

**Career or Family:
The Effect of Public Policies on the Individual Life Cycle**

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Introduction

Thank you, Klaus and other members of the editorial board of the *Journal of Population Economics* for the honor of being awarded the first Kuznets prize, and for the opportunity to visit and interact with the scholars at the Institute for the Study of Labor (IZA). I have enjoyed my visit immensely and look forward to coming back; I hope in the not too distant future.

I am, as you may know, a second-generation intellectual descendant of Simon Kuznets. Simon Kuznets supervised Bob Fogel's Ph.D. dissertation at Johns Hopkins. While a graduate student at Chicago I worked for Bob Fogel as a research assistant, and Bob served as a member of my dissertation reading committee

Since I have been in Bonn I have learned of the public debate on family policy. For example, last Friday's (25 May 2001) English edition of the *Frankfurter Allgemeine Zeitung* devoted the entire back page of its Outlook section to four articles connected with family policy. Since, much of my research has focused on fertility and labor supply responses to public policies, I thought it might be useful to offer a few remarks from an economist's perspectives on family policy. Let me be clear from the beginning that I am neither an expert on Germany or its public policies or, in general, a public policy expert. I make these comments as an economic scientist and without a political agenda.

First, what is family policy? To some, and through much of the twentieth century, it is a euphemistic term to mean pronatalist population policies.¹ Yet within the current German context family policies are those that facilitate "the compatibility of motherhood and employment."² A broad range of programs falls within the umbrella of "family policies." Included are programs that subsidize either mother or both parents to stay home with a newborn child following child birth or child allowances; housing allowances, child care subsidies, either in cash or in-kind at publicly provided child care facilities, and (the most popular form of family program in the United States) income tax deductions and credits related to children (e.g., extra income tax deductions for each "dependent" child).

The programs and may affect individual decisions on fertility, education, labor supply, family formation, among others. As we will see and is probably readily evident, programs undoubtedly interact and may have conflicting effects on fertility, family formation, and labor supply. And we should expect that a program's effect depends on the current economic and social context. Isolating the effects of a single program is a daunting task.

To make my comments most concrete, I thought it would be useful if I tied them to the recent German experience. In this way, I hope I can clarify what we know (which is considerable, if I may say so immodestly) and what we don't know (which is even larger!).

¹ Population policies are out of fashion and really have not been in fashion in liberal democratic societies concerned with individual freedom. According to a recent United Nations (2000) report, Germany has no official view on its fertility rate and has no plans to affect (increase) it. The Government and more generally the society is aware of the *aging of the population*, but there is no public call for action.

² "Losing Sight of What Matters" by Manfred Köhler *Frankfurter Allgemeine* (25/05/01) is not clear how we should define an effective family policy. Is the goal to increase fertility? Or is to increase labor market activity by mothers (or mothers of young children). Is an effective policy one that targets the welfare of the children?

Total Fertility Rates in formerly East and West Germany

For brevity, I will consider only one summary measure of fertility, the total fertility rate. It is the number of births per year, holding constant the age distribution of women in childbearing age. It is interpreted as the number of children a woman would have over her lifetime if her fertility behavior matched the age-specific fertility rates in force that year.

Figure 1 reports the TFR by the former definitions of the East and West Germany. There are three key features to address:

1. In both East and West Germany the TFR peaked in the mid-1960s then declined rapidly for the next decade, stabilizing around 1975.
2. Since the mid-1970s, in West Germany the TFR has been constant at a modern historically low level of 1.3-1.4.
3. The TFR in East Germany exhibits greater variability than in West Germany. From the mid-1970s through the early 1980s the East German TFR increased and declined slightly until reunification with West Germany in the late 1980s. The TFR plummeted for East Germany immediately following re-unification. Since the early to mid 1990s, the East Germany's fertility rate increased, but is still below that of West Germany's.

Within an international context, German's current total fertility rate is not the lowest among modern western or liberal democracies, but it is low, e.g., TFR of Ireland and Italy are lower than Germany's.

How do we explain such patterns? I'll start with point (3) in large measure because I think economists have most to say about it. Points (1) and (2) are part of the same phenomenon and be most efficiently considered as one.

An Economic Perspective of Life Cycle Fertility

What insight does economics have to give on period rates? First, note that unlike other social science disciplines, economic theories *have* something to say about period changes. Theories from sociology, biology, and political science are most appropriate for understanding secular changes in fertility.³

A few reflections about the nature of children and their care yield critical (though obvious) observations on fertility decisions. Indeed, I will just concentrate on two: First, children are a source of enjoyment (and frustration) for their parents. In olden days (before the modern welfare state) children could be a source of insurance and or a source of labor on the family farm. Today, children are less of a "productive or insurance good" and more of a "consumer" good to use the charged language of economics. And secondly, continuing with the sterile but precise language of economics, children's care is "indivisible" and "irrevocable." A parent's responsibility lasts a lifetime. And, direct care of the child is virtually daily for the first 18 years

³ Economics has a further advantage in that the same conceptual framework can be used to understand period and secular changes in fertility. How much of an advantage this is depends on the power of the secular change interpretation.

of life (or longer as we learned last month at ESSLE, where adult Italian male children return to live in the parental household). Moreover, the parent can't call in "sick" if they don't feel like providing care. To become a parent requires that an individual organize her lifestyle to handle her immediate and lifelong responsibilities.

These properties mean that fertility decisions will be forward looking. Like any other form of long-term commitment, both current and *future* economic, social, and political conditions affect the decision. Second, recognize that the life cycle aspect of fertility decisions means that fertility decisions have several dimensions. Three of the most important are: how many children to have over a reproductive career (quantity)? When to have each child? Perhaps when to have the first child, and if having more than one, how much time between each child (a timing dimension) and finally, how much to spend on each child (pay for a university education?) a quality dimension. There is no reason to expect that economic conditions and public policies should affect each dimension to the same extent, or even in the same direction.

An economic perspective implies that resources and prices, properly defined drive decision-making over the life course.

Importance of the Budget Constraint: Price and Wealth Effects.

To economists there are only price or wealth effects. Generally, an increase in income or wealth increases the demand. It is a little tricky for children, but there is broad agreement that children are "goods" as opposed to "bads" and some aspect of their demand should increase with an increase in income or wealth. No consensus in the literature as to whether the increase should be in "quantity," "quality," or some other dimension of fertility. Simple empirical correlations between income/wealth and completed fertility are negative. For example, consider the increase in wealth and the decline in family size over the last century.⁴

For prices, the standard reasoning is that we substitute away as goods become relatively more expensive. In a dynamic context we have to distinguish between changes in the current price (holding constant future prices) versus changes in future prices holding constant current price. We also want to distinguish between anticipated and unanticipated changes.

Shadow Prices

For economists the concept of a "price" is broader than simply the posted list price in retail and wholesale markets. For many decisions, people respond to the "full" or shadow price of a good or service. The shadow price is the direct monetary price and the opportunity cost of the resource in its next best use. Shadow or full prices incorporate effects of economic conditions and public policies that operate through time and place them in a common footing. In this way we can assess their probable influence and their relative magnitude.

In the *Journal of Population Economics* piece I calculated a detailed set of prices for contemporary Sweden. I refer the interested reader to the paper for the technical details but let me give a simple intuitive summary.

⁴ Of course, the simple comparison does not hold constant the shadow price of children and given historically high child mortality rates, "surviving" children not births may be the proper dimension of fertility to consider.

The shadow price of a birth in period (calendar year) t equals the sum of three components:

- The net present value of direct expenditures on children including (food, clothing, child care expenditures, less any government subsidies that offset these costs);
- The net present value of the opportunity cost of foregone earnings again less any subsidies that offset these costs (bearing and raising a child takes time, this components recognizes that cost);
- The present value of foregone Human capital accumulation due to childbearing (wages rise with experience, time away from the labor market means that earnings grow less rapidly or decline if labor market skills atrophy with disuse).

Price and Wealth effects over the Life Cycle – The Effect of Policies

Moreover, as the literature on life cycle labor supply has made clear, it is important to distinguish between two types of hypothesized changes to understand life cycle behavior. The first, measures the consumer's response to an anticipated change in the life cycle profile of prices or resources. Fully anticipated, these life cycle changes have no wealth effects only price effects. For example, consider rotating the sequence of prices $\{\pi_t, \pi_{t+1}, \dots, \pi_T\}$ such that the profile is steeper but lifetime wealth remains constant. Then "the intertemporal equilibrium condition" implies that the consumer will shift childbearing to earlier in the life cycle when it is relatively cheaper. Thus, holding wealth constant, an anticipated steeper profile of fertility implies a faster tempo (or timing) of fertility.

The second type of change is the usual comparative static exercise that changes either the profile or the level of prices or resources and generally does not keep wealth constant. Comparisons across individuals facing different initial endowments and time series profiles of prices and incomes fall within this class of thought experiments (i.e., the most common kind). Unfortunately, as frequently happens in life cycle labor supply models, because wealth and substitution effects work in conflicting directions, few predictions are available. For example, consider two otherwise identical individuals with the first facing a flatter and lower sequence of shadow prices over her life cycle. If wealth were constant, the second woman (who faces the a steeper profile, should chose to have the children relatively early in her lifetime. However, assuming child services are normal goods, reduced lifetime wealth will reduce the demand for births. Thus, for later reproductive ages, the individuals facing the steeper and higher sequence of fertility prices should have few births. Whether fertility rates early in the life cycle are greater or less than those of the first individual depends on the relative magnitudes of the substitution and wealth effects. The stability of cohort fertility (in Sweden) suggest that the wealth effect on completed fertility is zero. For the remainder of the discussion, I will assume that the wealth effect on completed fertility is zero, so that all the wealth effects are translated only into changes in timing but not total number of births.

The effect of changes in the economic and policy variables are understood by examining their effect on the profile of the shadow price of fertility. Changes that make the profile steeper increase the tempo of fertility (absent effects on completed fertility). Conversely, changes that tend to flatten the profile will tend to delay fertility. The magnitude of the intertemporal response depends upon the magnitude and timing of profile changes. The adjustment to an anticipated

increase in prices near the end of life can be spread over many earlier periods. An increase in wealth will tend, by the cumulative nature of utility flows, to increase the tempo of fertility. For example, during a period of rising wages (*ceteris paribus*) women have an incentive to have children early in the life cycle when the opportunity cost of their time is less. Higher future wages also increase lifetime wealth, which provides a further incentive to increase the tempo of fertility. Increases in either the direct child expenditures or child care costs increase the shadow price of fertility with the largest effect (because of discounting) accruing to changes for children of younger ages. Changes in the tax rate are, with a change in algebraic sign, the same as a change in wages. From the preceding paragraph, an increase in the tax rate reduces the after-tax wage and provides an incentive to delay fertility.

The effect of the parent benefit scheme is easiest to see if we assume that labor force withdrawal for childbearing is confined to the first year following childbirth. Anticipating the discussion of programs in the next section, denote the parental benefit as $\theta_t = \eta_t w_t$, where η_t is the after-tax earnings replacement rate. The opportunity cost of foregone earnings equals $(1-\eta_t)(1-\tau_t)w_t$. Written in this form it is clear that parental benefits attenuate the effect of wage increases. Increases in parental benefits offset the opportunity cost of foregone earnings and reduce the price of fertility. In the absence of human capital accumulation, if individuals are fully covered ($\eta_t = 1$), female wages have only a wealth effect and no substitution on fertility. If capital markets are imperfect, then parental benefits have an additional role to play. When couples cannot smooth consumption through savings, benefits offer the household additional income thereby extending household resources and reducing the incentive to delay child bearing. Thus, with imperfect capital markets, increases in childcare benefits should increase the tempo of fertility for the first child.

Now consider an increase in the rate of return to human capital (ω). For a given exogenous wage component profile, the individual's wage profile has become steeper. By increasing the tempo, early births reduce the cost of foregone income and the loss associated with human capital accumulation. With early fertility more of this loss will occur at the lower stock of human capital. (Absent any wealth effects leading to different desired completed fertility.)

Volatility of Period Rates in Formerly East Germany

Perhaps the analytical insights are best conveyed through a few examples. Consider the effect of a child allowance (same amount for all consumers) that starts immediately upon the birth of the child and lasts through the child's third birth date. This subsidy reduces the present value of child-related expenditures and lowers the shadow price of a birth. For some couples (almost indifferent between having n and $n+1$ children) the subsidy may be enough to get them to conceive another child. Thinking about costs and responsibilities that last for eighteen to twenty years, the full cost of a child is large. And we all recognize there are a variety of considerations besides strictly economics ones. Hence, small subsidies are virtually guaranteed to move few households to increase their lifetime fertility. (This is abstracting from uncertainty, which will discount the value of future subsidies even more.) The subsidy may, however, shift some couples to have a planned child sooner rather than later. Thus woman may have the child at 25 instead of waiting until 27. She will not have more children during her life; simply have the one (or ones) earlier in her career.

In this simple apparatus a subsidy for childcare will operate in the same way. So an increase in child care subsidy (by same amount) but starting at age three and running until age six, will because of discounting have a smaller effect than the same subsidy stream that starts

upon child birth. (Similarly, subsidizing university training starting at age 18 would have an even smaller effect, again absent uncertainty). In a richer framework, childcare subsidy can operate differently. Because in childcare has a direct impact on the child's development and safety. Risk adverse parents care about the quality of childcare their child receives. Thus, discussions about child care subsidies or kind-in public provision must also entail some specification on the quality of care. Moreover, if consumers have to expend real resources in obtaining childcare (i.e., they have to search to find provides and investigate the quality of care offered) provision of public childcare can be valued at more than the government's cost of provision of the care. Childcare involves non-negligible transaction costs and the existence of those cost change consumer's perceptions and the public debate. Also, since non-price rationing is also frequently used, whether rationing exists must be factored into the calculation.

Economic incentives from public policies and the labor market for fertility conflict with one another and careful analyses are required. For example, policies that subsidize training or education or facilitate labor market activity (e.g., equal opportunity laws) improve labor market opportunities for women, raise their labor market wage rates, and hence increase the cost of fertility and, via the substitution effect, may serve to postpone fertility. The exact effect depends on how sensitive wage rates are to experience and whether women have to establish themselves in the labor market to protect their employment gains. Women may need to establish a career before starting a family (postponement that may lead to reduced fertility).

Volatility of East German Fertility Rates

East Germany instituted two major policy initiatives in the 1970s to offset its declining fertility. Table 2 lists the key features of these programs. The relatively early childbearing age of East German women finds a rational explanation in a system in which marriage and family formation were the most important steps for young people leading to independent lives away from parental households. In most cases, it was the only way to get an apartment in the state-controlled allocation system. Realistic chances of acquiring an apartment existed only for people with priority status, which was earned through marriage, motherhood, or especially a combination of both. Thus, we have "Honecker Berg" in East Germany during the mid, 1970s through till re-unification. Women in East Germany had their children at earlier ages (maximum fertility at age 21). And had them close together, during a relatively short span of the life cycle. This system gave strong incentives to have child(ren) early, it did not lead couples to have more children.

Reunification of East and West Germany ended the pronatalist subsidies and required massive reallocation of the East Germany workforce and economy. The East Germany population felt the costs of economic dislocation. It is no surprise that fertility rates crashed following re-unification. In simple terms, with the loss of pronatalist subsidies the shadow price of fertility today increased considerably. Uncertainty over future prices and conditions provided an additional incentive to delay. Immediately following unification, East German women decided to postpone their fertility. The decline was largest for women without children, that is those deciding on when to start their families. As mentioned, the adjustments necessary to start the family is greater than those needed to accommodate another child so we should expect to see more postponement there.

The age-specific fertility rates in 1998 reveal fertility rebounding in East Germany (See Figure 2). For the young who came of reproductive age after unification their fertility behavior (as measured by age-specific birth rates) match and sometimes exceed those in West Germany. East Germany's TFR is below that of West Germany because of the adjustment by the older age

groups in East Germany. Recall by their early age of child bearing, women 29 and older in 1998 likely had a child before 1989.

The key result is to understand that virtually all of the variability in East Germany's fertility rates reflects changes in the timing of fertility, and not changes in completed fertility.

Indeed, this type of timing effect is most commonly found for economic incentives. In study after study, the predominant effect of economic incentives is to affect timing not directly the quantity of children born.⁵ Understanding that most (voluntary) policies affect the timing (or tempo) of fertility and not completed or cohort fertility covers much of the literature on economic incentives.⁶

General Decline in Fertility Rates and Stability of Period Rates in West Germany

Economics has less to say about first two features of fertility rates in East and West Germany. In many countries, period fertility rates peaked in the mid- to late 1960s and fell during the 1970s. Perhaps less surprising than the general decline is the stability of birth rates at historically low level of 1.3 – 1.4, far below replacement level. Again, this is a phenomenon that encompasses virtually all European countries. Indeed, only a few developed countries have total fertility rates near or above replacement level. Economics for its predictions and understanding of timing, offers far fewer concrete explanations of persistent below-replacement fertility.

In many respects, understanding the determinants of below-replacement fertility relates to understanding the demographic transition. The demographic transition is perhaps the most widely studied phenomenon in demography. The basic phenomenon is the movement from a high-mortality, high-fertility demographic equilibrium to a low-mortality, low-fertility equilibrium. The timing of the transition varied across country, and no two countries experienced exactly the same transition. However, the transitions were largely coincidental with industrialization and urbanization. After 50 years of investigation, a consensus has yet to emerge on the causal mechanisms involved or on the relative magnitude of competing factors.

Just as we cannot reach consensus on the determinants of the shift from high to low fertility levels, neither can we reach consensus on the factors producing below-replacement fertility. One critical issue is whether the low period rates will indeed translate into low cohort (or lifetime) fertility rates. Recent estimates suggest for Germany the period rates do imply low cohort fertility (Colini 1998).

The intellectual challenge is to explain low fertility rates not only in Germany, but in other countries as well. Including explanations for countries, such as the United States, that have

⁵ There is an indirect effect of timing decisions, however, on the completed level of fertility. In a world of imperfect fertility control, births earlier in the lifetime exposes the woman to increased risk of more children. Sometimes sooner gets translated as more and later becomes less.

⁶ A variety of non-democratic regimes have attempted on non-voluntary repressive policies such as the (unannounced) elimination of abortion on-demand availability in Romania in the late 1960s, other prohibitions legal on abortions and China's one-child policy enforced through a series of penalties and fines. Repressive policies, if they have any effect at all, only work for a short period of time, until parents/couples/women can find ways to circumvent the restrictions.

fertility rates near replacement level. I offer two quotes from giants in the field to illustrate the type of “big-think” involved:

“While work of husband and wife in hunting and gathering regime were complementary, in modern industrial society it is normally at least, unrelated. For husband and wife, then, there is nothing in the modern workplace that encourages either marriage or reproduction....Modern industrial society breaks down family: Live in city; strive for social mobility; work in an impersonal environment; receive income as an individual rather than as a member of the family; acquire formal education in schools beyond parental control.” (Davis, 1986 p. 59-62)

“Past high fertility associated with authority of the man within the family and fact that women were sufficiently hemmed in so their time was not worth much outside the household. Husband had the major part in decision-making. As the authority structure within the household collapsed so does fertility. Assigning women to raising children was a way of using women's time in those historical epochs when social arrangements made that time worth very little in the market place.” (Keyfitz 1986, p.140)

The intellectual challenge becomes even more daunting when international comparisons are considered. Consider, for example the case of Sweden and the United States (necessarily representative, but two countries I know well). In Sweden family policies are arguably more generous than those available in Germany, and are more generous than those in the United States, which has virtually no family policies. Sweden has subsidized health care for childbirth, extensive cash child allowances, a system of parental benefits that replace foregone labor market earnings, and publicly provided (high quality) day care. The Swedish labor market supports part-time employment (predominately in the local government sector), with high levels of female employment. While period fertility rates vary widely, for nearly the entire twentieth century completed (or cohort) fertility remained constant at two children per woman. Besides the near-absence of family policies, there are no public subsidies for childbirth in the United States. Day care is privately financed, with a large segment of the market from private, and unregulated providers. To the extent programs exist they are means-tested, and most subsidies for families come through the federal income tax system as deductions or credits. Part-time employment in the United States comprises a small share of employment, yet most mothers (about 60 percent) with young children work and work full time. Of course, the United States experienced the largest baby boom following World War II, and though like other countries has witnessed tremendous variability in period fertility rates, completed fertility rates are at or above replacements (even for whites, who have lower fertility than Blacks or Hispanics).

I fully expect that research on the determinants (and consequences) of below-replacement fertility among developed countries will continue to be an active area of investigation for economists and other social scientists in the years ahead.

Will Below Replacement Fertility Rates Persist?

Clearly this is an extremely important question, as the fiscal viability of the social insurance system crucially depends on the answer. Yet, without a clear understanding of the determinants of below-replacement fertility, it's not possible to meaningfully forecast long run behavior.

Long Run Consequences of Low Fertility Rates

What are the long run consequences of low fertility rates? Should we be concerned about below-replacement fertility? Geoffrey McNicoll (President of the Population Council) identifies potential areas of conflict, but presents an overall optimistic view:

“...[There is] a loose consensus among economists... that adjustments to the older work force, altered factor prices, and shifts in consumer demand need not be economically damaging. Social security problems generated by population aging are indeed widely recognized to be important; but they are properly seen as an aspect of an intricate mesh of distributional relationships – some involving age categories, other family units, still others socioeconomic and ethnic groups – that are part of the fabric societies must weave in attempting to reconcile there often-conflicting goals of solidarity and economic growth, and their conceptions of entitlement and equity. McNicoll (1986)”

Although long run forecasts are not possible, demographic momentum, the consequences of the existing age-structure of the population leads to accurate medium term forecasts. Even if birth rates changes substantially tomorrow, the consequences for the population growth and the labor market will not be felt for nearly a generation. The immediate future therefore is relatively clear: at current birth rates, the German population is certain to age and unless immigration increases substantially, the size of the population will decline. The UN (2000) forecasts (its medium variant) an 11 percent drop in Germany's population 2000-2050 with the percent of the population 65 years or older increasing from 16 to 28 percent (an increase of 73 percent). Moreover, the *potential support ratio* (PSR) will decline from 4.41 (in 1995) to 1.81 (low), 2.05 (medium), 2.35 (high) in 2050. The same UN (2000) report forecasts (again under the medium variant) an annual net inflow of 204,000 of immigrants to Germany during the next 50 years (2000-2050). Yet, an annual net flow of 344,000 is needed to keep the population constant; 487,000 (net) per year to keep the 15-64 age group constant, and 3,630,000 (net inflow) per year to keep the 15-64/65 year or older ratio (i.e., the support ratio or the inverse of the dependency ratio) constant. The predicted flow is slightly below the level of immigration seen during the 1990s, when because of re-unification immigration was higher than 344,000 per year.

Thus, in the medium term, Germany's population will age and is quite likely to decline, unless immigration controls are substantially loosened. The “intricate mesh of distributional relationships” for Germany will like span generations and ethnic groups.

Conclusion

What is true is that simple economic subsidies intended to raise fertility levels will be prohibitively expensive. Sage advice includes what to do as well as what not to do. In this case, the lessons drawn from economics are that economic incentives will not be cost effective at raising fertility levels. In large measure, we don't know why fertility is so low in Germany, Italy and Ireland but moderately high in the Nordic countries, United Kingdom and the United States.

We know little about the determinants of fertility. We can forecast future fertility rates as a statistical exercise, but understand poorly the determinants of fertility. This argues against broad and probably expensive public policies intended to raise fertility rates. Scholars continue to debate the relative role of culture, societal norms and economic incentives in determining fertility behavior. Yet, the best summary is that fertility decisions are among the most common

and the most difficult. Economic incentives play a role, but their influence is primarily on timing that of course translates over the life course to fertility levels.

Two hundred years ago, Malthus wrote about the determinants of fertility and population growth. Malthus introduced the important concept of *homeostasis*. Fertility levels at 1.3 are far below replacement (2.1) and may not be an equilibrium value. The question is to which system does homeostasis apply? There is nothing that dictates that each country's fertility rate has to stabilize at a replacement level. The long sweep of history (thousands of years at essentially a near constant population, population growth only rapid during the last three hundred years) suggests the world's population will be homeostatic. Yet, individual countries may find that declining population growth and an aging-population structure is not magic and quite unpleasant. If so the political pressure and societal climate will change to make society and public policy more conducive to child bearing and families.

Table 1
Summary of Family Policies in GDR
1972-1989

Year	Program Features
1972	<p>Extended maternity leave from 14 to 18 weeks</p> <p>Guaranteed cost-free day care to all children age 1 and older</p> <p>Generally favored young married couples</p> <p>Liberalized access to induced abortion during first three months of pregnancy.</p>
1976	<p>Extended maternity leaves from 18 to 26 weeks (leave may be taken 6 weeks before, and 20 weeks following delivery)</p> <p>Generous birth allowances for young couples;</p> <p>Enacted “baby-year” for second (and higher parity) children payment of regular sick pay (GDR DM 300 per month minimum) for twelve months beyond maternity leave;</p> <p>Extended childcare services to all women, especially single women.</p>

General Features

Some benefits targeted to mothers age 25 or younger.

Preference given by the State controlled housing (apartments) allocation system to people with *priority status* (highest status to mothers with children, married couples and married couples with children).

Source: Population and Development Review articles

Table 2
General Effects of Unification on Marriage and Fertility

Marriage and marital stability declined as number of marriages declined and the number of divorces increased;

Number of abortions increased

Parity Specific effects by Age: Strongest decline for first births by young women, and older women (those age 30 or more) sharply limited their fertility for additional children.

Average age at first birth increased from 22.9 years in 1989 to 24.9 in 1991, and 26.2 in 1993.

As of 1998, a converging age-profile between East and West fertility?

Figure 1
German TFR 1947-1998

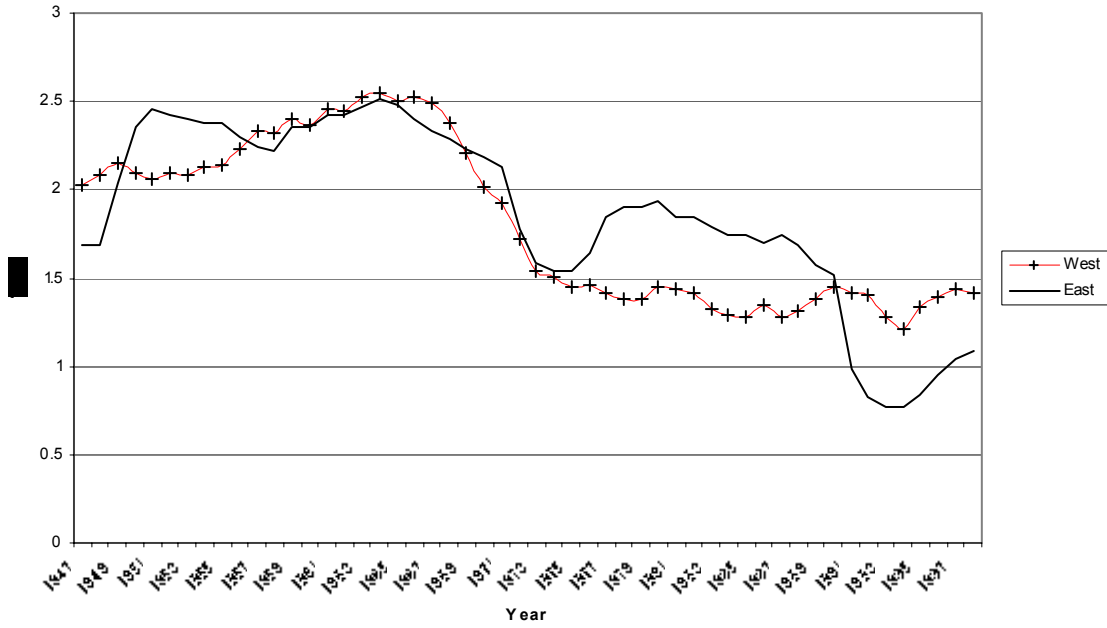
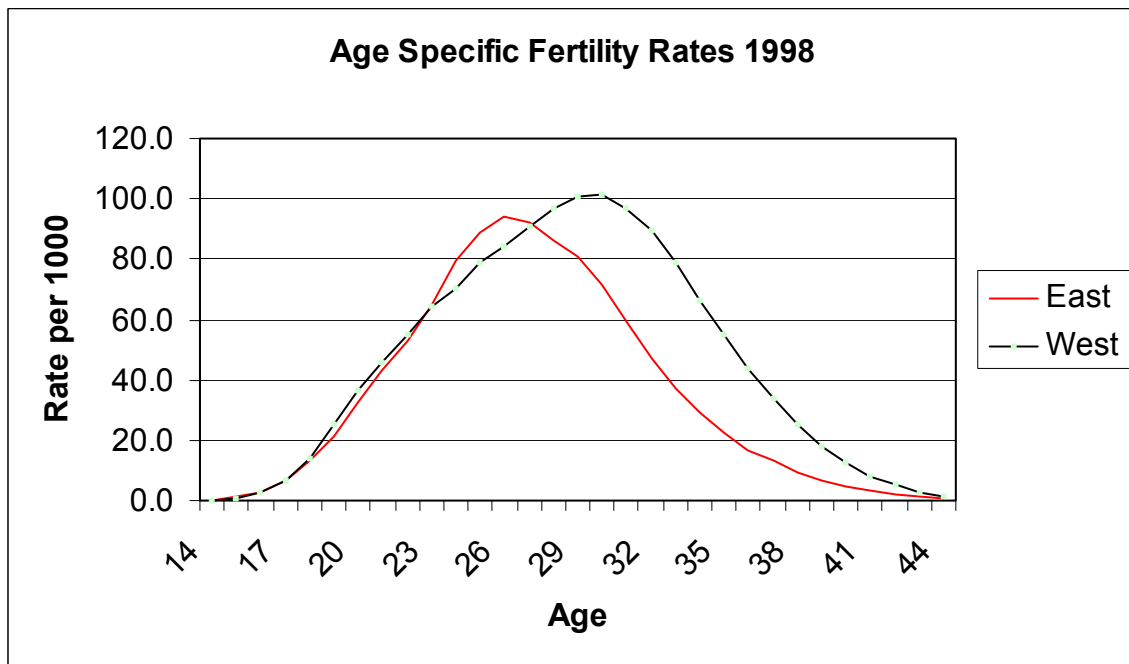


Figure 2

Age Specific Fertility Rates 1998



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