AGEING HORIZONS

Policies for ageing societies

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# Fertility Decline

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## Population Change and the Legitimacy of Population Policy

This issue of Ageing Horizons is devoted to what is arguably the main driver of current trends in the age structures of most populations in the developing and developed world, declining fertility. What is happening and why? How far is fertility likely to fall? What should governments be doing about it?

For a policy review, it is this last question that has to provide the focus for efforts at describing current trends and predicting what is likely to happen in the foreseeable future. It also presupposes an answer to a question which none of the contributors address in detail, namely, is the childbearing behaviour of its citizens the sort of activity in which governments should be trying to intervene? It may seem as though this question has merely to be asked in order to receive a resounding 'YES' by way of reply. It is surely possible for a society's birth rate to cause its population to grow at a rate which exceeds its capacity to adapt. This neo-Malthusian assumption is by no means universally accepted, however. Neither should we take for granted the view that the opposite demographic scenario – a birth rate which is so far below replacement level that it threatens imminent economic catastrophe – evidently justifies policy interventions by government.

It is useful, by way of a brief commentary on these issues, to consider the position of the British Government, as it was reaffirmed in 2000.

> The United Kingdom does not pursue a population policy in the sense of actively trying to influence the overall size of the population, its age structure, or the components of change, except in the field of immigration. Nor has it expressed a view about the size of the population, or its age structure, that would be desirable for the United Kingdom. Its primary concern is for the well-being of the population, although it continually monitors demographic trends and developments. The current level of births has not been the cause of general anxiety. The prevailing view is that decisions about fertility and childbearing are for people themselves to make, but that it is proper for government to provide individuals with the information and means necessary to make their decisions effective. To this end, the govern-

… over

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> ment provides assistance with family planning as part of the National Health Service. The 'ageing' of the population does raise social and economic issues. However, it is believed that these will prove manageable; and also, to a degree, that society will adapt.
>
> Dunnell, 2000

In this statement, a set of policies that has an impact, even a foreseeable impact, on the components of demographic change does not constitute a population policy. The UK government prefers to define a population policy more narrowly as a set of measures which *aim* at the active management of a population either in respect of its size or its composition[1]. Such a policy reflects the adoption of targets that are specified either in these terms or in terms of the components of demographic change[2]. So it would be wrong, for example, to suppose that the UK government has a pronatalist population policy because it provides universal child benefits and requires employers to offer paid maternity leave – for the simple reason that it has no kind of population policy. Current policies are justified, not because the government believes that Britain 'needs' more children and these policies will provide individuals with incentives to satisfy that need, but on altogether different grounds.

There are several other important points to note about this statement, not just for what it says about the UK policy position, but also for what it says about the very idea of a population policy. Firstly, migration is judged to be a special case, an exception to whatever reservations the government might have about the active management of demographic change. The argument that is used to support the UK policy position on fertility – that decisions such as these should be left to individuals – does not apply to the decisions that bring foreign residents to settle into the UK. Secondly, the statement appears not to recognise that the government has policies that try to influence another of the components of demographic change besides migration. The UK government *does* take a view on trends in mortality rates and life expectancy[3], and presumably it would be a source of some concern if its investment in the health of the population had no measurable impact on life expectancy. Perhaps this omission of policy interventions intended to change mortality rates should be put down to the asymmetry between mortality rates, on the one hand, and fertility rates and migratory flows, on the other. Whatever concerns the government might have about the growth rate of the population or its age structure, there are some kinds of policy intervention that are unacceptable on ethical grounds. Governments that believe themselves to be acting legitimately when they adopt interventions with a view to altering birth rates or inward migratory flows will justify the direction of change by an appeal to circumstances. If the birth rate is too low, it is a legitimate exercise of their authority to try to raise it, and *vice versa*. This argument clearly does not apply to mortality rates, since the only legitimate targets in this case are reductions. Even if we are not quite certain that it is always desirable to try to reduce them, there are very strong ethical constraints against ever actively trying to raise them. Thirdly, although no explicit criticism is offered of governments that do actively pursue a population policy, it is certainly *suggested* that the active management of the components of demographic change takes such governments perilously close to the boundaries of their legitimate authority. If these are indeed matters that are best left to individual choice, then presumably the state should not intervene. Individuals should have the number of children they want, not the number of children the state thinks it best for them to have. The statement also suggests, however, and this is the fourth point, that the UK government's position on this matter is at least partly dependent on their assessment of the implications of current demographic trends. Fertility rates in the UK, even though they are some way below replacement level, do not give cause for 'general anxiety'; and social institutions should be able to adapt – without excessive difficulty and strain - to the increasing dependency ratios that result from declining fertility and continuing reductions in old age mortality[4]. The government seems to be saying, therefore, that it sees no need for a population policy in the UK *as things now stand*, not that there are no circumstances which would justify the introduction of such a policy. Finally, these various exclusions, exceptions and ambiguities suggest that *if* there is any real argument to be had about the legitimacy of population policies, then it is concerned only with government action targeting fertility rates. Arguments about the pros and cons of population policy resolve into arguments about the pros and cons of policies on fertility. If we accept that it is part of the 'normal business' of government to regulate inward migration and look for feasible reductions in avoidable mortality, there is only one major issue of principle to be resolved in considering whether or not to adopt a population policy – and that is the legitimacy of government intervention in fertility. The issue is not whether we will be collectively worse-off without a policy on fertility – but whether the prospect of this outcome is a sufficient justification for government intervention in individual fertility choices. Are considerations of aggregate welfare 'trumped' by an appeal to individual rights? Or does the state have a legitimate interest in the childbearing behaviour of its population?

In 2005, when the UN Population Division published the results of a survey of world population policies, the UK government re-affirmed its earlier position. It declared itself to be 'satisfied' with both the growth rate of the population and the fertility rate, and stated that it still had no policy on these matters. As the UN report makes clear however, this is an increasingly unusual position for a national government to take. We have to understand the continuing absence of any UK policy on population growth or fertility against an international background which strongly suggests that growing concern about the consequences of population change has caused governments to be 'more inclined to view population as a legitimate area for government action' (UN 2005, p.32). In many of the poorer countries of the world, the existence of government policies in this area reflects an ongoing concern about the interaction between the rate of population growth and economic development. The aim, broadly speaking, has been to ensure that the rate of population growth does not outpace of development of the society's capital resources. It is the presence of widespread and deep-rooted poverty that justifies government action to contain demographic pressures that undermine the drive to economic development. What has happened over the last decade is that concern about fertility has spread from the developing world to include many of the world's richest countries. The problem, however, is now seen to lie with the consequences of fertility choices for population ageing and decline rather than for unsustainable population growth[5].

## Migration and the problem of global justice

Just as fertility rates summarise at a population level the results of lots of individual decisions about conceiving and childbearing, so do rates of inward migration summarise the results of lots of individual decisions about moving from one country to another. Fertility and migration both involve individual choice in a way that death does not. The argument that government should respect the right of individuals to choose the number of children they want is not often applied, however, to the choices that individuals make to settle in a new country (at least not by the "countries of destination"). Most governments which accept that they have a duty to offer asylum to individuals who are fleeing oppressive regimes in their own country are like the UK in thinking themselves justified in trying to exercise *some* control over the inflow of migrants who are looking 'simply' to achieve a better standard of living for themselves and their families. The prevalent view among policy-makers, certainly in the wealthier countries of the world, is that they have the right to control migration because of its impact on the 'national interest' – usually understood in this context in terms of the welfare of the resident population – and this tells them roughly how much and what kind of control they may legitimately exercise in the matter. It tells them, for example, that they should allow inward migration if it benefits the (domestic) economy – and that they would be justified in disallowing it (or imposing severer restrictions) if it can be shown that the economic costs outweigh the benefits. With fertility levels so low that their working age populations are about to start shrinking as dependency ratios are being pushed ever higher, policy-makers in most of the richer countries of the world believe that their economies stand to gain from international migration (UN, 2005).

The prevalent view is not without its critics, however, and these criticisms suggest that the legitimacy and scope of government intervention in fertility is *not* the only important issue of principle to be resolved in considering whether or not to adopt a population policy. It has been argued, for example, that there is most definitely a 'real argument to be had' about the legitimacy of government action to control inward migration on grounds other than its direct economic impact. Is it permissible, in other words, to construe the 'national interest' more widely than in terms of individual welfare/ measurable economic benefits? The key issue here, more mainstream perhaps in public debate in USA than in Europe, concerns the 'legitimacy' of an appeal to cultural homogeneity as the basis for exercising control over inward migration (e.g. Huntington, 2004).

On the other side, there is close scrutiny of the principle that governments may legitimately or reasonably appeal to the national interest, however construed, to justify the regulation of migration. Some proponents of free trade tend to worry about the fact that public arguments about the economic benefits of globalisation are applied to goods and capital but not to labour (Wolf, 2004). And this view that a thoroughgoing commitment to economic liberalism should embrace the movement of people as much as the movement of goods and capital overlaps with growing criticism of the place of the nation-state in our understanding of social justice and the nature of political community (see e.g. Schleffer, 2001; Van Parijs, 2005). The right of a geographically limited community to decide the conditions under which outsiders or non-members may choose to join them is increasingly being called into question by an appeal to the ideals of global distributive justice and cosmopolitan citizenship. On this view, the free movement of people across national borders is not justified by an appeal to local national interests, but rather by the contribution that international migration can make to a fairer sharing of the world's wealth and the opportunities.

## Fertility

Whatever view one takes of the persuasiveness of this reasoning, the fact that governments and policy-makers talk about *controlling* or *restricting* migration highlights one very important difference between fertility and migration. We could take it almost as a defining characteristic of liberal democracies that they would reject – as an illegitimate exercise of state authority – any attempt to intervene *coercively* in individual choices about fertility and childbearing. Much of the international condemnation of China's one-child policy has appealed to this kind of reasoning, not so much perhaps because of the 'social compensation fee' which parents were required to pay for births above the stipulated number, but rather because of allegations of forced abortions and other coercive practices. There is a clear problem, we might say, if the state attempts to *enforce* a common view on family size[6].

Whether or not there is a problem *only* if the state attempts to enforce such a common view is precisely the issue that appears to lie behind the UK policy statement on this matter. Consider, for example, the point made above that individuals should have the number of children they want, not the number of children the state thinks it best for them to have. Is what matters here the fact that the state is trying to influence fertility rates or is it rather the nature of the means it employs to achieve its targets on fertility? As far as the UK itself is concerned, we may surmise that the government is rejecting a policy which would *reward* people for having children. On the face of it, however, this does not look like a coercive policy – from which we may infer that the UK government's reluctance to adopt a population policy has to do with more than the rejection of coercive means to achieve an otherwise desirable end.

It has to said, of course, that it is often far from straightforward to draw a clear and determinate line between coercive and non-coercive policies in this area. It seems clear, for example, that there are morally relevant differences between (i) making vasectomy freely available to men who want to be sterilised (ii) offering men a financial incentive to undergo a vasectomy operation and (iii) compelling men to be sterilised in the same circumstances. Although we may all agree without difficulty that policy (i) is non-coercive (it meets what the UN calls an "unmet need for contraception" and may be regarded therefore as promoting freedom of choice) and that policy (iii) is clearly coercive, policy (ii) forces us to elaborate our criteria of coercion to clarify the position of this kind of 'intermediate' case. A similar point can be made about e.g. the promotion by government of a 'climate of opinion' which 'effectively' stigmatises excessively large families as the product of anti-social behaviour; and also of course about the 'social compensation fee' that underpinned the one-child policy in China. Is it to be regarded as a coercive measure like a fine (i.e. a financial penalty) or as a non-coercive measure like a tax? And if we think that the distinction between a tax and a fine is in this instance too questionable to be really defensible, we may perhaps find some sort of justification for the UK position in the assumption that there has to be moral symmetry between rewarding people for childbearing and penalising them for childbearing. If governments that penalise people financially for childbearing are overstepping the bounds of legitimate authority, should the same be said about governments that reward people financially for childbearing? If it is acceptable to use financial incentives (rewards) to boost fertility rates, why should it be unacceptable to use financial incentives (penalties) to depress them?

There is, however, another difficulty here, and it is perhaps the more fundamental one. A government that sets targets for fertility is trying to change behaviour and alter the course of current trends. The policy can be considered effective, therefore, only if it has the result that people choose to have fewer or more children than they would otherwise have done. This conclusion holds irrespective of whether the chosen policy instruments are coercive or non-coercive. So are people having the number of children the state thinks they should have rather than the number of children they want? And what is the rationale for the state intervention in individual childbearing decisions? The worry is that people are being asked to put aside their personal views about their own best interests in order to help with the achievement of a *collective* goal – even if this is identified as the benefit of future generations. What is required, therefore, is an *acceptable* rationale for a *non-coercive* policy that causes people to have fewer or more children than they would otherwise have done. And from the point of view of liberal democracies, what is unacceptable is a rationale for intervention, even non-coercive intervention, which rests on the adoption of a collective goal *other than* the provision of an institutional context for individual flourishing.

One possible basis for an acceptable rationale would appeal to the view that it does not matter if a policy results in people having more (or fewer) children than they would otherwise have done *provided* that they are having the number of children they would ideally like. Surely there is no problem if government policy enables people to achieve their ideal family size. The problem lies rather in the fact that prevailing circumstances (i.e. without government intervention) make it difficult for people to do this; which is precisely the situation in which most highly industrialised countries with fertility rates below replacement level now find themselves. Even though most of the costs of educating children are shared by the wider society, the economic burden that children impose on parents is high and growing (mainly, but by no means entirely, because of the opportunity costs of not working for women/couples with young children). This is why people have fewer children than they really want – and we *know* that there is this mismatch between desire and reality because surveys consistently tell us that this is so[7]. There is a happy convergence between a set of policies that aim to manage the course of population change (and hence embody a collective view of the optimum path for change) and are assessed as effective to the extent that they have a impact on fertility rates – and a set of policies that are justified because they promote individual choice and social equity. What this means is that the governments in countries with low fertility can adopt a set of measures that are *in effect* pronatalist without having to claim that the state has any legitimate interest in the number of children people have – except to enable them to have the number of children they want. If we ask why the state should do this, the answer will be given in terms of individual rights – and the duty of the state to protect and promote these rights. To put the same point in slightly different language, we could perhaps say that government intervention is justified to the extent that it enhances the welfare of individuals by removing barriers to the satisfaction of individual preferences.

The only real alternative to this particular line of reasoning is to insist that society as a whole does have a legitimate interest in family formation, which is not to be identified simply with a responsibility to promote individual rights or welfare. It is simply a mistake, on this view, to suppose that the individual fertility choices made by adults (or families) trying to advance their own best interests will collectively produce an aggregate fertility outcome that is 'right' for the society in which they live – *and* it is also a mistake to think that respect for individual rights leaves the wider society with no option but to accommodate itself to whatever aggregate outcome emerges from the fertility of the individuals that make it up. To the extent that additional children – potential future adults – impose costs and confer benefits on society as a whole as well as on the family who actually 'produce' and raise them, individual fertility choices have an impact on the capacity of society to provide the institutional context for the flourishing of the individuals who make it up[8].

The problem faced by modern industrialised societies is that there is a difference between the value of an additional child to its family and its value to society as a whole (Lutz, 2004, p.318). In 'traditional' agrarian societies, the costs of raising children are 'to some extent compensated for in the form of labour services and old age support' (Lindh *et al.,* 2005, p.478), whereas in modern societies, the economic benefits to parents of having children are small and the financial costs are high. Changing social conditions have thus altered the balance of costs and benefits of having children for parents with the result (in low fertility societies) that the wider society stands to gain from an additional child in a way that the couple who actually 'produce' the child will not. State intervention (in the low fertility case) is justified as a form of Pigovian subsidy[9] designed to ensure that *the production of children* is increased to the socially optimum level. The rationale for intervention – for adopting a set of policies which transfer resources to families/mothers and making it easier to combine work and family life – is *efficiency*, not the promotion of individual choice and opportunity.

## A last thought: improving efficiency or taking fair shares in the costs of raising children?

Policies that are introduced for efficiency reasons are expected to work – in this case by having an effect on the fertility of the population. The absence of an effect on fertility would count as evidence for the failure of the policy. Such an outcome would not count, however, against policies that have been introduced in order to achieve a fairer distribution of the costs of raising children between parents and non-parents. Adults who choose not to have children – and thereby add to the stock of human capital available to society – would be required to compensate adults who do have children; not so much to increase the production of children (by sending the appropriate 'price' signals to the relevant agents), but rather to ensure a fairer distribution of the costs and benefits of production across society as a whole.

> Even as aging societies become more and more dependent on the human capital parents provide, parents themselves get to keep less and less of the wealth they create by investing in their children... Governments must also relieve parents from having to pay into social security systems. By raising and educating their children, parents have also contributed hugely (in the form of human capital) to these systems. The cost of their contribution, in both direct expenses and forgone wages, is often measured in the millions. Requiring parents also then to contribute to payroll taxes is not only unfair, but imprudent for societies that are already consuming more human capital than they produce.
>
> Longman, 2004

Longman's proposal clearly stands on the edge of the mainstream of political argument and is unlikely to be adopted as policy. What is interesting, however, is not so much the details of the policy proposal, as the argument that in societies in which human capital is becoming increasingly valuable, public benefits related to old age are an appropriate vehicle for redistribution between parents and non-parents.

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## Notes

[1] This is not to say that e.g. an increase or decrease in the size of the population must be the *ultimate* policy goal for those governments that adopt a population policy. Quite the contrary, in fact, since such changes are themselves very likely to be regarded as a means to an end – such as securing the well-being of the population.

[2] There is perhaps some residual ambiguity in the definition. Is a government that tries to influence one of the components of demographic change *ipso facto* pursuing a population policy? Or is it also necessary that this should be regarded as a lever for changing the size or composition of the population? The distinction is apparent in the difference between policies aimed at decreasing/increasing fertility (in order to regulate the rate of population growth or changes in dependency ratios) and policies aimed at increasing life expectancy (which is a measure of the health and well-being of the population).

[3] The point is acknowledged in the UN 2005 report on world population policies. The UK government here declares that life expectancy at birth in the UK is unacceptably low and that infant mortality is unacceptably high.

[4] Contrast the position of the UK government – that it should be possible to adapt social institutions to demographic change without surrendering commitment to shared basic goals – with the position taken by many developing countries (and increasingly by developed countries), namely, that in order to achieve shared basic goals it is necessary to contain demographic change within limits.

[5] This is most emphatically *not* to say that policy-makers no longer worry about the impact of relatively high fertility in poor countries. See e.g. UN (2005) and report of APPG (2007).

[6] The 1994 International Conference on Population and Development clearly took the view that individuals have a right to determine the number of children they want.

[7] So we have reason to think that the effect of enabling people to have the number of children they want – through the provision of contraception and various child-related benefits – will to cause the fertility rate to approach more closely to replacement level than it now is.

[8] If a society has a legitimate interest in improving the *quality* of its collective human capital, surely it also has an interest in the rate at which new people are being added to its stock of human capital. By investing in the health and education of future adults, current taxpayers are not only conferring direct benefits on the individuals who receive the provision, they are also guaranteeing the future of society as an ongoing cooperative enterprise *and* investing in the human capital that will help to underwrite their own future welfare. The nature of the human life cycle and the fact that society is made up of a succession of overlapping, and therefore mutually interdependent, generations make it inevitable that this should be so.

[9] And by the same token, a Pigovian tax would be justified in the high fertility case (such as the social compensation fee introduced as part of China's one-child policy).