



# A FUND FOR THE NEWBORN

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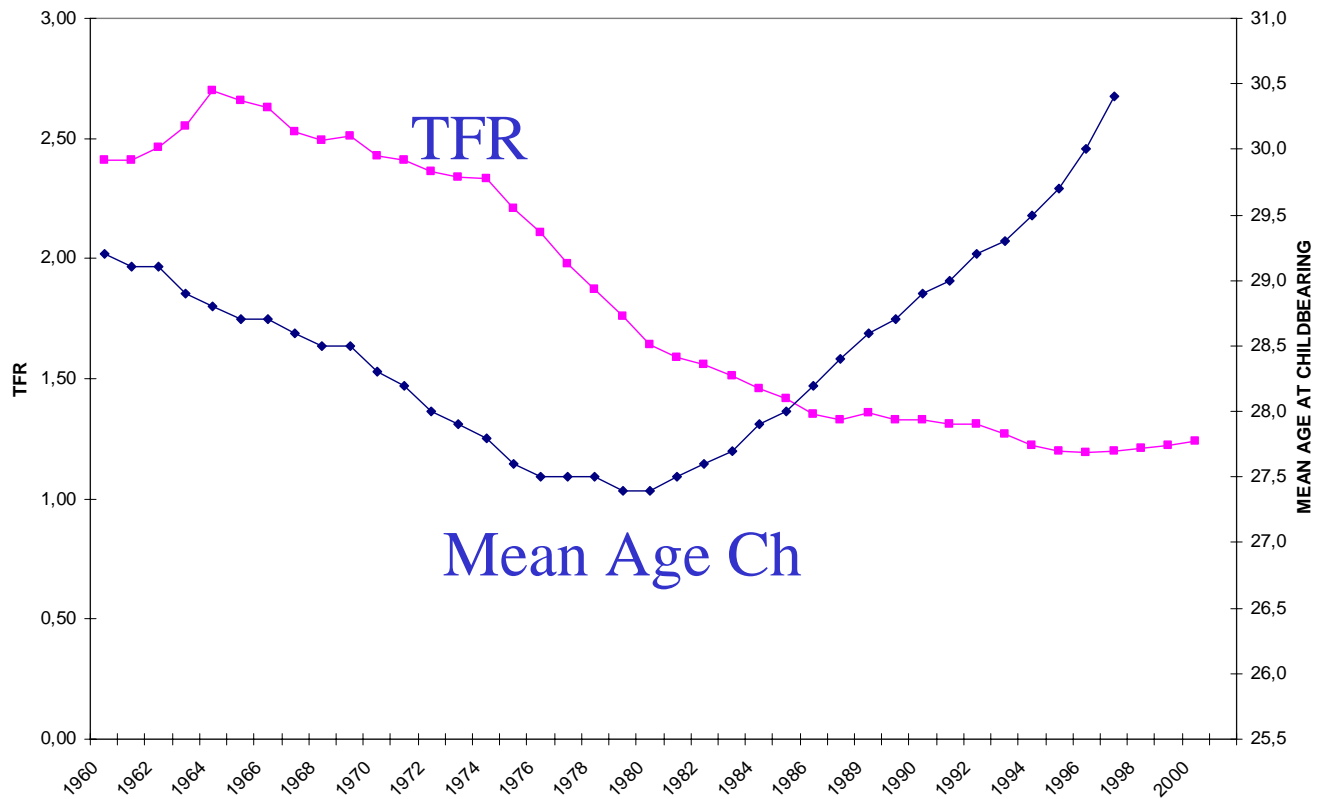


# Characteristics of Italian fertility

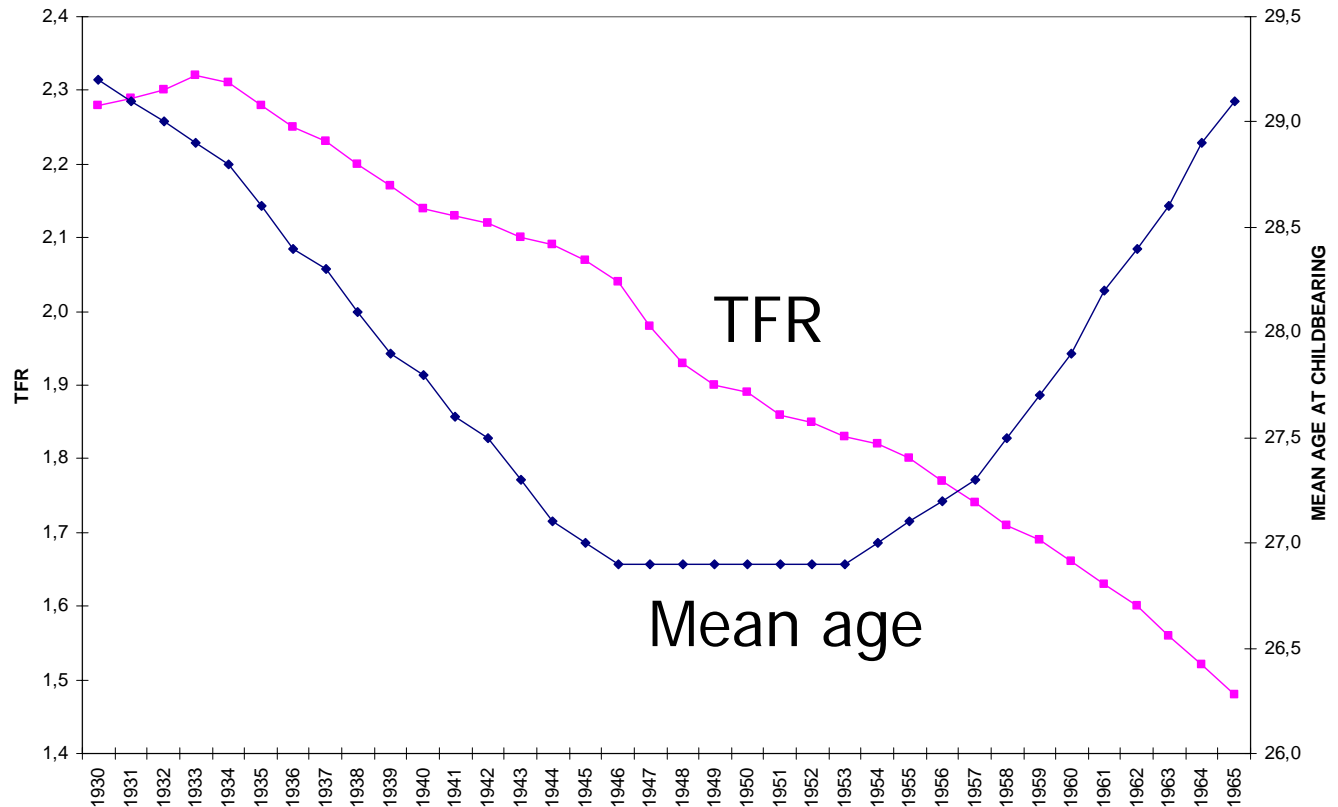
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- Decline faster than in other MDC; TFR below replacement since 1977; below 1.5 since 1984; below 1.3 since 1993
- TFR at 1.33 as against 1.45 for EU-25 and 1.20 for Japan
- Mean age at childbearing highest in Europe, well over age 30
- Among women born at the end of the '60s, a majority will have 0 or 1 child
- Among same women, over 20 percent are childless

# FIG1 – Fertility and mean age at childbearing, 1960-2000



# Fig2 - TFR and mean age at childbearing, cohorts 1930-1965





## Social expenditure for family & children

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- 3.8 % of total social expenditure in Italy;
- 10.1 % on average in 18 European countries;
- 13-16 % in France, Scandinavia
- Total social expenditure per minor child, per year: about 1100 euro in Italy; 3500 in EU-15; 5000 in France & Scandinavia
- Private sector is children-unfriendly



# Social Expenditure for Families & Children

Social Expenditure for Families & Children. 2002		
	% of Total Social Expenditure	Per Capita Expenditure (Euro)
<b>Italy</b>	<b>3.8</b>	<b>189</b>
Spain	3.6	107
France	12.7	867
Sweden	12.9	1148
Mean (18 EU)	10.8	736
Source: Eurostat		
Note: Expenditure per Family = 3 x Expenditure per Capita		
Expenditure per Minor = 5 x Expenditure per Capita		

# FIG 3 -TFR AND SOCIAL SPENDING FOR FAMILIES AND CHILDREN, 2000

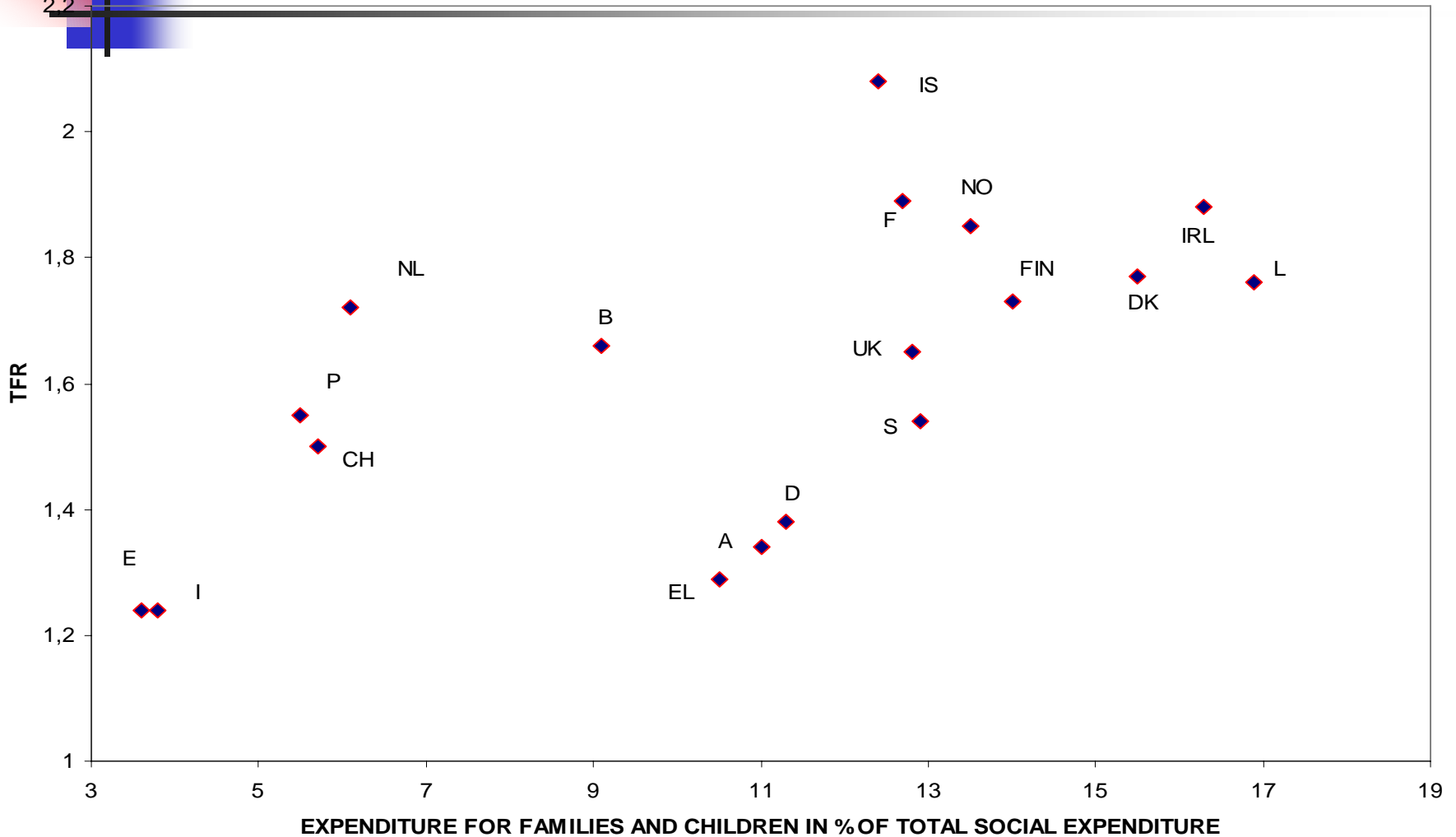


FIG 4 - TFR, 5 SCANDINAVIAN COUNTRIES AND FRANCE, AND 4 MEDITERRANEAN COUNTRIES, 1960-65 TO 2001

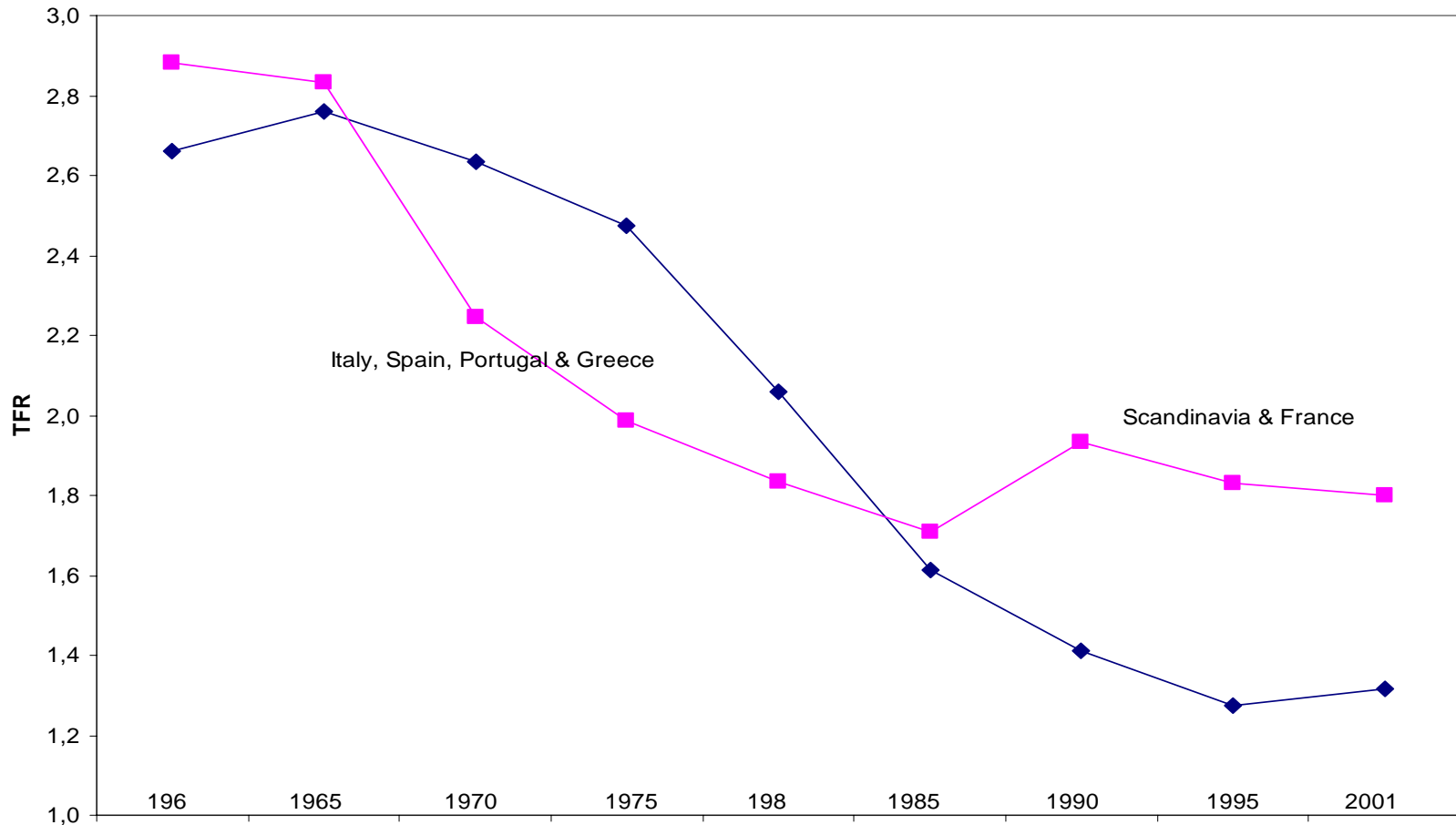




FIG 5 - MEAN TFR, 5 SCANDINAVIAN COUNTRIES AND FRANCE, AND 4 MEDITERRANEAN COUNTRIES, COHORTS 1930-35 TO 1965-70

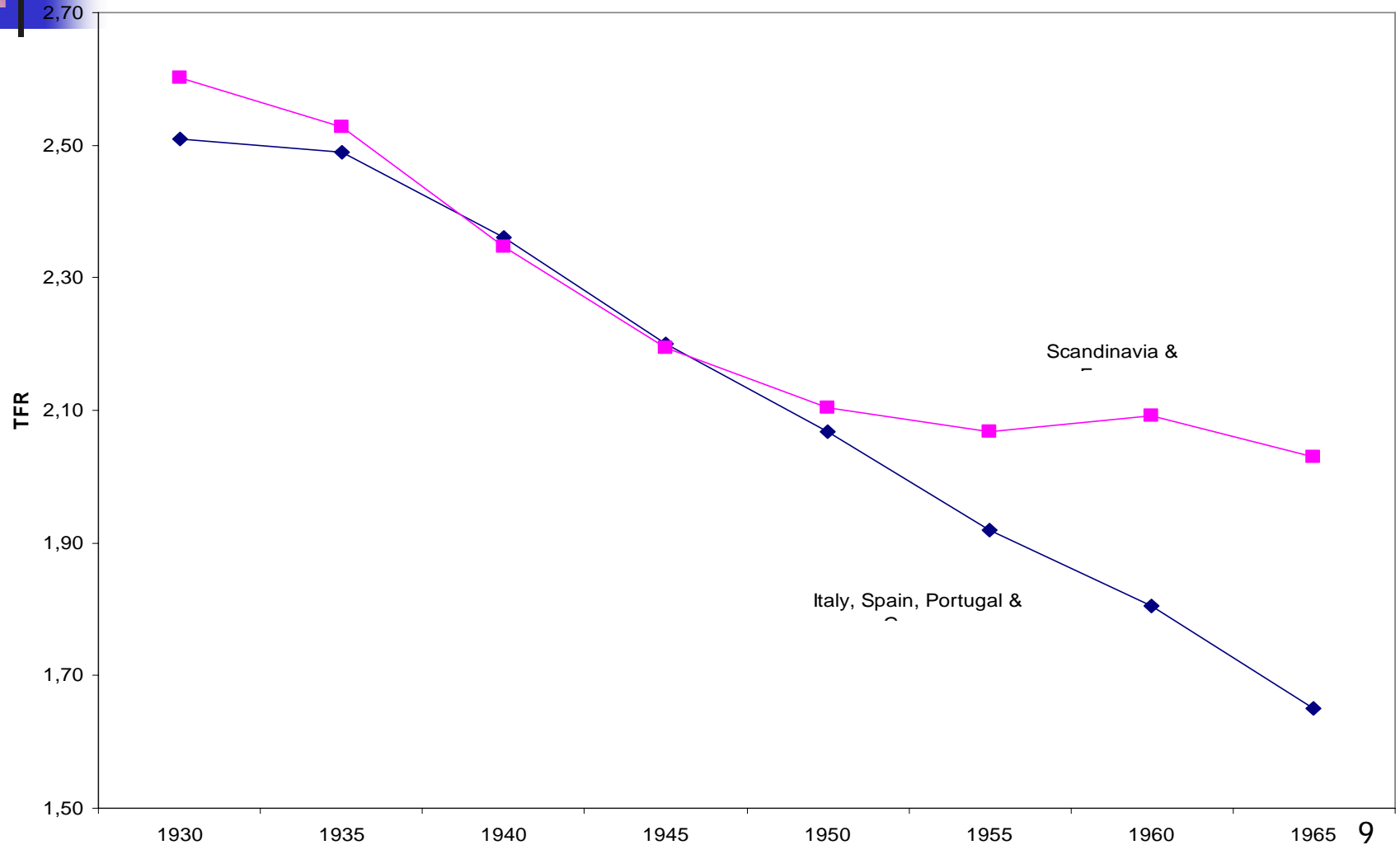
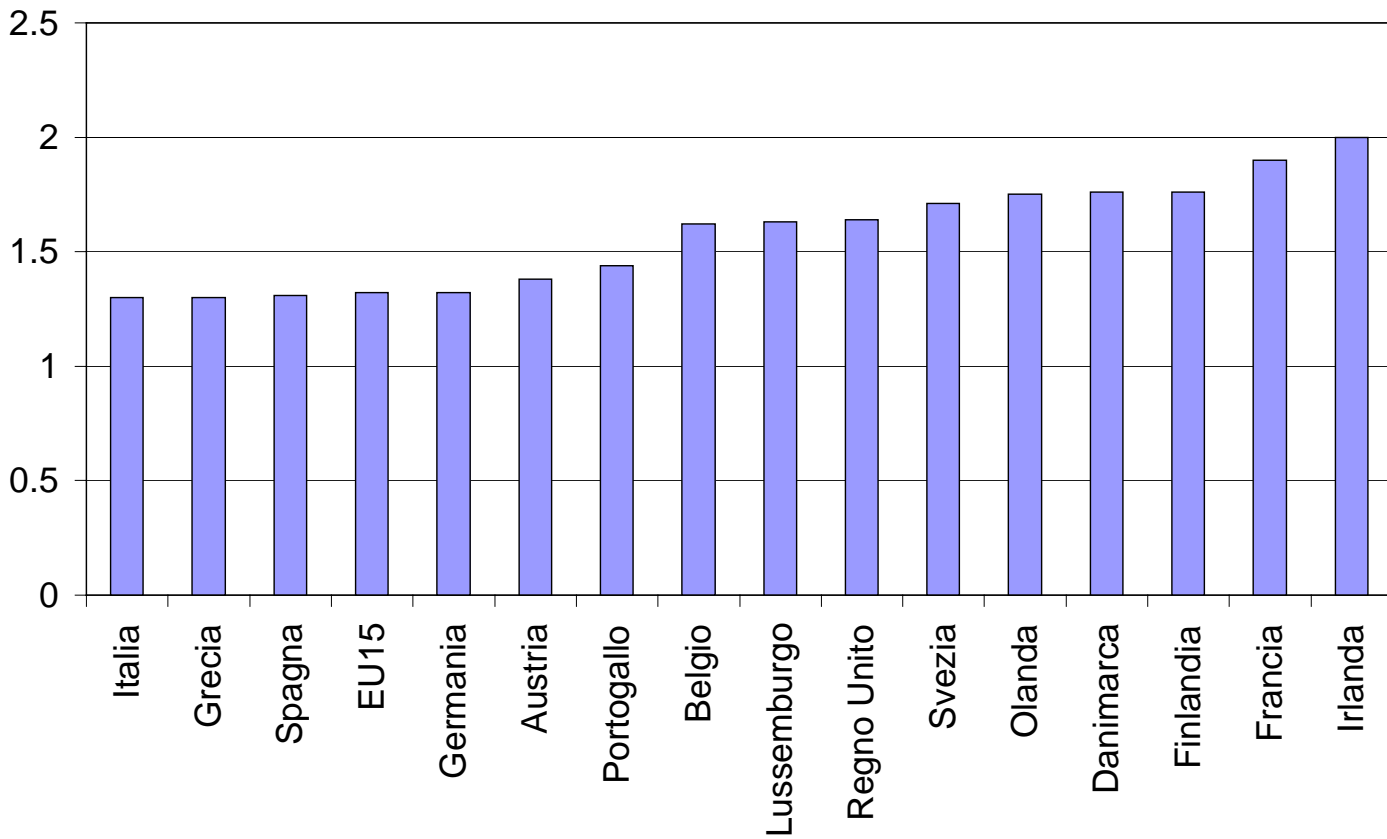




Fig 6 - Children per Woman (TFR), EU-15, 2004





# Policies Affecting “Tempo”

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- Distortion (.3 of TFR)
- Corresponding to 120,000 births  
(40,000 for every decimal point of TFR)
- Transient Monetary Incentives; Bonus for childbearing;
- Imitation Process;
- Increasing demand for infrastructures



# Policies Affecting “Quantum” -1

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- TFR=1.5: with following parity distribution:
- Women with 0 children = 20
- Women with 1 child = 30
- Women with 2 children = 30
- Women with 3+children = 30
- Increase of TFR by .1 needs shifting of 10% of women in each parity to next parity;
- Increase TFR to 2, needs shifting 50%



# Policies Affecting “Quantum” 2

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- Lowering relative cost of children (permanent, long-term policies)
  - Reconciliation work & care
  - Family allowances etc.
  - Infrastructures for children & young
  - Friendly environment for families & kids
  - Reversing the “postponement syndrome” (see *infra*)

# Indicators of Women Born in 1950, 1960 and 1970

Some Indicators for Young Italian Women Born in 1950, 1960 and 1970

	1950	1960	1970
Median Age at First Sexual Interc.	20.5	19.5	19.5
Median Age Exit Parent's House	22.6	23.6	26
Median Age First Union/Marriage	22.7	23.9	27.2
Median Age Birth First Child	24.9	26.7	>30
% Out of parents House at age 25	71	60	41
% Births out of Marriage	7	8	11
Source: Billari, Castiglioni, Ongaro			

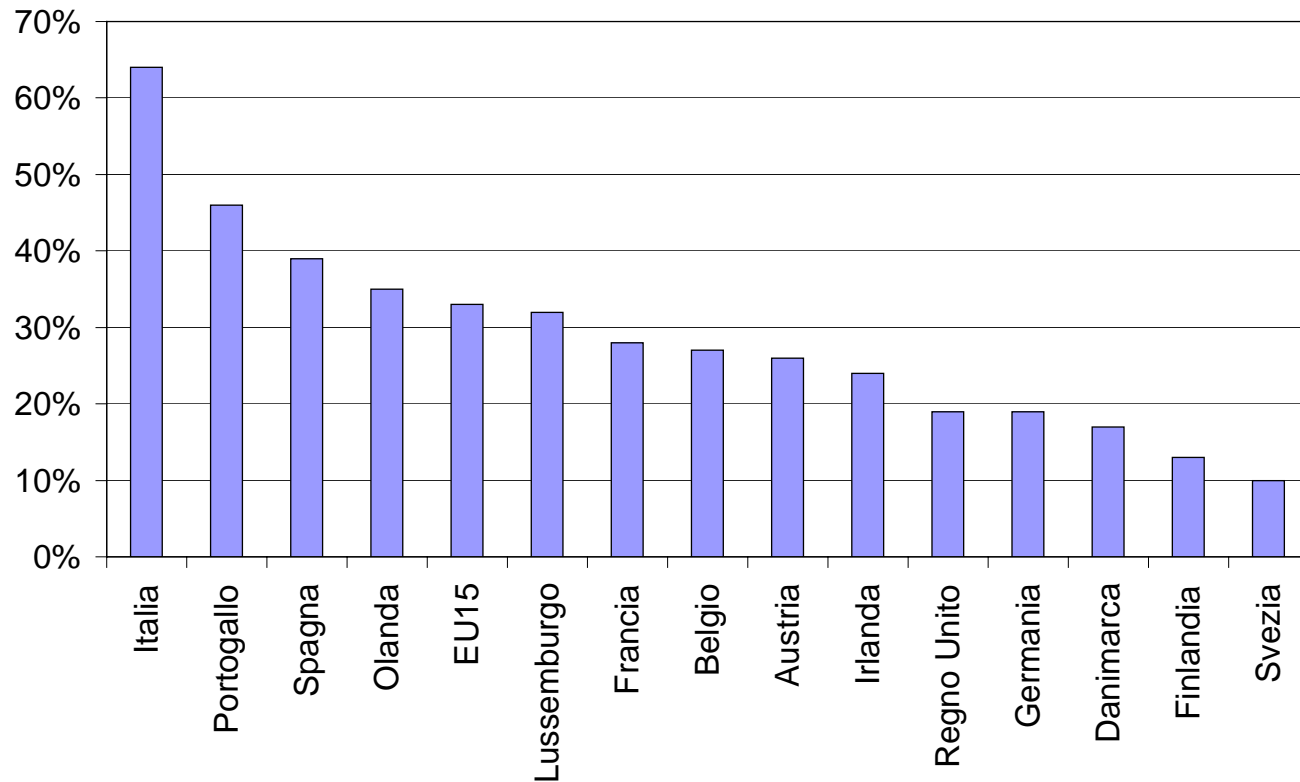


# Young Italians Cohabiting with their Parents

Young Italians Co-habiting with their Parents					
1993 and 2003					
(percent of the same age)					
		Women		Men	
Age	1993	2003	1993	2003	
20-24	78.9	83.7	90.9	92.3	
25-29	36.8	51.7	60.5	70.5	
30-34	12.2	21.4	24.9	37.4	
Source: Istat, Multiscope Survey					



Fig 7 - Percent of Unmarried 20-34 Co-habiting with their Parents, 2003-04, EU-15



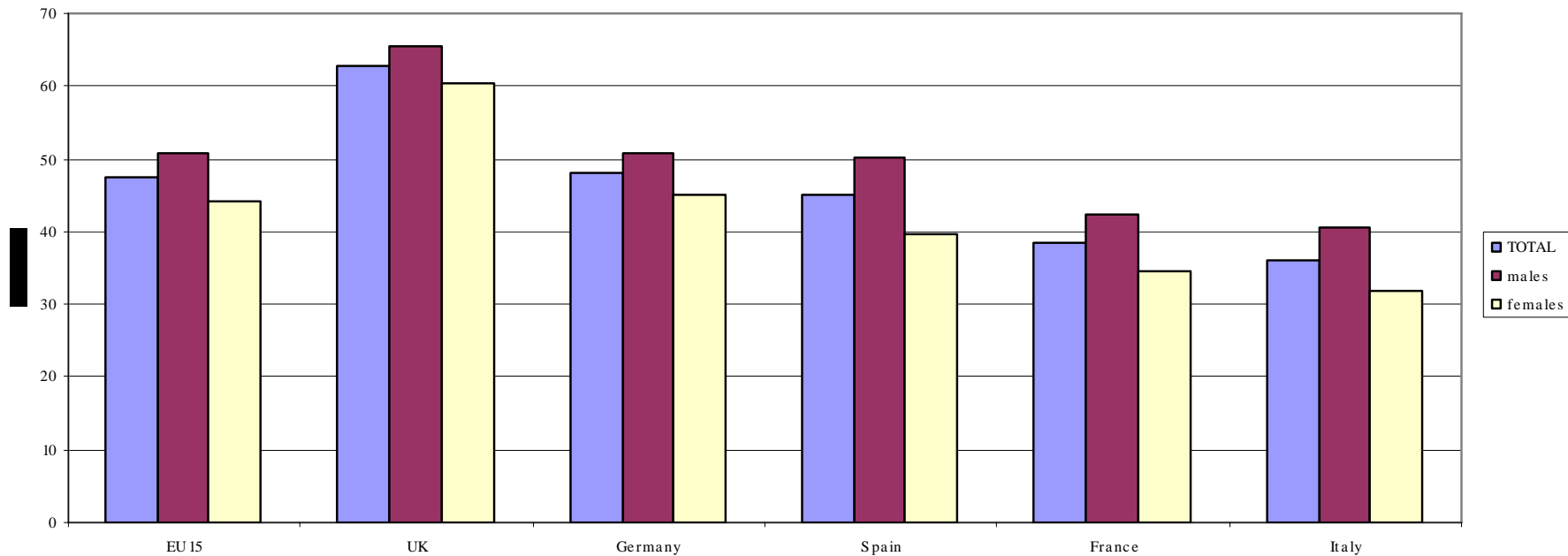


# Source of Income of Young Europeans (15 to 24), 2001

Source of Income	Denmark	Netherlands	UK	France	Germany	<b>Italy</b>
Regular Job	49	20	47	21	37	<b>17</b>
Occasional Job	1	20	6	13	14	<b>14</b>
Social Transfers	28	26	18	7	5	<b>1</b>
Parents & Family	14	28	20	46	37	<b>61</b>
Others	8	6	9	13	7	<b>7</b>
Total	100	100	100	100	100	<b>100</b>
Source: Eurobarometer						

# Fig 8 - Activity Rates, 15 to 24

Activity Rates, 15-24, 2004



# Transition to Adulthood: Italy, France and the Netherlands, Cohort 1961-65

Transition to Adulthood: Italy, France and the Netherlands, 1961-65 Cohort.						
Median Age at Some Crucial Events						
Median Age at Some Crucial Transitions	Men			Women		
	Italy	France	Netherlands	Italy	France	Netherlands
End of Schooling	<b>18.5</b>	18.2	18.9	<b>18.5</b>	18.2	18.5
First Job	<b>18.9</b>	18.5	19.6	<b>21.2</b>	20.2	19.2
Residential Autonomy	<b>27.2</b>	22.1	22.2	<b>23.9</b>	20	20.5
First Union	<b>28.8</b>	23.8	24.8	<b>24.2</b>	21.7	22.5
First Marriage	<b>29.5</b>	29.4	28.8	<b>24.4</b>	25.8	25.1
First Child	<b>33.3</b>	29.5	30	<b>27.7</b>	25.3	29.2
Source: Ongaro, 2003						



# Delay syndrome: late transition to adulthood

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- Low childbearing related to late transition to adulthood;
- 68 % of men 25-29 and 46 % of women live with their parents (13 and 6 % in Great Britain, 18 and 19 % in France, 24 and 10 % in Germany)
- Women born in 1950 had first child at age 25; those born in 1970 at age 31



# Classic paths of public policies

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- Financial incentives (family allowances, loans, tax relief & credit; subsidized children services; housing benefits)
- Reconciling work and family (parents leaves; leaves for family reasons; flexible work; kindergarten & nursery)
- Undoing the delay syndrome (policies for labor market, education, housing)

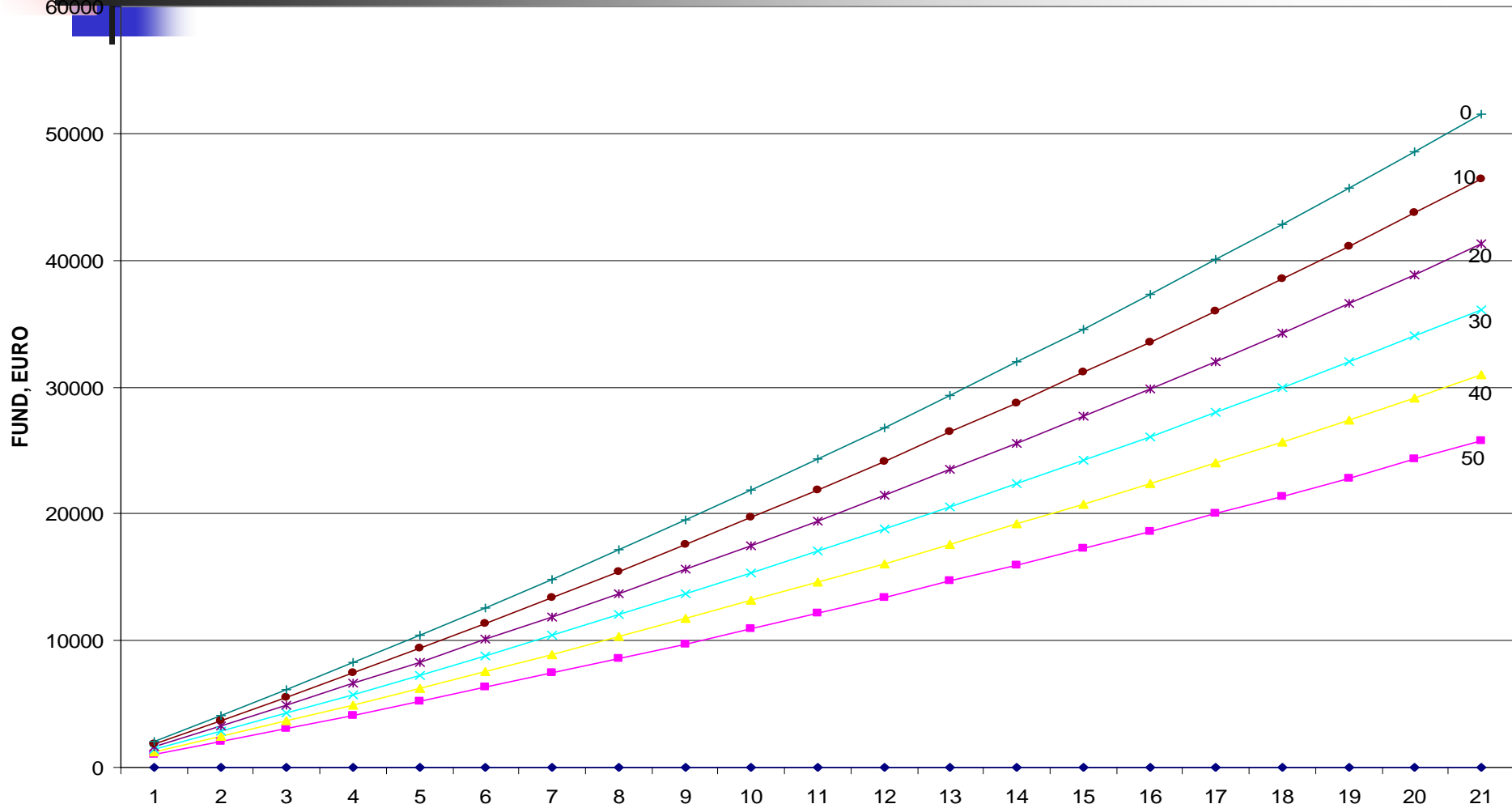


# Empowering the young

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- If transition to adulthood is accelerated, than:
  - Vital decisions may be taken earlier (entering a union, having a child);
  - Actualized cost of children is lowered;
  - Productivity is raised;
  - Gender equity is increased;
  - Fertility may rise.

FIG 9 - CHILDREN'S FUND ACCORDING TO CHILDREN'S AGE  
 (contribution 2000 Euro per year; 2 percent real interest rate;  
 parents' expenditure from 0 to 50 percent of annual contribution)





# 1 -A fund for the newborn: Rationale

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- Political “recognition” of the need to support children;
- Children, not parents, are recipient of support;
- Support is (partly) a “loan” to children, to be repaid during working life;
- Individuals given deferred responsibility for their upbringing;





## 2 – A fund for the newborn: cost

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- State pays 4000 euro per year per child;
- Parents withdraw 2000 per year;
- At age 18 (real interest rate 2 %), fund has 46,000 euro;
- Cost in steady state: 24 billion euro, 1,8 % of Italian GNP;
- But gradually reimbursed



### 3 – A fund for the newborn: in favor

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- Accelerates transition to adulthood;
- Lowers cost of children to parents;
- Empowers the young;
- Universalistic measure (all children born in Italy to residents);
- May set favorable environment for fertility increase;



## 4 – A fund for the newborn: against

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- Cost for the state in the transition period may be seen as too high;
- Resources must be withdrawn from current system of support to family & children;
- Universalistic measure ?
- Political viability