The effect of the Great Recession on permanent childlessness in Italy
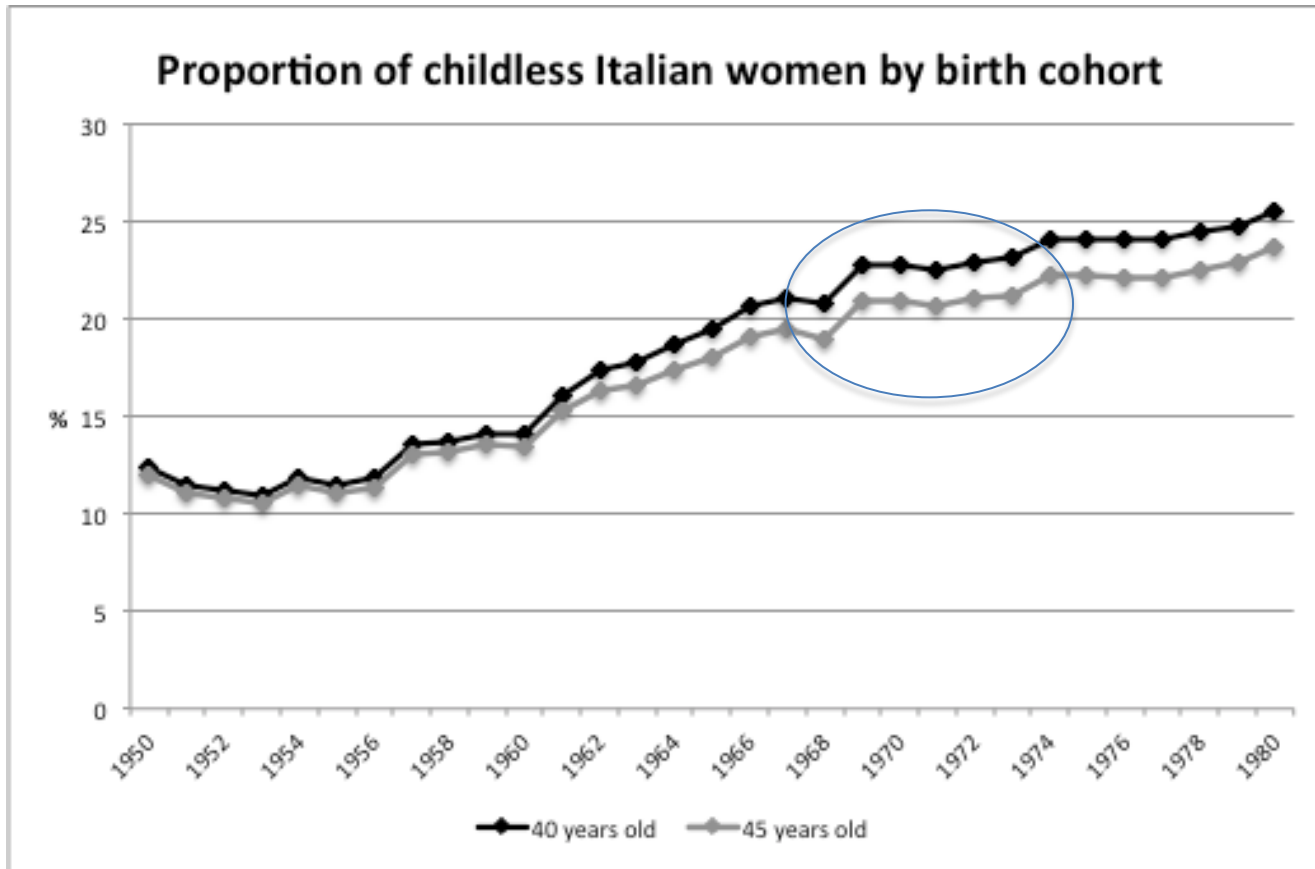
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Introduction

- Many studies address the issue of how the business cycles impact on fertility behavior in advanced economies;

- Literature and empirical evidence: no conclusive results yet on the *causal* link between economic shocks and childbearing.

- Fertility responds to recessions *only* with a **temporary** postponement of births, concentrated on the **first child** and among **young adults**.

- Comolli and Bernardi (2015) finds a **permanent** negative effect of the Great Recession in the US on **childless women close to 40**.
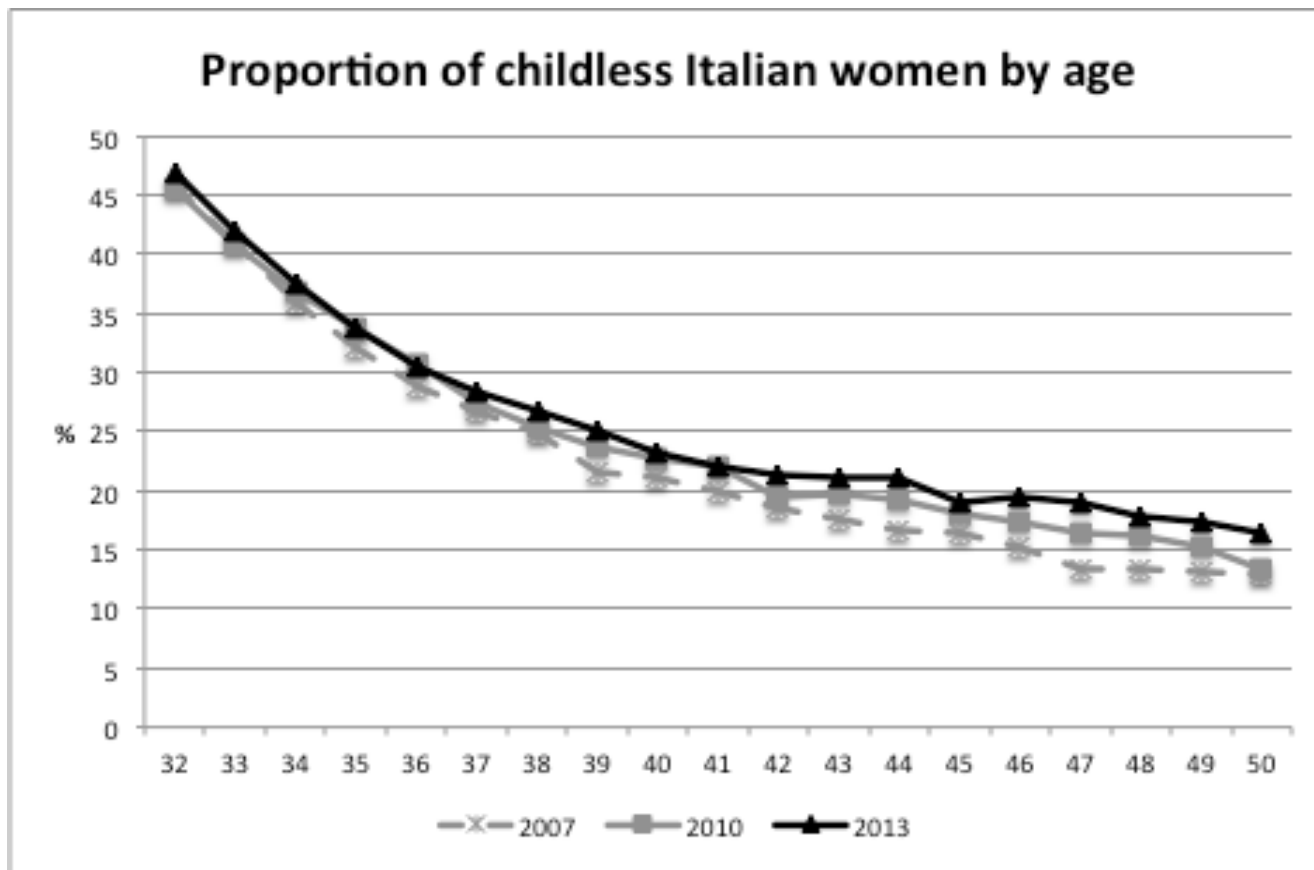
Introduction

Cohort childlessness on the rise in Italy

Source: Elaboration of the authors on Human Fertility Database (www.humanfertility.org), Eurostat and Istat data.
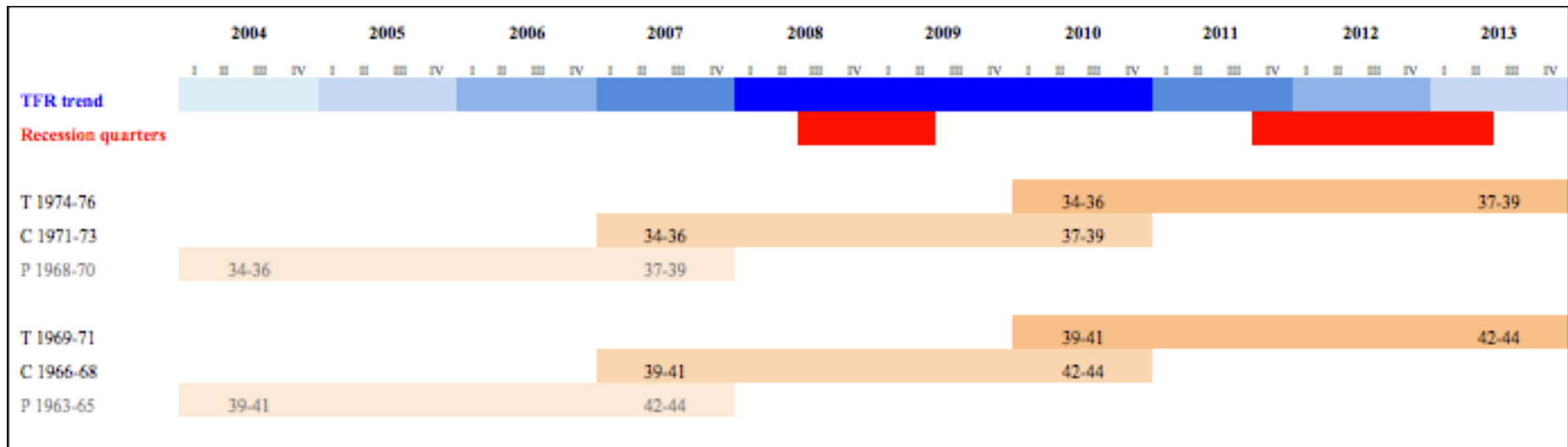
Introduction

No recuperation of first births in 2010-2013
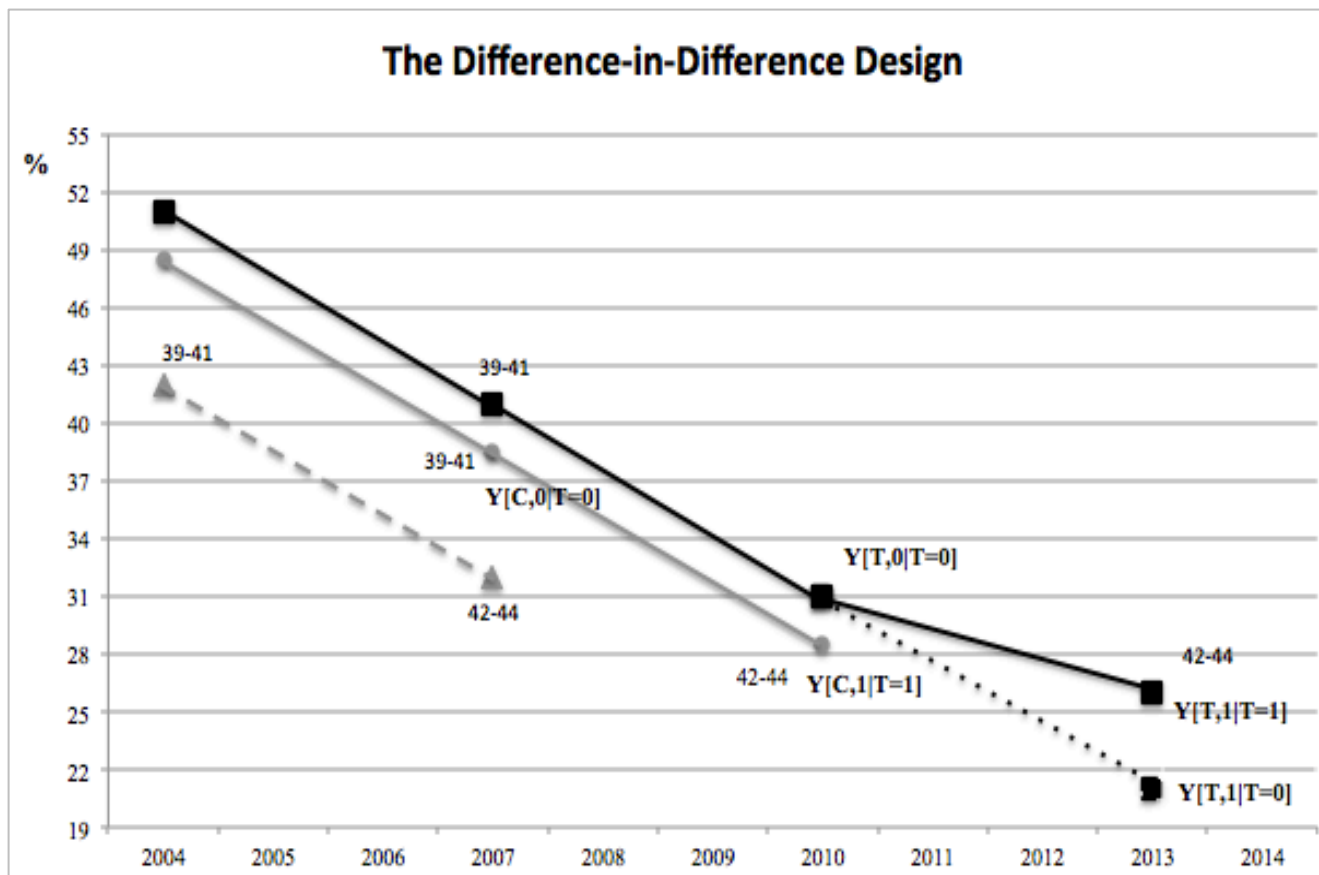

Source: Elaboration of the authors on Human Fertility Database (www.humanfertility.org), Eurostat and Istat data.

Data and Method

- Data: Italian Labor Force Survey (LFS) 2004-2013 (Laboratorio Adele – Florence)
- Pseudo-Panels of Italian childless women
- Difference in Difference

Data and Method

The Difference-in-Difference Design
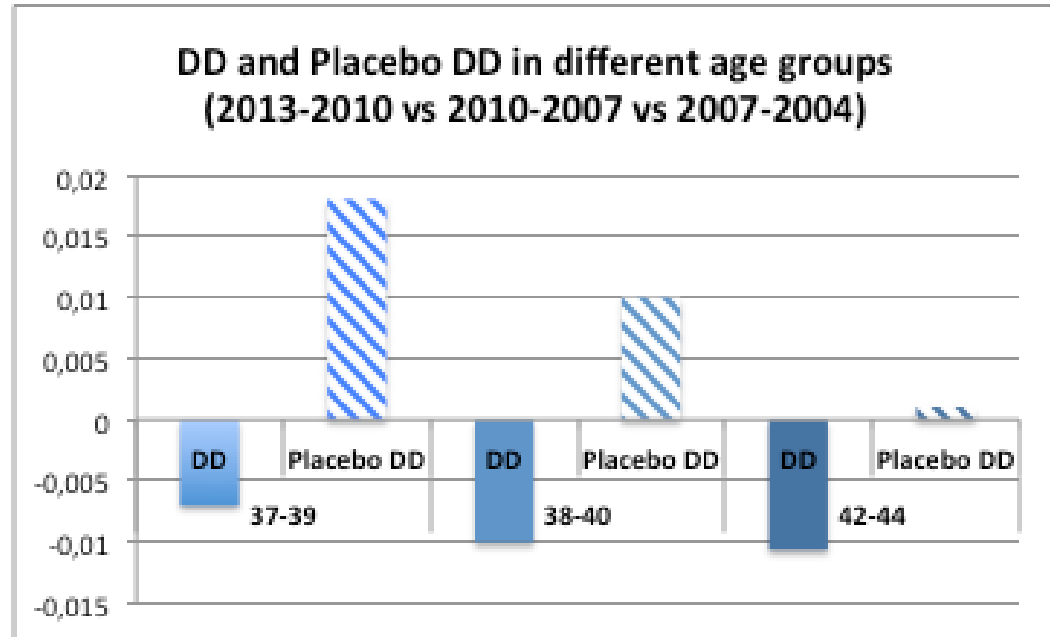
$$\Delta = (Y_{T,1|T=1} - Y_{C,1|T=1}) \qquad (1)$$

$$\Delta\Delta = (Y_{T,1|T=1} - Y_{T,0|T=0}) - (Y_{C,1|T=1} - Y_{C,0|T=0}) \qquad (2)$$

$$\text{Prob(Childless)}_i = \alpha + \beta_1 * \text{Post}_i + \beta_2 * \text{Treat}_i + \beta_3 * \text{DID}_i + \varepsilon_i \qquad (3)$$

Results

After 2010 the proportion of childless Italian women until their late thirties and early forties **declined**.
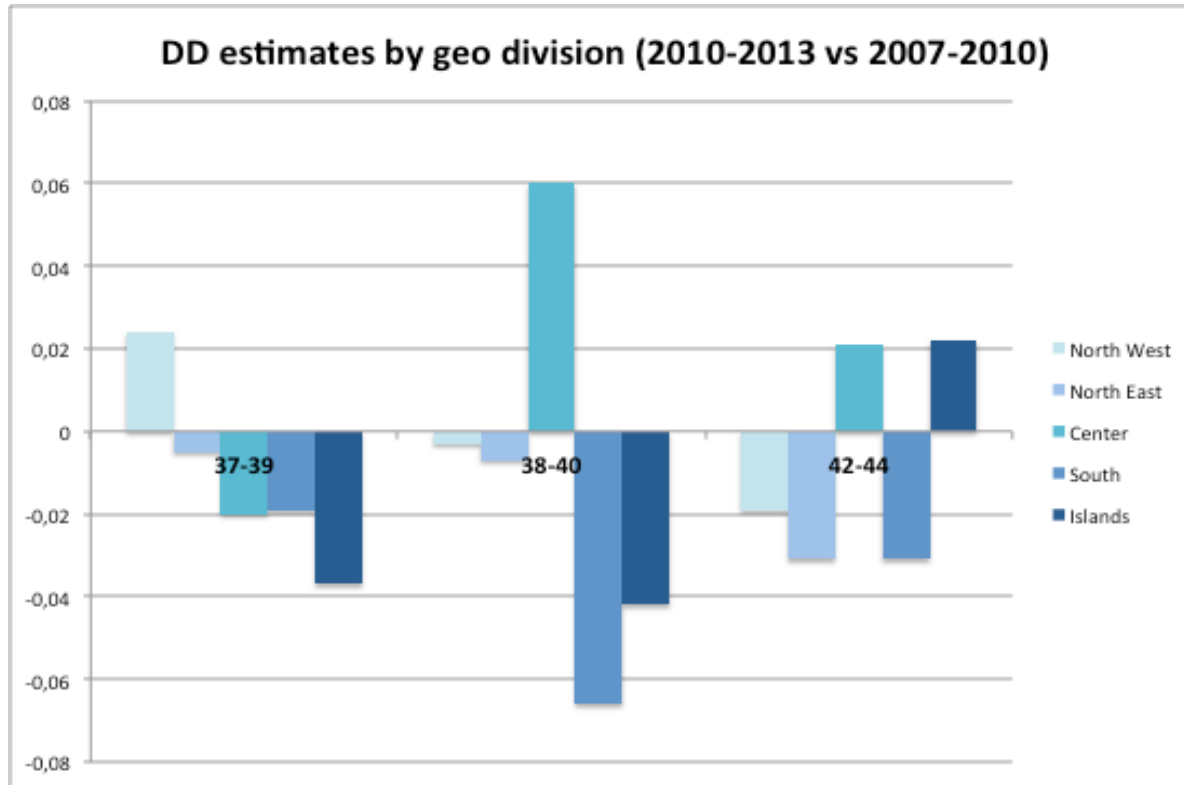
The fluctuations are small (+2% in the placebo group and -1% in 2013-2010)

For the causal effect to be correctly identified there should be no effect of the treatment in absence of the treatment.

Explanation: **very strong and persistent cohort effects on childlessness that overcomes any period fluctuations, even those due to the Great Recession.**
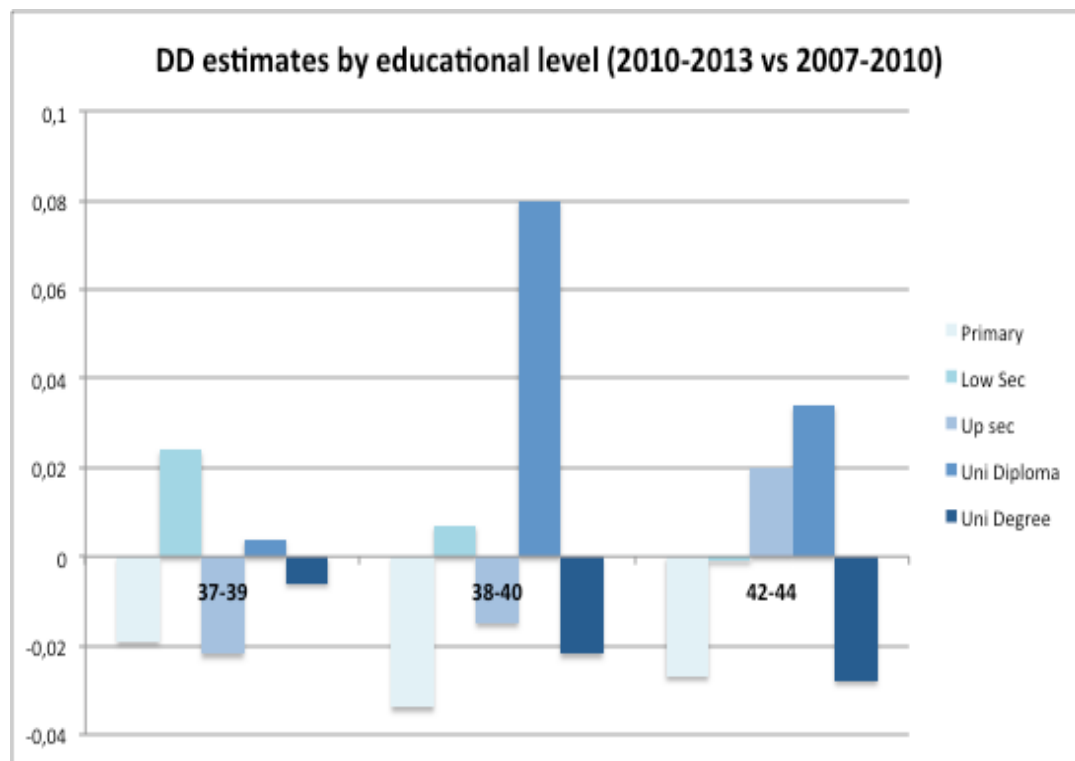
Results by geographic division

- General decline in the probability of childless during the GR;
- Increase in the **Center (after 38-40)**, in the **Islands (after 42)** and **in the North-West of Italy** in the age range **37-39**.

Results by educational level

- Very low (primary) or very high (University Degree) educated women: the probability of remaining childless during the years of the crisis **declined**,

- The probability **increased** among women with **mid education**.

DD estimates by educational level (2010-2013 vs 2007-2010)

Primary
Low Sec
Up sec
Uni Diploma
Uni Degree

37-39   38-40   42-44

- The increase in childlessness is at the maximum among women with a **university diploma** in the age range of 38-40 years old (+8%) and 42-44 years old (more than +3%).

Discussion

- Women with a University degree:
(1) have been touched less by the economic insecurity generated by the recession
(2) anticipate their declining probability of conceiving at older ages (financial and human capital resources)

- Low educated women:
(1) more likely to be subject to the normative pressure to become mothers and their decision to have children – especially at older ages – might be less influenced by financial constraints.
(2) more often out of the job market, being either permanently unemployed or housewives, and thus more disposed to dedicate themselves in childrearing.

- Middle educated women more likely to be influenced by financial constraints compared to very highly educated women but less influenced by traditional norms of motherhood compared to low educated women.

Thanks!