

Low fertility and the state

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Government's around the world are struggling with the problem of sustained very low rates of fertility. There are some 25 countries today that have fertility rates that are below an average of 1.5 births per woman. Every one of these countries has reported to the United Nations that they consider this rate to be 'too low (United Nations 2004). East Asian countries, in particular, see this problem as very serious and as a threat to their future economic development. The issue is that low fertility leads to future labour supply problems, especially the supply of young skilled workers. McDonald and Kippen (2001) have estimated that, over the next 50 years, Japan's labour supply would fall by 20 million and Italy and Germany's by 11 million if their demography and labour force participation rates of the late 1990s were to continue unchanged. It has also been claimed that 80 per cent of new technology is obsolete in 10 years while 80 per cent of workers obtained their qualifications more than 10 years ago (Larsson 2003). This underlines the importance of young skilled workers in maintaining international economic competitiveness. At the same time, all of these countries are facing very rapid growth of their aged populations. Already, several have reduced the level of retirement benefits and this is creating political problems. Migration definitely provides a partial solution, particularly in the shorter term, but, again, in many countries this approach faces political opposition. In the long run, migration cannot solve the issue; the only solution is higher fertility rates or, for those countries with fertility rates that are presently only moderately low (1.7-2.0), sustained fertility rates. This is the central socio-economic issue of advanced countries at the beginning of the 21st century. Countries are seeking solutions but are either tentative in their approach or are opting for inadequate responses. The best approach will vary from country to country because of the institutional variations across countries but all must seek solutions. Inevitably, adequate solutions will be based upon sound theoretical understanding of the processes of the emergence of low fertility.

In this paper, I argue that the emergence of low fertility is associated with two waves of social change that have had profound effects upon family formation behaviour in the past 30 years. The first wave of change beginning in the 1960s but consolidated in the 1970s was a rapid expansion of social liberalism. The second wave beginning in the 1980s and consolidated in the 1990s was a sharp shift to economic deregulation. Both changes were state-sponsored and both have had substantial effects on the institution of the family in differing cultural and welfare environments. The period has seen the emergence of high rates of relationship breakdown and singleness and very low birth rates that are now posing challenges to social and economic futures. Yet the personal desire for intimacy and individuation through family relationships remains strong. This paper will investigate family policy approaches across varying institutional contexts that can restore the social balance.

Social liberalism or reflexive modernisation

The first wave of change is the values shift and associated institutional and legislative changes that van de Kaa and Lesthaeghe (van de Kaa 1987), following Inglehart's (1977) work on the shift from materialism to post-materialism, described as the second demographic transition. This wave of change is referred to as reflexive

modernisation by some sociologists (Beck, Giddens and Lash 1994). Reflexive modernisation is modernisation of the *principles* of industrial society involving assessment by individuals or groups of the appropriateness of existing social institutions for modern life. It has brought a sharply increased capacity for individuals to pursue personal autonomy, to construct their own identities rather than having those identities defined for them by societal norms and institutions. Under reflexive modernisation, individuals are freed from institutional and normative constraints but, at the same time, they become responsible for the outcomes of their actions. In this latter sense, the risk to individuals is increased and society, in Beck's (1992) terms, becomes risk society and individuals become risk-sensitive and most become risk-averse.

Reflexive modernisation was characterised most importantly by at least partial fulfilment of the claims by women for a greater level of gender equity in the distribution of returns from modernisation particularly through engagement in paid employment. Structures that discriminated against women in the workplace were gradually dismantled. The ensuing changes in women's lives were facilitated by the revolution in contraceptive technology and legal judgements or legislative changes that enabled freer access to abortion. Control over their own fertility enabled women to plan and organise their lives. Young women were encouraged to enhance their employability through increased levels of education and their education levels have risen sharply. Labour force participation rates and wage rates of women relative to those of men also rose sharply (OECD 2002; Macunovich 1996).

In Australia, the compulsory retirement of women from public sector jobs upon marriage was ended in 1966 and the male breadwinner approach to wage determination was abolished in 1973. In the same year, provision was made for equal pay for equal work and a sole mother's benefit, previously available to only deserted wives and widows, was made available to single mothers and mothers who left marriages. Soon afterwards, an Office for the Status of Women was created at the federal level to oversee and promote change and federal government support was provided for child care, albeit, very limited in scope.

In regard to family formation, reflexive modernisation lifted the lid on divorce, previously artificially held down by legislation and social opprobrium. Many countries enacted 'no-fault' divorce laws, unilateral divorce based upon the irretrievable breakdown of the marriage proven by a relatively short separation. Legislation of this type was passed in Australia in 1976 following a long social debate. Also in the 1970s, the pattern of early marriage and early childbearing that characterised the 1950s and 1960s gave way rapidly to cohabitation outside marriage and delayed childbearing. Various institutionalised rights were extended to cohabiting couples and to children born outside of marriage. For example, marriages and cohabiting relationships were treated equally for immigration purposes and for taxation purposes and the legal concept of 'illegitimacy' was abolished thus providing inheritance rights to children born outside marriage. Couples who chose to live together rather than to marry immediately were seeking to maintain their personal autonomy while testing the relationship for the stronger and more altruistic commitments involved in marriage. The rise of the cohabiting relationship can therefore be seen as a product of the risk aversion that came with reflexive modernisation. Cohabitation prior to marriage became an experiment in a form of

intimacy that allowed the greater pursuit of personal autonomy (McDonald 1988). Subsequently, in Australia, it became such an integral part of the progression to marriage for most Australians that prior cohabitation must now be regarded as a pathway that promotes the institution of marriage (McDonald 2003).

Reflexive modernisation has been extolled as providing the opportunity for 'pure relationships' that are held together not by social constraint but by freely-given intimacy (Giddens 1992) and derided as the selfish pursuit of one's own fulfilment at the expense of others and, more broadly, at the expense of the institution of the family (Popenoe 1987). An intervening position sees reflexive modernisation in a Kantian sense of autonomy that enhances the individual's capacity for self-direction. This capacity can be put to good or bad purpose. This is the social, as distinct from individual, risk associated with the provision of personal autonomy. The dilemma faced today is the same as that faced by the Enlightenment philosophers: 'the reconciliation of the goal of personal autonomy with the conviction that men and women are irreducibly social' (McDonald 1988: 44). Both extremes of the debate about the effects of reflexive modernisation (the good and the bad) seem to agree that this spiral of social change does not auger well for the future of the family, but, as argued below, this may not necessarily be the case.

Economic deregulation or the new capitalism

In the 1980s and into the 1990s, the world was swept by what has become known as new capitalism. In keeping with the neoliberal philosophy that the free operation of the market is the most efficient and effective form of economic organization, in the past 20 years, regulations and restrictions have been reduced so that capital can flow easily in the direction that maximises business efficiency and profit. The theory is that profitable businesses mean improvements in employment and wages and, hence, in economic wellbeing. The characteristics of this new economic regime are small government and low taxation, free flow of capital across international boundaries, free trade, freedom for employers and workers to determine wages and working conditions, and curtailment of government-funded social welfare, the last being portrayed as wasteful of potentially productive capital.

The principles of old capitalism were brought under scrutiny and found to be rigid and 'traditional'. Progress involved dismantling of the rigidities of the market by providing greater autonomy to firms, investors and workers to pursue the most profitable outcomes. As the structures of the old capitalism (stability of industry and company structures, lifelong employment, routine jobs, unions, tariffs, currency controls, investment restrictions, relatively high taxation and state welfare provision) were designed to provide protections for both firms and employees, the new capitalism meant, as Beck (1992: 19) has said, that the social production of wealth became systematically accompanied by the social production of risk. Rapid advances in technology, particularly information technology, have facilitated the advance of new capitalism. Computerisation vastly increases the speed of transmission of ideas and transactions, facilitates 'just-in-time' production, provides for the easier export of manufacturing industries and even some service industries to low-wage economies, enables multiple skilling of workers, reduces the need for hierarchical reporting and management systems and provides a vast range of new products for the consumer market.

In relation to family formation and dissolution, the most important dimension of the new capitalism is its impacts on the labour market. These impacts include: industry restructuring with a rapid increase in the producer services industries and decline in manufacturing industry; direct negotiation between workers and employers and the decline of large unions; a shift in labour demand to higher levels of human capital; flexibility of employment meaning easy movement within the system, flexibility of appointment, dismissal, work content, working conditions and working hours but absolute dedication to the completion of short-term tasks; downsizing as a short-term, cost reduction strategy and the end of 'jobs for life' and; contracting out to increasingly specialised firms. Unemployment became more long-term in nature because it indicated 'failure' making job seeking more difficult. Or, even more simply, many people who became unemployed did not have the skills required by the new capitalism and were not in a position (because of age, education or family responsibilities) to obtain these skills. The new capitalism offers great rewards to those who are successful in its terms but is unforgiving to those whom it rejects. Accordingly, rising income inequality has been a significant feature of new capitalism.

Richard Sennett (1998, Chapter 8) has argued that the personal consequences of work in the new capitalism have led to a 'corrosion of character' including loss of a life-time identity, loss of trust in others, loss of a sense of the value of service (altruism), decline of community (social capital in Putnam's terms), vilification of the 'dependent', and fear of failure or being left behind. Overall, like Beck, Sennett describes new capitalism as leading to a greatly increased sense of risk. This sense of risk has been heightened by witness: witness of friends or colleagues losing their jobs even in the middle level ranks; witness of long-term unemployment, witness of vilification of the unemployed; witness of the continuation of recessions; witness of the collapse of major corporations through corruption, bad management or bad timing; and witness of relationship breakdown. On the other hand, in distributional terms, new capitalism rewards innovation and hard work and, hence, provides incentives for both. Jobs are less routine and can be interesting and challenging. The individual worker has greater freedom to sell his or her skills to the highest bidder, and with computer technology, is very much more productive. Thus, people also have witness of the successes of the new capitalism. Being engaged in a game of chance can bring reward or failure. The difference under reflexive modernisation and new capitalism is that the individual bears the responsibility and the consequences rather than the society as a whole.

Beck and Sennett stress the negative outcomes of these social trends for individuals and for 'community'. They say little about outcomes for the family, although, implicit in their arguments is the sense that these trends would bring the institution of the family under great strain. Unlike the old capitalism where, at least in the 1950s and 1960s, the worker's wage was sufficient to support a wife and children, under new capitalism, employers have no interest in the family status of their workers and, accordingly, feel little or no responsibility for workers' family lives.

Like reflexive modernisation, new capitalism has been facilitated by governments through changes of laws relating to industrial relations, trade, financial institutions, taxation and rights to welfare. Ironically, some of the principal advocates of new

capitalism in government, such as Margaret Thatcher and Ronald Reagan, were social conservatives who decried the impact of (reflexive) modernisation upon family life. Social conservatives believe that the public world of the market economy and the private world of the family are separate worlds: that an individual can be highly competitive, individualistic and risk accepting in the market but then, just hours afterwards, be self-sacrificing, altruistic and risk averse within the family. Or, having never accepted the social changes wrought by reflexive modernisation, they see the individual in the market as male and the individual at home as female – not the same person. As something of a dilemma for social conservatives, new capitalism itself has placed a high market value upon the human capital of women.

Resilience, adjustment and adaptation; the conflict of autonomy and intimacy.

Despite the pessimism of interpreters of these social changes such as Beck, Sennett, and Popenoe, in broad terms, the family has remained central to most people's lives even in the most socially-liberal countries. While reflexive modernisation brought a flourishing of personal autonomy, there were also limits. There has been little tolerance of open marriages or open relationships where a person in a live-in relationship openly has sexual relationships with another person. The father of the child is not acknowledged on only four per cent of the birth certificates of Australian children. Autonomy has not been extended to a point where society has allowed parents to decide not to support their own child. Indeed, child support schemes around the world have tried to enforce this support. These limits can be seen as social limits to risk. More generally, survey after survey shows that a large majority of young people in most developed countries, including the socially liberal countries, continue to say that they would prefer to have a long-lasting intimate relationship (marriage, in most of these countries) and that they would prefer to have at least two children (van Peer 2000). Caring support for aged people continues to be provided overwhelmingly by family members (McDonald 1997, Gibson 1998). Family remains central to the lives of most people and the quality of family relationships has a very strong association with the quality of life as a whole (Nolan 2002).

Values related to the family are not simply swept away by the tides of reflexive modernisation and the new capitalism. They represent a third dominant dimension of social values. Family values are resilient because humans are inherently social and have a strong need for intimacy. Isolation and loneliness are not desirable characteristics, and, for most people, these are avoided through the intimacy of family relationships. This recent report relating to Austria and Central European countries is indicative:

What is really important to Austrians and CEE citizens, especially EU candidate countries? On assignment by Generali Insurance Group, Market Research Institute Fessler-GfK in Vienna investigated and compared the needs and values of persons within the individual countries. Conclusion: Austria and the central European countries are dominated by the values of family/relationship, liberty/independence, and financial security (Puzzlewise 2/2003, http://www.oif.ac.at/puzzle/puzzleweise_02_2003_en.html, accessed 4 February 2003).

Liberty and independence are the aims of reflexive modernisation. Financial insecurity is an alleged consequence of the new capitalism.

Nevertheless, social liberalism and economic deregulation have placed the institution of the family under great strain. Economic deregulation deals only with individuals and only then as inputs to the system of production. Consequently, in order to protect themselves from risk, individuals must maximise their utility to the market. This means that they need to focus upon the acquisition of saleable skills, work experience and a marketable reputation. At the same time, they need to accumulate savings or wealth as a personal safety net. They also need to maintain flexibility of time and place so that they can react to opportunities as they arise. The canny player in a game that rewards market production is unwise to devote time or money to social reproduction. Social reproduction involves altruism, that is, time and money devoted to others or to the society at large. While new capitalism and reflexive modernisation may generate people who are both risk-accepting and risk-averse, it is easier to be risk accepting when others (including future others) are not affected by the outcome. The widespread desire for intimacy and family relationships especially children, therefore tends to make the majority of people risk-averse. As the effect of children upon women is greater than their effect upon men, women are likely to be more risk averse than men (McDonald 2002).

Young women today are equipped for market production at a level at least equivalent to young men and employers are very happy to employ women in the market economy. Where human capital counts, the free market will employ a skilled woman before an unskilled man, even before a man slightly less skilled than the woman. The risk-averse woman of today will ensure that she is able to support herself and, given the high probability of divorce, will be careful not to put herself at the risk of dependency upon a man. Couples recognise that dual employment provides a hedge against job loss for either one and banks reinforce this by providing mortgages on the basis of two incomes. As relative income for men falls, men become more dependent on the earnings of their partner (Macunovich 1996). Parents and schools encourage young women to accumulate skills that will enable them to remain attached to the labour force. As a result, there are very few young women today who see their future lives in terms of finding a husband and never thereafter being engaged in market work and, likewise, very few men who are looking for a partner with that future in view.

Improvement of gender equity was a central aim, if not the central aim, of reflexive modernisation. However, the progress of gender equity is severely hampered by the combination of the new capitalism with the continued resilience of the desire for family and children. A central hypothesis of this research is that where reflexive modernisation is more advanced, that is, in the socially liberal countries, it has generated institutional changes that favour gender equity. These institutional changes then contribute to a social foundation that provides a better adaptation of fulfilment of family aspirations to the new capitalism. I have suggested that this hypothesis explains why fertility rates have fallen to very low levels in the socially conservative countries (McDonald 2000a, 2000b). In this sense, reflexive modernisation can be supportive of families through its impact on social institutions.

Summary

In summary, there is a complex interaction between the progress of reflexive modernisation and new capitalism with the nature of pre-existing social institutions, especially work, welfare and the family. Outcomes are not universal or necessarily predictable as evidenced by the very low fertility rates that now apply in socially conservative advanced countries. This paper will begin to investigate the progress of reflexive modernisation and new capitalism in a variety of institutional contexts and assess the theoretical value of these concepts in explanation of family change. Again in theoretical terms, the paper will then consider appropriate policy responses for broad typologies of institutional context. The expected argument is not that individuation and labour market deregulation should or could be rolled back, but rather that it is incumbent upon states to promote a third reform in the shape of greatly increased State support for families. How this is done will vary from country to country because existing family, welfare and employment institutions vary considerably across countries, but each country must address the issue. Some already have already begun the process.

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