

REPLY TO TOMAS SOBOTKA

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In his comments on my 2001 EJP paper, Tomas Sobotka raises several important issues that are all well taken. His major concern is that with the current data alone we are not really able to identify the true and valid explanation (the *true* model – if there is one) of the changes in fertility in East Germany. This concern culminates in his final statement that "To increase our understanding of fertility change in the former GDR, we need to move well beyond the substantive empty mechanistic view of fertility change, and rather try to obtain interdisciplinary and theory driven explanations." I fully agree with this statement. We need to obtain additional insights from outside the actual data to make sense of all the different estimation results (in other words: to 'identify' our model). In fact, in a previous paper (Lechner, 1998; not referenced in the comment but the reason why my 2001 paper was sub-titled "An update") I did exactly that. In

my 1998 paper I developed hypotheses from the point of view of neo-classical fertility models and confronted them with micro and cohort data. It turned out that the data appeared to be broadly compatible with the main insights from these models. Of course, there are competing theoretical explanations inside and outside economics that are also worth to be confronted with the data. I can only encourage Tomas Sobotka and other colleagues to do so. East Germany provides a unique experiment that can be used to shed light on the plausibility of many of our theoretical explanations of fertility differences.

Let me now comment on a few specific points raised in the comment to avoid major misunderstandings. First, I am not so pessimistic about the interpretation of the fertility changes observed at the cohort level for many transition countries. In fact the 'speed differences' that appear to be positively correlated with the speed of transition are supportive of and provide a (perhaps small) piece of overall evidence in favour of the convergence hypothesis.

The comment next questions the evidence based on micro data. Here I disagree strongly with Sobotka and I feel the need to clarify a few things. The goal of the econometric analysis is to explain individual births during 1991-1995 by exogenous factors that differ between individuals. Subsequently, manipulating the differences in the distribution of the exogenous factors (conditioning variables) between East and West Germany, I reached the conclusion that most of the difference is explained by these factors. However, to avoid what is known as 'endogeneity bias' in econometrics, one should not include conditioning variables that could be affected by individual fertility in the period considered. Given these considerations, I find the result that most of the differences can be explained by status information in 1990 (given that many other factors that 'explain' fertility are omitted) most supportive for the convergence hypothesis.

Of course, these results and the fact that the distribution of these variables differs substantially between East and West Germany is fully compatible with converging fertility rates at the macro level. First, over time the influence of individual differences measured at the time of the German reunification will diminish because they are simply not relevant for later cohorts (other than being correlated with current differences). Second, the distributions of (at least) several

characteristics (like the birth histories for the following cohort, for example, measured in 2000) are converging over time, thus leading to convergence per se.

I fully acknowledge that there are persistent differences in the economic conditions between East and West Germany that will probably remain for some time. However, the literature is still pretty much divided on what this means for fertility. Thus, this is another interesting question raised by Tomas Sobotka that deserves further investigation. I thank Tomas Sobotka for his well-thought remarks that shed additional light on an interesting issue and call for further research into questions that are still open to controversy.

Additional reference

Lechner, Michael (1998); Eine empirische Analyse der Geburtenentwicklung in den neuen Bundesländern, *Zeitschrift für Wirtschaft- und Sozialwissenschaften (ZWS)*, 118, 463-488.