



## THE FAMILY OF THE FUTURE

*position paper in progress*

### Executive Summary : in-depth analysis of birth rates<sup>1</sup>

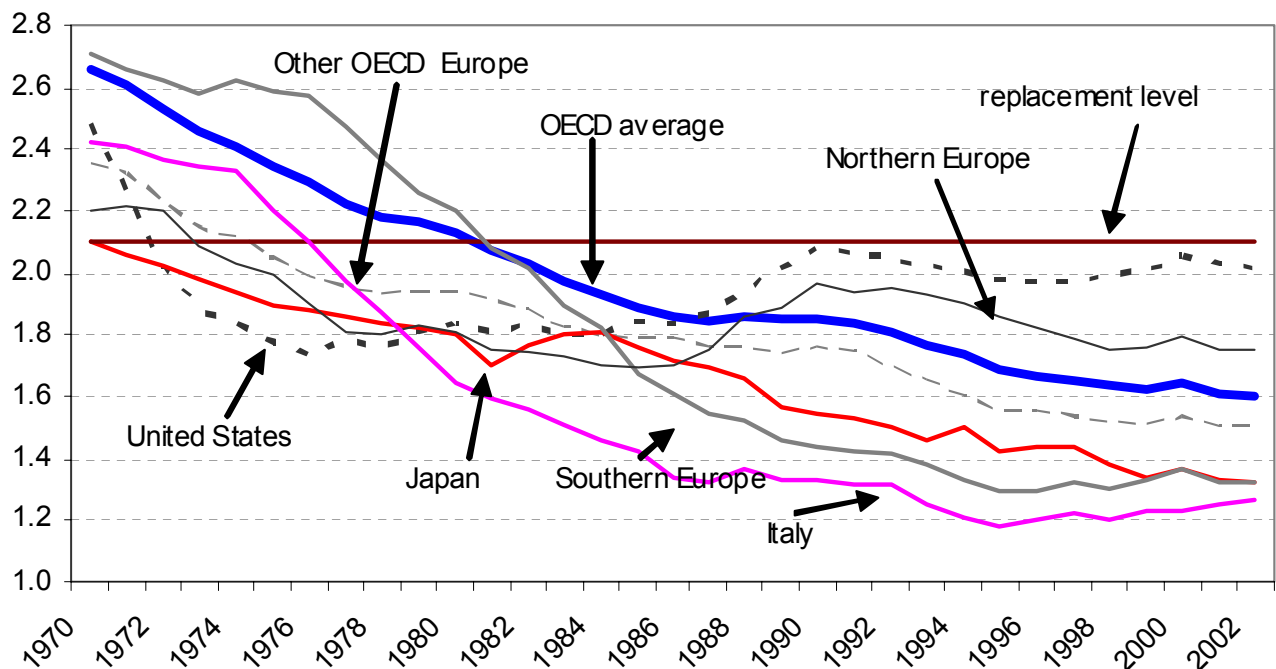
#### I. THE FAMILY IN CRISIS - EXPLAINED

Beginning in 1970 the birth rate began to decrease in OECD countries. Initially this was attributable to the 1973 oil crisis and the subsequent inflation and ramifications on consumption which followed.

Still the downward trend in birth rate can likewise be explained by a number of secondary factors, namely: women's growing presence at the university (1960's) and in the work place (1970's), the introduction of "the pill" as a means of contraception, a growing aversion on behalf of young people to the sacrifices implicit in founding a family and a "change in values" (though the values in question are hard to pin point).

The following graph illustrates the evolution in birth rates from 1970 to present:

#### AVERAGE NUMBER OF BIRTHS PER WOMAN 1970 – PRESENT (OECD COUNTRIES)



Source: Anna Cristina d'Addio and Marco Mira d'Ercole of the OECD

<sup>1</sup> This document is a summary of the data and conclusions drawn by Vision and the OECD during the conference "The Family of the Future" held on the 27<sup>th</sup> of April 2006 in Rome.

The data presents in the graphs are extrapolated both from the previous researches of Vision and from the analysis effected by Anna Cristina D'Addio and Marco Mira D'Ercola of the Oecd in Paris. This summary is written by Leah Derus and Claudia Orecchioni (Vision)

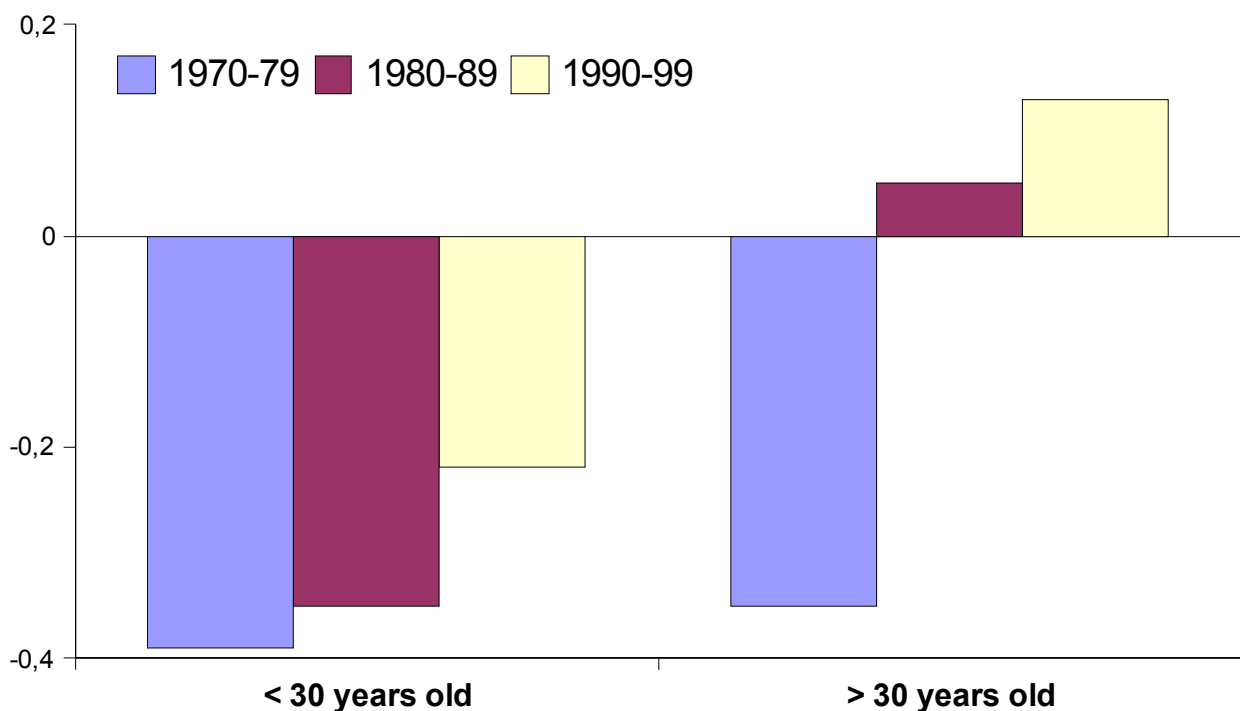
The overall OECD birth rate has steadily decreased from 2.6 births per woman in 1970 to 1.6 at present, down -38%. Pivotal years surrounding this diminution which can be associated with a variety of factors such as the average age of mother at childbirth, women's level of education, women's level of participation in the work force etc. It is also interesting to observe the trend in terms of GDP. To that effect we have grouped European countries into a northern and a southern group. Note that it is around 1985 that the Northern European and American birth rate breaks out of its post 1973 stabilisation period and begins to draw closer to a 2.1 replacement level. Meanwhile the previously high Southern European birth rate continue its dramatic post-1973 decline.

Using Italy as an example of a Southern European country: In only 35 years (1970-present) the Italian birth rate diminished from 2.4 to 1.2 (-50% overall reduction compared to the OECD average reduction of -38% in the same time period).

Historically younger women (under 30) have given birth to a larger percentage of children than older women (over 30). Incidentally This trend becomes inversed in 1979-80, when births began to rise amongst women over the age of 30, while at the same time continuing to plummet amongst women under 30. Yet the increase in birth contribution from older women did not and does not compensate for the decreasing contribution from younger women.

As can be seen from the graph, in Southern European countries such as Italy, the initial reduction in births among women under 30 starting in the 1970's has never been never been reversed or compensated for by older women.

**AGE OF MOTHER AND BIRTH RATE IN ITALY 1970 - 1999**



Source: Anna Cristina d'Addio and Marco Mira d'Ercole of the OECD and Vision

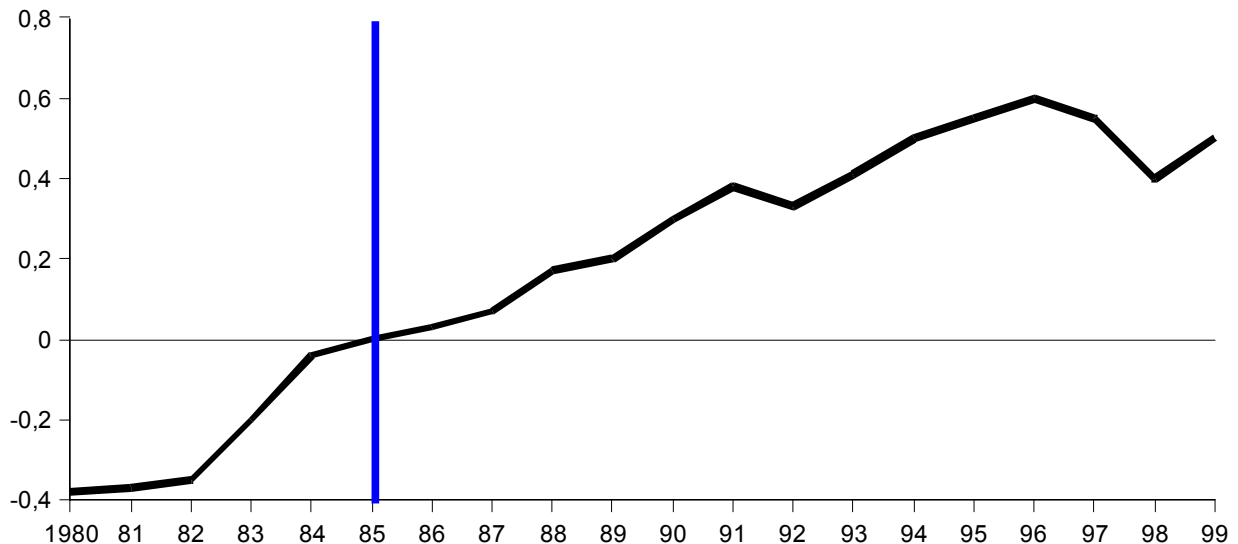
As we will demonstrate, changes in the family coincide in large part with changes in the role of women in society.

## II. DETERMINING FACTORS TO THE ANALYSIS OF THE BIRTH RATE

### 1. Education

The birth rate was traditionally high in the OECD countries where less women were formally educated and where there were relatively few women in the work force. Starting in the 1970's this trend began to inverse itself. Today the birth rate is highest in countries where women are readily educated and where they make up a significant share of the work force.

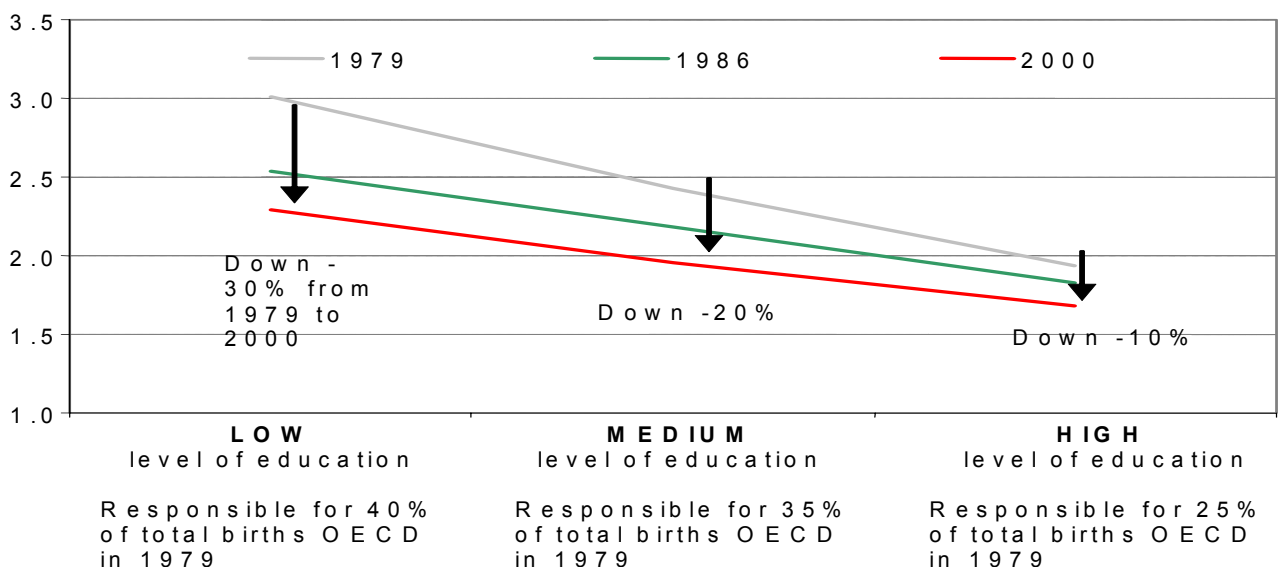
#### CORRELATION : EDUCATION AND FERTILITY RATES OECD IN COUNTRIES



Source: Anna Cristina d'Addio and Marco Mira d'Ercole of the OECD and Vision

If we change perspective from An aggregate cross-country perspective to an analysis of groups of women within the same country we find that women who have attained the highest levels of education (HIGH) are responsible for a meer 25% of all births (note that this has historically been the case even pre 1970's), while a MEDIUM educational level accounts for 35% of all births and the least educated women LOW account for 40% of all births.

#### LEVEL OF EDUCATION (low-medium-high) AND BIRTH RATES (OECD average)

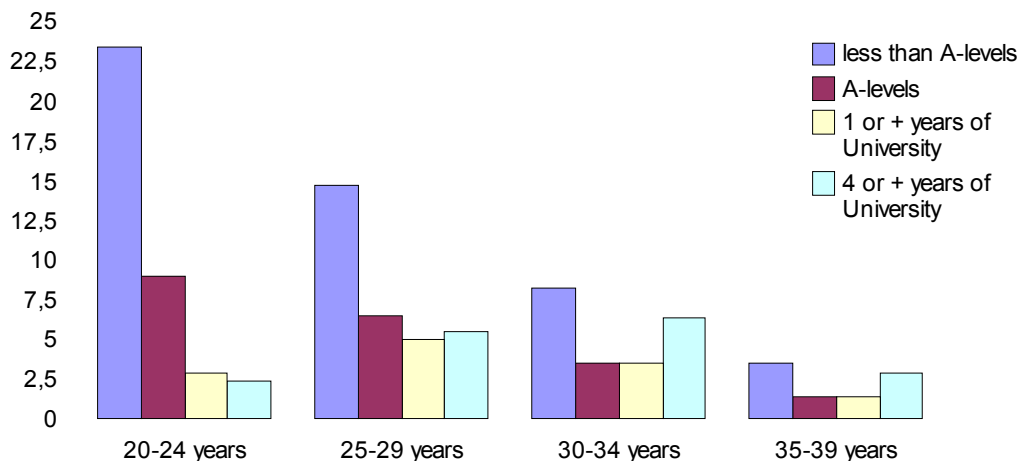


Source: Anna Cristina d'Addio and Marco Mira d'Ercole of the OECD and Vision

The birth rate has diminished among women regardless of level of education but the most significant decrease has been among less educated women (LOW -30% decrease from 1979 to present). When we look at the average weighted contribution of each of these three groups to the decreasing OECD average birth rate we see that the least educated women account for a greater decrease than do women in the medium and high groups.

In northern OECD countries today and in southern OECD countries pre-1970 the majority of women under 30 having children have no more and often less than A-levels. Those over 30 have on average 1 or more years of university studies. **The fact that less educated women are no longer having children during their 20's probably explains much of the overall birth rate decrease in many Southern European countries.**

**% OF TOTAL BIRTHS IN FUNCTION OF EDUCATIONAL LEVEL (USA 1994)**



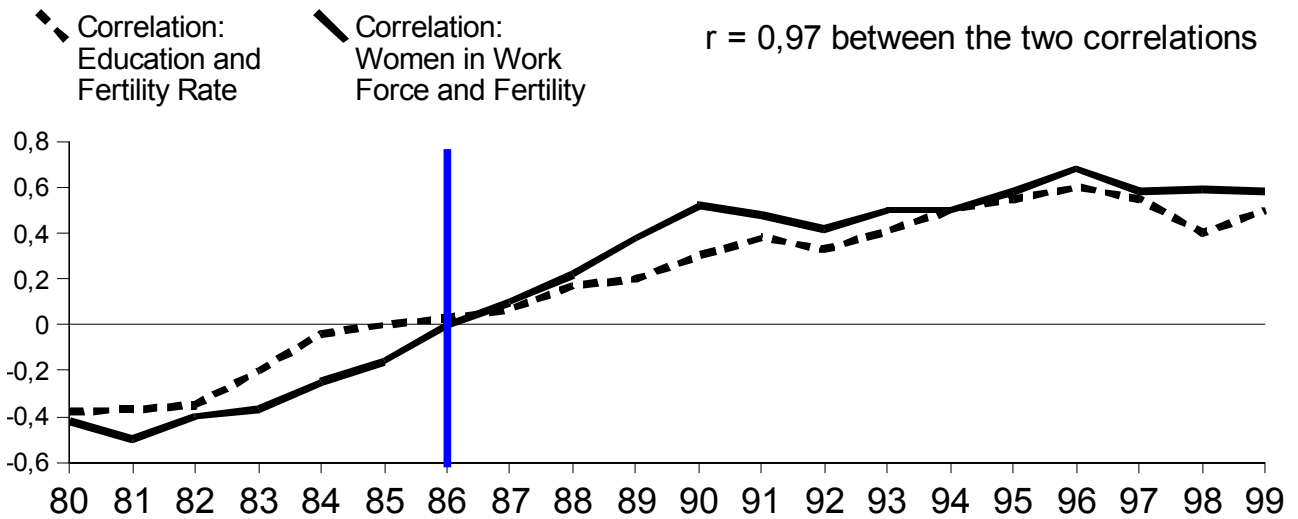
Source: Monthly Vital Statistics Report Vol. 45, April 24, 1997 elaborated by Vision

What therefore accounts for the positive correlation on an aggregate level between education and fertility rate? Why do factors such as having a greater percentage of well educated and (as we shall see) working women bring a country's birth rate up when **highly educated women's overall contribution to birth rate and birth rate decline is less significant than women with little education?**

## 2. Women in the work force

The increase in the number of women in the workforce is also positively correlated with high birth rates. As much as 50% of the work force in certain countries is comprised of women (USA, UK, Sweden etc.) thanks to the “democratization” of higher education and women's growing aspirations to financial independence.

# FERTILITY RATES AND EDUCATION / WOMEN IN WORK FORCE



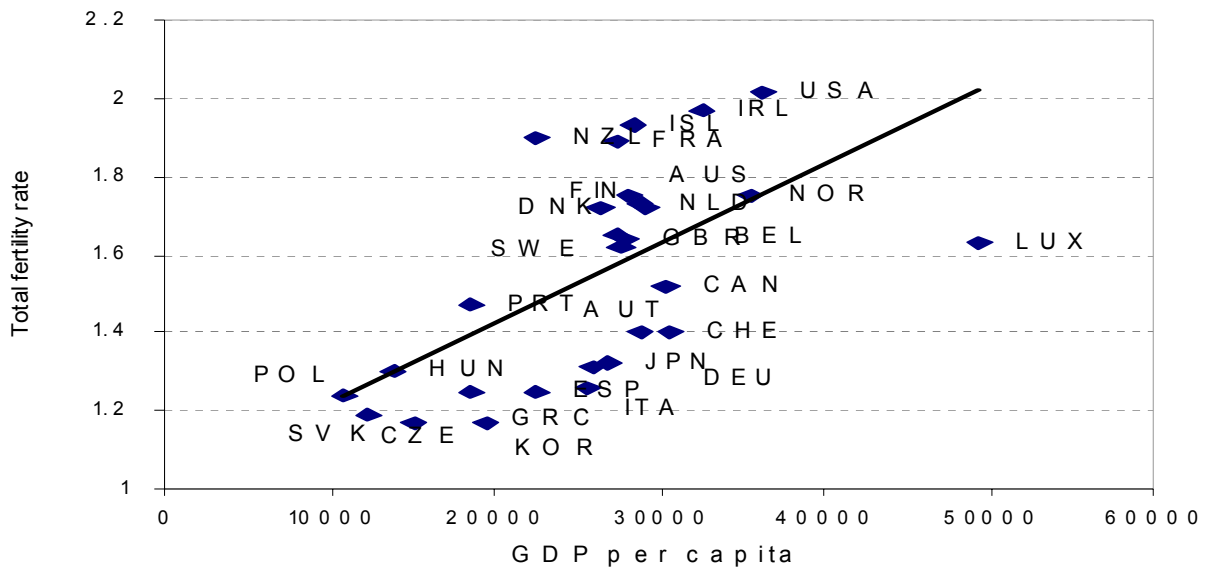
Source: Anna Cristina d'Addio and Marco Mira d'Ercole of the OECD (elaborated by Vision)

Today high levels of working women go hand in hand with an increasing birth rate, while in the past high birth rates were associated with high rates of women who stayed at home. What makes the period between 1980-86 pivotal? Firstly we see the correlation between education and fertility rates inverting. One explanation is the gradual entry (starting in 1970) of Baby Boomer and Gen X women to the work force. 1980-85 is also a time of relative economic stability in several OECD countries compared to the turbulence of the 1970's.

### 3. GDP

It is interesting to note that the richest countries in Europe are also those with the highest birth rates, as can be noted from the following graph:

### GDP AND FERTILITY RATES (OECD 2004)



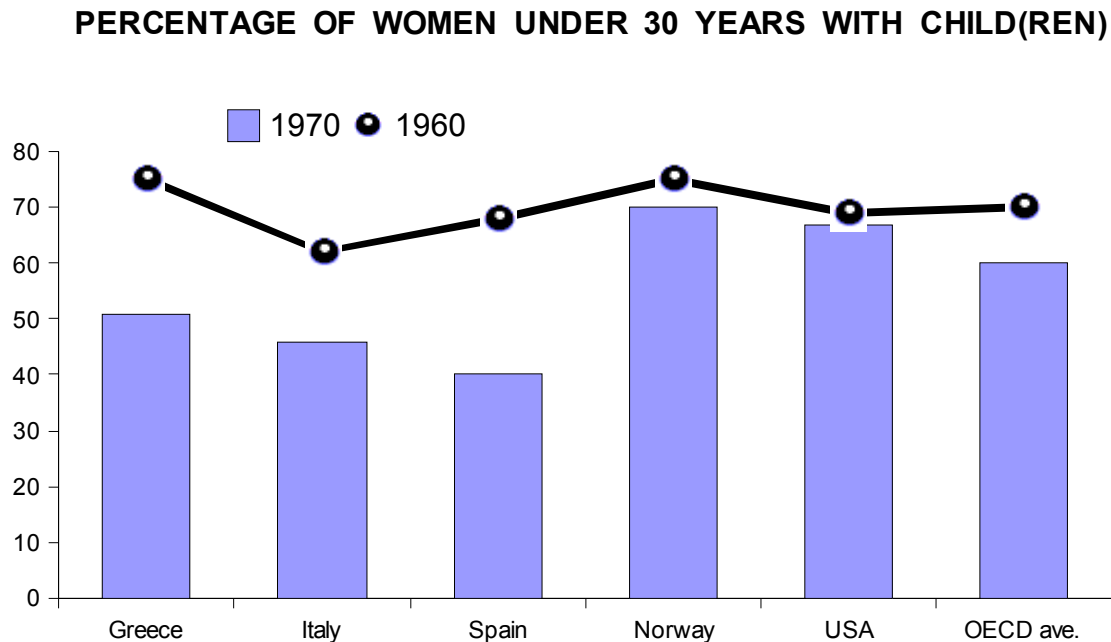
Source: Anna Cristina d'Addio and Marco Mira d'Ercole of the OECD

The high birth rate countries are characterised by :

1. The GDP is amongst some of the highest (all OECD countries considered)
2. Salaries are most equal between men and women (considering the same type of work)
3. Over 50% of women are employed
4. There is greater sharing of domestic chores within the couple
5. There is greater flexibility in the country's family law which **recognises non traditional couples on the legislative as well as financial level**

Not only are birth rates positively correlated with GDP, education and women in the work force. High levels of female employment are themselves a sign and perhaps a promoter of a healthy economy.

*As richer and or more progressive countries promote education, women with a high to mid level of education postpone having children until a latter age. It would appear that high GDP, education for women, and female employment promote one another and that this cycle in turn **allows for a healthy economy in which working class women with lower levels of education may go on having more children as they have traditionally done.** So above OECD average birth rates in the North European countries are most likely due to women with the low levels of education continuing to have larger families. This can be seen in the following graph: In 1960 both the Northern and Southern OECD countries had nearly the same amount of women giving birth before the age of 30. In 1970 the Northern countries remained stable while the Southern countries saw a decline in the percentage of women under 30 giving birth.*



Source: Anna Cristina d'Addio and Marco Mira d'Ercole of the OECD (elaborated by Vision)

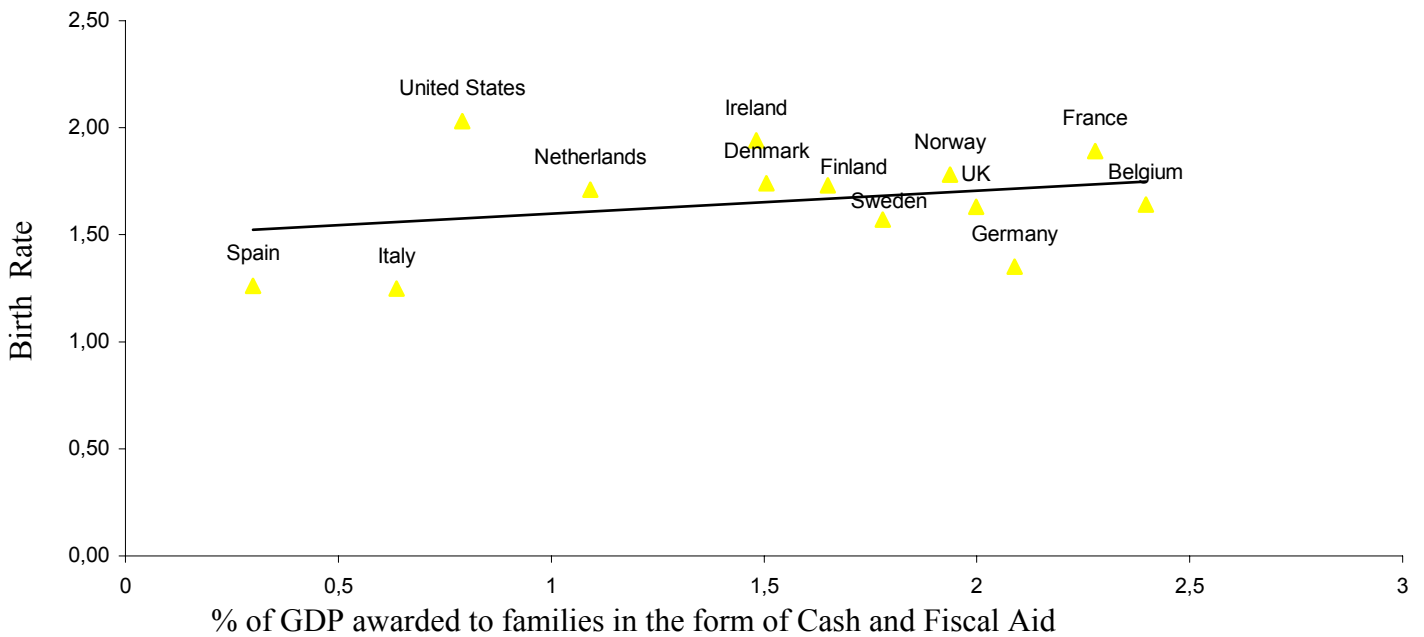
#### 4. Welfare

Even the question surrounding welfare hides paradoxical messages. The fact that more should be spent on the family seems to be the one point of political debate that all agree upon. This implies an adherence to the notions that:

- 1) the "performance" of the family is a direct consequence of and is in direct proportion to the amount of government spending on the family.
- 2) the "performance" of the family (more marriages and children) is a legitimate and worthy objective in and of itself.

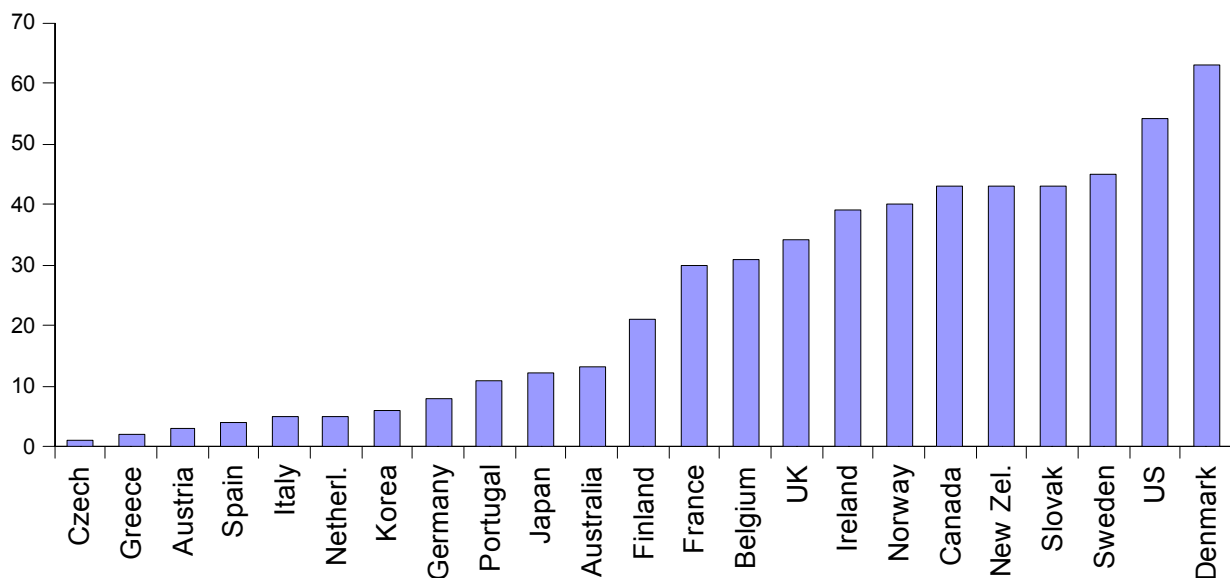
Following are the results of the non significant correlation between public spending on the family and fertility rates in the principle OECD countries :

#### STATE SPENDING PER FAMILY AND FERTILITY RATE (OECD COUNTRIES 2001)



Source: Elaborated by Vision based on data analysis of international statistics

#### PERCENTAGE OF CHILDREN UNDER 3 YEARS ENROLLED IN FORMAL CHILDCARE



Source: Anna Cristina d'Addio and Marco Mira d'Ercole of the OECD

One notes that the high GDP countries are also those that have the greatest amount of **targeted and strategic spending** dedicated to early age child care. This sort of family policy allows women to go back to work shortly after giving birth. Welfare solutions are a mixed bag: on one hand day-care programs aimed at middle class women with a medium level of education could be implemented.

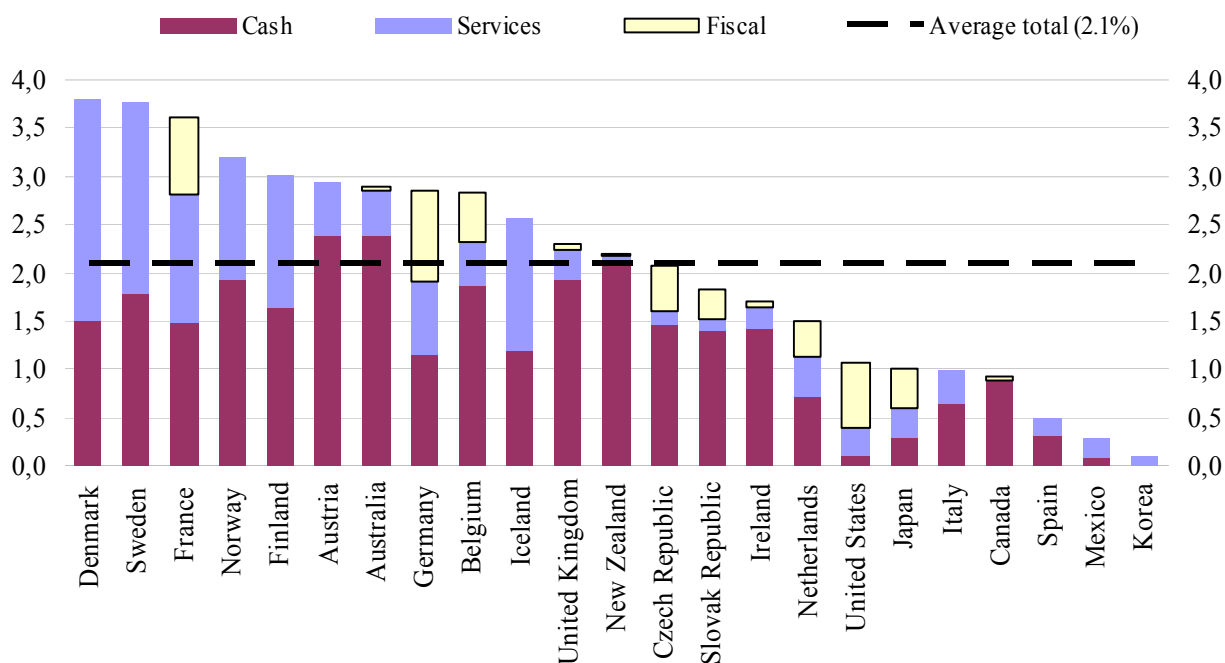
Yet as was previously discussed, non-welfare spending on education may also indirectly effect birth rates ironically amongst women with less than a secondary school diploma.

As the graph demonstrates, only 5% of Italian children under the age of 3 are enrolled in professional day-care. This may allude to a situation in Italy in which parents either to rely on extended family members to help with day-care or simply do not have children either for lack of day-care facilities or lack of the economic means to benefit from professional day-care.

Moreover the model of the extended family aiding younger members both financially and in terms of directly procured childcare have perhaps historically reinforced a weak welfare policy (the State has no reason to intervene if families are self-sufficient).

Concerning parental leave from work and in particular maternity leave: One can see how policy initiatives can impact behavior by comparing the situation in Italy with Sweden. In 1939 an avant garde law was passed in Sweden which prevents employers from dismissing women because of marriage, pregnancy or childbirth and which helped push up the birth rate, due to the fact that more Swedish women became able to marry, have children and keep earning money.

#### PER FAMILY STATE SPENDING (AS PERCENTAGE OF GNP) MEASURED IN CASH, SERVICES, AND FISCAL ADVANTAGES IN 2001 (DATA OECD)



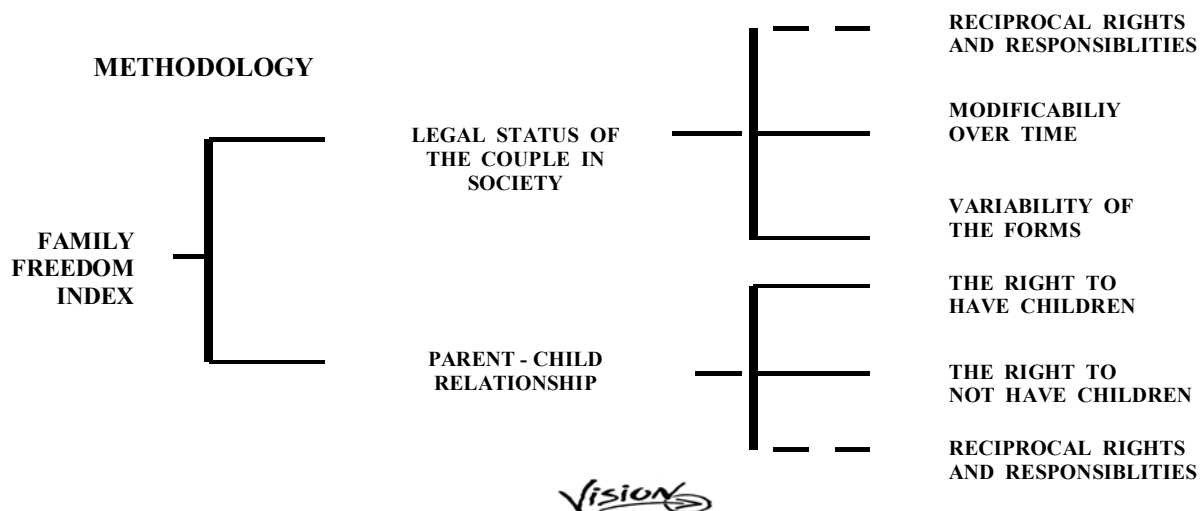
Source: Elaborated by Vision based on data analysis of international statistics

Drawing on the previous graphs we can affirm that there is a strong and positive correlation between levels of support perceived by families and fertility levels. Countries like Denmark United States which guarantee high levels of support to child bearing families also have a high rate. On the contrary, the correlation is decidedly low between benefits offered by the state and fertility rates which do not justify the costs incurred.

### III. VISION'S RESEARCH

#### Definition of the research and methodological limits: the Family Freedom Index

Vision's project begins with a reflection upon the possible delineation of the present research. It has become clear that the debate surrounding the family has a tendency to give rise to a number of rather heterogeneous questions opening a window on a vast array of issues and themes. Vision's *Family Freedom Index* is based upon measures of flexibility levels consented by various legal systems.



Within each of the two main areas of the Family Freedom Index (legal status of the couple / parent-child relationship) Vision has included a measure of the "flexibility" of family law and a measure concerning the "level of welfare" to the family.

We anticipate that the relationship between the well-being of the family and flexibility of a nation's family law are two complex measures that are not easily expressed through linear correlation. Therefore in Vision's Family Freedom Index, the increase in one of these variables is sufficient to increase the family's "performance" (family performance is to be viewed as a dependant variable).

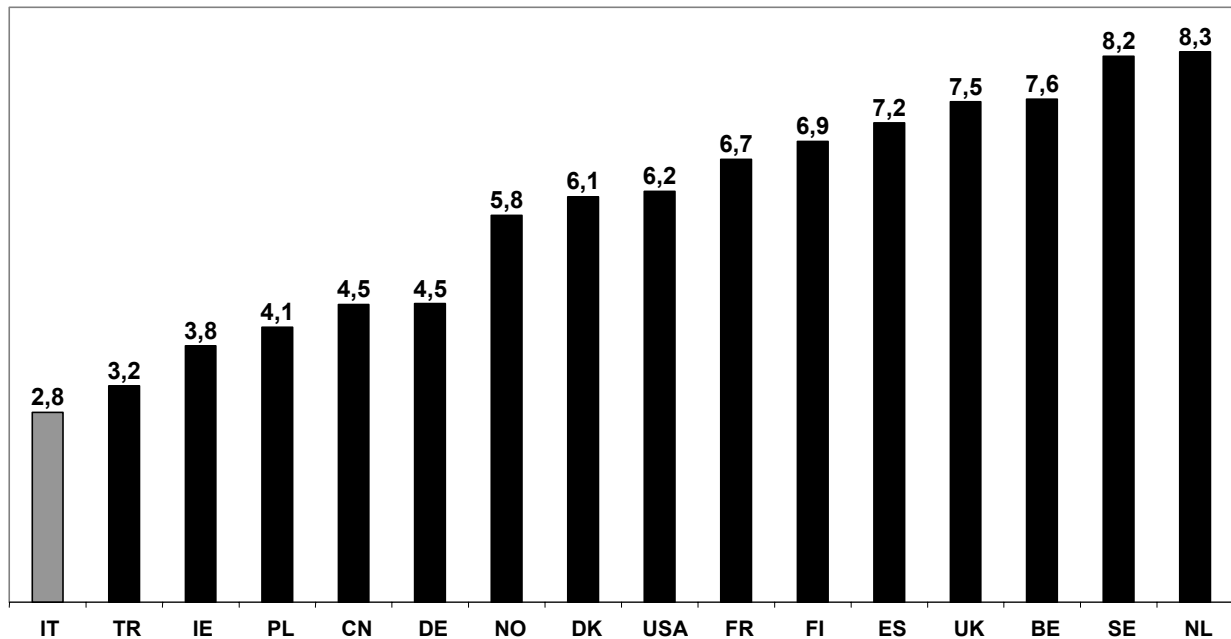
The analysis is centred on the evolution of the status, both legal and legitimate, of couple composition and the parent-child relationship in society. In both areas a distinction is made between:

The analysis of the current state and evolution of the **legal status of the couple** in society. In order to measure the flexibility accorded by various countries to the relationship of the couple Vision measured the diversity of forms (called *variability*) that the couple can assume as well as the ease with which a couple can pass from one form to another or dissolve the couple altogether (called *modifiability*).

The analysis of the current state and evolution of the **parent-child relationship** in society. The parent-child relationship is measured both in terms of the degree of liberty that is accorded to those who want children (and are not able to realise this objective in a natural way) as well as in terms of the discretion bestowed on individuals who do not wish to continue a pregnancy.

In extreme synthesis the results are as follows:

### Family Freedom Index 2005 (from 0 to 10)



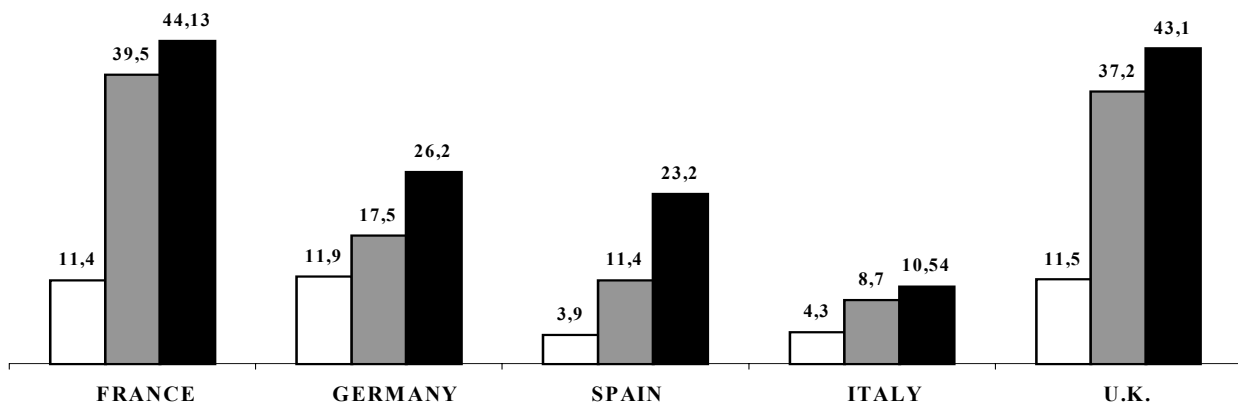
Source: Elaborated by Vision based on data analysis of national legislations and policies

Vision's analysis demonstrates that low marriage rates and low birth rates are associated with low levels of flexibility (or rather greater rigidity in the configuration of a country's family law). Italy is amongst the countries with the lowest level of legislative flexibility - an important element to take into consideration.

#### IV. AN INCREASE IN FLEXIBILITY: CHILDREN BORN TO UNMARRIED PARENTS

What conclusions can be drawn from this analysis? A closer look at the positive correlation between the *Family Freedom Index* and birth rates leads us to the observation that Vision's two independent variables (which are not inter-correlated) namely the flexibility of family law and the generosity of the states in terms of welfare - contribute each in turn, and in a significant way to birth rates.

PERCENTAGE OF CHILDREN BORN OUTSIDE OF MARRIAGE  
( 1980, 1997, 2003 )



Source: Elaborated by Vision based on data analysis of national statistics

Fertility rates among unwed women have traditionally been lower than among married women. In countries where the proportion of unwed couples has increased the most (for example Sweden and Norway) fertility rates have followed suit, increasing significantly. This may appear paradoxal but in fact in predominantly northern countries such as Sweden and Norway there is a **greater amount of legal flexibility concerning the legitimisation of unmarried couples**. Legitimation through legal and social recognition of the couple appears to have an enormous influence on the decision to have children.

Thanks to the Family Freedom Index, we see that low levels of flexibility are associated with low birth rates. One also notes that a decrease in the number of marriages can be associated with a more rigid legislation. The countries with the least advanced legislation governing marriage and the family have a lesser capacity to sustain high birth rates as well as a high marriage rate.

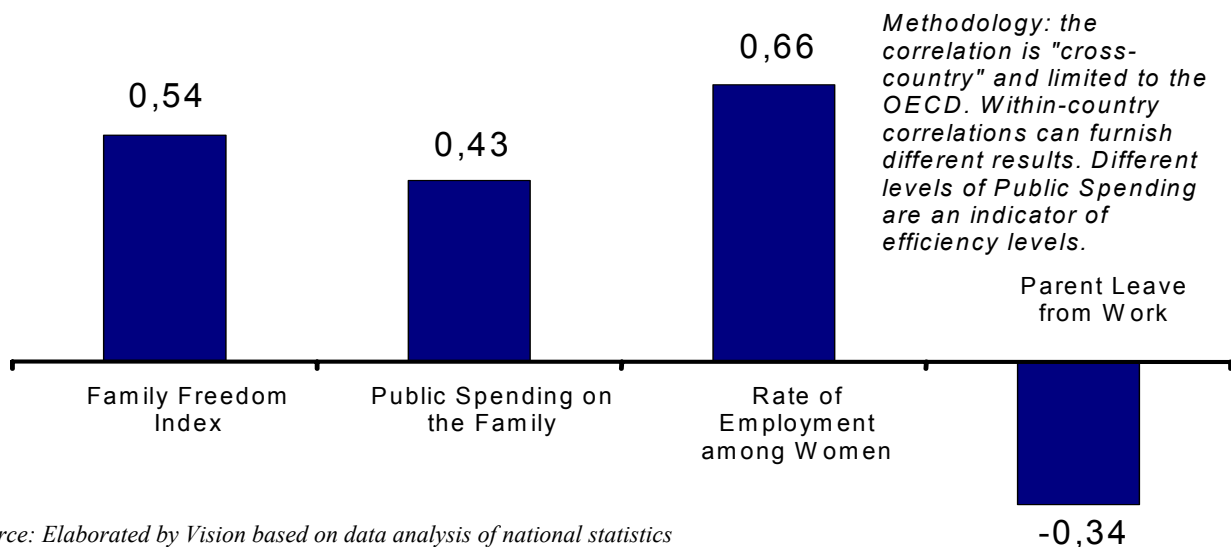
In other words, the most "permissive" countries seem to spend a greater portion of their GDP on the family. Welfare and legal rights are therefore two distinct variables which can have each in turn an independent influence. The Italian take on family policy is a mix of low levels of legal flexibility as well as little overall GDP spent on family welfare. In contrast, France and the Scandinavian countries have high levels of welfare and legal flexibility available to their citizens. The Netherlands and Germany are at opposite ends of the spectrum: While the Netherlands offers a large gamme of legal flexibility, welfare is lacking. On the other hand, Germany distributes are greater quantity of welfare but has a rather rigid family law (with little flexibility).

Through their choices politicians have the capacity to encourage citizens to have children (though the correlation is significantly lower where marriage is concerned). It is interesting to note that the countries with a high percentage of children born outside of marriage also have a higher birth rate. It would be interesting to see if by changing the Italian legislation and thereby according more rights to unmarried couples the Italian birth rate might also be increased.

The flexibility accorded by legislation to unmarried couples seems to be a much more significant factor than the level of welfare accorded in increasing the birth rate (as can be seen in the graph) even if in reality not all welfare seems to carry the same weight : at the aggregate level parental leave from work seems to be negatively correlated with a high birth rate (though as we have seen in particular cases such as Sweden, leave from work is positively correlated). The most important factor is the percentage of women in the work force.

The following graph calculates the correlation between birth rate and a series of possibly explicative variables:

### EFFICIENCY OF POLICIES AS PERTAINS TO BIRTH RATE 1997-2001



Source: Elaborated by Vision based on data analysis of national statistics

In conclusion based on Vision’s analysis the following are initiatives that policy makers can implement in order to promote a higher birth rate:

- **Increase Family Law Flexibility:**
  - Legal recognition of unmarried couples
  - Facilitation of speed with which a divorce or marriage may be obtained
  
- **Strategic Welfare Spending:**
  - Example: Increasing day-care spending thereby encouraging women to enter the workforce
  
- **Increase Spending on Education**
  - Positive ramifications on GDP and number of women in the workforce

## **V. THE FAMILY OF THE FUTURE: PRELIMINARY CONCLUSIONS**

If it is true, as Vision has maintained, that the battle over the right to not have children and over the modifiability of the couple belong to the past and that currently the most heated debate is that over the right to have children and the variety of couples possible, then one can conclude, as Vision has, that the family is not a dying institution. Rather people's need for diverse forms in family structure and in couple formation is increasing. Two different and yet oddly complementary currents of thought give form to the family of the future, a family that is already a reality. A conservative current of thought foresees the survival of the family institution and perhaps an expansion of its role accompanied by the rediscovery of affection and strong binds capable of resisting instability and mobility imposed by work and of overcoming hedonistic individualism. A more progressive current predicts a diversification in the family's form, conferring a greater amount of freedom to individuals in their pursuit of a family model that doesn't necessarily coincide with the traditional one.

Freedom and security, individualism and affection, tradition and innovation that neither the traditional right wing nor the ideological left wing are able to grasp let alone govern. A re-examination of the family is upon us, for we cannot go forth as a society if we blindly, deafly and dumbly insist upon viewing ourselves through prescription glasses better suited to a society that is no more.