Below-replacement fertility in the industrialised countries
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Invited statement in the debate
*Is below-replacement fertility here to stay?*
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If we took a random sample of individuals, who would therefore know nothing or very little of demography, and asked them whether below-replacement fertility is here to stay, we would be looked at with astonishment. If we tried to rephrase our question, and asked them whether they personally intend to have the number of children which, given the current level of mortality, would ensure population replacement, we would be taken for lunatic, most probably.

What I am trying to say is that replacement fertility is a theoretical concept which makes sense in the aggregate, but which means nothing at the individual level. Why, then, should it constitute a basis for individual action in the domain of fertility and reproduction?

The only answer that occurs to me is that this may happen through feedbacks from society at large to individuals and couples. Periods when births are scarce should trigger some mechanism which would stimulate fertility; on the other hand, in periods when births are too numerous, a signal should come from the outside to warn families that they should control their fertility.

You will notice how this perspective reminds of, but also differs from, a Malthusian vision. Mortality plays no role at all here, while fertility may not only be below replacement, but it may even resist to stimuli intended to bring it back up, whereas in Malthus’s times, there was no doubt that fertility would be above replacement, although virtue and other preventive checks could come into play and avoid population explosion.

Notice, also, that this feedback mechanism is basically what Easterlin had in mind when he formulated his well-known hypothesis that the size of cohorts would start to fluctuate: the large ones, exceeding available space and therefore living short of their expectations, would give birth to small ones who would be much happier and richer all along their life and would originate large cohorts of newborns, in a virtually perpetual cycle.

In my opinion, even accepting Easterlin’s line of reasoning, it is not so clear why fluctuations in the size of cohorts should take place along a horizontal line, because the notion of available space is, after all, largely man-made, and is not fixed. So, the underlying trend might well be a growing curve, or – which I find much more likely – a descending one. Besides, Easterlin’s hypothesis, to the best of my knowledge, has remained just such, a hypothesis, which would need a very long time interval to be sufficiently corroborated or disproved by empirical observations, but which is not particularly well supported by currently available data.

I have mentioned feedbacks from societies to individuals and families. But why should they exist? Again, there is only one answer that occurs to me, and that is: externalities. Somehow, too many and – which is what interests us here - too few births are detrimental.
to societies at large. But, by saying so, we are acknowledging that having children is not merely a private choice, and that actors other than the perspective parents may like to have a say in it. We will come back to this in a minute.

In a historically new period of prolonged below-replacement fertility, two big questions arise in my opinion:

1) Do these negative externalities materialise? In what fields, how much, how quickly?
   (Because, obviously, if they do not materialise, who cares whether fertility is above or below replacement?)
2) But if they do materialise, what can societies do to revert the trend and persuade individuals and families that they should have more children?

Very roughly, and you will forgive me if I refer mostly to the economic sphere (but in several cases the extension to other fields is straightforward) one could distinguish three main effects of below-replacement fertility:
   a) on the sheer size of the population;
   b) on the rate of growth of the population;
   c) on the age structure of the population.

As for the size, it is not at all clear that we are anywhere near the optimum of the population, or, less ambitiously, within the range of ‘acceptable’ values, that is the amount of population which would be sustainable in the long run. So smaller size in itself does not have any clear implication on well being, and could even be beneficial in some cases. In all events, because of momentum, the effects of low fertility on population size would be long delayed.

As for the rate of growth, dating back at least to the days of Keynes, there is a general consensus that a stagnating or even decreasing population is an economic disadvantage, because of the resulting slow or receding aggregate demand, but, once again, this disadvantage would materialise only much later than the onset of the fertility decline.

Finally, as for the age structure - which is, to me, the most important issue - the first 20 to 30 years of fertility decline give rise to what has come to be known as ‘the window of opportunities’ or ‘the demographic bonus’, that is a period when there are fewer economically dependent people than otherwise customary (the young), while the other two groups are not affected at all (the elderly) or only marginally (the adults).

Here, again, negative externalities, which are eventually inevitable, are likely to appear with considerable delay, and since momentum acts in both directions, even if a reversal in the fertility trend could take place promptly, the negative consequences in terms of, say, public pension and health costs would still be there, and would be felt for quite a long while.

So in short, my point is: negative externalities exist, but they become evident only late, and cannot be corrected quickly.

But let us assume that a point has been reached when societies realise that they would be better off with fertility at, or at least close to, replacement level: what could they do to persuade families to have more children? The currently prevailing view – and even Sam Preston echoed it three days ago – is that having or not having children is not a matter of

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1 Sam Preston, “Demographic surprises”, Plenary session at the 24th IUSSP Conference.
money. Rather, it is a matter of individual preferences, social norms and values, personal feelings with regards to parenthood, and so forth. In other words, it is basically the cultural dimension that counts. If this were true, then we would really be in trouble, because changing people’s mind and cultural orientations is a terribly complex and long process.

Fertility would then follow its own course. Could we at least hope in the natural desire for reproduction and in the feeling of immortality that derives indirectly from having descendants? Perhaps not. The desire for reproduction is mediated by the desire for sex. And while Mother Nature was ingenious enough to lure us in the reproductive chain thanks to the appeal of sex, it did not foresee that manhood would invent contraception. Now we can have sex ‘for free’ – I mean without having children unless we want to – and this, once again, is a new scenario in the history of mankind. And not one that is likely to change in the future: unintentional fertility is certainly not going to come back.

As for the feeling of immortality through reproduction, if it exists at all, I would argue that it can be satisfied by having just one surviving child, which is largely below what societies need for replacement.

I should like to add that I do not share the apparently prevailing view that money has little or no impact on human reproductive behaviour. Modern societies have deprived children of virtually all of their economic value. They do not contribute any more to the family farm, or family industry, or more generally family income. They do not provide any substantial financial support in one’s old age.

One the contrary, they are enormously more costly than they used to be. Estimates are difficult and controversial, I agree, but the opportunity costs of childbearing may be as high as 50% of a woman’s lifetime earnings, while direct costs may be somewhere around 20-25% of a couple’s yearly budget and this for each year the child lives with the parents, which may mean up to 30 years in some countries, among which my own, Italy.

I agree with Sam Preston that part of these costs are incurred voluntarily, because they increase the child’s ‘quality’, and presumably his or her chances of success later in life. But this does not contradict the notion that having children today is a costly operation which absorbs considerable time and money. And which lasts for very long, while the couple is more and more likely to split, and social support to lone-parents families is ostensibly missing.

Women rightly complain that having children is a strong hindrance to their professional careers and that they bear a disproportionate share of the costs. I agree, but tend to suspect that the main problem lies elsewhere: if the costs of children are higher than their perceived benefits, a simple redistribution of these costs within the family from women to men will not solve the problem. What is called for is explicit and substantial societal support to childbearing families, or, in other words, an explicit acknowledgement of the positive externalities I was referring to before.

If having children is good for those societies in which fertility is low, these societies should let families perceive their gratitude, and surely not only in moral terms.

Why, then, am I pessimistic as to the prospects of a possible reappearance of replacement fertility? Because, in my opinion, such pro-natalist transfers would have to be substantial to obtain sizeable effects. And in times of tight constraints on public budgets, this would
require that other public expenditures be scaled down. Which ones? The ones which favour
the elderly, I would say, that is pensions and, at least in some countries, health assistance.
But - and here I must cite Sam Preston again, recalling what he said not three days, but
almost 20 years ago - this is unlikely to happen in a world where all voters are or are going
to become old, but nobody is ever going to re-become a child, or an adolescent.

Is our doom lingering, then? Probably not. Before the worst happens most, if not all of the
developed societies are likely to find some solution. At least, this is my hope, although I
cannot see any sign of reversal of past trends, as yet.

And so, to conclude, I think that yes, below-replacement fertility is here to stay for quite a
long while, still.