

**Title:** *Fertility Effects of Pensions and Family Benefits*

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There is a discrepancy between the consumption path and income path of the life cycle. The elderly as well as the children have to consume, income, however, is produced in the active period. All societies exploit the occurrence of overlapping generations and use two-way flows of transfers, one from the active to children and another one from the active to the elderly, in order to smooth out the difference. In a traditional society the institution organizing this chain is usually the extended family. In modern societies such transfers flow among social generations rather than family generations. This historical shift creates a larger risk pool, makes intergenerational transfers more easily enforceable and offers insurance against unintended infertility. However, if alternative vehicles of wealth accumulation, such as the capital market or social security, offer higher yields some generations may be tempted to desert from the family chain leaving their parents without old-age income and decreasing their fertility. The empirical evidence on the fertility effects of public intergenerational transfers, such as pensions and family benefits, are generally supportive. Usually, however, pensions and family benefits are tested separately. The present paper intends to estimate simultaneously the effects of intergenerational cash transfers on fertility, using Hungarian data. That is, we are interested in fertility responses to exogenous changes in transfers.