Evaluating the Contemporary Russia's Pronatalist Family Policy: Evidence from Demographic data and Surveys



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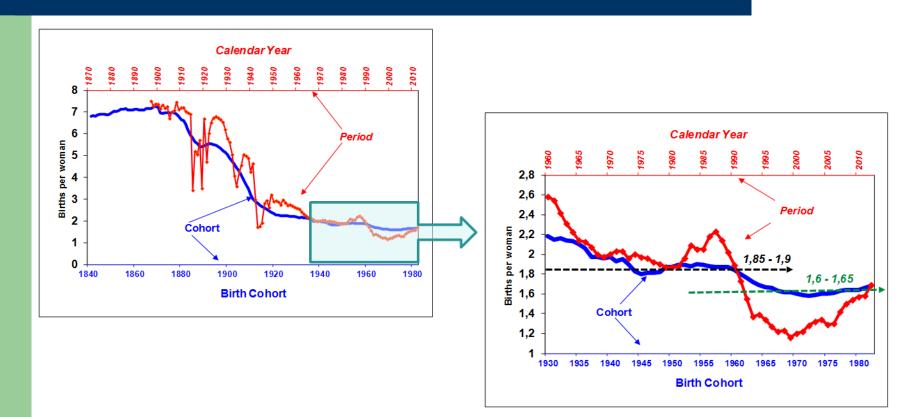
Abstract

Concern for low fertility in Russia led to the implementation of pronatalist measures in 2007. In recent years, fertility has returned to the political center stage in Russia.

In this paper I discuss the success or failure of pronatalist policies using cohort fertility rates, as well as period fertility rates. The latter can be misleading because many couples may react to birth incentives by lowering the age at childbearing and shortening of birth intervals rather than increasing the number of births per woman. A meaningful assessment of the impact of a policy change on cohort fertility can only be made with a lag of at least 10 to 15 years following implementation of the policy, meaning that the results presented for the 2007 measures must be interpreted as preliminary. Nonetheless, this preliminary analysis of age-specific parity progression ratios, estimated based on period and cohort age-order-specific fertility tables (life table technique) casts doubt on the effectiveness of those measures.

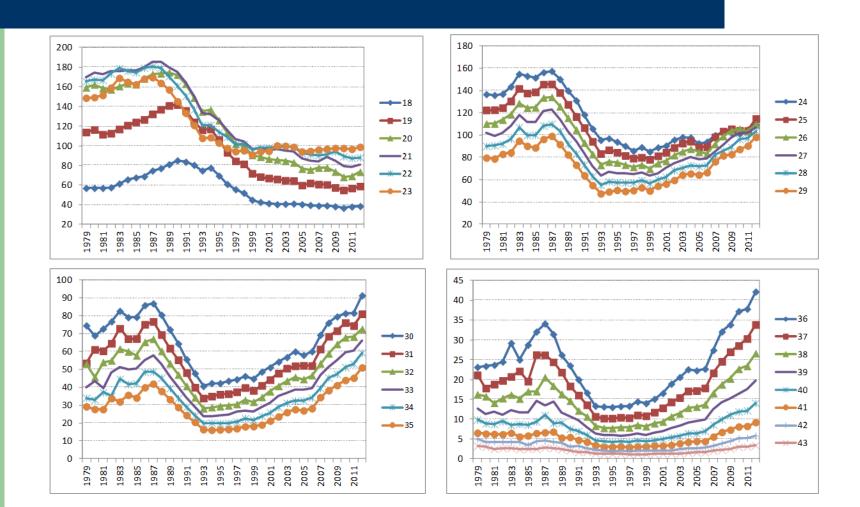
The findings of the low effectiveness of the pronatalist measures confirm the data from three waves of Russia's Generations and Gender Survey carried out in 2004, 2007 and 2011. Despite the fact that financial assistance to families with children was substantially increased and other measures were adopted, intentions to have additional children did not change. Estimates based on the GGS 2011 round show that intentions to have another child were virtually the same as in the 2004 and 2007 rounds. Even though the 2007 policies had been in place for five years, women's intentions to have an additional child hardly changed. The fulfillment of intentions was also low and, more important, only marginally higher after 2007 than before. This comparison also appears to indicate a negligible impact of the 2007 policy measures.

Completed Cohort and Period Total Fertility in Russia (average number of births to a woman by age 50): birth cohorts 1841-1982 (extrapolation with fixed ASFR as of 2012), period 1897-2012

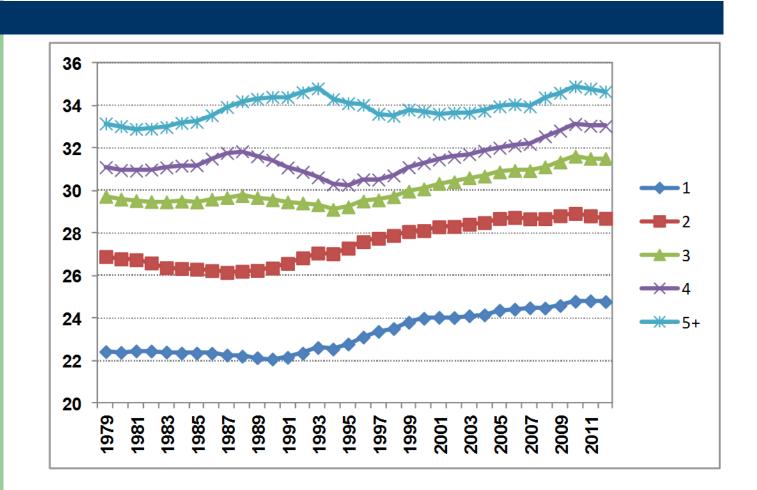


Source: Zakharov S.V. (2008). Russian Federation: From the first to second demographic transition. *Demographic Research*. Vol. 19, p.910 (<u>http://www.demographic-research.org/Volumes/Vol19/24/</u>). (Updated for 2012 data)

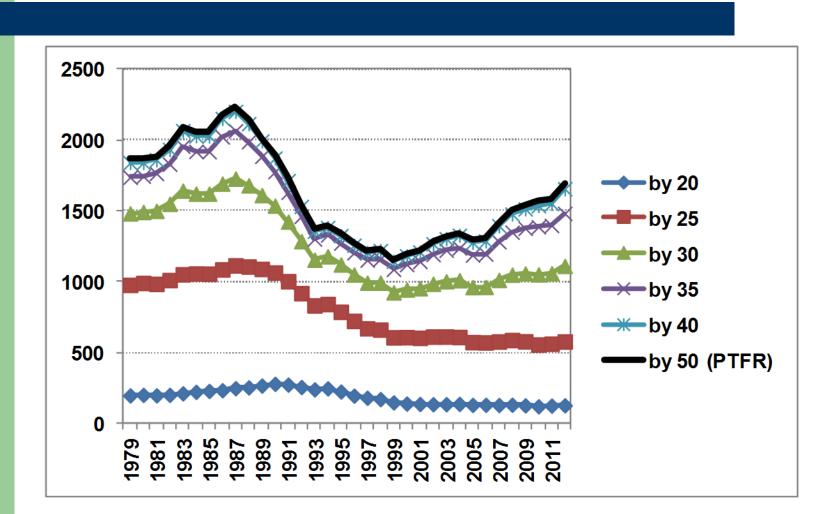
Period ASFR, Russia: 1979-2012, per 1000



Mean Age of Women at Birth by Birth Order (Period Order-Specific Fertility Tables), 1979-2012

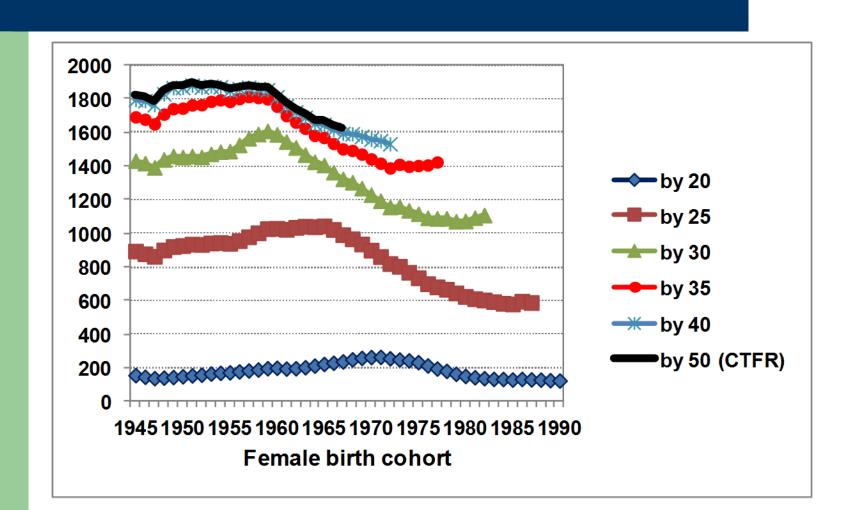


Cumulated Period ASFR, Russia: 1979-2012, per 1000

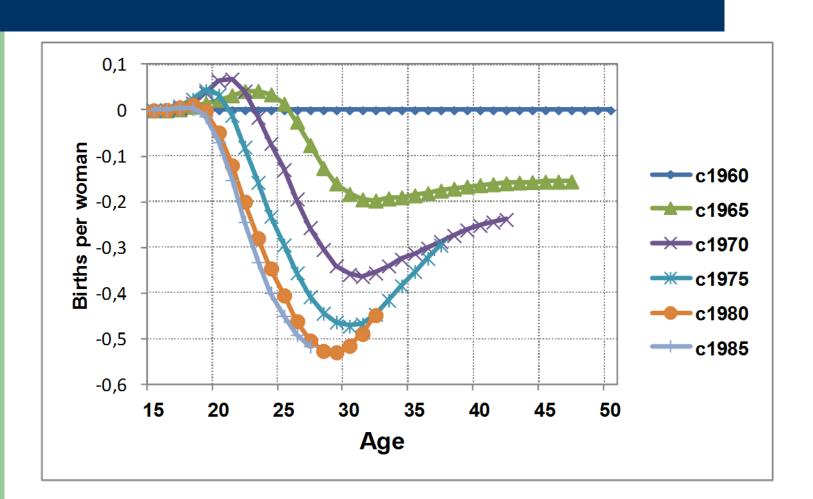


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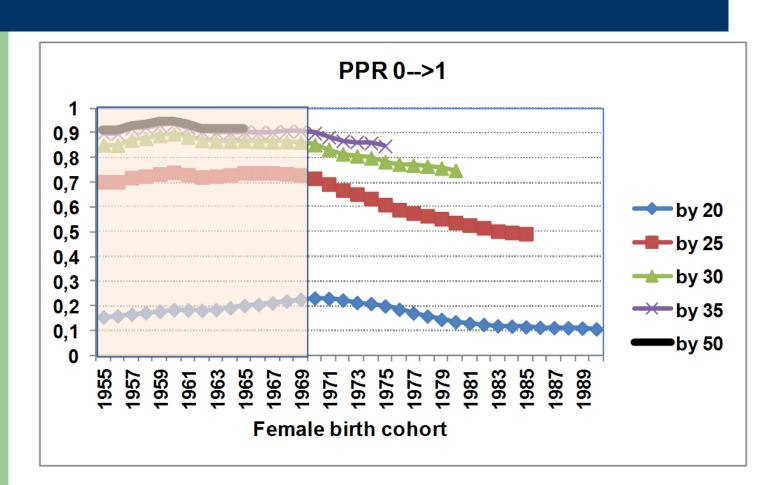
Cumulated Cohort ASFR, Russia: Cohorts1945-1990, per 1000



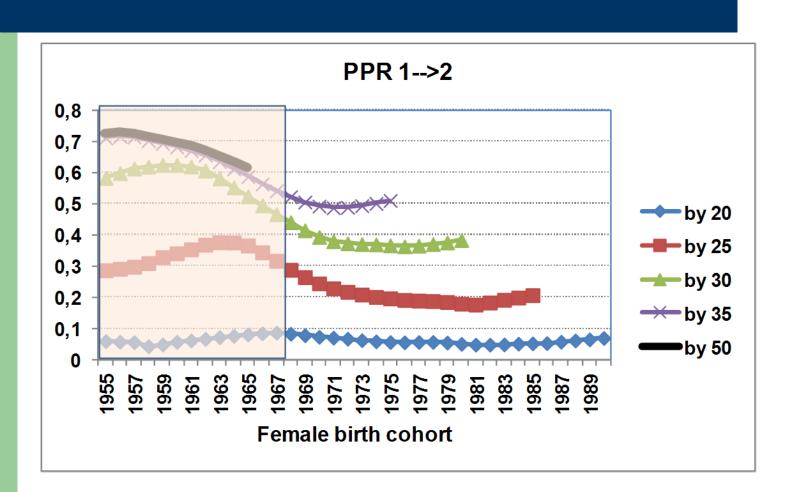
Differences in Cumulated cohort ASFR between base (1960) and subsequent cohorts 1965, 1970, 1975, 1980 and 1985



Parity Progression Ratios by Age of 20, 25, 30, 35, 50: Transition $0 \rightarrow 1$

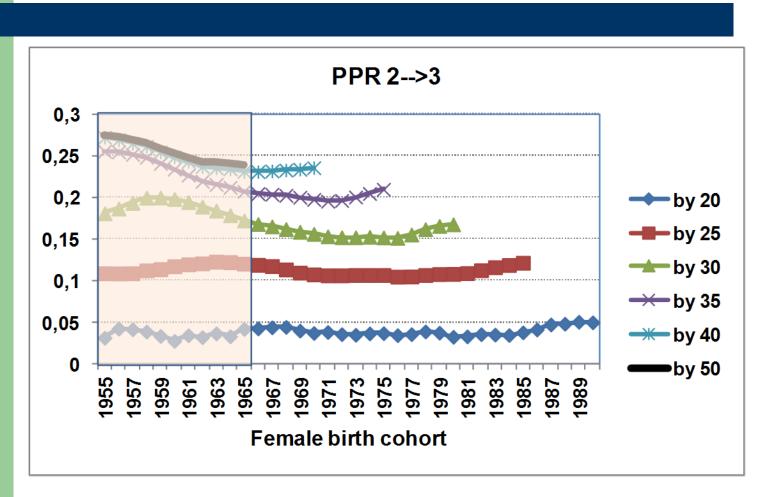


Parity Progression Ratios by Age of 20, 25, 30, 35, 50: Transition $1 \rightarrow 2$



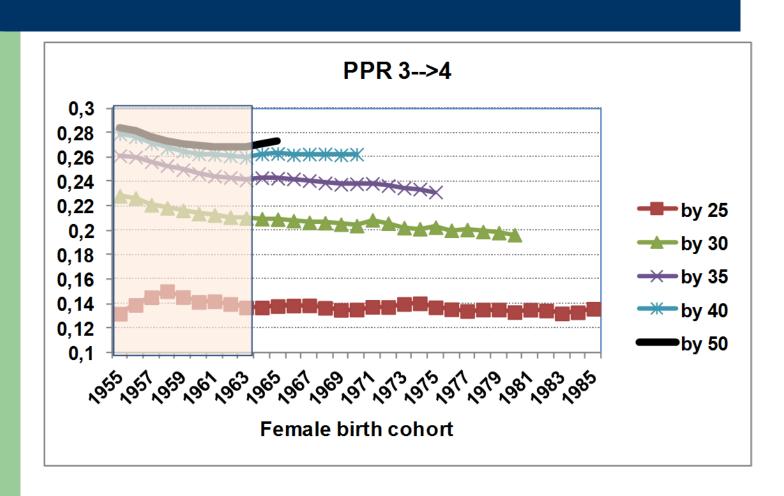
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Parity Progression Ratios by Age of 20, 25, 30, 35, 40, 50: Transition $2\rightarrow 3$

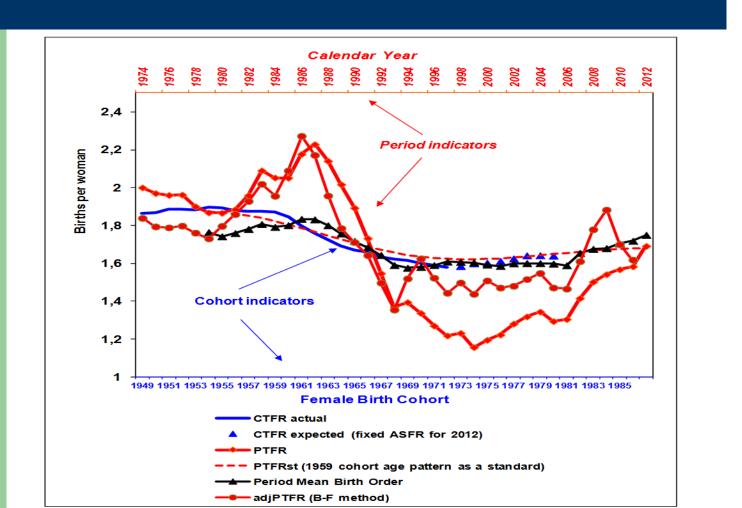


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Parity Progression Ratios by Age of 25, 30, 35, 40, 50: Transition $3 \rightarrow 4$



Different Indicators of Total Fertility: Cohort versus Synthetic Measures, Russia, 1979-2012



Intentions of Ever Having the Next Child, respondents aged 25-35, RusGGS, %

Parity	2004	2007	2011
0	91	85	88
1	71	74	71
2	29	32	33
3	22	30	20
AII	64	66	67

Answers to question "Do you intend to have a/another child during the next three years" by parity at the moment of the survey RusGGS, 2004, 2007, 2011, both genders*

Parity	«Definitely Not»	«Probably Not»	«Probably Yes»	«Definitely Yes»	All
2004	60	19	15	6	100
0	33	23	29	14	100
1	52	21	20	7	100
2+	82	14	3	1	100
2007	57	22	15	6	100
0	35	25	26	14	100
1	50	24	20	6	100
2+	77	17	4	1	100
2011	57	22	17	5	100
0	25	28	35	12	100
1	55	23	18	4	100
2+	78	17	5	1	100

Percentage of respondents who gave a birth within three years after the survey by the number of children already born to the date of survey and by their answers to the question on intentions to have a/another child during the next three years, RusGGS, both genders

Parity	Percentage of respondents who gave a birth in 2005-2007 to those who answered in 2004 to the question on intentions as follows:		Percentage of respondents who gave a birth in 2008-2010 to those who answered in 2007 to the question on intentions as follows:			
	All	«NOT»*	«Yes»**	All	«NOT»*	«Yes»**
0	12	6	20	13	7	22
1	7	3	18	10	5	22
2+	1	1	10	3	2	16
All	6	2	18	8	4	21

* Including those who answered «Probably Not» ** Including those who answered «Probably Yes»

Appendix I.

A chronology of pro-natalist measures in Russia.

The implementation of the new measures began in 2007 and initially included:

- An increased lump sum at the birth of a child of up to 8000 rubles;
- An increased allowance for child care for up to 1.5 years (parental leave) from 700 to 1,500-6,000 rubles per month per child;
- A childcare allowance for non-working mothers for up to 1.5 years, differentiated by order of birth: 1,500 rubles for first child, 3,000 rubles for second child;
- Compensation for the cost of day care (kindergartens); a reduction of fees by 20-70 percent;
- An innovative measure of the "maternity capital" of 250,000 rubles for mothers who gave birth to a second child (also to a third or higher order child, if the second one was born before 2007); an annual indexation pegged to the rate of inflation applies.

Measures in subsequent years

2008

- Rules concerning the indexation of cash payments for births and for child care were approved;
- The upper limit of the maternity leave allowance was increased by 45.1 percent from 16,125 to 23,400 rubles per month;

2009

- The standard tax deduction for each child was increased from 600 to 1,000 rubles per month; the maximum amount of tax deductions for all children is increased from 40,000 to 280,000 rubles per year;
- During the period of the severe financial and economic crisis special rules applied: a part of the "maternity capital" could be used to cover mortgage payments, and a one-time amount of 12,000 rubles could be used to cover current expenses;

2010

- The upper limit of the maternity leave allowance was increased by 36.2 percent from 25,390 to 34,583 rubles per month;
- An increased allowance for child care for up to 1.5 years (parental leave) from 7,492 in 2009 to 13,833 rubles per month per child;

2011

- The standard tax deduction for the first and second child was increased to 1,400 rubles per month, for the third and subsequent children to 3,000 rubles per month; the maximum amount of tax deductions for all children was maintained at 280,000 rubles per year;
- In rural areas land can be allocated to families with three or more children free of charge.

2012

The Government approved a list of 50 provinces of the Russian Federation with a TFR below the national average that will be granted special funds from the federal budget in 2013 to stimulate childbearing, in particular to finance the "maternal capital" program for mothers who will have a third child, and for a few other measures.

2013

- An increased allowance for child care for up to 1.5 years (parental leave) to 16,241 rubles per month per child;
- The "maternal capital" was increased to 408,960 rubles, the lump sum at birth was increased to 13,088 rubles, and a one-time benefit for women who register a pregnancy early of 491 rubles was instituted. These increases represented an indexation of 63.6 percent since 2007.

Appendix II.

	Average monthly salary, rubles	Consumer price Index	Exchange rate, Rubles per 1 USD	Average monthly salary, USD
2006	10,634	9.0	26.9	505
2007	13,593	11.9	25.9	525
2008	17,290	13.3	23.7	730
2009	18,638	8.8	31.0	786
2010	20,952	8.8	30.7	682
2011	22,185	6.1	28.0	792
2012	26,690	6.6	32.9	811

Official average monthly salary, consumer price index, and USD/Russian Rubles exchange rate

Sources: Rosstat and Central Bank of the Russian Federation.