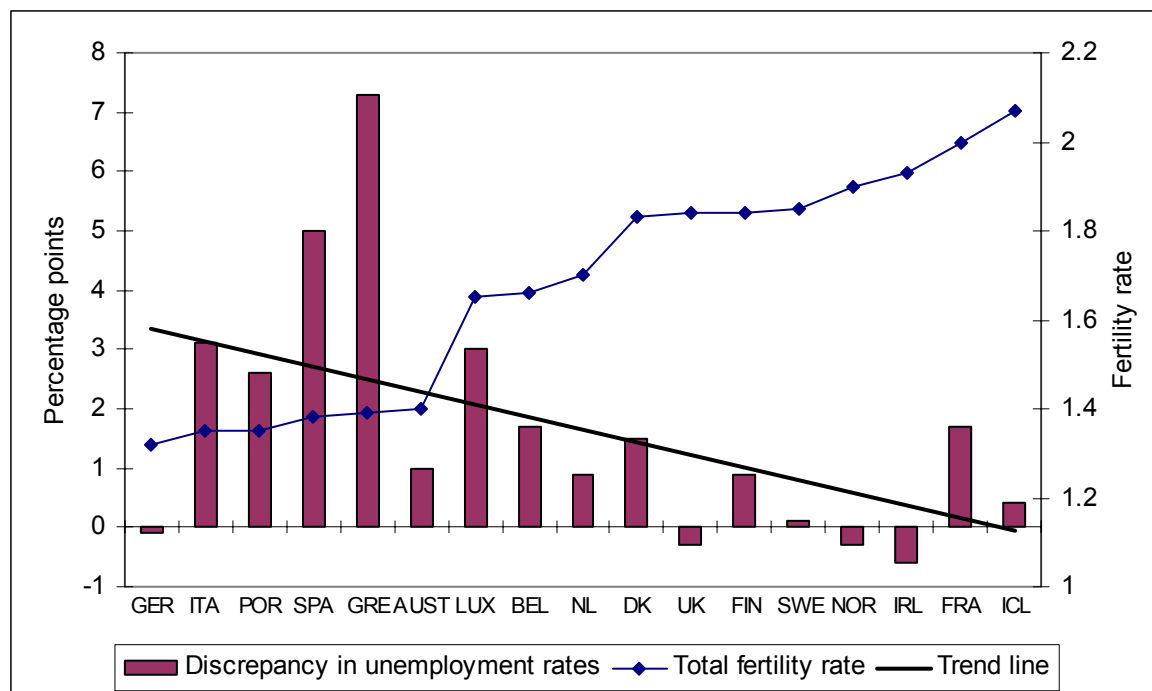
Source: Eurostat, own calculation. Figure for Belgium's total fertility rate: Belgian national statistics office.

The discrepancy between numerous economic indicators for men and women in a given society tells us something about how equal the terms are under which both are able to participate in social life. This goes e.g. for the discrepancy between men's and women's unemployment and labor force participation rates. It may generally be said: The larger the gender disparities, the lower the fertility rates.

To cite an example, in Spain, Greece, and Italy, countries with low birth rates, the labor force participation rates of 24- to 59-year old women are more than 25 percentage points lower than the rates reported for men of the same age group. In Sweden this "gender gap" amounts to only six percentage points, in Finland only four. Germany, with a difference amounting to 11.6 percentage points, ranks roughly in the middle (see the table, annex, Columns f, g, h).

Roughly the same applies for unemployment (Fig. 8; table, annex, Columns 1, j, k). In Spain and Greece women (aged between 25 and 49) have unemployment rates roughly twice as high as their male counterparts. In all, seven of the eight countries with the lowest fertility rates report female unemployment rates that are appreciably higher than those reported for men, whereas this is the case in only two of the nine countries with higher fertility rates (France and Denmark).

Figure 8: Discrepancy between unemployment rates (women - men, aged 25 to 49), in percentage points, and total fertility (2006)



Coefficient of correlation for unemployment rate / total fertility = -0.57.
 Source: Eurostat, own calculations. Total fertility rates for Italy, Belgium, and Iceland: national statistics offices.

7 Do “traditional family structures” lead to more children?

No - family does not presuppose marriage

It is often claimed that declining fertility rates are linked with a “loss of traditional values” in modern society. Where institutions like marriage and family show signs of dissolution, conservative theory claims, where women assume male roles, it is children who pay the price.

Conservative circles and religious fundamentalists are already raising their voices, warning of a looming extinction of mankind and pointing to family planning and women’s rights as the cause of low fertility rates (Kröger / van Olst /Klingholz 2004). But does this alleged correlation between traditional family structures and high fertility rates in fact exist?

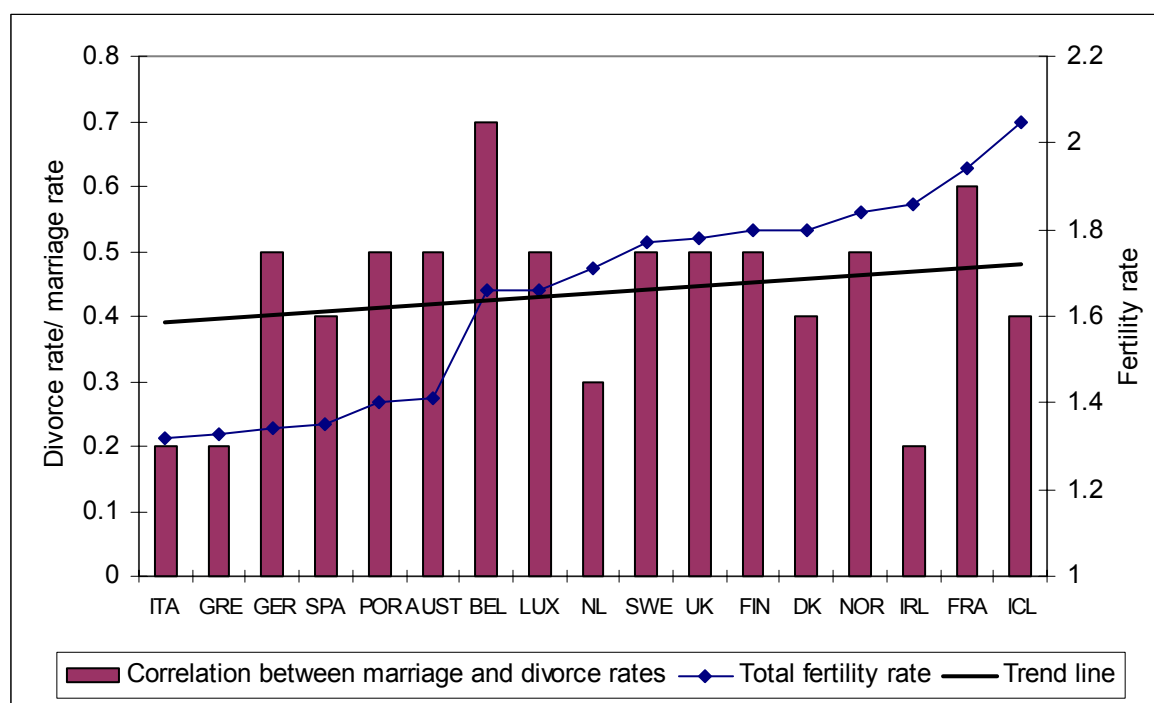
There is little doubt that the binding character of the institution of marriage has lost some of its force in recent decades, that relationships between men and women have lost some of the certainty they may once have had. More and more people are deciding against marriage, and those who do marry have no guarantee that the bonds between them will hold a life long. In recent decades divorce rates have increased everywhere in Europe (BIB 2004).

But there is nothing to indicate that societies with stable marital relationships have higher birth rates. If we take the relation between divorces and marriages in a given year as a measure for the stability of marriages, we do not find a negative correlation between

frequency of divorce and fertility. If we exclude Ireland, a country where divorce was illegal until 1996 and that continues to report very low divorce rates, we even find a positive trend (Fig. 9). While in 1995 the divorce figures reported for France and Norway, both countries with relatively high fertility rates, were only half as high as the figures for new marriages, the corresponding figure for Italy was no more than one fifth.⁹

The reason for the - seemingly baffling - correlation is certainly not that unstable relationships work in favor of higher fertility. Instead, divorce rates must be seen as an indicator for gender equality. Where women are in a position to lead their lives without any financial dependence on their male partners, the importance of emotional ties assumes a relevance greater than that given in relationships that are legally fixed and bear the marks of economic necessity. This, together with social acceptance of divorce, evidently increases the probability that marriage will be followed by divorce. But it does not lead to lower birth rates. The reason is that in societies in which men and women have equal rights in their working lives, women with children may be certain that they will be able to live in financially secure circumstance even after they have divorced.

Figure 9: Correlation between total fertility and marriage and divorce rates per 1000 inhabitants (2005)



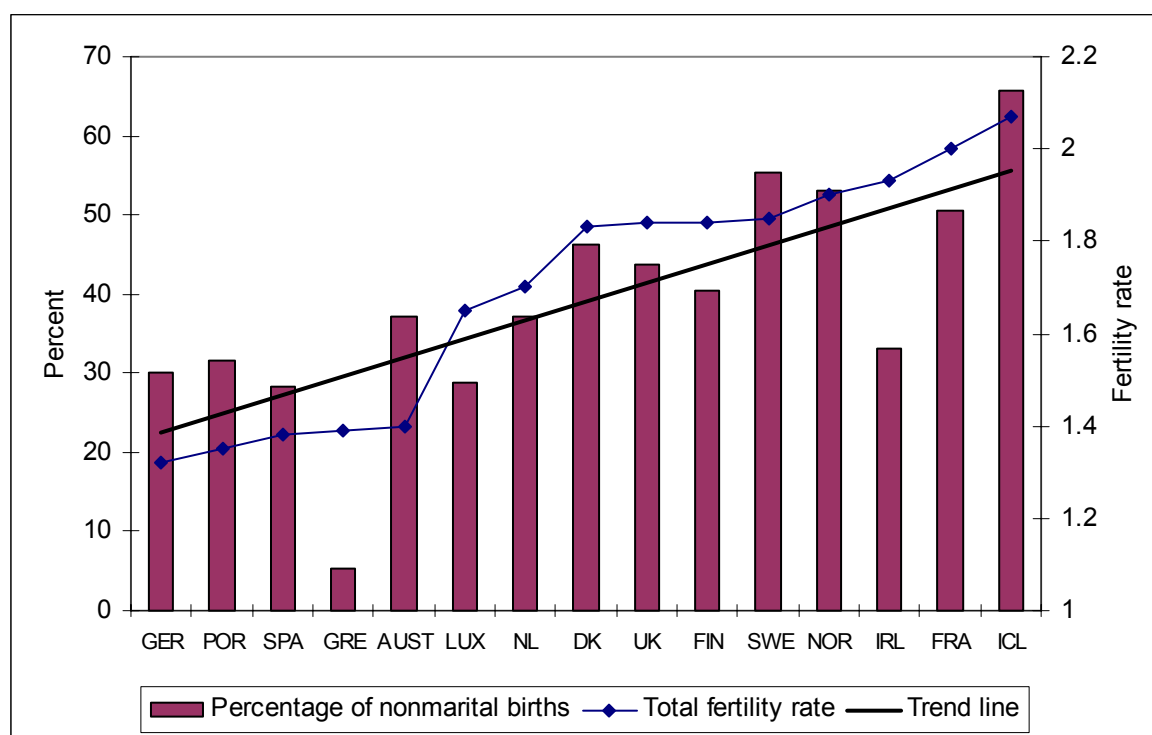
Coefficient of correlation for marriage and divorce rates / total fertility rate = 0.23.
 Source: Eurostat, own calculations. Total fertility rate for Belgium: national statistics office.

⁹ The fact that couples in Italy often separate without any formal divorce (Wanrooij 2001) shows that divorce - which was legalized in Italy only in 1970 - continues to be highly stigmatized in Italian society.

One other piece of evidence in support of this correlation is that, generally, more children are born in countries with a higher percentage of children born out of wedlock. And all western European countries with total fertility rates of over 1.7 have a percentage of children born out of wedlock higher than that reported for Germany. In fact the statistical correlation between fertility rate and percentage of children born to unwed mothers (0.81) is one of the most reliable of all the indicators under consideration here. Countries like Italy and Greece, in which nonmarital life partnerships and children born out of wedlock continue to be stigmatized, and are accordingly infrequent, have the lowest birth rates in all of western Europe.

Societies with low birth rates, like Italy, Spain, Germany, or Greece, provide tax incentives to encourage people to marry, and they do their best to shore up the institution of marriage as a social norm. With unequal opportunities for women in the labor market and their practice of assigning childcare tasks for the most part to women, countries of this kind at the same time practically ensure that the parent responsible for raising children is and remains financially dependent on his or her gainfully employed partner. In view of the fact the emotional demands placed in partnerships have grown while the durability of ties has decreased, young people are increasingly reluctant to commit to “permanent” relationships. In the countries mentioned above this often means that women are forced to sacrifice their financial independence; for men it means the duty to become the family’s sole breadwinner.

Figure 10: Fertility and percentage of nonmarital births in western Europe (2006*)



No figures available for Belgium and Italy.

Coefficient of correlation between nonmarital births / fertility = 0.76.

Source: Eurostat, own calculations. Total fertility rate for Iceland: national statistics office.

8 Can society influence fertility rates?

Yes - but child benefits alone do not induce people to have children

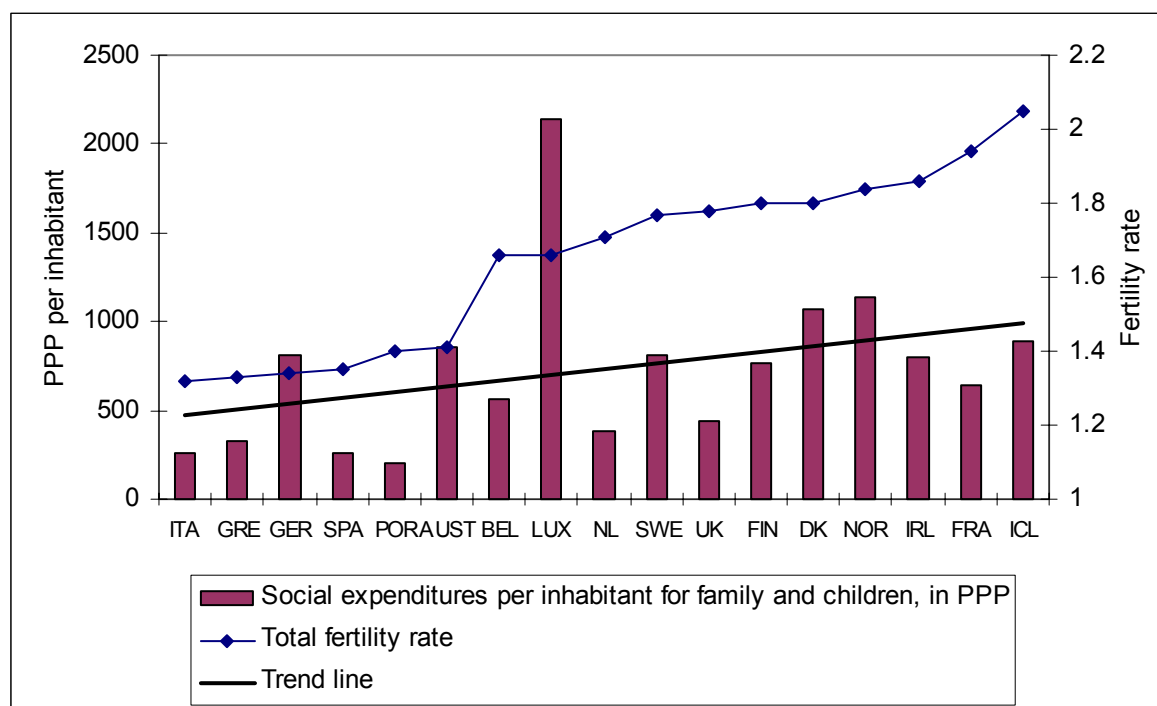
The statistical correlation between total fertility rate and social expenditures for family and children in Europe (measured in terms of PPP per inhabitant) is relatively weak (0.31). But one problematic factor here is that social expenditure figures do not include differences in the tax burden shouldered by families with children.¹⁰ However, a society can very well invest in family-friendliness. It just has to do so in the right way.

Germany evidently does not. German social expenditures for children and family per inhabitant are high by European comparison. And yet, Germany is a country with low birth rates. We see the reason for this discrepancy in the fact that viewed in connection with the German tax system, Germany's family-related social expenditures continue to be geared to promoting the "male breadwinner model" (Dingeldey 2002).

Nowhere else in Europe is the model "father as sole breadwinner and nonworking wife" promoted with tax breaks as high as they are in Germany (Rürup / Gruescu 2003). The model of "tax splitting for married couples" in place in Germany serves to calculate a couple's payable taxes on the basis the total income of both partners. In this case, the greater the income disparity between the partners is, the larger the amount of taxes saved will be. These savings reach their maximum level when one partner has no earnings at all. By setting a relatively high threshold for the point at which it is worthwhile for a couple to start earning a second income, this tax system encourages married women to withdraw from working life (Dingeldey 2002).

¹⁰ The term social expenditure refers to the social benefits, including the administrative costs involved, provided to recipients (in this case, families and/or children) in cash and services (Berlè/Fink 2000). In reference to the field of family/social affairs, this as a rule means direct financial benefits (like child or childcare benefits) and expenditures for the infrastructures needed for childcare services.

Figure 11: Fertility and social expenditures per inhabitant for family and children, in PPP (2005*)



*Figure for social expenditures in Portugal from 2004.
 Coefficient of correlation for total fertility rate / social expenditures for family and children = 0.37.
 Source: Eurostat, own calculations. Figure for Belgium's total fertility rate: national statistics office.

Today the majority of European countries have individualized tax systems - in Sweden, Finland, or Greece it makes no difference at all for tax purposes whether it is the father (or the mother) or the two parents together who earn the family income. Other countries (like France) calculate income taxes on the basis of a "tax splitting for families," with taxes declining in keeping with number of children.

The German family support system, on the other hand, has traditionally been geared to boosting the breadwinner's earnings. The child benefits paid out in Germany are the second highest in all of Europe, second only to Luxembourg. Until the end of 2006, the legally guaranteed "parental leave period" in Germany - 36 months - was among the longest provided in all of Europe. For 24 months following the birth of a child, the state paid, in addition to child benefits, earnings-linked parental benefits if one parent did not work full time. Only in 2007 did Germany adopt a 12-14-month parental leave arrangement that provides for the possibility of parental benefits amounting to roughly two thirds of a parent's last earnings, a form of parental support that has proven its worth in Scandinavian countries.

Until now almost three quarters of German social expenditures for children and family (71 percent) went into pure transfer payments like child and parental benefits (Rürup / Gruescu 2003). On the other hand, countries with high birth rates invest a far greater share of their

social expenditures in services designed to allow both parents to continue working. The figure for France is 45%, for Sweden 50%, and for Denmark 59% of social expenditures for family and children (Rürup / Gruescu 2003).

And it is precisely these services that appear to have positive effects on fertility rates: In the first place, women with professional qualifications are often not interested in staying home once they have had a child, since doing so would undercut the value of their qualifications. And in the second place, a tax-based “increase” in the breadwinner’s earnings, including child-related benefits, is simply not sufficient to compensate for additional needs for children *and* the loss of a second income.

The outcome of this decades-long practice of German family policy is obvious: A study published by the German Federal Centre for Health Education (BZgA) in 2005 proves that, in western Germany, up to the year 2004, 90 percent of the fathers interviewed were the main source of income for their family, while it was mainly their female partners who cared for children and household.¹¹ Nor is there any doubt as to what happens when, under the conditions given at present, the main breadwinner “exits the picture”: In Germany single parents account for the highest rate of social welfare recipients among all population groups. Over one third of all persons affected (36.4%) are reliant on social welfare (Bundesregierung 2005). The fact that both men and women are reluctant, under these conditions, to “risk” having a child is more than understandable.

The parental benefits introduced in Germany in 2007 are far better suited to meeting the need of qualified young women, or their partners, for a brief but financially secure parental leave and a rapid reentry into the working world. This is shown by the fact that in 2007 Germany’ total fertility rate suddenly rose to 1.45, the highest figure reported since German reunification, as well as by the fact that more and more fathers are making use of the option of parental leave.

Conclusion

A decline in fertility to the low rates we can observe e.g. in Spain, Greece, or Germany is not the result of any ineluctable natural law. Indeed, it must instead be seen as the consequence of a development of society in which the emancipation of women plays an important role. Today most western European women are interested in pursuing their own vocational development and gaining economic independence, and this has become increasingly important

¹¹ In roughly 50 percent of families in eastern Germany, the female partner contributed as much as or more than the male partner to their family’s earnings.

for the most recent generation.¹² All the same, many women continue to wish to have family and children. If, however, women (and their partners) are more emancipated and more “modern” than the society they live in, their desire for children and their life planning are likely to be more than difficult to reconcile. In this case more and more people decide not to have children. On the other hand, societies that acknowledge and support the new role played by women tend to have relatively higher fertility rates.

The aim of the present cross-European comparison is to place the possibility that the state has to influence fertility rates in a new light: For one thing, the widespread view here that only authoritarian states are capable of carrying out a pronatalist policy is evidently incorrect. For another, the social development of modern industrial nations does not inevitably lead to declining fertility rates. On the contrary, it is precisely modern societies with a high degree of gender equality that may set the stage for relatively high fertility rates.

Against the background of an evaluation of various socioeconomic and demographic indicators, we conclude that the following measures may well contribute to raising fertility rates in Germany as well as in other European societies with low birth rates:

- 1) The precondition necessary to reconcile the vocational development of parents with the desire to start a family is provision of childcare opportunities for children starting at the age of one as well as universal all-day care for school children. Only in this way is it possible for working parents (who wish to do so) to return to work following the birth of a child, without having to fear losing either their professional qualification or their earnings.
- 2) When a parent takes parental leave to care for a newborn child, it makes good sense to provide financial support for this move only for a short period of time - although the support provided should be in line with what people actually earn. The new parental benefits provided in Germany are a real step in this direction. At the same time, though, far more money should be invested in services designed to enable both parents to work. Alongside childcare facilities, these would include funding for day-care mothers or household help.
- 3) It would also be important to promote the responsibility of male partners to assume childcare tasks. After all, a partnership-based division of the burdens and responsibilities involved in caring for children is part and parcel of gender equality. This would include incentives designed to induce fathers to take - state-funded - temporary parental leave to do their share in caring for their children. Measures of this kind are already in place e.g. in Sweden. In fact, under the Swedish arrangement, if families are not to lose their

¹² In a European survey conducted in 1996, 71 percent of women between the ages of 15 and 24 years concurred when asked if, for a women, having an income of one's own was a “must.” For the group of women over the age of 55 the result was 10.4 percent lower (Europäische Kommission 1996).

entitlement, fathers are also required to take part of the parental leave provided for under the law. This too is a sure sign that the new family policy is on the right track.

- 4) The tax system should be geared to family-friendly work arrangements such as flexible working hours and provide for equal treatment of men and women when it comes to hiring and promotions. In view of a situation in which the working population will soon be shrinking and competition for young, qualified workers will be on the rise, this would make good sense, and not only in terms of family policy. This would serve to cast a family-friendly personnel policy in the light of a crucial competitive advantage.
- 5) Business enterprises should offer and guarantee family-friendly working conditions and working hours and provide men and women equal opportunities when it comes to hiring and promotions. In view of a situation marked by working populations expected soon to begin to contract as well as by intensified competition for young, qualified staff, it is not only in terms of family policy that this makes good sense. It is in this way that a family-friendly personnel policy may take on the aspect of a crucial competitive advantage

The correlations referred to above between socioeconomic indicators and national fertility rates are neither inescapable in terms of causality nor constantly linear in course. There is little doubt that a given country's fertility rate is also influenced by historical development, political framework conditions, cultural experience, employment-related traditions, and issues bound up with national mentalities. All the same, in our view the indicators selected as best reflecting the characteristics of the social conditions given in the countries under consideration provide a clear-cut basis for an interpretation of family-friendly conditions.

In the long run, social structures shape not only the behavior but also the norms and values of a population. In Germany the clash between what people demand of modern life and a policy that has, in essence, clung to traditional notions of the family has led to a situation in which both actual and desired birth rates are among Europe's lowest. Only if society, in unison with all policy fields, works to guarantee real gender equality in both working life and childcare will it be possible to reconcile the desire for children with the vocational aspirations of men and women. It is more than likely that under these conditions fertility rates would once again begin to rise, in Germany as well.

Annex

The analysis has made use of the most up-to-date data available for as many countries as possible. Wherever dates from before 2006 have been used, more recent data were either not available or complete. Each of the coefficients of correlation was calculated on the basis of the total fertility rate of the year for which the socioeconomic indicator was available.

Selected socioeconomic indicators and total fertility rates in western European countries

Column	a	b	c	d	e	f	g	h	i	j
	Total fertility rate (number of children per woman (2004))	Total fertility rate (number of children per woman (2005))	Total fertility rate (number of children per woman (2006))	Gross national product per inhabitant, in purchasing power parities (2006)	Labor force participation rate for women aged between 25 and 59 years (2006)	Labor force participation rate for men aged between 25 and 59 years (2006)	Labor force participation rate disparity (men – women, 25 to 59 years)	Unemployment rate for women from 25 to 59 years (2006)	Unemployment rate for men from 25 to 59 years (2006)	Unemployment rate disparity (women – men), 25 to 59 years, in percentage points (2006)
Greece	1.3	1.33	1.39	23000	56.9	87.8	30.9	12.1	4.8	7.3
Spain	1.33	1.35	1.38	24700	60.5	85.9	25.4	10.3	5.3	5.0
Italy	1.33	1.32	1.35	24300	55.6	83.3	27.7	7.5	4.4	3.1
Germany	1.36	1.34	1.32	26900	71.8	83.4	11.6	9.8	9.9	-0.1
Austria	1.42	1.41	1.40	30000	72.6	87.0	14.4	4.7	3.6	1.0
Portugal	1.40	1.40	1.35	17500	71.9	84.9	13.0	8.7	6.1	2.6
Belgium	1.65	1.66	1.66	28200	65.9	81.9	16.0	8.0	6.3	1.7
Luxembourg	1.66	1.66	1.65	65700	66.0	88.7	22.7	5.6	2.6	3.0
Sweden	1.75	1.77	1.85	29300	80.9	86.9	6.0	5.2	5.1	0.1
UK	1.77	1.78	1.84	27700	73.0	86.2	13.2	3.7	4.0	-0.3
Netherlands	1.73	1.71	1.70	30700	72.8	88.8	16.0	4.3	3.4	0.9
Finland	1.80	1.80	1.84	27500	77.9	82.0	4.1	6.8	5.9	0.9
Denmark	1.78	1.80	1.83	29600	81.0	89.1	8.1	4.2	2.7	1.5
Norway	1.83	1.84	1.90	43800	79.6	87.0	7.4	2.6	2.9	-0.3
France	1.92	1.94	2.00	26100	71.4	83.7	12.3	8.3	6.6	1.7
Ireland	1.94	1.86	1.93	34200	66.0	86.9	20.9	3.4	4.0	-0.6
Iceland	2.04	2.05	2.07	30600	83.5	93.0	9.5	1.9	1.5	0.4
Correlation with total fertility rate				0.27	0.63	0.33	-0.55	-0.69	-0.43	-0.57

Selected socioeconomic indicators and total fertility rate in western European countries
(cont'd)

Column	k	l	m	n	o	P	q	R	s	t
	Percentage of children born out of wedlock (2006)	Percentage of under-three-year-olds receiving care in childcare facilities (2004)	Female university graduates per 1000 female population between 25 and 34 years of age (2005**)	Women with degrees in engineering and natural sciences per 1000 women aged between 20 and 29 years (2005)	Divorces / marriages per 1000 inhabitants (2005)	Social expenditures for family and children in purchasing power parities per inhabitant (2005)	Total female labor force participation rate, 2005 (15 to 64 years)	Female labor force participation rate (15 to 64 years), women with one child (2005)	Female labor force participation rate (15 to 64 years), women with two children (2005)	Female labor force participation rate (15 to 64 years), women with three children (2005)
Greece	5.3	7.0	0.5	8.7	0.2	321.8	47.5	48.4	44.4	37.4
Spain	28.4	20.7	0.9	7.2	0.4	260.9	54.0	51.1	44.7	38.5
Italy	n/a	6.3	1.1	7.2	0.2	263.8	46.3	48.3	41.0	27.4
Germany	30.0	9.0	2.1	4.8	0.5	814.4	61.5	58.4	51.8	36.0
Austria	37.2	6.6	1.8	4.6	0.5	857.9	63.5	67.7	60.1	46.5
Portugal	31.6	23.5	2.9	9.7	0.5	n/a	62.0	63.5	59.2	46.1
Belgium	n/a	33.6	0.9	6.0	0.7	567.2	53.6	58.3	58.5	39.4
Luxemburg	28.8	14.0	n/a	n/a	0.5	2142.1	53.7	56.0	49.8	33.8
Sweden	55.5	39.5	2.2	9.9	0.5	807.4	72.1	80.6	84.7	75.6
UK	43.7	25.8	1.7	11.4	0.5	441.5	66.8	67.1	62.4	42.3
Netherlands	37.1	29.5	1.0	3.5	0.3	380.1	66.0	70.1	70.6	59.9
Finland	40.5	35.0	2.9	10.8	0.5	767.3	67.3	71.2	70.9	60.1
Denmark	46.4	61.7	1.1	10.1	0.4	1068.1	73.2	n/a	n/a	n/a
Norway	53.0	43.7	1.1	4.7	0.5	1132.2	72.3	n/a	n/a	n/a
France	50.5	28.0	1.0	12.9	0.6	644.4	57.1	62.2	57.6	38.1
Ireland	33.2	15.0	1.1	15.0	0.2	797.1	58.8	55.4	52.5	42.3
Iceland	65.6	58.7	0.4	7.6	0.4	894.4	81.6	n/a	n/a	n/a
Correlation with	0.76	0.69	-0.16	0.40	0.23	0.37				

total fertility rate										
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Source: basic data: Eurostat, national statistics offices of Italy TFR 2004+2006, Belgium TFR 2004-2006, Iceland TFR 2006, Columns r,s,t: OECD (2007): Babies and Bosses. Reconciling Work and Family Life, Vol. 5

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