EXECUTIVE SUMMARY

Canadian families are shrinking as fewer children are being born than in previous decades. The average family size has declined from 3.7 members in 1971 to 3.0 in 2006. A number of factors have influenced declining fertility among Canadians including the changing nature of the economy. Canada has moved from an agrarian society to a post industrial age in which children are less an economic benefit and more of a hefty expenditure. The need for increased educational attainment to compete in today’s labour market has led to delayed marriage and postponed parenthood.

Other factors contribute to low fertility including a rise in cohabitation and the prevalence of divorce. Increased access to reliable birth control has influenced how Canadians approach fertility and abortion has contributed to lower fertility rates.

Fertility is a personal matter with larger implications for Canadian society. The country is rapidly aging with a birthrate of 1.6 children per woman, well below the 2.1 level needed for replacement. As a result, Canada will face economic challenges including a growing strain on government funded entitlements such as pensions and health care.

Countries around the world have responded to the shifting demographics by increasing immigration, offering incentives to coax higher fertility and by cutting social spending. Neither immigration nor economic incentives have delivered long-term solutions. Whether the government can increase fertility or should even attempt to, is a worthy question for Canadians to ask.

Policymakers need to respond to the demographic shift and the future impact it will have on Canadians. Acknowledging there are no easy solutions, this report offers three alternative policy options for discussion. Policymakers should:

- Encourage Canadians to prepare for the future, planning for long term fiscal, housing and health care needs. Resources for future seniors may not be as readily available. Families need to plan together and discuss desires and expectations.
- Encourage families to save and reduce personal debt. Families must prepare for a future with smaller government provided entitlements. The burden will fall more squarely on individuals themselves.
- Encourage a culture that values marriage. A strong marriage culture can contribute to fertility growth. Marriage remains the best institution for developing citizens whose productivity will be increasingly important in an aging society. This begins with the recognition of the importance of marriage.
CANADA’S SHRINKING FAMILIES

Why families are getting smaller and what to do about it

Canada’s kitchen tables are shrinking. Fewer people are gathering around kitchen tables as family size declines. Canadians are having fewer children than in decades past and while this means that family life is changing, it also means life in Canada is going to change as the country experiences a demographic shift. What’s driving the trend toward smaller families and what might this mean for future families? This paper explores the ongoing dialogue around shrinking Canadian families and explores why this is happening, and what it will mean for Canada. Governments around the world are responding to declining fertility rates, raising questions about how states should best respond.

KIDS – WHO NEEDS THEM?

Debate on the merit of having children has peaked public interest. Jennifer Senior at New York Magazine recently penned an article called All Joy, No Fun; Why Parents Hate Parenting. She argues that children zap the moment-to-moment fun out of life. She hints that the joy of parenting is realized in retrospect, not in the moment. In 2008, French author Corinne Maier made a splash when she published No Kids: 40 Good Reasons Not to Have Kids. The mother of two argued that children cramped her lifestyle and were bad for society as a whole. While these examples tap the margins of the shrinking family trend, the authors reveal a shift in values and lifestyles choices that has occurred over the last few decades. The reality is, while personal choice and increased autonomy influence decisions about fertility, the impact of Canada’s shrinking families is being felt at a national level.

Canada’s total fertility rate is around 1.66 children per woman, well below the 2.1 level needed to sustain the population. Despite an increase in the total fertility rate during the last several years, Canada’s fertility rate remains below replacement. During the height of the baby boom, the total fertility rate was almost four children per woman. Although the total fertility rate declined in the 1970s, the sheer number of boomers entering their childbearing years sustained the total births per year in what has been referred to as the echo effect. Despite the echo effect, family size declined over the resulting decades, falling from 3.7 family members in 1971 to 3.0 in 2006.

Why are there fewer chairs around Canada’s kitchen tables? No one factor is solely responsible, but a number of social changes have influenced Canadians’ fertility decisions.

FERTILITY TRENDS IN CANADA

The total number of babies born in a year has been in relative decline since the 1960s with a few resurgences along the way, including a sustained increase over the last decade. The number of births in a given year is affected by the population structure including the number of women of childbearing age and by the total fertility rate. The number that garners attention is the total fertility rate, which reflects the number of children a woman is likely to have during her reproductive life. Despite an increase in the total fertility rate during the last several years, Canada’s fertility rate remains below replacement.

During the height of the baby boom, the total fertility rate was almost four children per woman. Although the total fertility rate declined in the 1970s, the sheer number of boomers entering their childbearing years sustained the total births per year in what has been referred to as the echo effect. Despite the echo effect, family size declined over the resulting decades, falling from 3.7 family members in 1971 to 3.0 in 2006.

Why are there fewer chairs around Canada’s kitchen tables? No one factor is solely responsible, but a number of social changes have influenced Canadians’ fertility decisions.
WHAT INFLUENCES FERTILITY?

Economic changes

Economic factors have influenced the decline in the size of Canadian families. At the broadest level, the move from an agrarian society to a post-industrial society has been a significant factor. In the past, children were economic assets, providing labour on the family farm. Higher rates of child morbidity may have also contributed to increased fertility among past generations.

Today, the expense of raising children is more likely to be a deterrent. In fact raising children is becoming increasingly expensive. A recent report by the U.S. Department of Agriculture has estimated the annual child-rearing expense for a middle income, two child married couple to be between $11,650 (USD) and $13,530 (USD) per child. In Canada, Manitoba Agriculture estimated in 2004 that the cost of raising a child to the age of 18 was just under $167,000, not including post secondary education. Having children is a significant fiscal decision. A survey published in 2007 by the IMFC found that concerns about finances are among the biggest challenges Canadian families face.

The changing nature of the labour market continues to influence fertility. American sociologist Andrew Cherlin argues that attaining education has become essential to succeed in the labour market, which in turn has influenced fertility. As labour market participation has increased among women, so has educational attainment. This has led many women to postpone childbearing until they are established in their careers. An indication of this trend is the increasing number of births to women over the age of thirty and even forty. Prospective parents desire to be established in their careers and financially secure before having children.

The role of work force participation by women on fertility has been well documented. There is little research available on how men influence fertility decisions in view of the increased workforce participation by women. As parents navigate the work/family balance, more men are engaging in parental leave and primary care roles. Statistics Canada notes that there was a 17 per cent increase in the use of paid federal benefits by fathers between 2000 and 2006. Just how this will influence future fertility decisions remains to be seen.
Educational attainment may also contribute to an increase in the average age of first marriage for women and men and delay child bearing. Cherlin argues that in the US, childbearing outside of marriage is much less common among college educated women. He notes that the divorce rate among American college educated women tends to be lower than the less educated.12

**Marriage, divorce and family structure**

Canadian fertility rates have been influenced by changing habits around marriage, divorce and the increasing prevalence of cohabitation.

Historian Ian Dowbiggin argues that the prevalence of divorce reveals an uncertainty about marriage among Canadians. This uncertainty has impacted fertility.13 A paper by Statistics Canada found that people who were already married reported wanting a greater number of children than unmarried couples who were described as likely to marry.14 The difference in fertility intentions is not unexpected. Marriage and cohabitation function differently, with marriage relationships statistically more stable. It stands to reason that relationships that are less stable provide less opportunity for childrearing. Cherlin reports that people drift into cohabiting relationships over time as the relationship progresses. It is plausible that those who drift into cohabiting relationships are less intentional about planning for future family. This may explain lower fertility among cohabiters, which could continue to affect fertility rates as the prevalence of cohabiting relationships increase.

**Birth control**

Many of the social and economic changes effecting fertility over the last fifty years have been influenced by technological advances in birth control. In particular the development and wide use of the contraceptive pill has undoubtedly influenced the decline in fertility. Approved for use in Canada in 1960, the sale and advertisement of the pill was not decriminalized until 1969. While it had been available for therapeutic purposes before 1969, the use of the pill increased throughout the 1960s.

Abortion is another significant factor contributing to the decline in total fertility. According to Statistics Canada, over 91 000 abortions were performed in the country in 2006.15 In the former Soviet Union abortion is so prevalent that it may be the leading factor in population decline in that region, historian Ian Dowbiggin argues.16

**HOW MANY CHILDREN DO CANADIANS REALLY WANT?**

Many potential parents may choose to pursue education and career opportunities, postponing childbearing. This may ultimately reduce the number of children they have. Are personal choices unintentionally dictating fertility outcomes? How many children does the average Canadians couple desire to have?

Surveying Canadians about their fertility intentions can provide useful information but also has limitations. A paper published by Statistics Canada suggests that people often make decisions about fertility one birth at a time, meaning that individual fertility intentions change over time.17 Another consideration is that achieved fertility is often less than intended fertility due to uncontrollable circumstances and evolving life situations.18 Even still, examining fertility intentions provides researchers with interesting insights.

Statistics Canada reported in a 2001 paper that Canadian women of childbearing age in 1999 intended to have an average of 2.22 children. The total fertility rate for the same year was 1.52 children per woman.19 Like many other developed countries, actual fertility in Canada is below intended fertility.
Similarly in a national public opinion poll conducted in 2002, respondents were asked how many children they would like to have or have had in the case of respondents beyond childbearing age. The results suggest that 55 per cent of respondents selected two or less children. About 25 per cent of respondents select three and 20 per cent chose four or more. The average number among the total sample was 2.6 children per respondent. In both cases, actual fertility was well below the projected intentions.

The authors of the Statistics Canada paper probed the issue further. They found that 80 per cent of Canadian women between the ages of 15 and 44 with no children intended to have at least one child. Of women with one child, 54 per cent said they intended to have at least one more child, and 11 per cent of respondents with two children reported wanting another child.

When researchers examined intended fertility across the border in the United States, they discovered that among American women with two children almost twice the proportion wanted to have one more child. This result aside, researchers found that fertility intentions among Canadian and American women were generally similar, yet Canadian women had a lower total fertility rate. What might account for this difference?

The researchers speculate that several factors account for the difference in actual fertility between the two countries. They suggest that higher fertility among some ethno cultural groups in the United States may help boost the total fertility rate. The researchers also cite a lower age of marriage, higher teen pregnancy rates, and more religious participation among Americans – a trait correlated with higher fertility.

Canadians today favour smaller families compared to previous generations. While fertility intentions are commonly lower than actual fertility rates, Canadians are having fewer children than their American counterparts with whom they share similar intensions.

Low fertility intentions can become a serious concern when intended fertility falls below the fertility replacement rate of 2.1. Demographers Goldstein, Lutz and Testa have noted that in German-speaking parts of Europe, ideal family size had shrunk to 1.7 children per woman as of 2001. The researchers were cautious about declaring the declining numbers a trend, but suggested that young German speaking Europeans may be more inclined to have small families having come from small families. In this case low fertility becomes a cultural norm.

WHO IS HAVING LARGE FAMILIES?

Not all Canadian families are small of course. So which Canadians are adding chairs to the kitchen table? What factors and characteristics correspond with larger than average families?

An interesting Canadian study of data from the mid 1990s found two strong predictors of a woman’s likelihood of having a third child. The first indicator was the mother’s age at first birth. Women who gave birth to their first child before age 25 were 2.5 times more likely to have a third child than those who were over age 30 when they had their first child.

The second indicator was the length of time between the first and second birth. The researchers found that women who waited less than 30 months between the first and second birth were more likely to have a third child than those who waited over 53 months between first and second births.
To a lesser extent, other factors were correlated with the reduced likelihood of having a third child including higher levels of educational attainment and returning to the labour market after the birth of a second child.\textsuperscript{28}

Many studies have found that religious commitment is correlated to above average family size. Canadian women who attend religious services weekly are 50 per cent more likely to have a third child.\textsuperscript{29} One study of fertility intentions found that the women in the study sample with the highest fertility intentions were affiliated with one of the major world religions.\textsuperscript{30} Conversely, individuals with the lowest fertility intentions were between the ages of 30 and 39 and reported no religious affiliation.\textsuperscript{31} Many religions place a high value on family and children, which may explain the higher fertility intentions among regular adherents.

**DOES FAMILY SIZE MATTER?**

Most Canadians probably think of their fertility as a private matter, and for the most part Canadians make fertility decisions with little thought of public policy. Low fertility however, is a serious public policy concern. Ian Dowbiggin argues that low fertility in developed countries could become the most pressing policy issue of the twenty-first century.\textsuperscript{32} Growing economies require a robust workforce to fund these entitlements. As the Boomer generation enters the senior years, demand on these programs will grow. Lower levels of fertility result in fewer young workers to support entitlement programs and many other taxpayer funded commitments, including retiring large government debt.

Statistics Canada predicts that by the year 2015 the country will enter the unprecedented situation where there will be more people over 65 years of age than under the age of 15.\textsuperscript{33} Canada is rapidly moving towards a serious economic and social problem, yet few Canadian decision makers have demonstrated strong leadership on this critical issue.

**CAN GOVERNMENT INCREASE THE BIRTH RATE – AND SHOULD THEY TRY?**

Policymakers will need to pay close attention to the coming demographic developments. This raises questions about the ability of the government to increase fertility and more fundamentally, whether manipulating fertility is appropriate.

There are numerous international examples of governments attempting to control fertility. Recent history suggests reducing fertility is less difficult than attempting to coax increased fertility.\textsuperscript{34} That hasn’t stopped governments from trying. It was just a couple of years ago that a regional governor in Russia promised a free appliance to anyone who gave birth on a particular date in an effort to boost the fertility rate.\textsuperscript{35} Softer approaches in encouraging fertility have included generous parental benefits and cash bonuses to parents.

Governments have responded to below replacement fertility and the aging demographic in three ways: Immigration, economic incentives and social spending reform.

**Immigration:** A number of countries including Canada have encouraged foreign skilled workers to immigrate in part to strengthen the labour force. Immigration can help offset low fertility, but is insufficient in meeting the challenge and does little to increase long term fertility.
Economic incentives: Many countries have enticed citizens to have more children through incentives including baby bonuses, generous parental leave, state run childcare and tax incentives. These programs often achieve an increase in fertility but fail to maintain long term gains. Singapore offers a current example of how governments struggle to increases fertility through incentives. After years of policies that discouraged fertility, the country committed to pro-natalist measures including publicity campaigns and incentives. Fertility rates remain well below replacement at 1.28.36

France has long provided generous provisions for families that have garnered an increase in total fertility since the 1990s. The current fertility rate has stabilized around 1.9, one of the highest fertility rates in Europe. Despite the benefits, the marriage rate has declined as the divorce rate has increased along with births to lone mothers. 37 France is currently attempting to reign in social spending including a move to raise the retirement age. Declining marriage rates and increasing divorce may counteract efforts to increase fertility in the future.

Sweden is touted as the model of how governments can support working parents with generous leave and childcare. Fertility rates have fluctuated as Sweden spends, then cuts, then spends. The current total fertility rate is around 1.9. Sweden has been unable to sustain long term fertility growth in an aging society with an economic growth rate below other OECD countries.38 Sweden also has the lowest self-employment rate in the OECD and high taxes.39 Aggressive pro-natalist policies have been difficult to maintain and the difficulties are likely to continue.

Germany has spent more money on family benefits and daycare than the OECD average, yet the total fertility rate is around 1.3.40

Here in Canada, Quebec introduced the Allowance for Newborn Children in 1988 to boost fertility in the province. The program gave tax free money to parents who bore children. The program was cancelled in 1997 when the government declared that it had been a failure.41 Under the program, overall births did not increase, likely due to the decrease in the number of women of childbearing age, but a report by C.D. Howe demonstrates that the incentive program did increase the total fertility rate. Despite this increase, total fertility never reached replacement levels. The C.D. Howe report developed an estimate of how many additional children were born who would likely not have been without the program. They estimate that each additional child cost taxpayers $15 000.42 The issue for taxpayers and policymakers is whether long-term gains in fertility can be achieved and at what cost.

Another Canadian study suggests that economic incentives generally motivate Canadian couples who already have a child, and are dual earners with an income under $100 000.43 About 46 per cent of Canadian respondents studied by Statistics Canada suggested that parental benefits would be a “very important” factor in fertility decision making.44 Policymakers will need to consider whether the very modest results of incentive programs are worth the cost. As the age at marriage and first birth continue to climb, shortening the childbearing years, policymakers will need to consider if incentives programs will be effective in the future.

Social spending reform: Some commentators have argued that government spending has inadvertently discouraged fertility. Critics argue that developed countries with high social spending may have driven down fertility rates. According to this theory, wealthy government backed entitlements targeting older adults have eroded familial support. With future government entitlements secured, having children becomes less economically advantageous and less necessary for the purpose of support.45

Canadians generally experience more generous benefits than their American neighbours. Critics have argued that this may another factor explaining the difference in fertility between Canada and the United States.46
Manhattan Institute senior fellow Steven Malanga argues that the United States has maintained above replacement fertility because of the country’s distinctive economy and labour market. He argues that the U.S. labour market affords workers flexible hours and makes it easier to leave and reenter the market compared to other countries.

There has been growing discussion in the United States and Europe about reforming social security and assistance programs in preparation of the looming demographic shift. Analysts believe governments will need to increase the age of retirement in the coming years, particularly as many developed countries are facing economic uncertainty. Aging populations will magnify the risks of large deficits and growing debt.

**POLICY OPTIONS**

Canadians must prepare for the economic challenges that accompany an aging society. The total fertility rate has slowly increased in recent years, but remains well below replacement. Canadian policymakers should be encouraged to prepare fiscally for the future and remove barriers that discourage fertility. Policymakers should be mindful of how policy decisions impact social institutions that contribute to fertility. Policymakers may be tempted to entice fertility growth through incentives; however these efforts can be costly with little sustained growth. The following policy options are offered to provoke discussion among Canadian policymakers.

*Encourage personal planning among Canadians*

A 2004 Australian report warns that many seniors in that country will find themselves either *actually* or *functionally* childless as young people leave the continent in search of work. The report suggests that increasing numbers of older adults will be left without familial support systems. In a large, highly mobile country like Canada, many older Canadians may not have family within close proximity that can respond quickly to their needs.

Canadians need to be planning for the future. A report by TD Economics suggests that Canadians are not adequately preparing for their fiscal needs in retirement. A generation that is fiscally unprepared is only part of the problem. Canadians need to be thinking about their future living arrangements and options for ongoing medical care. An IMFC report on the growing need for senior care argues that 70 per cent of caregivers to seniors are adult children or children-in-law. Families will continue to play an important role as demand for quality care, either home-based or in facilities continues to grow. Families need to be planning together to prepare for future needs of older adults. Canadians need to be thinking creatively about future health and long-term care as well as retirement income.

*Encourage Canadians to save*

Life after retirement isn’t a concern for older adults alone. Canadians entering the workforce need to be considering how current economic choices will affect the future. There is a growing public discussion concerning the amount of personal debt individuals and families are accumulating. A Vanier Institute of the Family report suggests that the personal debt to income ratio is at a record high of 145 per cent. Canadians are not adequately saving, although the recent economic downturn has caused many people to tighten their belt and increase savings. Time will tell if this develops into a long-term trend.

The Institute for American Values launched a campaign promoting the return to thrift and savings to combat the culture of easy credit and debt. There are many benefits to encouraging a savings culture, particularly for low-income individuals. Government projects such as the Canadian initiative Learn$ave have offered incentives for low income participants to save towards homeownership and education. These kinds of programs should be considered to help Canadians prepare for the future.
Encourage Canadians to value marriage

As discussed above, delayed marriage, increased divorce and a growth in cohabiting relationships have negatively affected fertility. Conversely, championing marriage now will pay dividends later, not only by contributing to fertility but by enhancing the conditions in which the next generations will thrive.

The breakdown of marriage contributes to lower fertility, but it also costs taxpayers an estimated seven billion dollars a year. Reversing this trend would reduce taxpayer costs and contribute to increasing fertility although marriage alone cannot reverse low fertility.

Increasing the public dialogue on the value of marriage would contribute in a second way. An aging society will require a vibrant and productive workforce. Marriage is a natural institution that benefits child development. In a 2004 essay, revered sociologist Paul Amato offers a proposal that attempts to span the tension between viewing marriage as an institution and viewing marriage from an individualistic perspective. Amato argues that marriage as an institution provides positive outcomes for society, but that marriage also provides individual benefits; healthy marriages serve both functions. Amato argues that the institutional aspect of marriage will be important over the next two decades as society ages. He notes the evidence that children from married two-parent families have a statistical advantage over their peers. Married two-parent families are best positioned to encourage the healthy development of children. The next generation will feel the strain of the demographic shift and healthy homes can provide the long-term positive development need to succeed in the future. With no other viable alternative institutions, Amato argues, “states will need to provide a variety of resources to enable couples with children not only to marry but also to have healthy and stable unions.” Amato notes that few accessible resources exist for parents and he therefore advocates state-funded marital education, relationship skills training and parenting programs among other social programs that support families. He argues that policymakers need to move cautiously forward with a diverse spectrum of tools that promote healthy marriage while respecting gender equality and personal autonomy.

State endorsed marriage education is not new. The United States federal government enacted the Healthy Marriage Initiative in 2002. A significant part of the program involved funding community organizations and state governments to provide public awareness and pre-marital counselling. Just how successful a federal marriage education program can be remains hotly debated.

A similar idea developed at the local level that has been shown to reduce the prevalence of divorce is the Community Marriage Policy. Under this program religious wedding officials in a community agree to promote pre-marital counselling as part of the marriage process. Community Marriage Policies also ensure the availability of other support programs including support for stepfamilies.

The role of marriage in civil society has been vigorously debated in the United Kingdom and the United States. Canadians have not participated in the same level of debate. A robust national conversation about the benefits of marriage for civil society would draw attention to how policy can strengthen or harm marriage and intern impact society.
CONCLUSION

Like many other developed nations, Canada is an aging society with a total fertility rate below replacement. This will increase the fiscal strain and dictate future policy priorities. Common state responses have included increased immigration, social spending reform, and fiscal incentives to encourage fertility. Sustained fertility growth has been difficult to achieve.

A robust national dialogue on the coming demographic shift is needed. This report has offered several recommendations for policymakers. Policymakers should encourage citizens to prepare for the coming fiscal challenges and should remove government barriers that discourage families from expanding. This report recommends policymakers,

- Encourage Canadians to prepare for the future, planning for long term fiscal, housing and health care needs. Resources for future seniors may not be as readily available. Families need to plan together and discuss desires and expectations.

- Encourage families to save and reduce personal debt. Families must prepare for a future with smaller government provided entitlements. The burden will fall more squarely on individuals themselves.

- Encourage a culture that values marriage. A strong marriage culture can contribute to fertility growth. Marriage remains the best institution for developing citizens whose productivity will be increasingly important in an aging society. This begins with the recognition of the importance of marriage.

The size of a family is a personal decision with national implications. While increasing fertility over the long term is difficult, Canadians can begin preparing for the coming demographic shift. It’s time to engage in a national conversation about Canada’s shrinking families.
Endnotes


3. The total fertility rate is calculated yearly from a compilation of fertility data categorized by age group.

4. Ibid.


15. For further details and provincial breakdowns, see http://www40.statcan.gc.ca/l01/cst01/health40a-eng.htm


22. Bélanger and Oullet, p. 120.


Why families are getting smaller and what to do about it


29 Ibid.

30 Dupis, pp. 4-5.

31 Ibid.

32 Dowbiggin, p. 2.


36 Andrews, Family policies that work, *World Congress of Families V*.

37 Ibid.


39 Ibid.


42 Milligan, p. 1.

43 Crompton and Keown, p. 49.

44 Crompton and Keown, p. 45.

45 Bélanger and Oullet, p. 130.

46 Bélanger and Oullet, pp. 131-32.

47 Malanga.

48 Ibid.

49 Weston, p. 5.


53 The Institute for American Values launched the New Thrift initiative through the John Templeton Center for Thrift and Generosity. More information is available at http://newthrift.org


56 Ibid.

57 Andrews, Family policies that work, *World Congress of Families V*.

58 Ibid.