

# Vienna Institute of Demography

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## International Conference

# CAN POLICIES ENHANCE FERTILITY IN EUROPE?

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## ROMANIAN FERTILITY

Moderate and temporary effects of a generous economic measure addressed to increase fertility of women employees

**Why?**

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# ***Content***

**I. What measure?**

**II. What demographic context in 2003?**

**III. What effects?**

III.1. Number of live births

III.2. Urban/rural live births

III.3. Rank of live births

III.4. Live births by mother education

**IV. Why moderate effects? What lesson?**

## I. What measure?

### April 2003:

for women employees having a new child = introduction of a 24 month leave for child raising and a monthly indemnity (LCR&I) representing 85% of the annual gross average salary (all economic activities);

### December 2005:

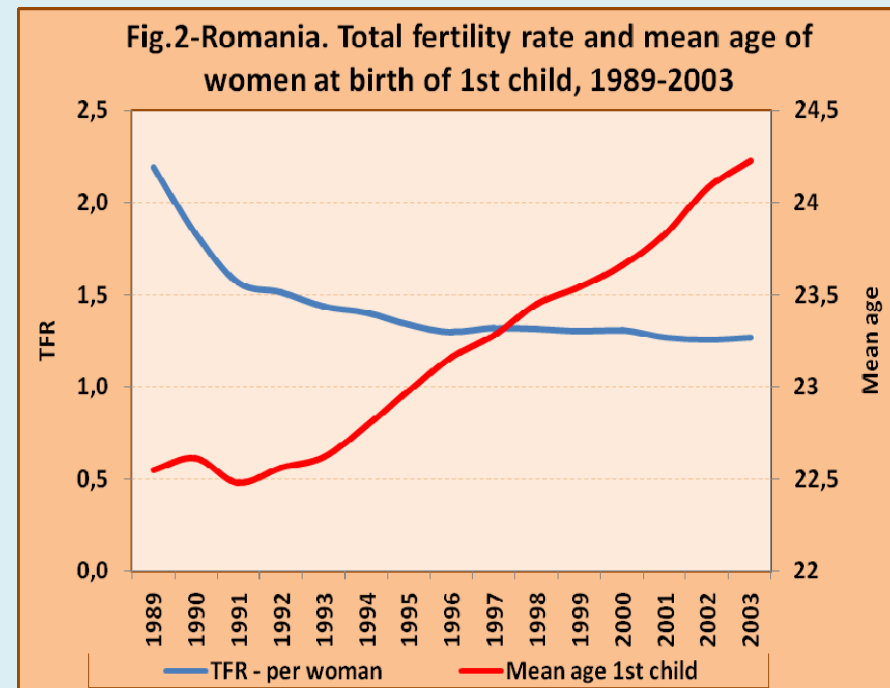
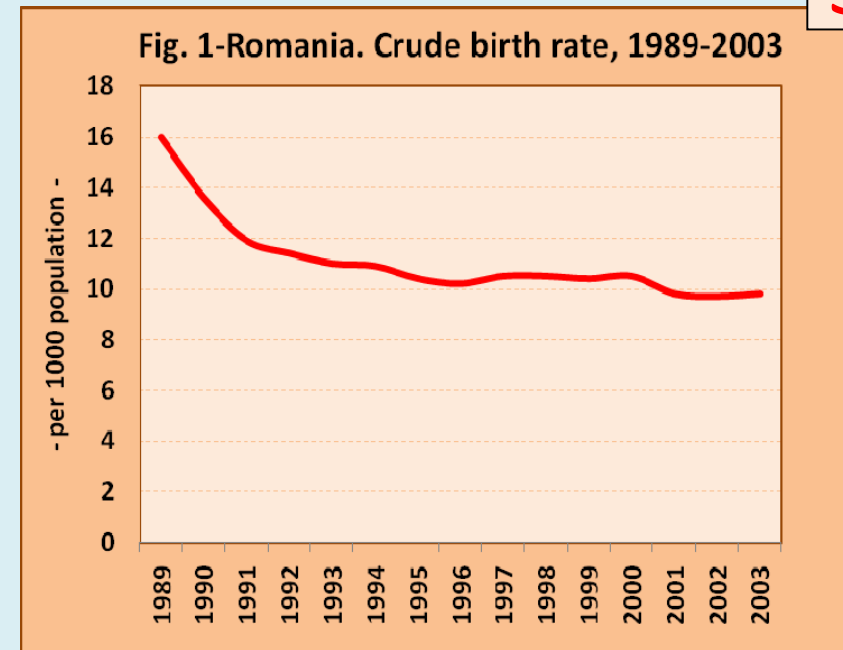
the amount of 2005 (85% of annual gross average salary) was established at a fixed amount of 800 Romanian currency units. The amount represents around 250 Euro only but within the Romanian level of salary (and standard of living), its level is above the net monthly salary of employed women.

### Rationality:

to stimulate fertility of employed women (regular employees).

## I. What demographic context in 2003?

1. Firm continuation of population decline installed in 1990 by steeply fall of fertility, moderate increase of mortality and negative net external migration;
2. Total fertility rate of 1,3 - stable level after mid-1990s (fig.1);
3. Strong postponement movement and increasing mean age at childbearing (fig.2).



### III. What effects?

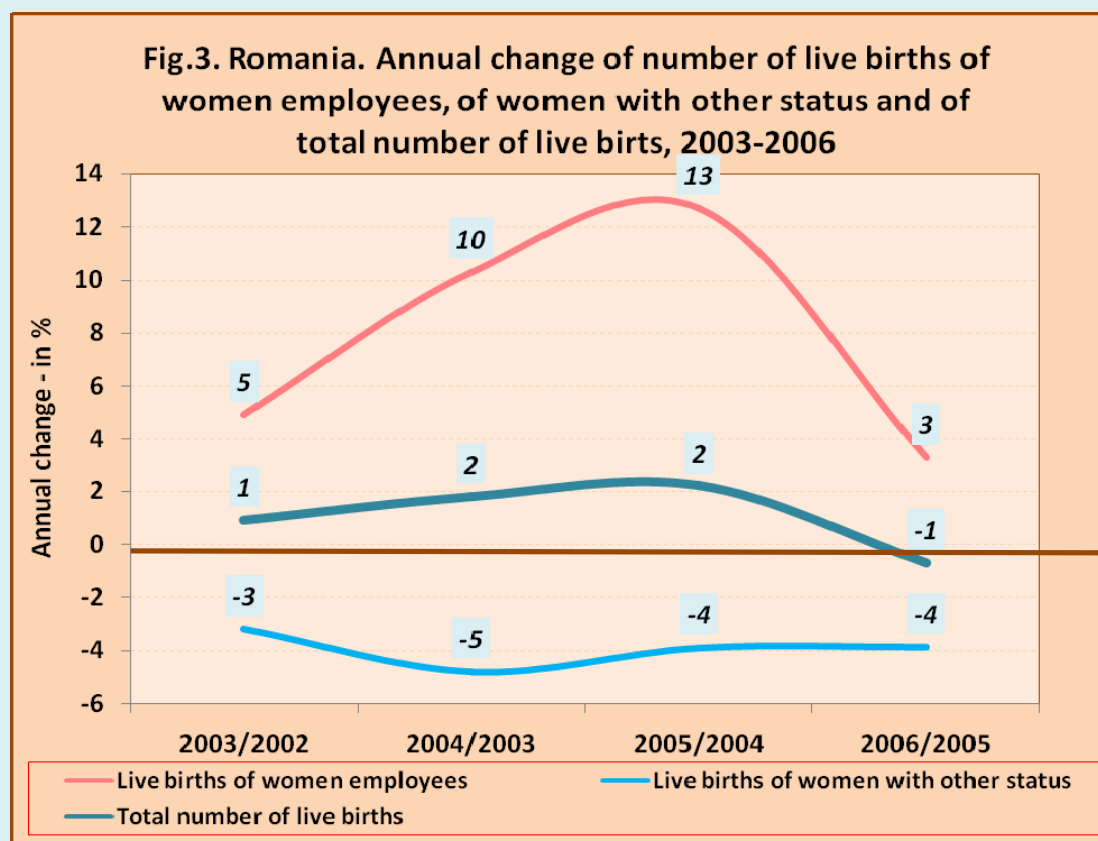
#### III.1. Number of live births

The measure had some positive effects among the women employees and an increase of number of children can be noticed starting with 2003. Unfortunately, the available data on the characteristics of women benefitting of the leave and indemnity and of their children are limited. The Ministry of Labor and Family does not publish statistics on this population. On the other hand, an investigation having as object a better understanding of demographic and socio-economic characteristics of respective women and their families was never taken.

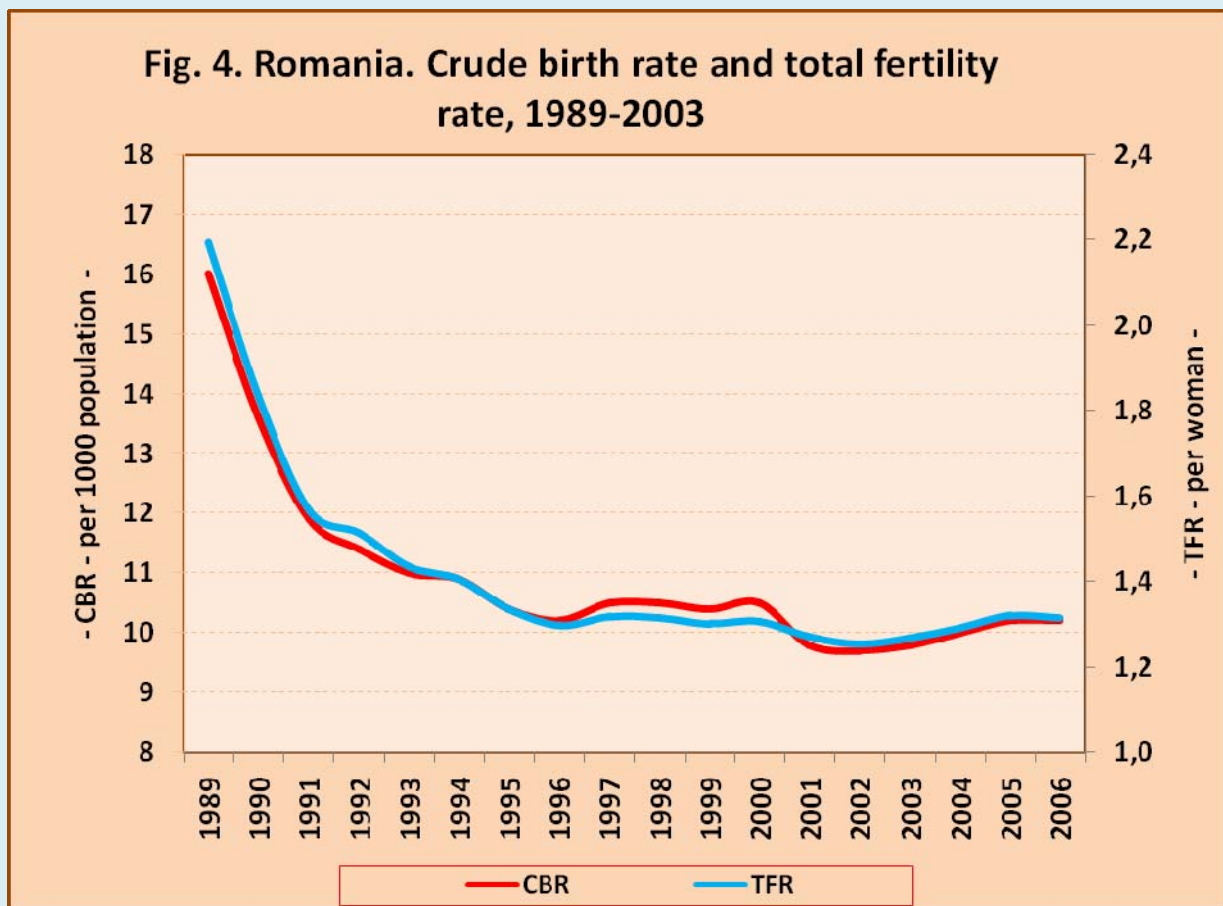
However, the current vital statistics on live births offer us some data and the main developments can be followed, as well as some relevant issues and conclusions can be drawn.

Slightly over one third of Romanian live births in 2002 – 211 thou – were born by women employees (19% in rural and 54% in urban). The 2003 incentive brought to an upward trend in number of live births of women employees in 2004 and 2005 particularly (figure 3). An annual increase of 10-13 % cannot be underestimated as magnitude. On the other hand, the modest increase of 2006 could be the sign of an exhausting stimulating potential of LCR&I.

The positive movement at women employees was accompanied by a comedown of live births of the non-employees women. As result, the total number of live births recorded a modest increase in 2003-2005, for slowly reprising the fall in 2006.

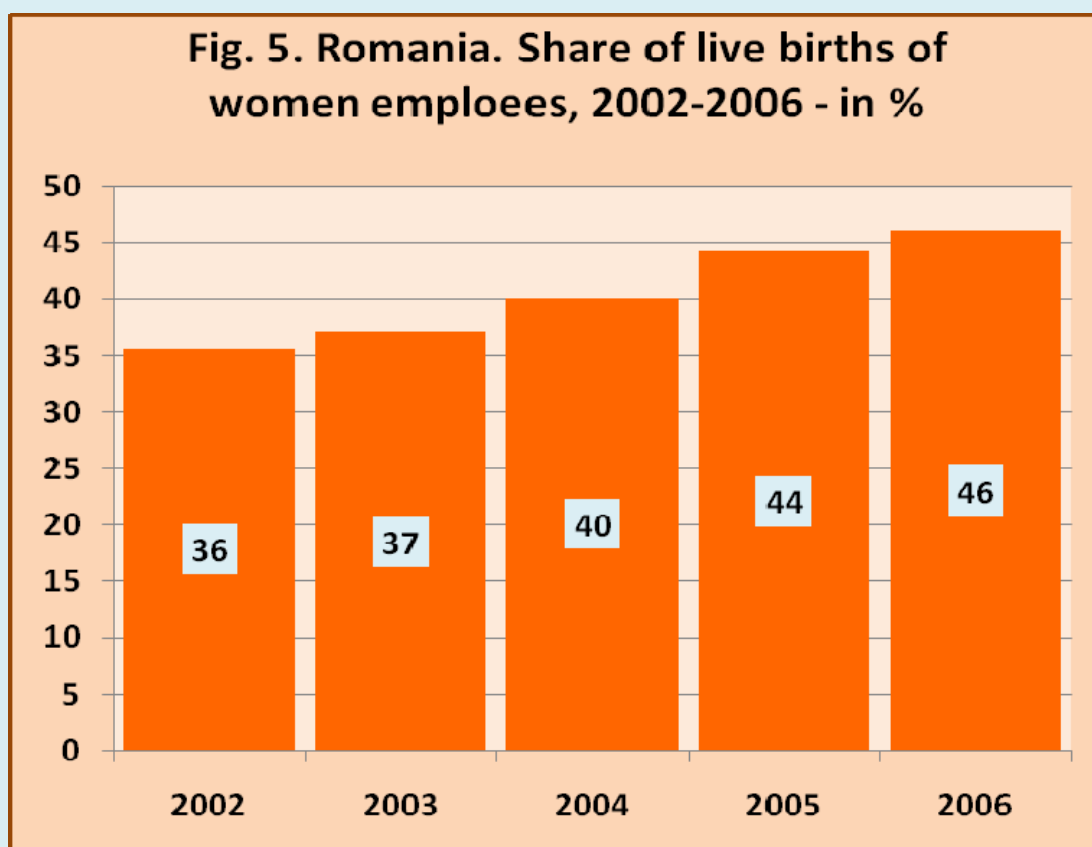


*When examining the trends of birth rate and of total fertility rate after 1989 – figure 4 – we may state that the moderate increase of number of live births of women employees in 2003-2005 stopped, at least for a few years, the falling movement and even slowly restored the fertility level.*



*The data for 2007 will give us additional reference points for answering the question whether the LCR&I has exhausted its stimulating potential. By provisional data we have for nine months of the year, it seems that the answer is yes.*

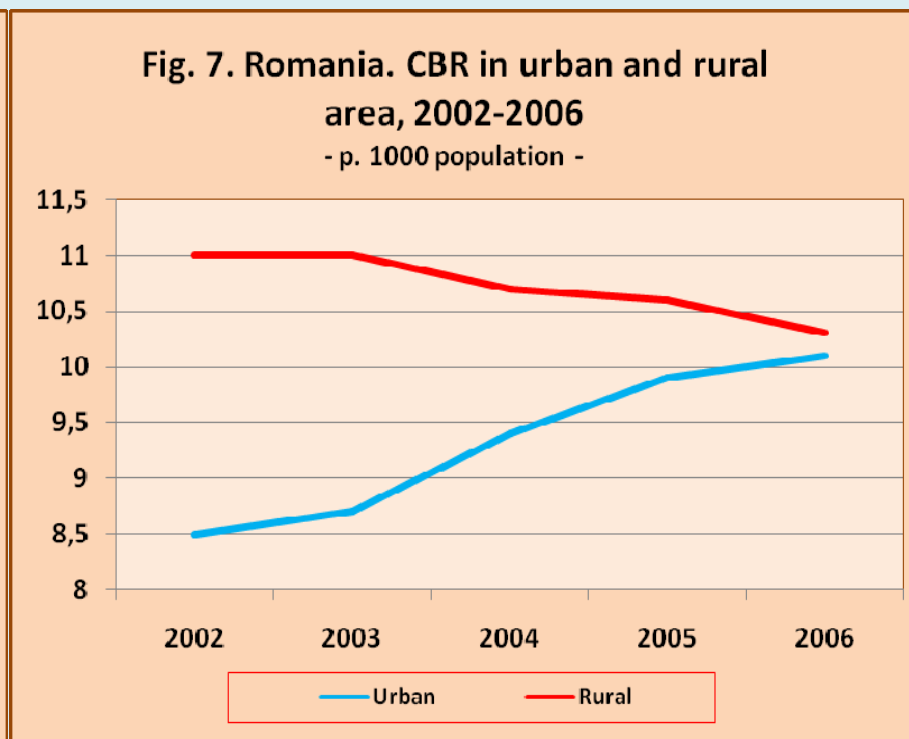
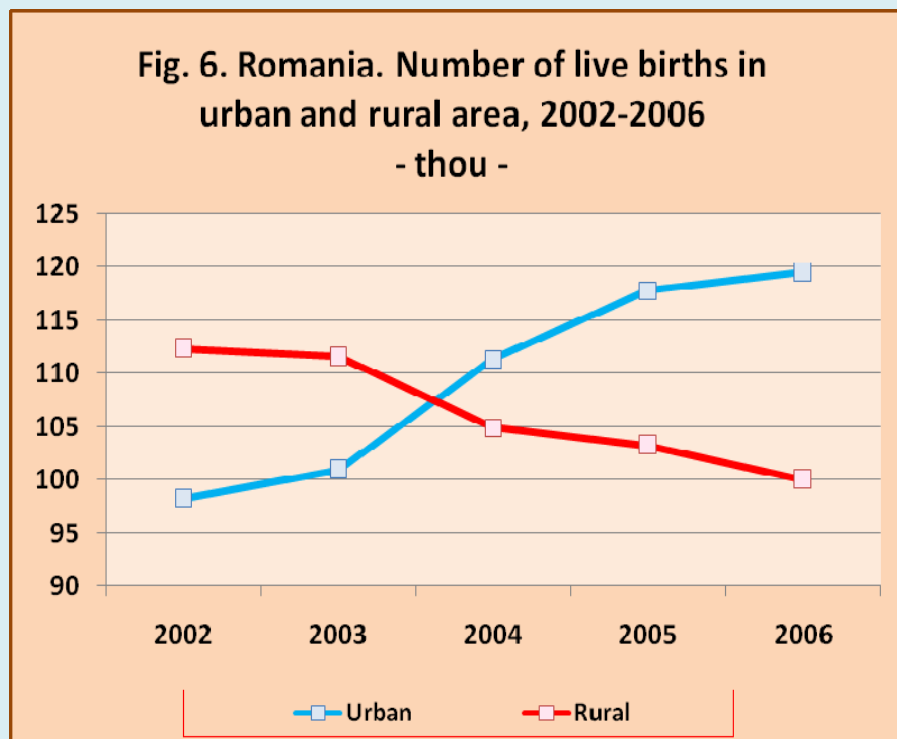
*The consequence of the two divergent movements led to an inflated proportion of live births of women employees (figure 4). The 46% in 2006 is identical with the share of live births of housewives, whose proportion was 55% in 2002. In fact, the change should be a beneficial one, women employees (and their families) having, as a rule, a better economic situation relative to women employed in agriculture or housewives.*



*When evaluating the positive effects of LCR&I one should take into consideration that women employees aged 15-44 years represents 39% only of the whole female population of same age.*

### III.2. Urban/rural live births

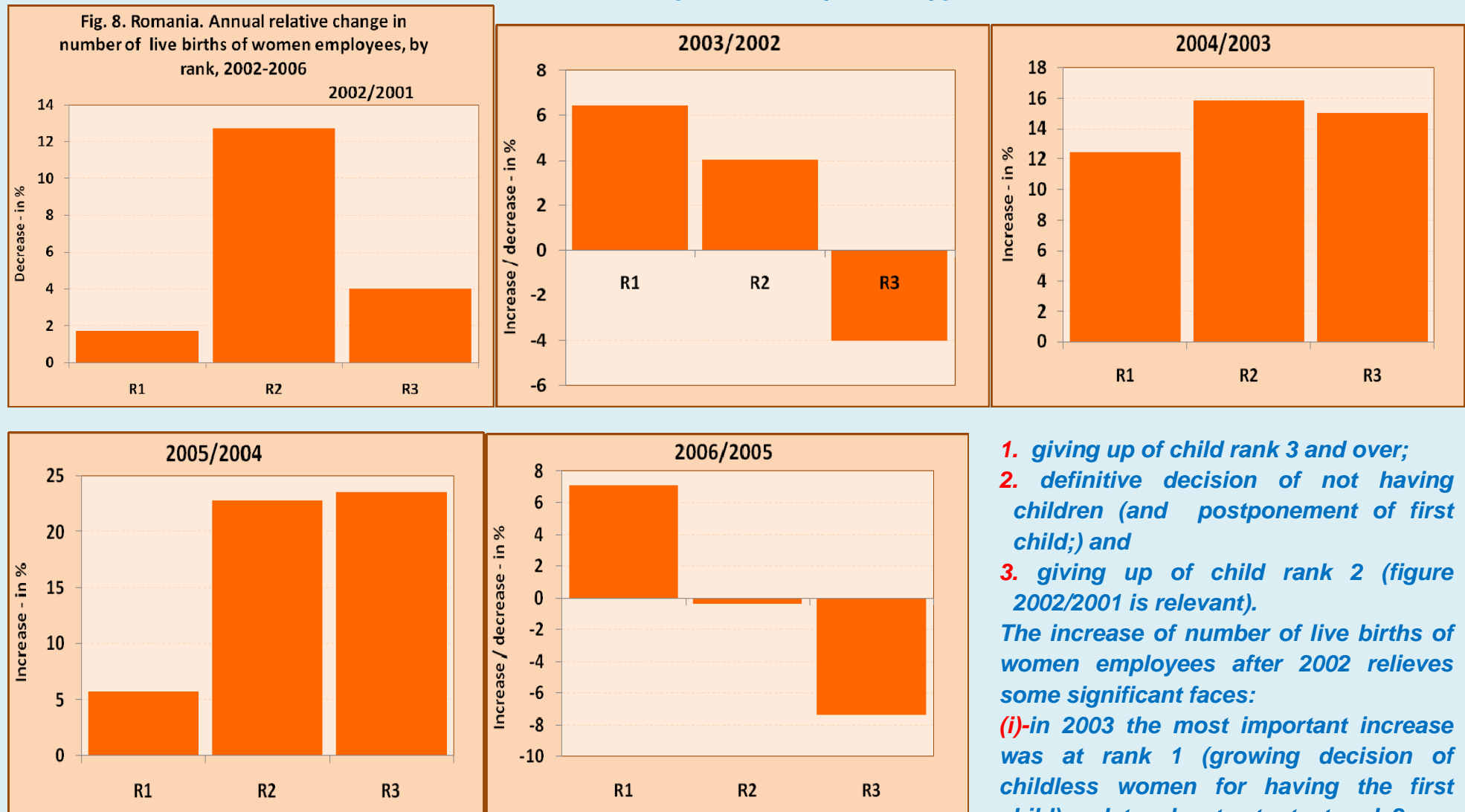
More than 80% of the women employees live in urban areas. In other words, the moderate increase of live births after 2002 can be found in these areas. As more statistics on live births are available at urban/rural level, some additional information on changes that took place after 2002 can be outlined. Parenthesis: Romania has a low degree of urbanization – 55%.



The progress recorded in number of births of women employees, mostly living in towns, provoked a spectacular change in the hierarchy of urban and rural live births (figure 6. In 2004-2006 the number of live births of urban women surpassed the rural live births. The extension of downward trend in rural areas increased the gap. These developments have strongly closed in the curves of CBR in the two areas (figure 7) and in 2007 the urban birth rate will certainly overtake the rural one, for the first time after 1989.

### III.3. Rank of live births

The decline of live births in Romania after 1989 was produced by three type kind of decisions:



1. giving up of child rank 3 and over;
2. definitive decision of not having children (and postponement of first child;) and
3. giving up of child rank 2 (figure 2002/2001 is relevant).

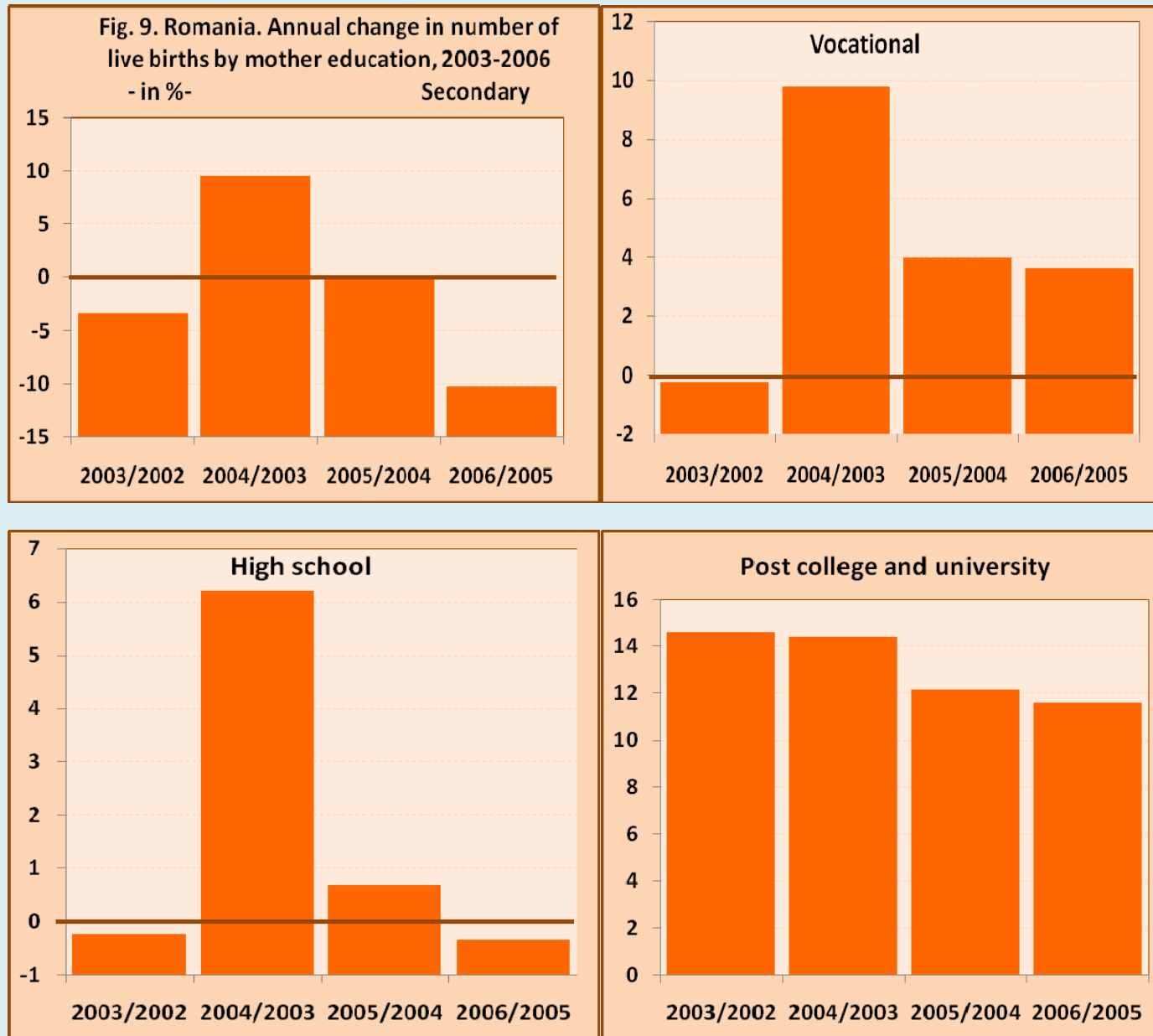
The increase of number of live births of women employees after 2002 relieves some significant faces:

- (i)-in 2003 the most important increase was at rank 1 (growing decision of childless women for having the first child) and, to a least extent, at rank 2

(the decision to have one child only was changed) ; (ii)-in 2004 the increase at first child was important, but more important was the decision to have the second and the third child; (iii)-in 2005 the increase was mostly at second and third child (by some information of media, a number of women having had their first child in 2003, efficiently planned a second child, for having another 24 months of leave and indemnity); (iv)-in 2006 one can observe a small increase at first child only.

**To conclude: the incentive has firstly stimulated a number of childless women to have their first child and, to smaller degree, a number of women having already a child to have the second one.**

### III.4. Live births by mother education



The most important positive answer to LCR&I have showed the women having the highest education – post college and university level (for their first child particularly). The women having a lower level of education had, generally, a (moderate) increase of births in 2004 only. Probably, this increase refers to second child. This lower effect could be explained by the fact that most of these women already had two children. This was not valid for women with post college and university level education. The LCR&I appeared to be enough important as level for determining some of them to have their first child.

#### **IV. Why moderate effects? What lesson?**

*The data for 2006 described a very low effect of LCR&I and the data on number of births during the first nine months of 2007 confirm the observation.*

*We think the measure had and has a number of weak points.*

- 1. The leave and the indemnity cover a period of 24 months. At the end of this period the family has one more member (maybe two in some cases) while for most of these women the average income per family member is lower than before the childbearing.*
- 2. No doubts, during the near five years the population realized that the LCR&I encourages to have a child but does not offer the means for rearing the child after the age of two years. The general child allowance these children will receive after the 24 months is extremely low.*
- 3. The age at kindergarten entrance is three years, while the LCR&I provision cover two years. How to rear the child the remaining year?*
- 4. Moreover, the measure was not accompanied by an increase in the number of places in kindergarten, although it was visible – in 2004 – that there is an increase in the number of children of women employees, which would like to reprise their work after the 24 months. In Bucharest only, the number of missing places in kindergartens is estimated at ten thousands.*

*The lesson seems to be clear. A two years leave and indemnity is not enough to have a stable redressing of number of live births. The policies should cover a longer period, the financial incentives should be combined with payment in kind, and services addressed to child, mother and family. On the other hand, policies should regard all women / couples wishing to have children.*