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Britain's Baby Bust: Lessons from abroad on how to fix it

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Executive Summary

Declining fertility rates are a global phenomenon, but they are particularly acute in high-income countries. To maintain a stable population in the absence of immigration, a country requires a fertility rate of 2.1 births per woman. This is known as the replacement rate. In 2024, the fertility rate was 1.4 in England and Wales.[1]

Declining fertility rates will intensify the pressures already facing the welfare state. As the population ages and the old-age dependency ratio increases, a shrinking working-age population will be required to support a growing number of older people.

Young people today are facing substantial barriers to parenthood. In particular, prolonged wage stagnation following the 2008 Global Financial Crash (GFC), combined with high and rising living costs after the Covid-19 pandemic, has made starting a family increasingly unaffordable for many couples. For those who can afford to start families, the British tax system does not provide an incentive to expand their family size.

This report sets out policy recommendations to address the decline in Britain's fertility rate over the last 25 years, drawing from international examples. These policies include**:**

- Targeting financial support by reintroducing tax credits for low-income families;
- Adjusting student loan repayments for those who become parents young;
- Reforming taxes to prevent penalties on families by allowing couples to opt in to a joint tax assessment as a household
- Eliminating the motherhood penalty through flexible working arrangements, including hybrid working and a four-day week;
- Increasing UK housing stock and abolishing stamp duty to expand homeownership rates amongst the young.

These proposals draw on international experience, assessing how other countries have attempted to raise fertility rates and what lessons the UK can learn from their results.

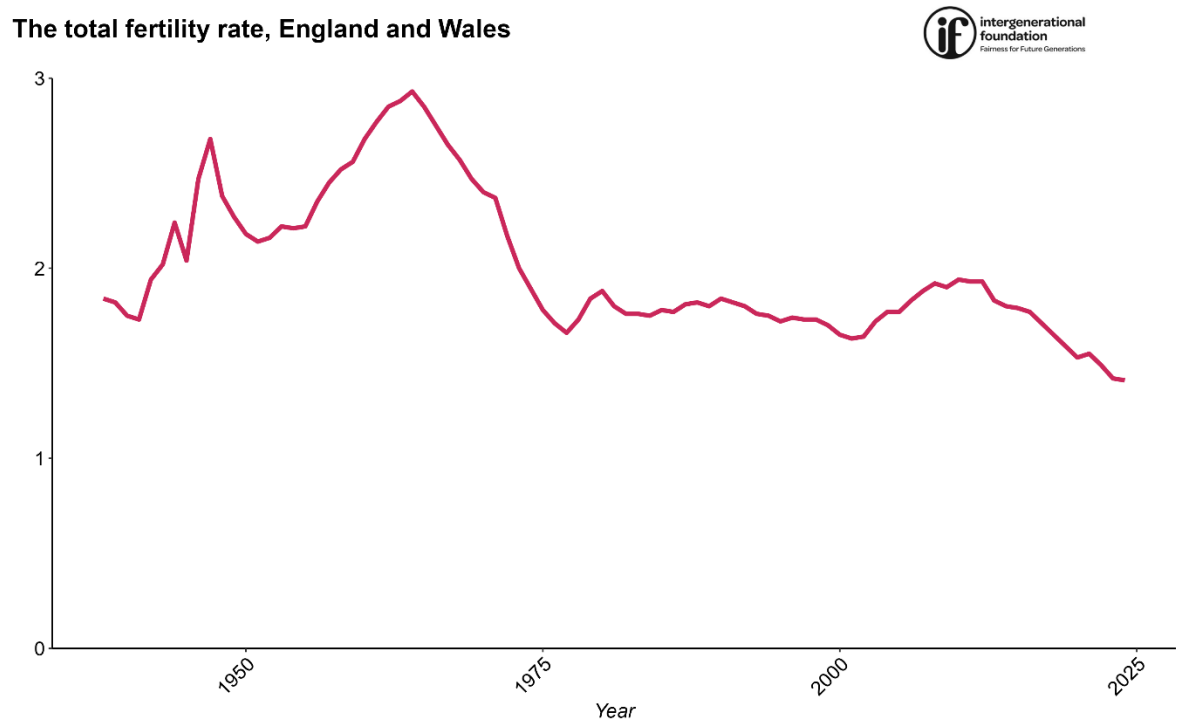
[1] Office for National Statistics (2025) Births in England and Wales: 2024 (refreshed populations) https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/livebirths/bulletins/birthsummarytablesenglandandwales/2024refreshedpopulations

1. What has happened to UK fertility rates?

The UK fertility rate is at a historic low of 1.4 births per woman. This is less than half the fertility rate sixty years ago. This trend is far from unique, with nearly all high-income countries seeing a steep decline in fertility rates over the last 50 years.

Figure 1 tracks the path of the fertility rate in England and Wales. It shows two clear periods of significant decline that have led to the current historic low.

Figure 1



Source: Births in England and Wales from the Office for National Statistics
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The first period of decline happened from the mid-1960s to the mid-1970s, when fertility rates fell from 2.9 in 1964 to just 1.66 in 1977. This freefall mirrors transformative changes to cultural norms, societal attitudes and liberalising legislation of the 1960s. The so-called "permissive society" saw greater access to family planning, secularisation, liberalised divorce laws, as well as the advent of second-wave feminism. These cultural shifts undermined the centrality of family and provided more pathways for women beyond motherhood.

After fluctuating between roughly 1.6 and 1.9 until 2012, the second notable decline is far more recent. Between 2012 and 2024, the fertility rate has declined from 1.93 to 1.41. This second drop-off is more difficult to explain. Fertility intentions, i.e. the number of children women expect to have, have held consistent throughout at around

two children per woman.[2] What has changed is the gap between fertility intentions and fertility rates.

Economic pressures and financial barriers are more equipped to explain the recent decline, which broadly coincides with the GFC. Since then, wages have slumped, while post-Covid the cost of living has increased. We previously estimated that between 2002/03 and 2022/23, the amount under-30 households spend on essentials has increased from 54% of their weekly budget to 70%.[3]

Meanwhile, access to secure and affordable housing has decreased for younger generations. Homeownership among young adults on middle incomes has more than halved since the mid-1990s.[4] In 2024, the average home in England cost 7.7 times the average income of a full-time worker.[5] While not a like-for-like comparison, the average home in the United Kingdom in the 1970s cost only 4.1 times the average income.[6]

Policy decisions have exacerbated these pressures. Worsening student loan terms have added to pressures in graduates' 20s and early 30s. Meanwhile, austerity policies such as the two-child benefit limit, the axing of Sure Start, and real-terms cuts to Universal Credit have reduced support for those on lower incomes. Economically deprived areas have seen a 10% higher annual rate of fertility decline.[7] Meanwhile, a 22.7% cut in local authority spending on children's services from 2009-2020 resulted in a 6.6% decrease in the probability of a birth for low-income families.[8]

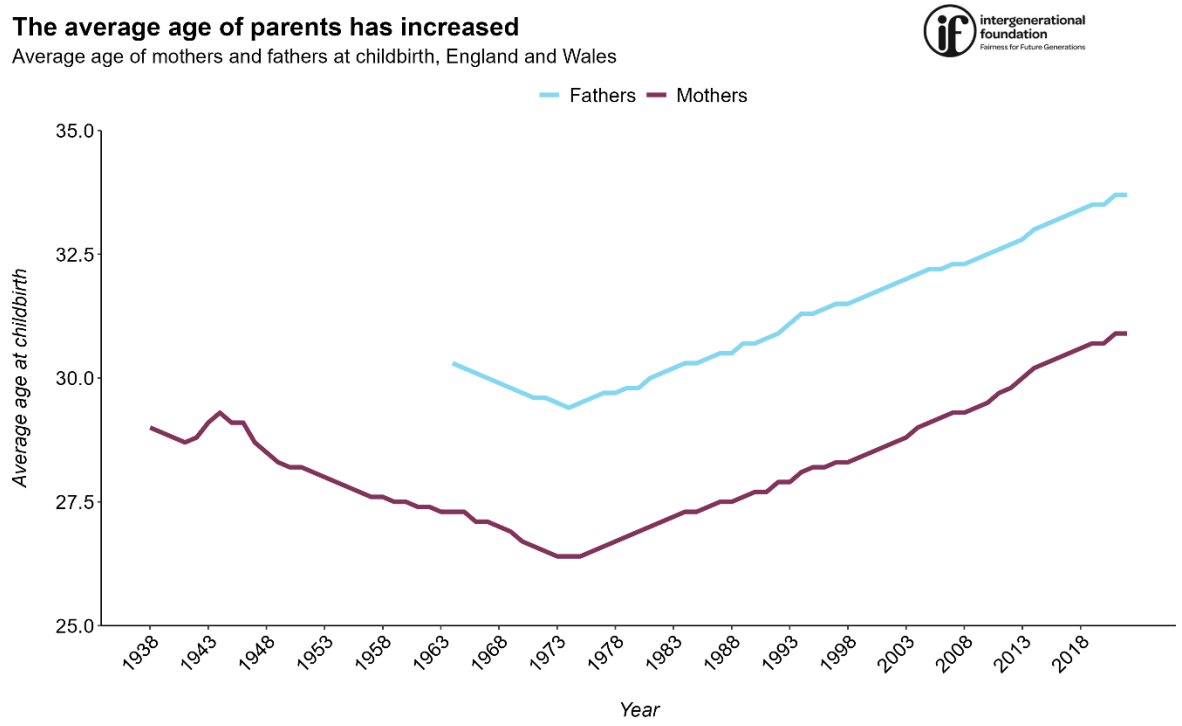
Parenthood has been increasingly postponed. A 2023 study showed that only a quarter of those born in the early 1990s who wanted (more) children were actively trying.[9] The same study found that financial reasons were the most significant barrier for 45% of childless 18–40 year-olds who wanted children. The average age of mothers has risen

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[2] Mccurdy, C (2026) Bye Bye Baby; Assessing Britain's falling fertility rate since the early 2010s
[3] Whelton, T (2024) Blowing the Budget: Why the young must spend more on essentials than the old: https://if.org.uk/research/blowing-the-budget-why-the-young-have-to-spend-more-than-the-old-on-essentials/
[4] Cribb, J., Hood, A., Hoyle, J. (2018) IFS. The decline of homeownership among young adults https://ifs.org.uk/sites/default/files/output_url_files/BN224.pdf
[5] ONS (2025) Housing affordability in England and Wales: 2024 https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2024
[6] Burrows, D. (2023) Mortgage Strategy. Housing affordability ratio doubles since the 70s https://www.mortgagestrategy.co.uk/news/housing-affordability-ratio-doubles-since-the-70s/
[7] Centre for Progressive Policy (2024) The UK's fertility puzzle re-examined: the case against austerity https://www.progressive-policy.net/publications/the-uks-fertility-puzzle-re-examined-the-case-against-austerity
[8] Sochas, L., Chanfreau J. (2025) Social Forces. Austerity as reproductive injustice: did local government spending cuts unequally impact births? https://academic.oup.com/sf/advance-article/doi/10.1093/sf/soaf198/8346068#541845076
[9] Pelikh, A (2023) Fertility intentions and postponed parenthood: Initial findings from Next Steps Aged 32: only a quarter of those born in the early 1990s who wanted (more) children were actively trying

from 28.5 in 2000 to 30.9 in 2022.[10] Similarly, the average age of fathers has risen from 30.3 in 1964 to 33.7 in 2022.[11] In 2024, the age-specific fertility rate decreased by 1.2 births per 1,000 women aged 25 to 29 but increased by 0.5 per 1,000 women aged 30 to 34. These economic pressures that postpone parenthood can translate into biological barriers. A woman's chances of conceiving naturally within one year fall sharply with age, to around 44% by age 40.[12]

Figure 2



While the 1960s drop in fertility rates largely reflected changing preferences, the recent decline appears instead to reflect an inability for women to have the number of children they desire. Closing this fertility gap is the crux of the policy issue. It is neither likely nor desirable that the state can persuade those who do not want children to have children. However, there is a clear place for the government to reduce the barriers to parenthood for those who want to start, or grow, their families.

[10] ONS (2024) Birth characteristics in England and Wales: 2022 https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/livebirths/bulletins/birthcharacteristicsinenglandandwales/2022

[11] Ibid.

[12] Leridon, H. (2004), "Can assisted reproduction technology compensate for the natural decline in fertility with age? A model assessment", *Human Reproduction*, 19(7), pp. 1548–1553

2. Why does a falling fertility rate matter?

It is important to clarify why the fertility rate matters and why a falling one is an issue. There are two key reasons why society would want to increase the current fertility rate.

The first is at the individual level, with regard to the fertility gap. Most would agree that couples who desire children should be able to start a family. If government policy has systematically disadvantaged younger generations' ability to form families, that needs correction.

The second, less obvious but just as important reason is about the sustainability of public finances. Lower birth rates will further drive up the old-age dependency ratio, the number of people aged 65 or older per 100 people of working age.[13] By 2050, one in four individuals will be aged 65 or older.[14] The old-age dependency ratio is projected to rise from 31 to 47 per 100 people of working age over the next 50 years.[15] An older population will demand more healthcare and social services, funded from the taxes of a smaller base of workers. In the absence of major cuts to government spending or greater public debt, these fiscal pressures will almost inevitably result in greater taxes and a striped back welfare state for young and future generations.

Demographic pressures have been compounded by democratic pressures. As the electorate ages, policymakers are incentivised to spend more on older-age benefits to court the grey vote. We have seen this over the past 20 years, as the gap in spending per child versus per pensioner has widened by 170% in real terms.[16] Meanwhile, spending on state pensions has risen steadily over time, from 3.3% of GDP in 1990-1991 to a forecast 5.1% of GDP in 2026-2027, and is projected to rise to 9% of GDP by 2075.[17]

There is a vicious cycle: an ageing population places greater pressure on younger generations, which in turn contributes to declining fertility rates, which then quickens the country's ageing. For public finances to be sustainable, and to retain living standards and current provision of state services, higher fertility rates will be required.

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[13] OECD Old-age dependency ratio indicator https://www.oecd.org/en/data/indicators/old-age-dependency-ratio.html

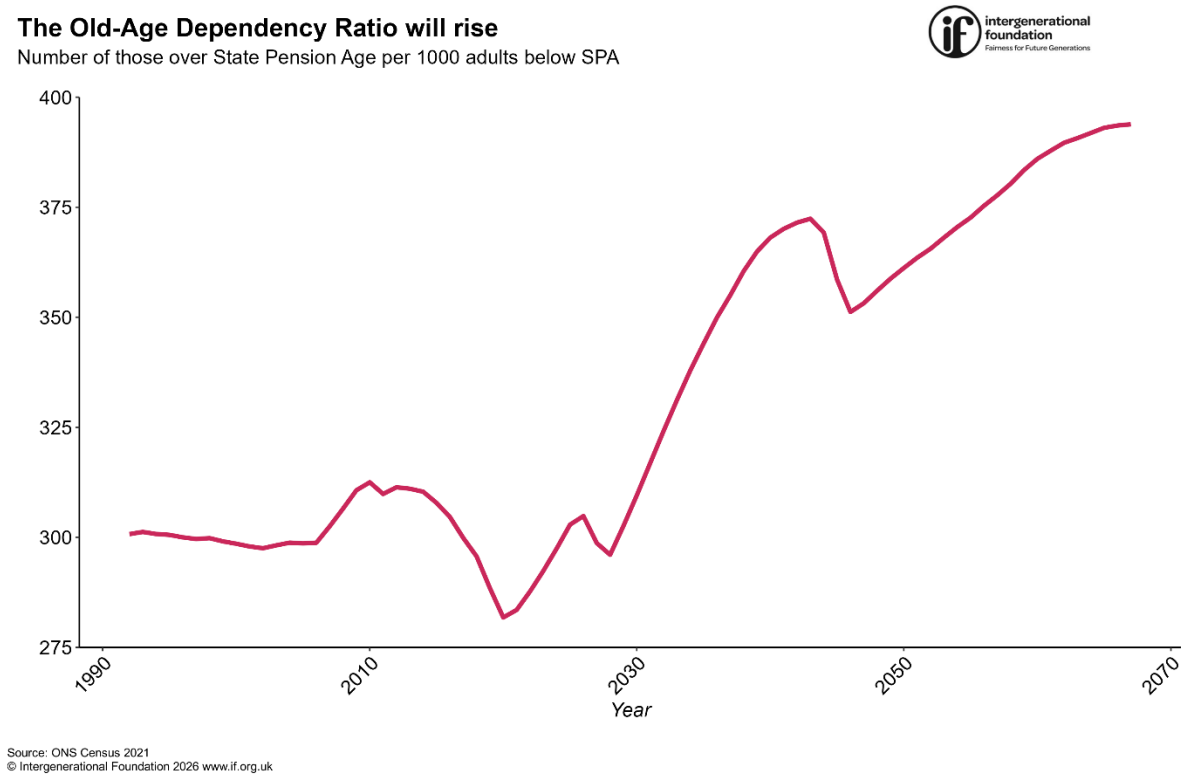
[14] ONS (2019) Living longer and old-age dependency – what does the future hold? https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/ageing/articles/livinglongerandoldagedependencywhatdoesthefuturehold/2019-06-24

[15] Ibid.

[16] Nakkan, C. (2025) Intergenerational Foundation. A Growing Divide: Two decades of intergenerational unfairness https://www.if.org.uk/wp-content/uploads/2025/05/A-growing-divide-two-decades-of-intergenerational-unfairness-interactive.pdf

[17] Office for Budget Responsibility (2024) Welfare spending: pensioner benefits https://obr.uk/forecasts-in-depth/tax-by-tax-spend-by-spend/welfare-spending-pensioner-benefits/

Figure 3



3. International Responses and Recommendations for UK Policymakers

By examining past policy responses from comparable countries, the United Kingdom can learn from successes and failures to inform its response to declining birth rates. The evidence shows that targeted financial support, flexible working, and measures which tackle the cost of living, particularly housing, will be most effective. This report recommends policies that would lower barriers to parenthood for those who want to start a family or to have more children rather than to create a desire for parenthood itself.

3.1 Targeted financial support for low-income families

The policy that most successfully increased fertility in Australia was the Baby Bonus introduced by the Howard Government which gave a universal $3,000 (£1,560) payment

per birth.[18] Due to this bonus, overall monthly births increased by 6.5%, with an increase of 10% in low-income households.[19]

Notably, the Howard Government's First Child Tax Refund was largely unsuccessful in changing fertility rates, and the policy was least generous to low-income households.[20] Since the Baby Bonus was most successful amongst lower-income households, this supports the hypothesis that financial security is a key contributor to couples' decisions to delay parenthood. As such, removing financial burdens which delay parenthood is essential.

Within the United Kingdom, the introduction of the Working Families' Tax Credit in 1999 under Tony Blair had tremendous effects on fertility, increasing births by 15% amongst those targeted by the reforms, which were largely low-income households.[21] Notably, this was more successful than Australia's First Child Tax Refund as it was geared towards lower income households by alleviating the financial burdens associated with parenthood. Since 1999, these financial pressures have only increased in the wake of the financial crisis, Brexit, and the Covid-19 pandemic, thus policies need to be modernised to keep up with growing economic insecurity.

3.2 Tackle barriers to partnership and the student loans burden

Finland's falling fertility rate is mostly due to increasing difficulties among young people to find suitable partners. Over half a million people aged 30 to 64 in Finland live alone.[22] This correlates with the idea that lack of suitable partners can act as a barrier to parenthood. Access to education and employment remain essential as younger men who are less educated and dealing with unemployment are less likely to have children. Among those born in the 1970s around 30-35% of men with lower education levels remained childless by 45.[23] This suggests that investing in education as well as lowering barriers to young people seeking partnership might have a positive effect on birthrates.

While participation in higher education has increased in the United Kingdom, student loan repayment creates a large burden for young parents alongside other costs. Adjusting student loan policy for those who become parents before the age of 30 may be effective in alleviating some of the financial stress which delays parenthood. Female graduates, and most often those who are first-generation students, are less likely to

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[18] Akyol, P., Khattar, R., Vergili, A. (2025) E61 Institute. Australia's Fertility Decline: Evidence and Policy Experience in e61Institute https://e61.in/australias-fertility-decline-evidence-and-policy-experience/
[19] Akyol, P. Vergili, A. (2025) E61 Institute. How financial incentives shape fertility in Australia https://e61.in/how-financial-incentives-shape-fertility-in-australia/
[20] Ibid.
[21] Brewer, M., Ratcliffe, A., Smith, S. (2009) Does Welfare Reform Affect Fertility? Evidence from the UK in the Institute for Fiscal Studies https://ifs.org.uk/sites/default/files/output_url_files/wp0809.pdf
[22] Statistics Finland (2021) Over half a million persons aged 30 to 64 are living alone https://stat.fi/til/asas/2020/asas_2020_2021-05-20_tie_001_en.html
[23] Jalovaara, M. et al. (2019) Education, Gender, and Cohort Fertility in the Nordic Countries.

have children by their mid-40s.[24] While this demographic does accrue more student debt, factors such as whether their mother stayed at home or worked seem to be more impactful, as having a female role-model who can balance a career alongside motherhood remains influential.[25] Therefore, while debt is a factor, empowering women through flexible working initiatives is paramount to raising birth rates.

3.3 Expand flexible working initiatives

Flexible working is crucial to aiding parents with their childcare and a relatively low-cost way of boosting fertility. In Norway, the flexibility brought by the Covid-19 lockdown led to a significant and persistent rise in births, concentrated among women in demanding jobs that had previously offered little flexibility, suggesting that when people are at home and able to balance home-life with work-life, fertility rates rise.[26] Six years on from the pandemic, many companies have adopted hybrid working, allowing for greater flexibility for parents. The evidence strongly suggests that this has a positive impact on fertility. In the United States, from 2023-2025, estimated lifetime fertility was 0.32 children higher for couples where both parents work from home one day a week, compared to those where neither work from home.[27] In 2024, work from home contributed to 291,000 more births a year in the United States, suggesting a tremendous impact.[28] Compared to expensive, one-off policies which only work in the short term such as baby bonuses, implementing more hybrid working would be a low-cost change. Furthermore, it would mean that couples can cut back on childcare costs, and share household and child labour equally, preventing the motherhood penalty from continuing to restrain women's fertility decisions.

The case for a four-day working week is also strong. Though once considered a radical idea, the four-day week has been introduced for Tokyo's government employees to address the increased household labour childcare exerts upon women.[29] A trial experimenting with a four-day working week in the United Kingdom from June-December 2022 found that 60% of employees were more able to balance their work alongside care responsibilities. The policy was similarly successful for the companies

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[24] Adamecz, A., Lovász, A., Vujić, S. (2025) Review of Economics of the Household. Beyond the degree: Fertility outcomes of 'first in family' graduates https://link.springer.com/article/10.1007/s11150-025-09788-z

[25] Ibid.

[26] Bratsberg, B., Walther S. (2025) Labour Economics. The impact of flexibility at work on fertility https://www.sciencedirect.com/science/article/pii/S0927537125001113

[27] Aksoy, C. et al. (2026) Work from Home and Fertility https://nbloom.people.stanford.edu/sites/g/files/sbiybj24291/files/media/file/wfh-and-fertility-29-january-2026.pdf#:~:text=Abstract,Survey%20of%20Working%20Arrangements%20and

[28] Ibid.

[29] Quiroz-Gutierrez, M. (2025) Fortune. Tokyo is turning to a 4-day workweek in a desperate attempt to help Japan shed its unwanted title of 'world's oldest population' https://fortune.com/article/tokyo-is-turning-to-a-4-day-workweek-in-a-desperate-attempt-to-help-japan-shed-its-unwanted-title-of-worlds-oldest-population/

as revenue rose by 1.4% on average over the trial period, and by 35% on average compared to similar periods from previous years.[30]

3.4 Secure affordable and accessible housing fit for the future

Since couples want to feel a sense of security before starting parenthood, expanding housing affordability and accessibility is indispensably important for government efforts to increase fertility rates. In Brazil, the housing credit lotteries demonstrate that access to homeownership significantly boosts birth rates. For adults aged 20-25, winning the housing lottery in Brazil increases their likelihood of having children by 32%.[31] Furthermore, the lifetime fertility increase for a 20-year-old is twice as large when housing is obtained immediately rather than at age 30, indicating a strong link between housing accessibility and fertility.[32]

The United Kingdom's housing market is inaccessible and unaffordable for young, first-time buyers. As such, fairer housing policy geared towards this demographic could yield a similar positive impact on fertility rates, as seen in Brazil. The young have been held back from access to homeownership due to lack of affordability, with a decline of 15 percentage points for those aged 25-34 between 2004-05 and 2021-22.[33]

As house prices climb, fertility rates tend to rise among homeowners and decrease among renters.[34] Thus, the policy response must be twofold: homeownership needs to become more accessible, and renting needs to become more affordable. Growing housing stock in the United Kingdom is an important step to contribute to lowering house prices. However, abolishing stamp duty in favour of a more progressive property tax would be more effective in removing longstanding barriers to housing mobility and thereby family formation. Stamp duty disincentivises older homeowners from downsizing and thereby limits the supply of larger homes which could encourage young couples to start and expand their families. Replacing stamp duty and council tax with a property tax of 0.48% on property value would ensure the government does not lose out on revenue, while ensuring that 77% of households benefit from tax cuts.[35] Ensuring people are able to get on the property ladder young would boost fertility rates by directly addressing concerns around security and affordability.

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[30] Lewis, K. et al. (2023) Autonomy Research. The Results are in: The UK's Four-Day Week Pilot
[31] Van Doornik, B., Fazio, D., Ramadorai, T., Skrastiņš, J. (2025) Vox EU. Housing and Fertility https://cepr.org/voxeu/columns/housing-and-fertility
[32] Ibid.
[33] Nakan, C. (2026) Intergenerational Foundation. Is the housing crisis getting better or worse? https://www.if.org.uk/2026/02/24/is-the-housing-crisis-getting-better-or-worse/
[34] Aksoy, C. G. (2016) European Bank for Reconstruction and Development. Short-term effects of house prices on birth rates https://www.ebrd.com/home/news-and-events/publications/economics/working-papers/short-term-effects-house-prices-birth-rates.html#
[35] Dixon, A. (2022) Intergenerational Foundation. Abolishing stamp duty can help us achieve intergenerational equity https://www.if.org.uk/2022/07/19/abolishing-stamp-duty-can-help-us-achieve-intergenerational-equity/

3.5 Reform taxation to make it more family-friendly

Policies that address fertility issues must address broader intergenerational disparities. If programmes that seek to raise fertility are funded by greater taxes on families, the fertility effects will be dampened. Taxes for families, in particular single-earner households should be reformed.

Nordic countries are considered the gold standard of social policies for families. However, since 2008, they have experienced declines in fertility leaving rates in some, such as Finland, now lower than the EU average.[36] While Nordic families receive some of the highest levels of state support, they also face some of the highest income tax and social insurance contributions. Families receive some of these taxes back in the form of generous childcare support, but a large portion of these taxes still flow towards welfare for the elderly.[37] The cost of looking after the elderly is almost entirely funded through by the taxes raised from the working-age population, while the cost of raising a child is still primarily privatised.

Addressing fertility in the United Kingdom must therefore account not just for benefits, but for who funds these benefits. More childcare support funded by higher taxes on working-age households will be partially self-defeating. Conversely, if they were funded by ending the state pension triple-lock for example, the fertility effects would be unimpeded. Without addressing broader issues around how wealth, burdens and government spending are distributed between generations, childcare policies amount to tinkering around the edges.

A clear place to start would be reforming the punitive treatment of single-earner families. The United Kingdom has the ninth highest tax burden on single-earner families in the OECD, with these families being more likely to be in the bottom-fifth of families for disposable incomes than single-parent families.[38] Thus, allowing couples to opt in to a joint tax assessment as a household, rather than as individuals, drawing on the household-based systems in France, Germany and Switzerland, would prevent further penalties on single-income households.[39] Ensuring that this remains optional would help to limit any negative impact on women's employment while empowering families to make decisions which suit their needs as a household.

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[36] Vanhuysanne, P (2024) The New Nordic Paradox: How Family-friendly Welfare States Burden Parents the Most, https://ifstudies.org/blog/the-new-nordic-paradox-how-family-friendly-welfare-states-burden-parents-the-most

[37] Vanhuysanne, P (2018) Pro-elderly welfare states within child-oriented societies

[38] Stanley, L. et al. (2021) Onward. Family Fortunes: The case for a broader and deeper family tax allowance https://www.ukonward.com/wp-content/uploads/2021/12/family-fortunes-final.pdf

[39] Ibid.

4. Conclusion

Ensuring access to secure housing, flexible working, and easing cost-of-living pressures should be at the top of the government's agenda to overcome falling fertility rates. It is essential to avoid the assumption that fertility will inevitably decline in more developed nations as people become more individualistic and less interested in parenthood.

Rebalancing public spending between generations is essential not only to invest in Britain's future but also to provide families with support and resources. With greater financial support, flexible working and more secure housing, raising children would be perceived as less of a burden on economically strained families and more of a community supported endeavour.

There is no singular strategy that will be effective to encourage young people to have children. Rather, policymakers should focus on alleviating the financial barriers to parenthood that young people face. As different demographics state differing reasons for delaying parenthood, policy responses need to be holistic and focused on long-term investment in restoring Britain's public services to ensure young people who want to have children are more supported in doing so. Finally, addressing the housing crisis is essential to grant young people the security they need to take on parenthood and avoid the further delaying of life milestones which has contributed to declining birth rates.