

The “toolbox” of public policies to impact on fertility – a global view

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Introduction

In the 1999 round of the United Nation’s periodic survey of population policies (United Nations 2000), 28 countries with below replacement fertility considered that their fertility rate was ‘too low’. Since the previous survey in 1996, seven countries had shifted their view about fertility from ‘satisfactory’ to ‘too low’. The seven additions to the list were Armenia, Austria, the Czech Republic, Italy, Lithuania, Poland and, our host nation, Spain. All the English-speaking countries and all the Nordic countries, along with Belgium and the Netherlands remain satisfied with their levels of fertility, as are three Eastern European nations, Slovenia, Yugoslavia and Moldova. With falling fertility in most of the countries now satisfied with their fertility rates, it may not be long before most of these countries, including the more liberal Western countries, begin to express concern about the level of their fertility. In Australia, where fertility has fallen from 1.9 births per woman to 1.7 in the past eight years, concern is now expressed in many quarters ranging from the Greens political party to the Business Council of Australia. Thus, does low fertility matter?, is now a question more and more answered in the affirmative. This is a shift from the relative complacency of governments noted by Demeny (1997) in a paper just three years ago. Greater certainty about the issue of low fertility, however, is not matched by certainty about the appropriate range of policies to address low fertility.

This paper aims to describe a wide range of policies that might be used to stop or reverse the downward slide of fertility rates. In advance, however, several points need to be made:

1. Low fertility exists in countries with widely differing institutional structures. Policies to support fertility must work from these pre-existing structures. For example, if child care provided by low-wage, undocumented immigrants is a factor related to higher fertility rates in the United States, this does not mean that this is a policy to be recommended for Sweden which has a long-established, high-quality, state-subsidised child care system. In other words, there can be no single cross-national model for success. Each country must seek its own institutionally-appropriate approach. Also, each country must deal with the realities of its own political economy. Strategies will not be accepted if they are not supported by the populace. For example, while I argue that changes in the level of gender equity within the family are an essential element of a fertility strategy in any country, family organisation is fundamental to cultural

identity and revolutionary change is rarely a possibility (McDonald 2000a; McDonald 2000b).

2. Second, as far as possible, policies to support fertility should be based upon a theory or theories as to why fertility has fallen to low levels in a particular setting. Given that fertility-support policies are likely to be expensive in one way or another, some understanding of the nature of low fertility will provide greater efficiency in policy implementation. Below, I review several possible general theories relating to low fertility. Beyond this, it is my view that well-designed market research also has a place in the definition of new policies. That is, we should ask young people what they think would make a difference to their decision-making.
3. Countries should have some notion about what it is that they are aiming to achieve. Inevitably, demographic sustainability (at least zero population growth) is an ultimate aim for all countries. The question is how far into the future is 'ultimate'? Or expressed differently, how much of a decline in the size of the population or the labour force is the country willing to sustain before demographic sustainability is achieved? The example of Italy is used to illustrate this point.

Achievement of demographic sustainability: the example of Italy

Demographic sustainability will be achieved, of course, if fertility eventually rises again to replacement level and remains at that level. In Italy, this would mean, on average, that about 80 per cent of all women would need to have one more child than current cross-sectional fertility rates imply they are having. Given that the only advanced countries that currently have replacement level fertility are 'special cases'¹, the achievement of replacement level fertility would seem to be an unrealistic target. If fertility is to remain below replacement level, then demographic sustainability will only be achieved through a combination of below replacement fertility with some positive level of net migration. Espenshade, Bouvier and Arthur (1982) demonstrated that, if fertility is below replacement, a constant number and age distribution of immigrants (with fixed fertility and mortality schedules) lead ultimately to a stationary population. Of course, the lower is the fertility rate and the lower is the level of migration, the lower will be the size of the ultimate stationary population. Here, I use seven different combinations of future fertility and migration to indicate potential population futures for Italy.

The seven scenarios are as follows²:

1. TFR is constant at 1.2, migration rises from 80,000 per annum in 1999 to 400,00 per annum by 2029, thereafter remaining constant.
2. TFR rises from 1.2 in 1999 to 1.6 in 2019 and then remains constant, migration is constant at 200,000 per annum.

¹ The special cases are the United States and New Zealand. In the United States, the higher fertility of Hispanic women and the higher fertility of teenagers currently add about 0.3 to the US Total Fertility Rate. In New Zealand, the higher fertility of Maori adds about 0.2 to the NZ Total Fertility Rate.

² All scenarios have a common mortality assumption in which expectation of life rises by one year every ten years commencing with expectations of life in 1999 of 75.5 for men and 82.0 for women.

3. TFR rises from 1.2 in 1999 to 1.8 in 2024 and migration is constant at 1xx,000 per annum.
4. TFR rises from 1.2 in 1999 to 1.4 in 2009 and then remains constant, migration is constant at 200,000 per annum.
5. TFR rises from 1.2 in 1999 to 1.6 in 2019 and then remains constant, migration rises from 20,000 in 1999 to 150,000 in 2034 and then remains constant.
6. TFR rises from 1.2 in 1999 to 1.6 in 2019 and then remains constant, migration is constant at 100,000 per annum.
7. TFR is constant at 1.2, migration is constant at 100,000 per annum.

The consequences for total population size of these seven scenarios are shown in Figure 1. The outcomes for the proportion of the population that would be aged 65 years and over are shown in Figure 2.

If the aim is to keep the total population around its present size, this is achieved by Scenarios 1, 2 and 3. As expected, the scenarios in which fertility rises lead to a lower percentage aged 65 years and over than the projection that relies solely on migration to achieve a constant population size. Under Scenario 1, Italy would be expected to absorb two million immigrants every five years into the endless future, an extremely unlikely eventuality. The scenario serves to indicate that, for Italy, avoidance of population decline necessarily involves a rise in fertility³. However, even when fertility rises from 1.2 to 1.6 births per woman (Scenario 2), Italy would still require migration of 200,000 per annum (starting immediately) to maintain its present population size. Absorption of one million new residents every five years (again into the endless future) would also be a substantial task for a country not accustomed to high levels of immigration⁴. If this level of immigration is still not a reasonable possibility, the only other option consistent with maintaining a constant population size would be an even higher fertility rate. Scenario 3 with fertility at 1.8 births per woman has a migration rate of 150,000 per annum, a level that is very high in historical perspective, but may be manageable. With Scenario 3, the issue becomes the likelihood of the future path of fertility. Virtually all European countries have fertility rates that are below 1.8 births per woman, and many are in the process of falling further below this level. Nevertheless, the scenario allows 25 years for fertility to rise to 1.8.

If the increases in fertility or migration required to maintain Italy's population at its present level are considered to be too high, an alternative option is to allow the population size to fall for a time until it becomes stationary at a lower level than the present population. Suppose, for example that Italy was prepared to let its population fall by about ten million over the next 100 years or so, then Scenarios 4 and 5 would be consistent with this pathway. Of the two, raising fertility to 1.6 births per woman plus a slow rise in migration to 150,000 per annum (Scenario 5) is probably a more acceptable

³ Other countries with below replacement fertility, such as Australia, can achieve some population growth through manageable levels of migration without any rise in fertility. For these countries, the issue is sustaining fertility at present levels.

⁴ To provide perspective, 200,000 annual net migration for Italy is a rate of migration of 0.35 per cent per annum. This is a level well below that absorbed by countries such as Canada and Australia over the past 50 years.

objective than the immediate rise of net migration to 200,000 per annum implied by Scenario 4. In addition, the proportion aged 65 years and over would be significantly lower for Scenario 5 than for Scenario 4. The impact of a fall in population size on labour supply can be offset through rises in labour force participation rates (McDonald and Kippen 2000). As participation rates in Italy are low, there is considerable scope for pursuing this approach. For example, if Italy were to follow Scenario 5, labour supply could be maintained at its present level if the participation rates of Italian men returned to what they were 30 years ago and if the participation rates of Italian women rose to those now applying for women in Sweden. However, the combined rises in fertility and labour force participation rates of women imply changes in the current organisation of work and family in Italy, a policy approach discussed extensively below.

Finally, Italy could aim for stationarity of its population at even lower levels. In Scenario 6, the total population would fall slowly over the next 100 years to about 43 million in 2099. The population would continue to fall after 2099 and would ultimately achieve a stationary population of about 28 million. In Scenario 7 (continuation of Italy's current demography), the total population would fall fairly rapidly over the next 100 years to about 29 million in 2099. Stationarity for this scenario ultimately would be achieved at a population of 15 million. Scenario 6 is instructive in that many observers would consider its demographic elements, an increase in fertility to 1.6 in combination with 100,000 migrants per annum, as a good result for Italy given its current demography.

Italians themselves can decide upon the future population course that they consider the most favourable. Of course, constant conditions will not hold over such long periods of time, but continual reassessment of the intended pathway is possible.

The persistence of below replacement level fertility implies that countries need to be considering strategies for their population futures, strategies for demographic sustainability. This involves at least vague but broadly reasonable targets for future fertility and migration, as well as notions about desirable future population size. It is likely also to involve targets for labour force participation rates for both men and women. As pointed out in a previous paper, optimal strategies are likely to vary substantially across the advanced countries (McDonald and Kippen 2000). For most European countries, however, increases in fertility rates are certain to be part of the package.

Theories of low fertility⁵

If countries are to embark on a strategy to increase their fertility rates (or to stop the rate falling any further), an understanding of the possible reasons for low fertility is fundamental. Here, I provide theoretical perspectives under four headings: rational choice theory, risk aversion theory, post-materialist values theory, and gender equity theory. These theories, though separately presented, should not be considered as mutually exclusive alternatives. All have relevance and there are distinct dimensions of overlap between them.

⁵ The argument here is largely repeated from McDonald (2000c) and McDonald (2000d), both contributions to the debate on low fertility in Australia.

Rational choice theory

Rational choice theory states that, in deciding to have a child, people make the considered calculation that the benefits of an additional child outweigh the costs. While much of the cost may be figured in dollar terms, there are no dollar benefits. Instead, the benefits consist of dimensions of a psychological nature that are not readily quantifiable. Coleman (1998) refers to these benefits as 'immanent values'. One way to think about the benefits of a child in this circumstance is in terms of net benefit thresholds (the psychological benefits less the psychological costs). That is, people have some calculus of the psychological gain to them of having the next child. This will be highly variable across individuals. If the economic costs of children rise, some individual psychological thresholds will be crossed and decisions will be made not to have the next child.

The dimensions of the psychological benefits of having a child will vary according to the birth order of the child. Having the first child provides benefits including the status of being a parent, 'being a family', having offspring who will carry on the family, meeting the expectations of others, having a baby who will be fun and will grow up and love you, fulfilling childhood dreams, or providing vicarious pleasure from the child's success. The decision to have a second child may be more related to the strength of the notion that each child should have at least one sibling, or to having a child of the other sex. Those who have a third child may value at least three children as a 'real' family, or they may be still trying for a child of the sex that they don't have. Those who have a fourth child may simply love children. It is likely that the level of the net psychological benefits threshold falls as birth order rises. That is, the highest psychological threshold relates to the first child. Also, it is very likely that the level of the threshold falls as people get older. That is, all other things being equal, a woman at age 29 may feel more inclined to have a second child than a woman at age 39. Psychological costs probably rise with age or, perhaps, increased age leads to downward rationalisation of the perceived benefits. Accordingly, as the age at childbearing increases, people will be less likely to have additional children.

Demographic research to this point has given too little attention to changes in and determinants of the numbers of children that women are having; that is, to the proportions who have no children, one child, two children, and so on. Differences between the average fertility levels across contemporary industrialised countries appear to be less due to differences in the proportions of childless women than in the proportions that have three or more children (McDonald 2000a). It is worth contemplating that among a group of women, if 25 per cent have no children and 15 per cent have one child, the group will only achieve replacement level fertility on average if the remaining 60 per cent of women have an average of 3.2 children each. This scenario is not unlike the experience of generations of women born early in the 20th century, but the very high parities implied for some women by this scenario and achieved in the past are extremely unlikely to recur in the foreseeable future.

Rational choice theory implies that, if we wish to have a positive impact on fertility decision-making, we should try to raise the psychological benefits thresholds or to reduce the economic costs of children. The first is not readily amenable to policy, although a general sense that a society is child-oriented or child-friendly probably has some effect in raising thresholds. If children are always portrayed as a negative (a threat to a good relationship, an obstacle to having a good time, as potential drug addicts or delinquents) or if social institutions do not make allowances for the possibility that a person has children (no dogs or children allowed), then thresholds will tend to be lower. Encouragement of earlier childbearing could also be a way in which psychological thresholds might be raised. There is no question that the remarkably different history of fertility in the United States in the 1990s and its maintenance at a higher level than in any other industrialised country is related to the much earlier onset of childbearing in the USA (Lesthaeghe and Moors 2000; Frejka and Calot 2000). Recently, Singapore considered the introduction of a large tax rebate that would be paid to women if they had their first child before the age of 28 years.

Coleman (1998) gives his main attention to the other side of the equation, lowering the costs of children. He contrasts the welfare state approach to achieving this end (Sweden) with the market approach (USA). In fact, Folbre (1999) has shown that, in regard to the state taking on the costs of children, the United States is more of a welfare state than is often thought. The welfare state approach is to provide financial transfers to those who have children through the tax-transfer system or to provide free or subsidised children's services to parents. Hoem and Hoem (1997) assert that fertility in Sweden did respond to positive welfare state initiatives in the late 1980s and has responded in the opposite direction with the rolling back of the welfare state in the 1990s. Coleman (1998) makes the point that the Swedish case indicates that dependency upon welfare state initiatives may not be sustainable and, in these circumstances, development of market-based approaches may be a better option. He points to the provision of child care in the United States by the market as an example of this possibility. He does not report, however, that child care tax credits and employer-sponsored dependent care pre-tax accounts can provide American parents with child care reimbursements ranging from \$480 to \$2,000 per year (Folbre 1999). Also, there is an issue in the United States about the quality of care provided in child care. A great deal of child care in the United States is provided by undocumented immigrants who work in a black economy that is characterised by very low wages. Furthermore, change from a welfare state approach to a market approach is constrained by considerable institutional and cultural inertia. For example, as already mentioned above, Swedish parents have become accustomed to a particular child care system that they see as affordable and of high quality. A switch to a new market-oriented system staffed by undocumented immigrants would be unlikely to have popular appeal. In the intermediate term, rolling back the welfare state involves additional costs to parents who wish to maintain their use of good quality child care.

Costs of children can be divided into two categories, direct and indirect costs. The direct cost of a child is the actual dollar expenditure on the child less any financial benefits that are received through the tax-transfer system because of the presence of the child. Free or subsidised services reduce the expenditure that parents would otherwise have incurred. I

would argue that parents and potential parents are well attuned to changes in the direct costs of children within their own society. If they perceive that children have become more expensive then psychological benefit thresholds will be put to the test.

The indirect cost of a child is the earnings lost because of the need to spend time bearing and caring for the child. Research in several countries has shown that the indirect cost of the first child is considerably greater than the indirect cost of later children (Joshi 19xx; Beggs and Chapman 1988). Direct costs are also higher for the first child but direct costs are flatter than indirect costs as the number of children rises. Indirect costs fall as society is organised in such a way that parents can combine work and family. This may partly explain the fact that countries with high labour force participation rates for mothers have relatively high fertility and countries with low participation of mothers have very low fertility (Coleman 1998). There is a strong argument that indirect costs are more significant in determining whether a woman has a first child than direct costs, while direct costs are more significant in decision-making about later children. Chapman et al (1999) have shown that indirect costs have fallen in Australia from the 1980s to the 1990s as more mothers have been able to participate in the labour force and, hence, to lower the earnings forgone through having a child. This trend has probably kept first birth rates at a higher level than would otherwise have been the case.

The above discussion has a couple orientation. A rational choice calculus might also be considered in relation to having a birth outside of marriage or to decisions about marrying.

Risk aversion theory

Risk aversion theory adds another dimension to rational choice theory. The assumption of rational choice theory is that people have a good knowledge or understanding of the costs and benefits of having the next child. Risk aversion theory takes off from the point that the costs and benefits are all future costs and benefits and, accordingly, we cannot know with certainty what those costs will be. In having a child, people are making a decision to change their future life course and hence their decision depends upon their future orientation (McDonald 1996). If there is a perception that economic, social, intimate or personal futures are uncertain, decision makers may err on the side of safety in order to avert risk. Hobcraft (1996) and Coleman (1998) point to the rise of economic uncertainty. Jobs are no longer lifetime jobs. There is a strong economic cycle of booms and busts. Geographic mobility may be required for employment purposes. Interest rates can be expected to shift by large amounts in short periods. Housing prices fluctuate, but we are never exactly sure what part of the cycle we are on. Risk aversion theory implies investment in economic security (education, attachment to the labour force, long hours of work, savings) rather than in the insecurity that accompanies having children (low income for a period, uncertainty of return to the labour force, higher consumption expenditure, economic responsibility for dependents). B. Hoem (2000) has reported that during poor economic circumstances in Sweden, involvement in full-time education for 21-24 year old women rose from 14 per cent in 1989 to 41 per cent in 1996. At ages 25-28 years, the rise was from 9 per cent to 22 per cent. This surely is investment in self and

investment in future security on a large scale. Hoem also adds that widespread cut-backs in government services spread a climate of pessimism among young people that encouraged them to adopt risk-averse behaviours.

Risk aversion might also be applied to the social, intimate or personal spheres. There is a risk that children will disrupt the relationship of the parents. There is a risk that children will follow pathways that cause parents considerable anxiety. There is a risk that some harm will come to the child. There is a risk that the relationship will break up and we will be left alone to support the child. There is a risk that we shall have enough trouble coping with a difficult world on our own, let alone with children. There is a risk that the social trend towards child-unfriendly societies will continue. There is a risk that public supports for families with children will be rolled back. We can avoid all of these risks by limiting the number of children we have.

Risk aversion may also affect whether people marry. While rates of childbearing outside of marriage are rising, rates of childbearing within marriage are certainly still much higher. A fall in the proportion of people marrying will therefore tend to lower the birth rate. Young women in Japan see marriage itself as a risk to their future employment. In Italy, it is suggested, perceived economic risks are a determinant of the low marriage rates.

Risk aversion is not readily amenable to policy initiatives. Insurance is a conventional approach to other forms of risk, but its use is certainly not common in regard to the risks associated with raising children. Generally, families with children spend almost all of their money or they spend more than the money they have (dis-savings). Thus, the prospect of substantial expenditure on insurance against the broad range of risks of having children is difficult to contemplate. A well-developed welfare state is a more common way of smoothing out risks of this sort. Job loss is covered by social security arrangements, services for children are costless or subsidised, unforeseen health costs are covered, and so on. The present direction of social policy, however, is to pass the risks and the costs back on to individuals and families and away from the state. Greater employment security would also reduce the risks involved in having children, but, again, the direction of industrial policy is to release the employer from obligations to the employee. The direction of social and economic policy in almost all industrialised countries is to increase the risks that people face, rather than to reduce them.

Post-materialist values theory

Post-materialist values theory is associated with Second Demographic Transition theory (Lesthaeghe and Moors 1996; van de Kaa 1997). This theory stipulates that changes in social and demographic behaviour have been driven by the growth of the values of individual self-realisation, satisfaction of personal preferences, liberalism and freedom from traditional forces of authority, particularly religion. This, following Inglehart (1977), is all made possible by emancipation from material concerns in modern prosperous societies. These values have been shown to have been associated with increases in divorce rates, cohabitation and ex-nuptial births. There is little doubt that

these forms of behaviour are much more prominent in the more liberal societies of Nordic countries and English-speaking countries than in the more traditional family cultures of countries of Southern Europe, Germanic countries and Asian developed countries. However, as Coleman (1998) indicates, it is evident that, among the advanced countries, fertility is higher in the liberal societies than in the traditional societies. Thus, societies that maintain traditional behaviour seem to be considerably less well able to reproduce themselves than the more liberal societies. I consider that the gender equity theory described below provides an explanation of why it is that societies that hold fast to traditional family systems are societies that have very low fertility. Indeed, it is my strong view, based on gender equity theory, that attempts to restore 'traditional family values' – the male breadwinner of the family – will entrench low fertility. Descriptions of women as selfish or not prepared to do their national duty was an approach to falling fertility prominent in the past. It was incorrect then but is now counter-productive because it is divisive and because it reduces the policy debate to a trivial level easily lampooned in the popular press. Yet, this viewpoint is still evident in some countries. In Japan, young people who delay marriage and childbearing are frequently described in the media as 'parasite singles' and, in Austria, a minister of government has called upon women to fulfill their national duty of reproduction. Japan's and Austria's fertility continue to languish at very low levels.

Another finding that is counter to the theory that low fertility has been due to the growth of post-materialist values is the survey evidence from many advanced countries that women in their early twenties express preferences for numbers of children that are, on average, above replacement level (van de Kaa 1997; McDonald 1998; FFS references). As they age through their twenties, preferences fall but remain well above actual behaviour. This suggests a willingness on the part of women to have more children than they eventually actually have. That is, it is costs, uncertainty and the nature of social institutions that combine to limit the number of children that women have, not values that they develop before their early twenties.

The theory that post-materialist values encourage low fertility is a classic example of the 'ecological fallacy'. Within any one society, on average, individual women who are more highly educated, less religious, more urban or more liberal in their attitudes and values have lower fertility than the less educated, the more religious, the more rural and the more conservative. This finding is then used to draw the fallacious conclusion across societies that more liberal societies will have lower fertility than more conservative societies. The lesson from this ecological fallacy is that a country's low fertility should not be addressed by laying the blame selectively upon a sub-group of women within a given society, those with low fertility. Rather low fertility is a societal phenomenon related to the structure of social institutions. Indications of the role of social institutions in the construction of low fertility are evident in the above discussions of rational choice theory and risk aversion theory. Gender equity theory provides the rationale for an emphasis upon the structure of social institutions in addressing low fertility.

Gender equity theory

I have addressed the association of gender equity and fertility in two recent publications (McDonald 2000a; 2000b). The hypothesised association is summarised in Figure 3. The essential feature of this work is the division of gender equity into two components: gender equity in family-oriented institutions and gender equity in individual oriented institutions. I argue that fertility falls from high levels to moderate levels in association with a shift from low to moderate levels of gender equity within the family. The essential feature here is the extension of decision-making power within the family, especially power in regard to fertility determination, to women. Moderate fertility and extended control by women over their own fertility is then associated with a rapid increase in gender equity in individual-oriented institutions that, in turn, leads to very low fertility rates. Very low fertility is the product of the combination of high gender equity in individual-oriented institutions with the persistence of only moderate gender equity in family-oriented institutions, that is, the continuation of the male breadwinner model of the family as the base of family-oriented institutions. Finally, it is hypothesised that fertility will only rise from very low levels if gender equity moves to high levels in family-oriented institutions, that is, if the male breadwinner model of the family ceases to be the assumption upon which family-oriented institutions are founded. Figure 3 depicts two transition paths that in broad terms could describe the difference in transition between societies that are more liberal in their family orientation (labeled 1) and those that are more conservative (labeled 2). The transition from very low fertility to low fertility will be easier for the liberal countries. Indeed, some countries that are more liberal in their family orientation may never actually experience very low fertility (Norway is probably the leading candidate for this description).

In less theoretical terms and focusing on the issue of this seminar, gender equity theory can be described in the following way. Social institutions in advanced countries, until recently, have been founded upon an assumption of the male breadwinner model of the family under which the father goes out to work while the mother stays at home to look after the children. The principle underlying this model is that there is a natural differentiation between men and women that requires the man to be the provider and protector and the woman to be the carer and reproducer. Since the 1960s in particular, women have asserted their rights as individuals in areas such as education and market employment to the extent that these social institutions are now characterised by a high degree of gender equity.

The thrust of gender equity theory is that very low levels of fertility in advanced countries today can be explained in terms of incoherence between the levels of gender equity applying in different social institutions. In countries with very low levels of fertility, it is postulated that the levels of gender equity in institutions that deal with people as individuals, such as education and market employment, are high while, on the other hand, the levels of gender equity applying in institutions that

deal with people as members of families, such as industrial relations (the terms and conditions of employment), family services, the tax system, social security and the family itself are low. Put more simply and in terms similar to those expressed by Chesnais (1996, 1998) and Esping-Andersen (1996), if women are provided with opportunities near to equivalent to those of men in education and market employment, but these opportunities are severely curtailed by having children, then, on average, women will restrict the number of children that they have to an extent which leaves fertility at a very low, long-term level. While gender equity in individual-oriented institutions has progressed in all advanced countries, the male breadwinner model still underpins family-oriented social institutions. The more traditional the society in regard to its family system, the greater is the level of incoherence between social institutions and the lower is fertility. This can explain why the lowest fertility rates in the world are found in the countries of southern Europe and in other societies with traditional, male-dominated family systems.

The new market-based economy and its impact on fertility

It can be argued that the achievement of increases in fertility is made more difficult by the organisation of the new market-based economy. Since the 1980s, the industrialised countries of the world have restructured their economies in line with a philosophy that the free operation of the market is the most efficient and effective form of economic organisation. Regulations and restrictions have been reduced so that capital can flow easily in the direction that maximises business efficiency and profit. The theory is that profitable businesses mean improvements in employment and wages and, hence, in economic wellbeing. The characteristics of this new economic regime are small government and low taxation, free flow of capital across international boundaries, free trade, freedom for employers and workers to determine wages and working conditions, and curtailment of government-funded social welfare. In distributional terms, the system rewards innovation and hard work and, hence, provides incentives for both. Government, both national and international, takes on a new role as facilitator and regulator of this system.

In the 1990s, this system has produced lower levels of unemployment in many industrialised countries and, on average, greater prosperity. However, there are questions about its distributional outcomes. The system is unforgiving of its casualties whether they be individuals, companies or nations. Companies and nations are penalised for failure through out-flow of capital at short notice. Individuals are penalised for failure by loss of their income source. The rewards may be greater under this system than under the former system of protection, but the risks are also greater. Most countries deal with the casualties of the market through their welfare systems, but these are increasingly seen as being under threat. In the prospect that the welfare safety net is not guaranteed, people adopt risk-averse behaviours.

In continental Europe, accommodation to the workings of the new market economy has been particularly problematic because of the prior existence of high fixed costs

of labour and low labour force participation, both outcomes of the organisation of continental European welfare states (Esping-Andersen 1996: 78-84). Esping-Andersen argues cogently that the continental European welfare state in adjusting to the new market economy has inhibited job growth particularly the growth of service-sector jobs and part-time work. There is a very strong tendency among those in mainstream jobs to protect their rights in the welfare system. The result is an insider-outsider labour market in which the insiders tend to be middle aged males and the outsiders are women and younger people. The safest strategy for women and young people is to become an 'insider' and to delay or eschew family formation. The system is one of a conservative, family-wage, welfare state still based on the presumption of the male breadwinner model of the family. Esping-Andersen is pessimistic that these states can extricate themselves from this situation because of the vested interests of the insider males.

The market approach deals with individuals as inputs to the system of production. Consequently, in order to protect themselves from risk, individuals must maximise their utility to the market. This means that they need to focus upon the acquisition of saleable skills, work experience and a marketable reputation. At the same time, they need to accumulate savings or wealth as a personal safety net. They also need to maintain flexibility of time and place so that they can react to opportunities as they arise. The risk-averse individual in a world that rewards market production is unwise to devote time or money to social reproduction. Social reproduction involves altruism, that is, time and money devoted to others or to the society at large. For the risk-averse in a free market economy, altruism is equivalent to foolhardiness.

Family is at the heart of social reproduction. It is the place where altruism abounds. There are people and politicians who believe that the public world of the market economy and the private world of the family can be separate worlds; that an individual can be highly competitive, individualistic and risk-averse in the market but then be self-sacrificing, altruistic and risk-accepting within the family. The only explanation I can give for this logic is that these are people who still believe in the separation of the roles of men and women; that market production is a male responsibility and social reproduction is a female responsibility. A worker with a family can be flexible to the demands of market production if he has a wife at home taking care of social reproduction. Indeed, conservative reaction to low fertility sometimes takes this direction.

However, young women today are equipped for market production at a level at least equivalent to young men and employers are very happy to employ women in the market economy. Where human capital counts, the free market will employ a skilled woman before an unskilled man, even before a man slightly less skilled than the woman. The risk-averse woman of today will ensure that she is able to support herself and, given the chance of relationship breakdown, will be careful not to put herself in a position of dependency upon a man. Couples recognise that dual employment provides a hedge against job loss for either one and banks reinforce

this by providing housing mortgages on the basis of two incomes. Parents and schools encourage young women to accumulate skills that will enable them to remain attached to the labour force. As a result, there are very few young women today who see their future lives in terms of finding a husband and never thereafter being engaged in market work. Reinforcement of the male breadwinner model of the family is not the solution to the dilemma that we now face in maintaining social reproduction in combination with a free market approach to economic production.

The foundation of social reproduction is the birth, nurture and socialisation of the next generation. The failure of the social and economic system that we have today is most evidenced by our failure to be able to establish this foundation. For the past 20 years, almost all industrialised countries have had rates of birth that are below the level that reproduces the population. What kind of society cannot even reproduce itself? The answer is the society based on the new market economy.

The market is not interested in this issue because the market is very short-term in its orientation. Firms and governments become caught up in this short-term vision and with good reason because they tend to be punished by the financial markets for any short-term lapse. The 1994 Angel Plan in Japan which supported family-friendly work policies is said to have failed because it was undermined by corporate attitudes (JOICFP News August 2000: 7). The Council on Population Problems of the Government of Japan (1997: 21) called for the need to combat personnel practices that discriminate against those who put family first.

With focus on the short term, long term investment tends to fall off the agenda for both firms and governments. In the neo-classical economic model, social organisation is exogenous, well covered by the assumption of *ceteris paribus*. The long term is in the lap of the neo-classical god, the price mechanism. We can have faith that, in good time, it will correct for whatever we need. As children become scarcer, their value to society will increase and we will pay more to those who produce them. This may be so but, if the market is reacting to a shortage of workers induced by previous low birth rates, an increase in births does not feed into the labour force for around 20-25 years. That is, the lag time to response can be very long indeed and major demographic problems can be created in the interim. Population policy is policy for the very long term. We can project ahead now and see that very low birth rates such as those that apply in Japan and most of Europe today will lead to age structures that are unsustainable. There is no sign at all that the market price mechanism is about to correct for this situation in Japan or Europe. Indeed, the opposite is true. The market continues to produce risk-averse workers for whom children are a considerable risk. Employment structure in many countries still remains wedded to the male breadwinner or family wage model.

Thus, even if the market were to have highly favourable outcomes such that unemployment fell to very low levels and real incomes rose, this would not necessarily stimulate an increase in fertility. The reason is that fertility decision-making in the market economy has much more to do with relative wellbeing than

with absolute wellbeing. No matter how successful the market is, under present arrangements in most countries, it will always provide lower benefits to those with children than to those without children. Likewise the benefits of the market will fall as the number of children increases. The collapse of birth rates in most industrialised countries is telling evidence of the failure of the market approach to allow social reproduction to proceed. There is an argument that what is required is a new social contract that enables the market approach to proceed but which, at the same time, provides just rewards to social reproduction. Thus, although in the next section I describe a range of policy initiatives that might be used to address very low fertility, the argument in this and the previous section is that successful policy will almost certainly involve changes in social and economic organisation on a much wider scale. These changes must involve an invigoration of the concept of horizontal equity. That is, allowing for income-earning potential, society must attempt to equalize the economic outcomes for different family configurations. This is equivalent to a strong assertion that children are a social good and not merely a private, optional pleasure. The new social contract also must be one that is based in gender equity and not in the male breadwinner model of the family. An argument that there is a need for new social arrangements that reward altruism has been made by Folbre (1997).

Nevertheless, if the market is able to improve the economic wellbeing of women and young people, as it has done to a large extent in the United States, this is a highly desirable end. In many European countries, particularly Eastern European countries, there is a strong argument that low fertility is related to poor economic conditions.

Some principles of action

The realignment of economic outcomes and gender equity between those with children and those without children necessarily involves the intervention of government, especially when we are concerned about the quality of outcomes for children. The market alone, as argued above, is likely to be a highly inadequate mechanism to achieve the desired outcome. On this point, Demeny (1986: 476) argued that fertility behaviour was 'a legitimate object of attention for collective and, in particular, governmental action':

When socially advantageous modification of demographic behaviour is beyond the capacity of private markets to provide, it assumes the character of a public good that must be acquired, if at all, through the political market place.

While leadership must inevitably come from government, the ideal arrangement is a partnership between government, employers and families, a whole-of-society approach. Policy will not work if it has to deal with a recalcitrant corporate sector or if it becomes bogged down in divisive social debate.

As argued above, we should have a broad target for the fertility level that we would like to achieve. For example, the target for Italy may be an increase in the TFR from 1.2 to

1.6 over the next 15-20 years. Modest targets can provide demographic sustainability while being more likely to gain social acceptance and more likely to be successful. An increase of TFR from 1.2 to 1.6 means that, on average, 40 per cent of women will have one additional child, or an additional 10 per cent for each five-year period over the next 20 years.. The implication of this relatively modest aim is that attention should be focused on those people who would like to have a child or an additional child if circumstances were more favourable. This same point has been made recently by the Council on Population Problems of the Government of Japan (1997: 20) in its report on future fertility policy for Japan. Survey evidence suggests that there are sufficient people of this description in most low fertility countries today (Retherford et al 1996; Kiernan 1998; Coleman 1998; van de Kaa 1998; McDonald 1998; Ichimura and Ogawa 2000; Van Peer 2000). Chesnais (1998; 83), somewhat ironically, refers to this group as having a 'latent demand for family support'. The policy effort will be dissipated very quickly if those who are highly committed to remaining childless or to not having another child become the targets of the policy debate. The argument is not about the committed childless person being morally pressured to have a child but about all of society providing just support to those who do have children. Labelling of the childless or sections of the society who have low fertility as selfish or hedonistic will fail⁶; providing economic benefits, a more secure future and gender equity to those who want to have a child or an additional child has a chance of success.

Inevitably, new arrangements that support fertility will involve winners and losers compared to present arrangements. As already indicated, middle-aged males may need to be convinced to give up some of their privileges. Also, there may be a need to consider a restructuring of intergenerational transfers. Social insurance systems tend to provide major benefits to middle-aged and older people at the expense of the young. The ageing of the population is putting severe fiscal pressure upon these systems. One policy approach to this situation has been to cut back government expenditure on family and children's services, to increase taxes or social security contributions or to reduce benefits provided by employers. These are all approaches that are not fertility-friendly. An analysis of social security spending in Japan in 1997 revealed that funding for children and families was 2.3 trillion yen compared with 45.1 trillion yen for benefits for the elderly (reported in JOICFP News, no. 314, August 2000: 7). A per capita comparison would be even more startling. The same article reports Japan's TFR falling to 1.34 in 1999. Massimo Livi-Bacci is reported in *The New York Times* (Special report by Michael Specter, July 10 1998) as characterising Europe as 'Rich old people supported by the labor of poor young people. No wonder nobody wants to have children'. A more subtle blow to young people is the lowering of progressivity in income tax rates. Less progressive taxation systems provide relatively higher benefits to higher income earners who tend not to be young people on the verge of family formation⁷.

⁶ The campaign waged by the Japanese press against 'parasite singles' is a case in point.

⁷ For example, the new tax system introduced in Australia in 2000 has provided considerably higher benefits to high income earners than to those with 'beginning of career' incomes. It cannot be expected to have beneficial outcomes for the falling Australian fertility rate.

Good fertility policy also involves widespread access to a full range of methods of fertility control. While the Pontifical Council for the Family (1998) in a declaration relating to low fertility decried the spread of chemical methods of contraception, the Council on Population Problems of the Government of Japan (1997) found that women in Japan were reluctant to marry because the methods of contraception available were mainly male methods. That is, if women are not in a position to control their own fertility, they may not form a relationship with a man. Thus, greater access to the contraceptive pill in Japan is considered to be a pronatalist policy because it would promote marriage.

Finally, fertility policies should be considered in the context of non-fertility population and labour supply policies. For most countries, a package involving increased fertility, increased immigration and an increase in labour force participation rates is likely to be a more successful approach than reliance on one of these alone.

However, in all countries, all of these principles of action will be resisted to a varying extent by sections of the population. In the end, social acceptance of the proposed policy direction may be a greater obstacle to progress than formulation of the appropriate policies.

The policy tool-box

The long background that I have provided in arriving at the topic of this paper serves to indicate that I believe that reversal of low fertility is about inventing a new machine, not about the kinds of tools that are required to keep the present machine running. In like manner, Demeny (1997: 10) states that societies facing depopulation must move 'from the domain of ordinary economic calculus to the domain of political economy: from redistributive jockeying to agreement on fundamental changes in the constitutional contract that sets the rules of societal interaction in a polity'. The right tools will not work on the wrong machine. More fundamentally, the right tools will not work unless there is widespread social support for what it is that the machine produces.

Caldwell et al (1998: 10, 18) conclude there are very few available tools that have not already been used in some context and they report a long list of papers and reports that have canvassed potential low fertility policies. Other recent studies that have reported the list of possible policies are United Nations (1999), Hoem et al (1999) and Hugo (2000). The list is sufficiently long to benefit from some classification. Heitlinger (1991: 350-359) reviewed the various classifications that have been used in the literature. Her own classification, with some modifications, is probably still applicable. With modifications to Heitlinger (1991:353), three categories of fertility policy can be described:

1. Financial incentives,
2. Support for parents to combine work and family,
3. Broad social change supportive of children and parenting

With a great deal of overlap, these three categories can be seen as corresponding to the three theories, respectively, rational choice theory, gender equity theory and risk aversion theory.

1. Financial incentives

Periodic cash payments

This includes all child-related payments made in the form of cash. Principally, this takes the form of regular payments to parents for each child. The payments might vary according to the age of the child. For example, it could be considered that a higher payment should be made when a child is very young to compensate for the expected loss of income of parents at that stage. Alternatively, payments may be higher when children are older and more expensive. The payment may also vary by birth order. If the third child is considered to be the important child as far as fertility policy is concerned, then a much larger payment could apply to this (and subsequent) children. Hoem et al (1999) discuss the importance of measures to support the third child using Sweden and Austria as examples. Essentially, these payments are a form of horizontal equity, that is, recognition through the tax-transfer system of the additional costs of raising children. Some vertical equity might be applied if the payments are income-tested, that is, they are reduced or eliminated as income rises. It should be noted, however, that income-tested payments can operate as a work disincentive for second earners which, in turn, could be a disincentive to have the child. Cash payments have the advantage that they can be directed to the child's principal carer. While the ultimate aim may be gender equity in parenting roles, studies in Australia have indicated that cash payments to the mother of the child are more likely to be used for the child's benefit than tax cuts for the father of the child. Heitlinger (1991; 353) points out that direct financial incentives typically benefit the individual with the higher income, usually the man. 'As such, these policies tend to reflect an empirically incorrect assumption that per capita income is shared and pooled equitably within families'.

Lump sum payments or loans

This can include payments at the time of birth of a baby (baby bonus, maternity benefit), at the time a child starts school or at some other age. An establishment loan (family founding loan) may be provided at the start of a marriage (relationship) with segments of the loan being written off as the couple has each child. There could be endowment schemes contributed to by the government and the family to spread the costs of children across the lifetime. Repayments of loans might be tied to a small percentage of earned income, that is, child costs might be paid off as incomes rise. Births might be deemed to be equivalent to (large) lump sum contributions to social insurance or retirement pension schemes. However, immediate benefits are more likely to be successful than deferred benefits. That is, assistance with current housing costs is probably more likely to affect fertility decision-making than the promise of free university education or a higher age pension.

Tax rebates, credits or deductions

This includes tax reductions or credits based on the presence of a child. Again, these measures can be targeted to children of different ages or different birth orders. Rebates and credits allow for social equity; deductions are generally socially inequitable with the rich benefiting most. Tax measures, as discussed in the previous section, may not be as effective as cash payments because they tend to be directed to the father rather than to the mother. The United Kingdom has recently introduced a Working Families Tax Credit (Cabinet Office, United Kingdom 1998) while the Australian Government has recently extended tax rebates on the basis of the presence of children. In the Australian case, however, rebates are much more beneficial to one-income families than to two-income families and this has created major work disincentives for second earners that are very unlikely to be favourable to fertility. The classic case of the use of tax rebates is Singapore (Inland Revenue Authority of Singapore 2000). Singapore provides for very large tax rebates for families who have a second child before the mother turns 32. If the second child is born before the mother is 28 years old, the rebate is Singapore\$20,000. Additional rebates are provided to working mothers for third and fourth children if the mother elects to be taxed separately. Finally, the rebates can be claimed within a period of nine years following the birth of the child. While cash payments may be more closely targeted to the need (more likely to be spent on the child) than benefits delivered through the tax system, tax expenditures are less visible to those concerned with fiscal restraint than are cash expenditures. Tax approaches may thus be more politically sustainable in certain contexts than cash approaches.

Free or subsidised services or goods for children

Instead of providing cash or tax benefits, child benefits may be provided in the form of free or subsidised services. The likely services are education at all levels, medical and dental services, public transport, recreation services such as sporting, entertainment, leisure or artistic activities. Child care fits in this category but is probably more properly classified under work-family supports. Subsidised goods could include textbooks, educational materials, leisure and sporting equipment. This category might also include rebates on services such as electricity, petrol, car registrations and insurance, and so on. Perhaps families could carry a card that gave them varying entitlements (depending on numbers of children) to reduced consumption taxes, though such a scheme is probably unworkable.

Housing subsidies

Surveys of young people in Europe suggest that housing costs are a major consideration in family formation decisions. For example, one third of the 20-39 year old respondents in the Austrian Population Policy Acceptance Survey said that inadequate housing conditions were an important reason for not having children or not having another child (Hoem et al 1999: 23). Hence, housing subsidies are singled out here for specific consideration. Housing subsidies can take all of the forms of the subsidies listed above: periodic cash payments such as housing benefits (The National Social Insurance Board, Sweden 1999), lump sum cash payments (first home buyer grants or mortgage reductions at the birth of each child), tax rebates or deductions for housing costs, or subsidies to housing-related services. If there are taxes associated with housing, tax exemptions are

another possible approach. Governments may also subsidise construction costs or provide public housing on a priority basis to those with children. Reductions on mortgage interest rates or spreading of mortgage repayments across the lifetime are other possibilities. Tax incentives to suppliers of housing (eg. negative gearing of rental properties) are another option or there could be government intervention in the housing market to influence prices. Some of these housing measures may be poorly targeted or be considered to be too interventionist as far as the operation of the market is concerned.

2. Work and family initiatives

Maternity and paternity leave

The right of return to a position following leave related to the birth of a child is a common form of work-family support. The policy has many nuances such as its duration, whether the leave is paid and at what level, how much of the leave is available to mothers or to fathers, whether fathers are 'forced' to take some part of the leave, and whether there is a right of return to part-time work. Norway, for example, permits a return to part-time work with a continuation of partial leave benefits (the time account scheme). Indeed, leave policies are most highly developed in Norway which argues that work and family initiatives are much more reliable policy approaches than financial incentives (Berget 1996). Norway 'forces' use of leave by fathers in the sense that some of the parental leave entitlement cannot be taken by the mother. It is argued that this has the additional benefit of encouraging discussion on responsibilities for the care of the child between the parents. An issue is the question of restriction of eligibility for parental leave. Often, workers only become eligible for such leave if they have worked for the employer for a particular period of time and if they are regular or permanent employees as distinct from casual or contract employees. Eligibility criteria can have the effect that employers do not hire people who might have a baby in positions that would make them eligible for such leave. If the leave is paid, should it be paid by the employer, by social insurance or directly by the government? Payment by employers presents a major obstacle for small businesses. Finally, where a mother or father is not employed prior to the birth of a child, should there be some form of basic payment for them as an equity consideration? A European Union directive has established minimum requirements in respect of parental leave 'as an important means of reconciling professional and family responsibilities and promoting equal opportunities and treatment for women and men' (European Union 1998).

Child care

Another fundamental policy in this area is the provision of free or subsidised child care or high quality. This approach has been pursued by the present Government of the United Kingdom which, like Norway, has also put a major emphasis on family-friendly employment policies. Child care should also be equally available to those who are not employed as this may provide them with opportunities for training or for job-seeking. Furthermore, provision of high quality child care and early childhood education could be considered to be a right of the child and so there should not be discrimination among children on the basis of their parents' employment status. Besides free provision, the main forms of support include capital grants to centres and subsidised child care fees. As

an alternative, some countries provide tax breaks for child care expenses (USA). Child care expenses might also be exempted from goods and services taxes or, if paid by the employer, from employee fringe benefit taxes. Singapore charges a levy on the import of foreign maids but then gives a substantial reduction in the levy for families with children (Inland Revenue Authority of Singapore 2000). Child care services are also provided in the USA by undocumented immigrants at very low wage rates. Arrangements might be made to facilitate the care of children by their grandparents. Child care eligibility is often tied to the age of the child especially where there is an emphasis upon parental leave in the child's earliest years. Policy needs to address this balance between parental leave and child care provision according to community standards. Child care includes the need for 'out-of-school-hours' care. This can be provided at a neighbourhood centre or at the child's school.

Flexible working hours and short-term leave for family-related purposes

Where possible, working hours might be negotiated between the employer and the employee with a view to the employee's family responsibilities. Also, provision might be made for short-term absences related to the care of a sick child, school occasions, or taking children to unavoidable appointments such as dental treatment. If the nature of the occupation allows work to be done at home, appropriate provision might be made for this option from time to time.

Anti-discrimination legislation and gender equity in employment practices

There should be employment legislation that prohibits discrimination in employment on the grounds of gender, relationship status or family status. Beyond legislation, there is a need to ensure that such discrimination is not practised in a clandestine way through treats or through peer pressure. Individual rather than family taxation is likely to prevent the emergence of work disincentives for second earners in the tax system and hence is to be encouraged.

Work hours

Given the complication of family arrangements, employees should not be expected to have their work hours changed at short notice, to have meetings or work-related social occasions scheduled at times that those with responsibility for young children would have difficulty meeting. The latter is mentioned as a problem in the report of the Council on Population Problems of the Government of Japan (1997: 21). The spread of the ethic of additional hours of work provided freely to the employer lowers the competitiveness of workers with family responsibilities. Work hours need to be set in concert with school hours. This is reported to be a problem in Austria and Germany (Hoem et al 1999:32).

3. Broad social change supportive of children and parenting

Employment initiatives

Notions of security can be enhanced through stimulation of jobs for women and young people especially jobs in the service sector. Part-time work with pro rata employment benefits and job security is also likely to provide more options for parents. There should be ease of re-entry to the labour force following periods of absence related to the care of

children. This might be facilitated by continued attachment to the labour force albeit at a low level while children are very young or through continued education and training during child-related leaves. This can now be done through home-based electronic means (Council on Population Problems of the Government of Japan 1997: 25). Protection of workers from summary dismissal and provision of retraining opportunities for retrenched workers add to a climate of job security.

Child-friendly environments

The built environment needs to be child-friendly. This may involve traffic calming, safe neighbourhood policies, public recreational facilities such as playgrounds, provision for children in places of entertainment and in shopping centres, and so on. Also, the more that employment is located close to home, the more likely it is that couples can balance work and family responsibilities. The location of child care centres and schools are also relevant in this regard. Thus, urban design may be a pronatalist policy.

Gender equity

There is evidence that the division of duties within the household and general gender equity within the family unit has a bearing upon family formation decisions (Mathews 1999; McDonald 2000b). Thus, the promotion of gender equity in all social institutions especially in the family itself is likely to be favourable to fertility. This would include non-gender specific workplace policies, gender neutral tax-transfer policies including social insurance, support of workers with family responsibilities irrespective of gender, removal of institutional remnants of the male breadwinner model of the family, acceptance of fathers as parents by service providers, and more general recognition and support to fathers as parents. As Mathews (1999: 27) says there is a need for a society that is accepting of 'involved' fathers. Gender equity is prominent in European policies related to fertility and has been given prominence as an area for reform in Japan. However, it is almost non-existent in Singapore's pronatalist policies. Perhaps the availability of foreign maids circumvents the need for gender equity on the part of mothers.

Marriage and relationship supports

It is clear that in Japan and the countries of Southern Europe in particular, low fertility is related to slowness in the formation of relationships. Other policies already listed may give young people greater encouragement in the formation of relationships but there may also be more direct initiatives. Relationship education may be helpful as well as relationship counselling. The Singapore Government has arranged parties at which young people can get together. There may also be room for economic incentives to marry such as housing assistance. Earlier marriage is likely to mean earlier childbearing and a greater likelihood of having a third child. Divorce may also lower fertility if a new relationship is not formed. A high divorce rate may inhibit marriage.

Development of positive social attitudes towards children and parenting

Chesnais (1998) emphasises the political nature of debates about pronatalism. He states that there is a prior need to establish social understanding of the financial and political priority of demographic sustainability. Market research can play a role here. Policies

should be in accordance with social demand and be consistent, as far as possible, with the prevailing economy and culture. There is a need to avoid inequities to the childless, voluntary or involuntary. Such inequities would mobilise political opposition. On the other hand, there is a need to forthrightly confront arguments that children are merely an optional private pleasure and, therefore, that those without children should not be expected to contribute to the costs of other people's children. There may also be a political debate between conservatives and liberals regarding the proper role of mothers. This debate can also destroy good policy making because of the felt-need not to offend either side. This is very much the case in Australia where governments have provided maximum child benefits to those who take the extreme choices of either staying at home with children throughout their childhood or returning to full-time employment at the first opportunity. As both these options are far removed from what most Australians actually do or want to do, the policy effect is minimal. Finally, there is a need for the standard tests of public policy to be applied to pronatalist policies: simplicity, efficiency, equity, quality, affordability and accessibility. A clear and simple message that the society will support you if you have children, formulated in terms of good public policy is a sound political approach. It is remarkable that in the democracies of industrialised countries there has been so little political mobilisation of young people for a better deal.

Conclusion

While there are a large number of studies that describe the range of tools available to the policy maker concerned with low fertility, there are very few studies that have evaluated the effectiveness of policies. Some exceptions are Hohn (1987), Buttner and Lutz (1990), Sundstrom and Stafford (1992), Chesnais (1998), Olah (1999) and Hoem et al (1999). These studies all suggest some level of success for particular policy initiatives in particular places at particular times. In fact, it will usually be inappropriate to attempt to evaluate the effective of particular individual policies because the effectiveness of any policy will depend on the broader setting. The condition of *ceteris parabis* is unlikely to be fulfilled across time or across cultures. The proof of effectiveness is whether or not fertility follows the planned course. However, in the end, as stated earlier it is not so much the individual policies that matter but the nature of the society as a whole. For example, a range of brilliant gender equity policies will be ineffective if unemployment rates for young people of child bearing age are high. Work-family policies can only work if there is work. Likewise, these same gender equity policies would be put under strain if the direct financial costs of children were very high or if the general tenor of the social setting was child-unfriendly. Societies facing very low fertility need to investigate the particular reasons for low fertility in their country. The next step is to define a broad policy to address the reasons for low fertility. The policy might be based on market research conducted among young people. The final step is to mobilise political support for the new policy direction. Like the recommendations of the Council on Population Problems of the Government of Japan (1997), the changes envisaged are likely to be very comprehensive and radical.

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