

Economic Insecurity and Fertility: The Case of Italy

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Abstract:

It is a widely held view that the longer a woman delays the onset of her childbearing career the lower is her completed fertility (Billari et al., 2002; Bumpass et al., 1977; Bumpass et al., 1978; Marini et al., 1981): women with higher education, and the related prospects for better work positions and higher earnings, tend to postpone first birth (Blossfeld et al., 1992; Marini 1984). The postponement does not necessarily imply that they have lower completed fertility (Skirbekk et al., 2004), as the very same women who delayed the onset of childbearing, will also have an incentive to accelerate the subsequent births to achieve their wished for fertility levels. Thanks to the increasing availability of childcare services and part-time jobs, especially in the Nordic countries, the association between fertility and employment at cross-country level turned positive in the last decade (Ahn and Mira 2002; Del Boca and Locatelli 2006; Del Boca et al. 2007). Italy is experiencing the same trend, although it is still lagging behind when compared to the European average. However, over the last two decades more and more Italian women entered the labour market: the female employment rate rose from 35.4% in 1994 to 47.2% in 2008; on the other hand, at the beginning of the 1990s Italy attained lowest-low fertility levels, i.e. a total fertility rate of below 1.3 children per woman, reaching 1.4 in 2008.

A couple may want to pay attention to the cost of having children early, comparing it with the cost of having them later. In addition to the investment in human capital on one hand, and the pressure of the “biological clock” and of social and cultural factors on the other, this paper contributes several interesting insights into the debate on the “economic sustainability” of childbearing decisions at the family level. We assess the role of economic insecurity in the decision to have children. The definition of economic insecurity is based on the anxiety produced by a lack of economic safety, i.e. the inability to obtain protection against potential economic losses (Osberg, 1998). Past, present and future considerations are all involved in the analysis (Bossert and D'Ambrosio, 2009). As uncertainty may lead to a postponement of irreversible choices (as the decision to have a child), we build a composite index of economic uncertainty at the household level accounting for the current wealth level, variations in wealth experienced in the past and employment insecurity (like the risk imposed by unemployment or by a fixed-term contract).

The empirical analysis is based on a pooled cross section of households sampled between 2002 and 2008 by the Bank of Italy in the Survey on Household Income and Wealth. The survey is representative of the Italian household structure as a whole and collects information on more than 22,000 individuals per year (around 8,000 households). The econometric estimates are conducted at the household levels and are complemented with territorial indicators retrieved from other national data sources including Istat's Quarterly survey on the labour force.