

## When economic uncertainty disturbs fertility levels

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### Introduction

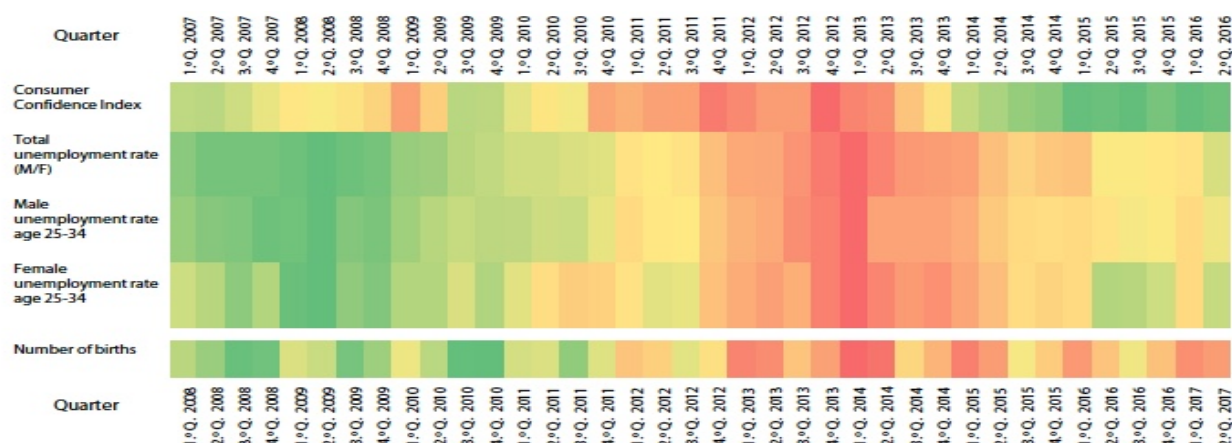
The idea that fertility reacts positively to economic prosperity and falls in times of crises is present in the literature on the evolution of fertility (e.g. [Lee, 1990](#); [Sobotka et al., 2011](#); [Comolli, 2017](#)). Periods of economic recession or stagnations are frequently followed by *turn down* moments on the number of births. Fertility tends to be pro-cyclical and reacts on the *ups and downs* of economic uncertainty, boosting the postponement and decreasing the quantum.

Since 2010, Portugal has been harshly affected by the (1) economic crisis, (2) high unemployment rates and (3) negative consumer confidence index (CCI). Simultaneously, the country presented the lowest birth rates and fertility levels in the European Union since 2012 ([Eurostat, 2015](#)). Through an empirical approach, we explore the relationship between the number of childbirth, consumer confidence index, and unemployment rate by sex and for the 25 – 34 age group, within the period 2007-2017 ([INE](#)).

### Fertility quantum decline in response to economic instability

Portugal experienced over the past years a period of highly unfavourable economic environment, which has disrupted consumer confidence, presenting markedly negative values between the 4.º trimester of 2011 and the 2.º of 2013 (demarcated in reddish tones in the figure below, where warmer colours represent lower birth rates and consumer confidence and, simultaneously, higher unemployment rates). Over this period, Portuguese families expressed an extreme negative expectation regarding the perspective for a better familiar financial situation as well as for the country. These negative confidence levels were accompanied in the same period by the highest unemployment rates of the last decade, not only for the total population (17.5%), but also for young adults between ages 25 - 34 (unemployment rates of 20.9% and 21.5% for males and females), the age group where the majority of births are concentrated in Portugal (mean age at childbirth was 31.1 year in 2016 - [INE](#)).

Considering about 12 months as the average time elapsing between the decision to have a child, the conception, and to become a parent, we assumed that the economic and employment conditions in a given year X may have a direct effect in the birth rate recorded within 12 months (i.e., the time between the decision (D) to have a child and the occurrence of the event itself: *year X, month D + 12 months*).



Analyzing the presented figure, which combines the chronological evolution of the mentioned indicators between the 1<sup>st</sup> quarter of 2007 and the 2<sup>nd</sup> quarter of 2017 (representing the evolutionary pattern of 3 indicators of economic evolution), with the birth rate indicator in Portugal, it can be seen that the economic turbulence between the 1<sup>st</sup> quarter of 2007 and the 2<sup>nd</sup> quarter of 2016 appears to negatively reflect the number of births registered between January and June 2017. The reddish tones regarding the low number of births seems to be a direct response to the perceived negative imbalance caused by both the worsening levels of unemployment and the Portuguese lack of confidence in improving the country's economy. The period of greater economic uncertainty observed between 2011 and 2013, seems to be directly reflected on the 1<sup>st</sup> quarter of 2014 with the lowest registered number of births (19 252 births).

## And know what? If the crisis is over, why is not increasing the fertility quantum?

There seems to exist a link between economic instability and the postponement and fertility decline in a short-term period, thus it would be expectable a positive response from fertility to the consumer confidence levels rise and the unemployment rate decline since 2015. It was noted however, that the number of births has not recovered to levels observed in the pre-economic crisis period.

The negative impact of economic uncertainty seems to present long-term negative effects on the fertility decisions. If, on one hand, individuals tend to respond faster to unstable economic situations, postponing the decision to have a child or even reducing the family size, on the other hand, the results of a positive fertility response to the economic stability are materialize slowly and modestly (Billingsley, 2011). Besides such slow process, we also have to consider the decline in the number of potential mothers in Portugal, due to the negative migration effect as reaction to the economic instability.

## Who are those born within the economic turmoil?

Within this period (2008 to 2017), who were these babies? First or second births? Are these babies a result of postponement effect? Is this fertility quantum the result of a desired family with one, two or more children? The answers to these and other questions will be addressed on future Population News issue.

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