



Fertility and Female Work

Although female labor force participation in Germany is rising, and women fared relatively better during the crisis than men, fertility remains dismally low. In 2009, Germany had again the lowest net reproduction rate among all 27 member states of the European Union.

The low birth rate, which has been at sub-replacement levels for decades now, is the deplorable consequence of a long-term trend. While Germany was able to fill the gap with immigration for some time, it now faces growing emigration rates. The unfavorable age structure and a declining population will soon lead to a painful shortage of skilled labor, which will further aggravate the financing problems of the welfare state. At the same time, regional development will become more difficult as rural areas become increasingly depopulated. Ultimately, all of society will have to pay the price in terms of slower growth and reduced wealth.

Demographic change, combined with high and rising educational attainment, stimulates female labor force participation, but women still predominantly work part-time. An expansion of female labor, which is not only socially desirable but also necessary to overcome the skills shortage, can only be realized if childcare services are substantially improved. Otherwise fertility will remain low.

High birth rates and full labor market integration of mothers are not mutually exclusive per se. Other societies, such as Sweden or France, can sustain high fertility rates because they are more successful at making family and work compatible.

A labor market oriented family policy should include measures to support corporate childcare initiatives, expand the facilities for infant and toddler care, en-

sure that enough kindergarten slots are available, and promote daycare in schools. If married couples' tax splitting were abolished, tax revenues would increase by 30 billion euros annually, which could be used to finance family policies. This would increase the work incentives for women, thereby fostering economic growth and raising domestic demand through a shift from household to market production.

Unfortunately, the translation of research findings into economic policy moves at a snail's pace. Economic analyses of the above issues have been available for many years.* As far back as 1985, my book on "female work and fertility" published by Springer discussed most of these questions. In a contribution to the economic policy journal *Wirtschaftsdienst* in 1984, I already proposed economic policy responses to the findings from research on population and family policy. The article is as relevant today as ever.

The German Economic Association (*Verein für Socialpolitik*), finally recognizing the significance of the economic issues surrounding fertility and female work, has made "family economics" the theme of this year's annual meeting to be held in Kiel in September. Let's hope that decision makers in politics, society and business get their act together in time before demographic change starts to irrevocably dictate the agenda from 2015 on.

* K. F. Zimmermann, *Familienökonomie. Theoretische und empirische Untersuchungen zur Frauenerwerbstätigkeit und Geburtenentwicklung*, Springer-Verlag 1985;
K. F. Zimmermann, *Grenzen einer Bevölkerungspolitik durch Familienpolitik*, *Wirtschaftsdienst* 1984, IV, 180 - 185.



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