

Social Context, Economic Uncertainty and the Transition to Parenthood. A Comparative Analysis of Germany, Italy and the UK.

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Raffaele Guetto, raffaele.guetto@unifi.it

Daniele Vignoli, daniele.vignoli@unifi.it

Valentina Tocchioni, valentina.tocchioni@unifi.it

University of Florence, Italy

Short abstract (150 words)

Economic uncertainty is now viewed as a primary force behind low fertility. In this paper, we argue that to grasp empirically under which conditions economic uncertainty influences fertility decisions, individual experiences of unemployment and employment instability have to be considered in the frame of socially constructed perceptions about the necessary pre-conditions to start a family. Following Easterlin's hypothesis on the interplay between aspirations and resources, such perceptions are influenced by a comparison individuals make between previous generation's and their own labor market experiences. We discuss institutional and cultural reasons in support of our hypothesis that the comparison with previous, more protected generations might reinforce the postponement of the transition to parenthood among young labor market entrants especially in Italy, compared to Germany and, especially, the UK. The potential role of parental influences will be tested through a comparative analysis of longitudinal micro-data and the application of discrete-time event history techniques.

Introduction

Individuals seem to be increasingly vulnerable to economic uncertainty, as they are often trapped in precarious and low-quality employment such as fixed-term contracts, involuntary part-time or low occupational standards (Blossfeld et al. 2005; Mills et al. 2005). The Great Recession has fueled the view that globalization is unpredictable and “out of control” (Grusky et al. 2011), and such conditions of structural uncertainty are now viewed as primary forces behind low fertility (Kreyenfeld et al. 2012). However, while explanations of fertility decisions based on structural constraints alone may account for several country differences in fertility (see Balbo et al. 2013), important questions remain unanswered, posing serious challenges to contemporary sociological and demographic knowledge.

The case of the UK, the clearest example of a liberal market economy (Esping-Andersen 1999), is emblematic. The forces of uncertainty are expected to affect especially economies characterized by an early and throughout labor market deregulation and a “light” welfare system. In addition, in UK early-career occupational positions are more transitory and the quality of the job match lower than in a country like Germany, where youth labor market entrance – thanks to the high job protection – is more direct and stable (Scherer 2005). Such uncertainty, however, has not been accompanied by a considerable drop in TFR in the UK, which has remained around 1.8 children per woman in the last 30 years – notwithstanding significant fluctuations – compared, for instance, to Germany where the TFR has never exceeded 1.5 in the same period. Another significant example is that of Southern European countries, where fertility rates have remained close to *lowest-low* levels as of the early 90s (Kohler et al. 2002). If economic uncertainty represents a crucial force influencing fertility decisions, why is its effect not visible in the UK fertility trend?

In this paper, we argue that to grasp empirically under which conditions economic uncertainty influences fertility decisions, individual experiences of employment uncertainty have to be considered in the frame of socially constructed perceptions about the necessary pre-conditions to start a family and have children. Such perceptions are not based on idiosyncratic factors, such as preferences or attitudes, but are deemed to be deeply embedded in existing institutional and cultural frames.

Theoretical background

Easterlin and the interplay between resources and aspirations

Following Easterlin’s hypothesis on the interplay between aspirations and resources, perceptions about the necessary pre-conditions to start a family and have children are influenced by a comparison individuals make between previous generation’s and their own labor market experiences (1976). Extending Easterlin’s line of reasoning to job characteristics other than income, it can be argued that

if a generation experienced particularly favorable labor market conditions, the latter will represent the minimum acceptable standard for the children of that generation.

It is useful to distinguish two ideal-types of labor market settings which have historically concerned, in their broad contours, all Western European societies. The first refers to the “golden age” dominated by the Fordist mode of production (Esping-Andersen 1990). In that period, roughly from the end of WWII to the early ‘70s, the ideal-typical life-cycle entailed a smooth school-to-work transition – irrespective of the level of skills and educational titles acquired – and a fast access to full-time, full-life, stable employment (Barbieri 2009), at least among men. On the other hand, members of the post-Fordist generation are exposed to the above-mentioned structural economic uncertainty. First, during the ‘80s and the early ‘90s unemployment rates increased dramatically, especially among women and the young (Adsera 2005). Second, starting from the second half of the ‘80s the incidence of unstable employment increased due to labor market deregulation reforms. These changes do not necessarily imply that the socioeconomic situation of the younger generations is overall worse than that of their parents (Giorgi et al. 2011): they usually enter the labor market with higher levels of education and more qualified jobs, and they can benefit from the accumulated economic assets of their Fordist parents. But they certainly lack the most important features of the labor market experience of the Fordist generation, that is, stability and predictability. If such characteristics are (still) perceived as necessary pre-conditions to leave the parental home and start a family, it is not surprising that recent trends of labor market deregulation reforms have reinforced the ongoing postponement of the transition to adulthood over and above the objective economic difficulties faced by the young who entered the labor market starting from the second half of the ‘80s.

The role of different institutional and cultural settings

Social perceptions related to the importance of labor market stability and predictability for childbearing plans are likely to differ substantially across institutional and cultural contexts.

In Anglo-Saxon countries, the employment-protection legislation was much looser than in other European areas already in the mid-80s (Esping-Andersen 1990), whereas European labor markets were often accused of being “too rigid” and, thus, causing higher unemployment rates (Cutuli and Guetto 2013). In the following decades, in Conservative and especially Mediterranean countries, “partial and targeted” labor market reforms have been carried out, which contributed to a strong labor market dualism (Barbieri 2009; Cutuli and Guetto 2013; Polavieja 2003; Sala and Silva 2009). That is, the costs of flexibility have been borne almost completely by the younger generations of labor market entrants, leaving social protection for the insider workers relatively untouched (Barbieri and Cutuli 2015). Post-Fordist youth facing globalized labor markets in the UK are thus not as likely to

feel the “good-old-time” nostalgia as their Mediterranean counterparts: in the UK young people enter the labor market under the same conditions as incumbent workers, whereas in Southern European countries they are confronted with their older, more protected counterparts.

Beyond the institutionally-driven causes of cross-country heterogeneity in social perceptions, also sociocultural factors have to be taken into account. It has been argued indeed that family values are related to both the demand for and actual labor market regulations, so that countries with “strong family ties” (Reher 1998) in Mediterranean Europe culturally attach more importance to job protection (Alesina et al. 2015). Esping-Andersen nicely described the “*homo familis*” typical of Southern European countries as a person for whom “[...] what really counts is stability and security; a job for life in the postal service is heaven on earth; it will guarantee him and his kin a good life, security and, incidentally, also *the means to land a postal job for his daughters and sons*” (1999: 171, italics added).

Social perceptions on the importance of labor market stability are shaped during socialization and reinforced by parental influences. Reher’s distinction between strong and weak family ties also contributes to explain why previous generations are likely to be more relevant to shape the perceptions of youth in Southern Europe, compared to Central and Northern European countries. In a strong family setting, children are more likely to feel parental pressures concerning their family decisions, first of all because of the longer permanence in the family of origin and the *latest-late* age at leaving home (Billari 2004). An empirical example of the importance of parental approval for Southern European children’s family decisions comes from the analysis of the diffusion of cohabitation in Italy: notwithstanding the large majority of young Italians considered cohabitation as an “acceptable” behavior as of the early ‘80s, they did not start to actually cohabit until they perceived cohabitation to be accepted by their parents and the wider society (Di Giulio and Rosina 2007; Guetto et al. 2016).

Southern European parents are thus in a stronger position to influence their children’s aspirations concerning a stable and predictable life-cycle, a state of affairs that should not apply to other Western European countries, for which the influence of peers may be more relevant.

Research hypotheses

Our empirical analyses will concern three countries which represent different cultural, institutional, and labor market settings: Italy, Germany and the UK. Individuals’ experiences of economic uncertainty (unemployment and temporary employment spells) are expected to negatively influence the transition to first (and higher-order) childbirths in all the selected countries, but more strongly so in Germany and, especially, in Italy, compared to the UK (Barbieri et al. 2015).

Following our adaptation of the Easterlin’s hypothesis, such negative effects are expected to be stronger, *ceteris paribus*, if fathers belonged to a cohort of labor market entrants experiencing more

favorable labor market conditions (e.g. characterized by lower average unemployment rate). Of course, even fathers belonging to more protected cohorts of labor market entrants might have been exposed to different degrees of job stability throughout their career. For this reason, we hypothesize that the negative effects of unemployment and temporary employment on the transition to parenthood are stronger if respondent's father experienced a more stable job career.

The moderating role of parental experiences is expected to be more important in Italy compared to Germany and, especially, the UK. On the other hand, in UK peers' characteristics are expected to be more important and to interact significantly with individuals' measures of exposure to economic uncertainty.

Finally, we will test the hypothesis on the role of the strength of family ties by interacting individuals' measures of economic uncertainty with the experience of parental split-up – following a separation/divorce – during childhood and adolescence: parental influences should represent much less of a hindrance to make family transitions in the face of economic uncertainty for children who experienced family disruption, especially in the Italian context.

Data and methods

To test our hypotheses, the comparative analysis of longitudinal micro-data is needed. Data for Italy come from the 2016 edition of the “Family and Social Subjects” survey carried by ISTAT (the National Statistical Institute). The GSOEP (German Socio-Economic Panel), and both the BHPS (British Household Panel Survey) and the UK Household Longitudinal Study will be used for Germany and the UK, respectively.

Individuals' progression to first (and higher-order) childbirths will be the main dependent variable, analyzed through discrete-time event history regression models. Following a methodological approach similar to that already applied by Di Giulio and Rosina (2007) and Guetto et al. (2016) in their studies of the spreading of cohabitation as a diffusion process, the independent variables concern respondents', peers', and previous generations' labor market characteristics. As for the respondents, we will consider the number and duration of their unemployment spells and temporary employment experiences. We will employ similar variables for their fathers' generation at the time when they first entered the labor market after exiting the school system, several years before, to grasp the influence of previous generations. Other variables will refer to parents' direct labor market experiences. Given that retrospective longitudinal information on parents' job characteristics and stability of labor market career is unavailable, we will consider father's employment situation and sector of employment (not employed, self-employed, public or private employee) during respondent's childhood as a proxy.

Peers' influence will be measured by taking into account the average duration of first job search and unemployment rate among persons of similar age as the respondent living in the same region.

Finally, a variable for the family structure in which the respondent grew up will be considered, operationalized as a dummy variable distinguishing intact and non-intact families.

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