Post-Pandemic Fertility: Lessons from the Great Recession

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- **Research Question**: Why did fertility rates continue to decrease after the Great Recession despite improving economic conditions?
Fertility Rates Continued to Decrease after the Great Recession

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- **Hypothesis**: *Structural* economic changes to the U.S. labor market – in contrast to cyclical economic changes – might better explain the ongoing decline of fertility rates.
Jobs in goods-producing industries have decreased.

- **Finding 1**: Loss of goods-producing businesses had a larger effect on total fertility rates than the unemployment rate.

- **Finding 2**: The effect of structural change on fertility was larger for racial/ethnic subgroups with more employment in goods-producing industries.

- **Takeaway Message**: Fertility Rates will continue to decline as long as (1) deindustrialization continues, and (2) the *quality* of new service sector jobs do not improve.
Three Hypothetical Scenarios

Based on:

a) Different forecasts of the pace and character of economic recovery
b) Potential government interventions put in place to stabilize the economy

• Economic considerations only
• Medium short-term, not the immediate impact of COVID-19 on fertility rates
Three Hypothetical Scenarios

1. Swift Recovery
2. Slow Recovery
3. Swift Recovery augmented by policy interventions
Scenario 1: Swift Recovery

• Swift reductions in the unemployment rate
• Creation of new jobs
• Yet, decline in goods-production industries continues at similar pace prior to Covid-19 pandemic
• Other pre-Covid economic trends (e.g. contingent work, gig economy, reduction of union covered manufacturing jobs) also continue apace

→ Fertility rates continue to decline as they did prior to November 2020
Scenario 2: Slow Recovery

- Economic recovery takes longer (same pace as Great Recession recovery)
- Consumption of goods falls globally
- Labor force participation rate does not recover
- Increased part-time work at expense of full-time work
- Reduction of “good jobs”

→ Fertility rates decline at a greater rate than scenario 1
Scenario 3: Swift Recovery aided by policy interventions

• Government policy interventions promote swift recovery
• Family- and worker-focused policies
• Child Tax Credit Expansion in the American Rescue Plan Act of 2021
• New Manufacturing and Construction jobs proposed in American Jobs Plan

→ Fertility rates increase as a result of altered structural conditions of the U.S. labor market
Final Thoughts

• Economic conditions in the past have strongly predicted fertility trends, but are not the full story
• A return to “normal” represents a return to ongoing fertility decline
• Government policy interventions, both worker- and family-focused, have the potential to increase fertility by altering structural economic conditions in the labor market
• Economic recovery in all three scenarios might not be evenly distributed across population subgroups
Thank you!

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