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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*).

