

Population policies for low fertility countries: The need for thinking beyond the conventional repertory

In the post-2000 period, European fertility levels in a number of countries have exhibited modest rises, or maintained a niveau close to what assures population replacement. This phenomenon has generated more optimistic interpretations of the prospects for an agreeable or at least tolerable future course of population dynamics in Europe than was commonly foreseen in the last decade of the 20th century. The causes of such a shift in outlook could be linked to three types of evidence or interpretation. First, drawing on hard statistical data, demographers ascertained that the postponement of births to a later phase of the childbearing age-span has slowed down or come to an end; catching up with the underlying desired fertility resulted in slightly higher birth rates. Second, in some countries where family and child-friendly components of the armamentarium of the European welfare state were vigorously deployed, such policies could be plausibly linked to maintenance or recovery of fertility close to, or even attaining, replacement levels. Third, higher degrees of gender equality were shown to be correlated with higher fertility--in the European context with fertility close to replacement levels--offering a policy approach that would serve not only greater equity between the sexes but also a sociologically justified policy lever for the achievement of higher birth rates. By these lights, the earlier alarm about the direction of fertility change was not warranted.

But numerous country experiences make the outlook on future European fertility trends still cloudy. These include sharply below-replacement fertility levels and/or continuing downward trends in numerous countries outside Europe, in particular in East Asia, and persistent very low fertility in large areas within Europe, including in some of the economically most successful countries, even though they also maintain programs providing strong support for families raising children. The scope for policies that would assure greater gender equality between spouses, de jure or de facto, is likely to be limited in such situations. In essence they aim at greater participation of women in the labor force, providing greater economic equality between the sexes and encouraging more equal division of housework, including childrearing. Women's labor force participation, however, is

already very high or rapidly growing in most industrial countries, and women's competitive advantage in many occupations and industrial branches is increasing. It is not evident that further shifts in that direction are likely to cause a longer-term upward shift in the average level of fertility now dominated by completed cohort fertilities of parities two, one, and zero, thus guaranteeing below-replacement levels of fertility. Increasing affluence has also been linked with modestly higher achieved fertility in industrialized countries. That expected positive effect, however, tends to be dampened by increasing competitive pressures in the globalized economy, necessitating longer education before entry to the labor force, imposing the need for two income earners per couple, and increasing the private costs of an education that promises economically successful careers for both the parents and their children, if any.

Past demographic changes in low fertility countries also undermine the credibility of the commitments given in state-managed pension schemes concerning income provision after retirement. Realization of the tenuousness of those commitments brings home the necessity of accumulation of assets for maintaining relatively higher levels of income protection and consumption in old age. The capacity to accumulate such assets is in direct competition with the costs of childrearing. This linkage is likely to emerge in the coming decades as a powerful fertility-depressing force. Efforts to maintain promised income-replacement levels by states are also weakening their capacity to extend support levels in traditional pro-family policies, hence undercutting the potential of such policies for maintaining fertility levels or increasing them when such levels are inadequate for preventing prospective or ongoing substantial decline in population size and--a potentially graver consequence--extreme population aging.

Assessments of future demographic prospects are of course necessarily uncertain. Spontaneous--not policy-induced--corrective behavioral responses may emerge, rendering the need for fertility-enhancing policies moot. At the same time, caution requires a search for approaches that would make future demographic patterns more in line with the collective interest. This would also call for searching for policy tools and approaches that go beyond the conventional repertory. The present armamentarium of policy tools appears to be inadequate and unequal to

the task that may be required from them in the future in low-fertility countries, especially if such countries wish to keep the numerical scale of net immigration relatively low.

Newly developed policies should satisfy multiple requirements beyond potential effectiveness in raising fertility. In particular, they should preserve individual freedom of choice, including choice of childlessness or only a single child. They should avoid exhortation and state-managed social pressures and attempts at collective cultural engineering and concentrate on material incentives that are ethically and socially justified and acceptable. Ideally they should rely on measures that make sense and would remain politically viable even if the need for them qua population policy measures would be vitiated by favorable trends in fertility.

The paper discusses and elaborates three novel directions for institutional and policy changes that would satisfy the criteria just listed and would at the same time promise effects resulting in higher average levels of fertility than do the now available policy packages.

The first is a voting reform that would provide voting rights to all citizens, including the one large block of citizens that remains disenfranchised everywhere: children under the current legal voting age, such ages 0 to 17. The members of this age group have an especially high stake in the longer-term future of the society in which they were born: on average they will have to spend some 70 to 90 more years in it. They are of course immature to exercise this right directly. The persons responsible for them and best qualified to represent their interest would be asked to perform the task on their behalf: their parents or their caregivers. This is not a pronatalist measure in any direct sense: no mother or father would seek an extra child because of this derived, and individually minuscule, role in the political decision-making process of a democratic state. Neither is there a need to assume that parents' representation would be necessarily different than expressed in their own vote, albeit the fact that they would vote on behalf of someone else could well be influential. On a collective level, such a reform (which I briefly proposed in an article published in 1986, and

which since found sympathetic echoes, albeit not yet translated to actual political reform, in Singapore, Germany, Japan, and Hungary) would be a clarion call for drawing public attention to potential demographic problems of the society in question. It would, if only indirectly, recognize and honor the role parents perform by contributing, even if motivated by their own personal interests, to the maintenance of the society as a whole. And most importantly, it would go some way to correct the growing bias in party platforms and in the political decisionmaking process, that are now increasingly dominated by the economic interests and social concerns of voters past the retirement age or nearing the age of retirement. Such a shift would open up possibilities for reforms, including reforms affecting fertility, that are now beyond the reach of democratically elected legislatures.

A second type of reform would be a rearranging of the direction of the conventional fertility-stimulating measures of modern welfare states. I argue that they are largely misdirected as they mostly consist of ineffective and inefficient income-churning by bureaucratic means, entailing not insignificant material waste. To simplify, the prevailing pattern is that A pays, through transfers by taxation and redistribution, some (and an increasingly substantial) share of the cost of B's one or two children (who in all probability would have been born even without those subsidies), while B is obligated to reciprocate and pay some (and an increasingly substantial) share of A's one or two children (who in all probability would have been born even without those subsidies). The needed reform, the paper argues, would be a substantial downscaling of the amounts churned and a rearranging of the focus of the state-engineered material support to compensate the costs of parents who undertake the raising of three or more children.

A third type of reform, bruited by me also a quarter century ago, but essentially ignored everywhere, would aim at reestablishing in a modified version the micro-level intergenerational support system that was the most effective underpinning of elevated fertility in traditional societies: the need for children to provide material security in old age. Starting with the Bismarckian pension scheme initiated some 130 years ago, and with variations eventually imitated by all modern states, old age support was essentially nationalized, thus largely severing

the material support-link between productive children and their aged and no longer working parents. Obfuscations and legal and accounting complications notwithstanding, the essence of state-administered pension systems is pay-as-you-go: the state collects mandated contributions from workers for "their" retirement and distributes what is collected to those already retired. A basic income support for the old derived from taxing the young is an essential function of the modern welfare state. But the state could also engineer a direct transfer of mandated retirement savings from workers to their living but retired parents. The diminished pool of remaining retirement savings would then be distributed along the general rules of the original scheme, including allocation of the rightful benefits to retired parents who also receive direct transfers from their working children. Without elaborating the specifics of the arrangement, I note that unlike in the traditional society, intergenerational feelings of obligation and gratitude would play no part: workers' taxes for retirement would not be affected by the survivor status of their parents. But with a quasi-constitutional level of assurance for the long-term commitment of the state to such a scheme, a potentially powerful incentive would be created for having children as assurance for a comfortable retirement. The built-in incentive would be equally strong for raising one's children to be productive members of the society when they grow up. The size of the per-child transfer of course would be crucially affected by the taxable earning power of one's children.