

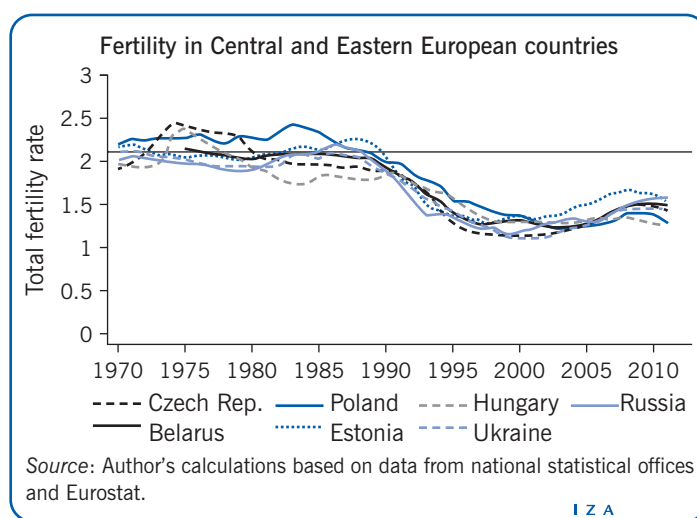
# Can government policies reverse undesirable declines in fertility?

Government policies can have a modest effect on raising fertility—but broader social changes lowering fertility are stronger

Keywords: fertility, pronatalist policies, transition economies

## ELEVATOR PITCH

Since 1989 fertility and family formation have declined sharply in Central and Eastern Europe and the former Soviet Union. Fertility rates are converging on—and sometimes falling below—rates in Western Europe, most of which are below replacement levels. Concerned about a shrinking and aging population and strains on pension systems, governments are using incentives to encourage people to have more children. These policies seem only modestly effective in countering the impacts of widespread social changes, including new work opportunities for women and stronger incentives to invest in education.



## KEY FINDINGS

### Pros

- ⊕ In Central and Eastern Europe, fertility rates are now below population replacement rates.
- ⊕ Countries are also seeing later marriage and childbearing and rising numbers of children born to single women.
- ⊕ Policies encouraging births can modestly increase the number of births, particularly of second and third children.
- ⊕ To stem population loss due to declining fertility, pronatalist policies combined with increased immigration is likely the most effective approach.

### Cons

- ⊖ Recent declines in fertility could reflect postponed childbearing rather than a decline in the average number of children borne per woman.
- ⊖ Until the women of childbearing age in the 1990s reach the end of their childbearing years, the extent of the fertility decline cannot be known.
- ⊖ Policies encouraging births are unlikely to fully counteract economic and social changes that lead to fertility rates below replacement level.
- ⊖ There is no clear evidence for policymakers on what policies are most likely to raise fertility rates at the lowest budgetary cost.

## AUTHOR'S MAIN MESSAGE

Pronatalist government policies can increase fertility rates modestly, but they are unlikely to move fertility rates up to replacement levels in the low-fertility countries of Central and Eastern Europe. Individual incentives to invest in education and pursue a career appear to affect fertility choices more than government policies do. For policymakers trying to stem the population loss and the changes in population age structure resulting from declining fertility, the most effective approach is likely to combine well-crafted pronatalist policies with openness to increased immigration.