THE RELATIONSHIP OF FAMILY PLANNING TO
SAVINGS AND CONSUMPTION IN TAIWAN

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Abstract—This study relates fertility behavior to modern economic behavior, namely, saving and consumption of modern durables, for a sample of couples in Taiwan. It uses only couples who say they want no more children, and these couples are further classified by current use of contraception and by whether or not they already had excess fertility. Couples who are successful fertility planners, i.e., those who have no unwanted children and are current users of contraception, are distinctive with regard to modern economic behavior as compared to couples who do not use contraception or have excess fertility. Successful planners are more likely to save and to have more modern durables; these differentials remain when adjustments are made for the effects of family income, wife's age, wife's education, and duration of marriage. It seems that the kind of planning behavior which enables a couple to successfully plan their family size also enables them to manage their economic affairs so that they can save and enjoy more modern consumption goods.

Questions about the relationship between economic development on the one hand and population, fertility, and family planning on the other are treated often at the macro level (Coale and Hoover, 1958; Adelman and Morris, 1966), but there is almost no work at the micro level of the family to determine whether modern economic behavior is associated with modern behavior in planning family size. For example, are the families who enter the modern sector to buy consumer durables and who accumulate savings also those who use contraception and are successful in having the number of children they want? It is frequently observed that among families who have had all the children they want, some use contraception and have no more additional children. It is puzzling that many others go on to have more children than they want, either failing to use contraception or using it only after one or more unwanted children. Is the group which stops with the desired number and uses contraception to prevent additional births distinctive in its consumption and savings behavior?

A great deal of research has been done on the determinants of fertility behavior, but the focus has been primarily on sociological and demographic factors. For example, little work has been done on the psychological factors which lead couples to want children or to use contraceptives effectively to have their desired number (Fawcett, 1970, pp. 1-5). Although it is generally recognized that economic factors can affect family size decisions, many fertility surveys limit their investigation of economic variables to a single query about family income.

This paper presents a modest empirical analysis of the relationship of economic behavior to family planning practices. For a sample of couples in Taichung,
Taiwan, who said that they wanted no more children, we shall find that saving and modern consumption does distinguish those who have used contraception and have been successful in avoiding unwanted children. Further, these results are not a function of differences in family income, wife's education, wife's age, or duration of marriage.

The data come from a longitudinal study of a sample of 300 Taichung couples with wives in the childbearing years. The wives were interviewed in 1962 with regard to their birth and contraception histories, desired family size, and a variety of other demographic and socioeconomic measures. A rough measure of family income was obtained, as well as an ownership inventory for nine modern consumer durables: electric fan, electric iron, clock or watch, radio, record player, sewing machine, electric rice cooker, bicycle, and motorcycle. After three years—in 1965—the husbands in these families were interviewed to record the family's fertility and family planning experience during the inter-survey period and to obtain additional economic data. The sample of 300 families was a sub-sample of a fertility survey sample of 2713 Taichung families; the original sample was stratified for income and education and the reinterview sample was drawn randomly from within these strata.

Two main measures of modern economic behavior were used: (a) saving—limiting present consumption to attain desired objectives later—which involves rational planning and is characterized as "modern"; (b) the ownership of modern durable consumer goods, which involves the desire and ability to enter the modern economy with respect to consumption. While some economists and planners see the consumption of modern durables as detracting from the savings needed for development, the author has demonstrated elsewhere (Freedman, 1970) that in Taichung the ownership of modern consumer durables is positively correlated with saving and other modern economic behavior, independently of income, education, and stage of the family life cycle. It is of both theoretical and practical interest then to establish whether couples who plan their fertility effectively are modern in their savings and consumption behavior and whether they manage to achieve both concurrently.

The measure of savings is rather crude. Husbands who reported having savings in any of the savings media used in Taiwan were classified as savers. Thirty-six percent of the sample families had such savings. Consumption of modern durables is measured in several ways. One measure is the mean number owned, both at the original interview and at the reinterview, of the nine consumer durables listed in the original inventory. This list had proved to be a reasonably good choice for the larger sample of 2713 families interviewed in 1962; it yielded a mean of 4.5 objects owned with a considerable dispersion (standard deviation of 2.0). Since many of the items on the list had only recently become available in 1962, it seemed useful also to have a measure of ownership in 1965. To highlight those couples who had very low ownership of the objects, the percentage of those who owned fewer than three objects is also used as a consumption measure; such families are designated "low owners". Between 1962 and 1965 several new, large consumer durables came on the market: refrigerators, television sets, and gas burners. There is a briefer treatment of ownership of these items.

This analysis is limited to the 238 couples who had in 1965 all or more than the number of children reported as wanted three years earlier in 1962. The use of a 1962 measure of desired family size avoids the tendency of couples to rationalize their achieved family size as exactly what they wanted. The couples