

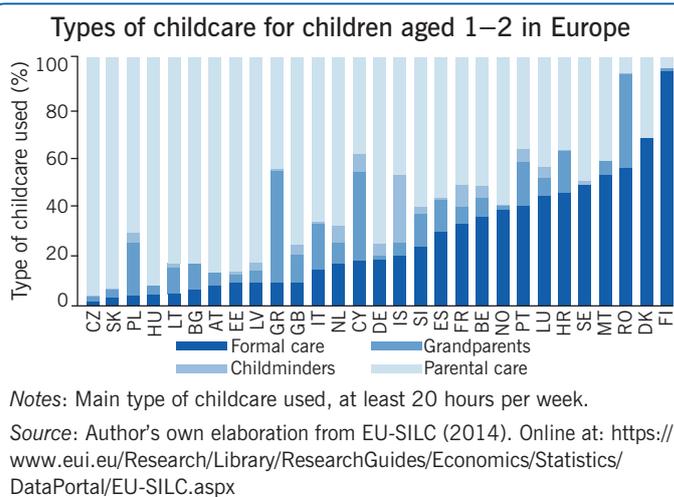
Fertility decisions and alternative types of childcare

Relative costs and family characteristics determine the effectiveness of different forms of childcare

Keywords: formal childcare, grandparents, childminders, fertility, work

ELEVATOR PITCH

Increasing population age and low fertility rates, which characterize most modern societies, compromise the balance between people who can participate in the labor market and people who need care. This is a demographic and social issue that is likely to grow in importance for future generations. It is therefore crucial to understand what factors can positively influence fertility decisions. Policies related to the availability and costs of different kinds of childcare (e.g. formal care, grandparents, childminders) should be considered and promoted after an evaluation of their effects on the probability of women having children.



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KEY FINDINGS

Pros

- + High availability and low costs of formal childcare positively influence families' decisions to have children.
- + Having grandparents to help with childcare increases the probability of having children.
- + The availability of immigrants who work as childminders encourages more-educated women to have more children.
- + Formal childcare has positive effects on mothers' working decisions.

Cons

- Because access to acceptable childcare can cause women to work more, which may reduce their likelihood of having more children, the net effect of better childcare availability on fertility may be lower than expected.
- The provision of childcare for young children is very expensive.
- The availability of grandparents to provide childcare may be limited: old grandparents may be sick, young grandparents may still work, and grandparents could have multiple grandchildren from different adult children for whom to care.

AUTHOR'S MAIN MESSAGE

The availability of low-cost childcare should reduce the cost of child rearing and therefore have a positive effect on fertility. Indeed, there is empirical evidence that shows a positive link between childcare availability and prices and families' fertility decisions. However, some types of childcare are accessible only to certain families due to relatively high costs (e.g. childminders or private formal care) or because of family characteristics (e.g. proximity to and age of grandparents). It is therefore important to expand childcare possibilities to all parents via publicly funded childcare.