

Which Policies are Effective in Increasing the Number of Children People Have in Low-Fertility Countries?

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Many countries in Europe, North America, Oceania and parts of Asia have experienced significant declines in fertility, or reductions in the number of children their residents have. Absent large-scale migration from other countries, long-term low fertility results in an aging population, which can lead to many changes, including fewer children in schools and fewer adults in the workforce. These changes, in turn, can lead to school closures while also making it harder to fund pensions and care for the growing number of older people.

Policymakers in many of these countries have implemented policy changes to make it easier for people to have and care for children. These policies include those that affect **parental leave, childcare, direct financial incentives, and health insurance**.

Parental leave policies are designed to help new parents take time off from work to care for their newborns. These policies can include job security (a guarantee to return to the same job after the maternity or paternity leave), monetary compensation during the leave, or both. Most parental leave worldwide goes to mothers. However, some of the leave may go to fathers, either by allocating weeks of existing parental leave to fathers or by adding additional days or weeks into the overall parental leave period specifically for fathers. Introduced as a reaction to the reality that mothers predominantly take parental leave, these policies are aimed to encourage more balanced gender roles in caregiving and paid work.

Paternity leave might help to limit how much time mothers have to take off from work by shifting some of the leave from mothers to fathers. It can also lead to a long-term increase in fathers' participation in childrearing. On the other hand, being required to take time off of work when a child is born could have a negative impact on a father's career. Therefore, paternity leave, especially when required, could lead to a fewer men wanting to have a child.

KEY FINDINGS

- ▶ Policies that **reduced the costs of childbearing were effective** in increasing the number of children people had. These included policies that:
 - ▶ introduced, or generously prolonged, maternity leave;
 - ▶ expanded public childcare; and
 - ▶ implemented or expanded direct financial transfers. *See figure, next page.*
- ▶ Policies that **expanded paternity leave either had no impact or a negative impact** on fertility.
- ▶ The **effects of the policies varied** depending on the region or group affected.
 - ▶ Childcare expansions substantially increased fertility in Nordic and Central European countries.
 - ▶ Financial incentives increased fertility in most contexts, but higher-earning couples generally experienced the biggest impacts.
 - ▶ Improved health insurance coverage reduced fertility in young adulthood by making contraception more affordable and increased fertility for women over age 35 by making assisted reproductive technologies more affordable.

Policies that increase the quality or reduce the costs of childcare can reduce parents' work-family conflict. And unlike parental leave policies that only affect working parents, childcare reforms can also help stay-at-home parents by making it more affordable for their children to receive childcare.

Direct financial incentives include cash transfers, also sometimes known as "baby bonuses" (government payment for each child born), and tax breaks.

Finally, policies that make health care more accessible and affordable can help reduce the costs of caring for children's health needs. On the other hand, health care policy changes can reduce the costs of contraception, which would not typically lead to an increase in childbearing.

While some of these policies are designed to increase fertility – for example, baby bonuses – many seek to reduce social inequalities. For example, tax breaks can help reduce child poverty while instituting or expanding maternity leave can create more equitable working environments for women. Nevertheless, these policies all have the potential to increase the number of children couples have in a country.

This brief reports on a recent study [1] in which the authors reviewed dozens of studies to evaluate whether policies affecting parental leave, childcare, direct financial incentives, and health insurance caused fertility to increase in countries that had low fertility. They focus on most countries in Europe, and on Canada, the United States, Australia, New Zealand, Israel, and parts of Asia, including South Korea, Japan, and Singapore. To determine if a policy caused fertility to rise, they only evaluated studies that used experimental or quasi-experimental designs. These designs help researchers to compare groups that are exposed to a policy with those that are not to be able to isolate the impact of the policy.

Policies that **reduced the costs of childbearing** were effective in increasing the number of children people had



Introduced, or generously prolonged, maternity leave



Expanded public childcare



Implemented or expanded direct financial incentives

POLICY IMPLICATIONS

Publicly funding childcare and supporting maternity leave, especially when combined, can help to increase fertility in a country. This is because the costs of having a child – both in terms of money and impact on a woman’s career – are reduced when working women have paid maternity leave, are guaranteed their job after returning to work, and childcare costs are subsidized. On the other hand, expanding paternity leave does not increase the number of children people have and in some cases may reduce fertility. This is especially true when the paternity leave aims to shift some of the unpaid work of raising children from mothers to fathers.

Policymakers often aim to balance multiple goals – such as improving child development and keeping women in the labor force – with policies that can cause an increase in fertility. This summary of governmental actions that successfully increased the number of children in multiple countries and contexts points to the need for policymakers to prioritize policies that promote maternity leave and lower-cost and higher-quality childcare for all of their inhabitants. This combination of policies would address policymakers’ goals of increasing fertility while at the same time reducing workforce inequalities between women and men and decreasing inequalities in access to high quality childcare across incomes.

DATA AND METHODS

In this updated review, the authors built on the protocol they developed to review studies about policies affecting fertility that used (quasi-)experimental methods [2] and a previous review conducted in 2021 [3]. The authors conducted an additional search in 2023 to expand the geographic scope of the study and to include newer studies.

The authors of the original studies used sophisticated statistical analyses (regression discontinuity design, difference-in-differences estimation, two-way fixed-effects panel regression models) to evaluate policies that compared groups that were exposed to a policy with those that were not. These included examining policies that were defined by an arbitrary cutoff; for example, authors could compare fathers of children born before a given date who had fewer days of paternity leave to those born after that arbitrary date who have more paternity leave. They would then evaluate if, on average, the group with more paternity leave had more children. Other studies included comparing one or more groups who were exposed to a policy change, while some were not. A final group of studies compared groups in different regions where a policy was rolled out at different times.

The authors did not include evaluations of welfare policies (also known as conditional transfers), because some such policies aim to reduce births among welfare dependents by limiting who is eligible for the cash assistance or by reducing the amount each recipient gets. In addition, policymakers typically do not consider increasing welfare dependency as a feasible policy for increasing fertility. The authors also did not include studies focused on restrictions on abortion and contraception (but did include studies looking at health reform policies that changed the costs of contraception). Finally, they did not include studies about policies that aimed to influence fertility norms or preferences because these likely have a weak impact on fertility rates and, more importantly, because these policies are typically considered unacceptable in liberal democracies.

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