

Child Benefits and Fertility Behaviour in Europe: The Role of Generosity Variation by Child Age and Birth Order

Abstract

Child benefits have been attributed a small and positive effect on fertility rates, but a stronger relationship tends to be asserted in studies of single and explicitly pronatalist cases than in (less common) large-N comparative research. Moreover, the relationship between variation in benefit generosity by child age and birth order and fertility rates is underexplored, even though benefit generosity has generally risen in aggregate *and* become more varied by child age and birth order over the past few decades.

This paper conducts a pooled time series regression analysis (with fixed country effects) of the relationship between aggregate benefit generosity, generosity variation by child age (between 2-year-olds and 9-year-olds), and generosity variation by birth order (between first, second, third, and fourth children), and aggregate and birth order-specific fertility rates in 26 European countries between 2002 and 2021. It uses data from the OECD TaxBen on benefit generosity and the Human Fertility Database on birth rates, while controlling for macroeconomic conditions (GDP growth and unemployment), sociopolitical considerations (public trust in government), and other family policies (full-rate-equivalent parental leave, childcare spending, and total family policy spending).

The paper finds a positive and statistically significant association between aggregate benefit generosity and fertility rates, reaffirming the scholarly consensus around child benefits as an important part of the pronatalist policy toolkit. However, it provides limited evidence of a “pronatalist premium” in generosity variation in favor of early childhood (the association is present but statistically insignificant) and higher birth orders (only statistically significant for second births). These findings highlight the importance of disaggregating the association between child benefits and fertility by child age and birth order. They also invite further (smaller-N) research into potential “pronatalist premiums” in generosity variation by child age and birth order in higher-spending and explicitly pronatalist countries.