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## Family Policy as an Investment in the Future

*Martin Zeman*

### Summary

The decline in the birth rate in the Czech Republic, which reached a historically lowest level in 2025 over the past 240 years, indicates that this development is not the result of a one-off shock, but rather a combination of structural demographic factors, economic uncertainty, and deeper societal changes. Reversing this negative trend requires a comprehensive approach involving the stabilisation of the economic environment, support for family policy, and systemic changes that enable a better balance between work and family life.

### Key Takeaways

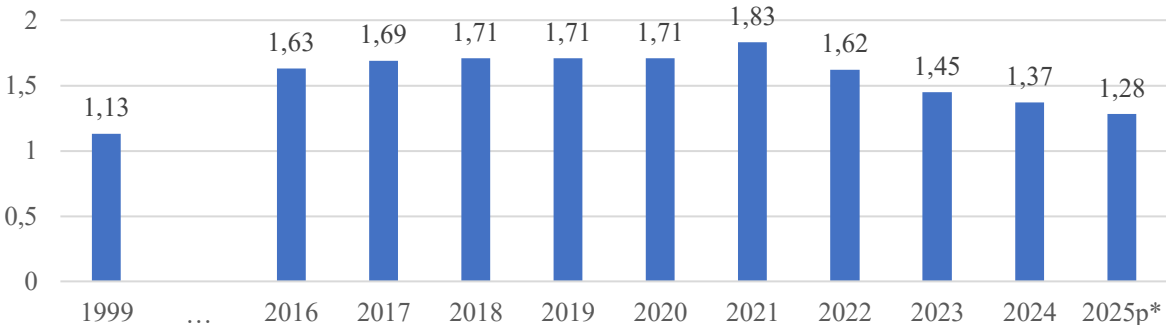
- The decline in the birth rate is the result of a combination of demographic, economic, and institutional factors - with a key role played by the concurrence of low fertility and weak population cohorts of women of reproductive age.
- Economic uncertainty and reduced housing affordability lead to the postponement of parenthood, which has long-term negative effects on overall fertility and increases the likelihood of childlessness.
- The current policy framework weakens the economic motivation for parenthood; therefore, a comprehensive and systematic transformation of family policy, as well as of the broader socio-economic environment, is essential to mitigate the demographic decline.

The Czech Republic entered 2025 with the lowest number of children born in the past 240 years. Their number fell to 77,000, representing the lowest value recorded since the beginning of continuous demographic records in 1785, during the reign of Joseph II, who introduced this system following the reforms of his mother, Maria Theresa. The Czech lands are thus experiencing one of the most significant demographic fluctuations, surpassing even those seen during periods of war or economic crisis. Birth rates are declining across all regions and throughout the entire age spectrum of women. Over the past four years, the number of births has fallen by a third, equivalent to the disappearance of a town the size of Třinec from the demographic map of the country.

The low birthrate is related to a decline in fertility, that is, the number of children per woman. This has been steadily decreasing since 2021. This decline is not the result of a single specific event, but rather the concurrence of significant economic uncertainties in recent years, changes in life priorities and lifestyles, pressure for work performance, and the demographic structure.

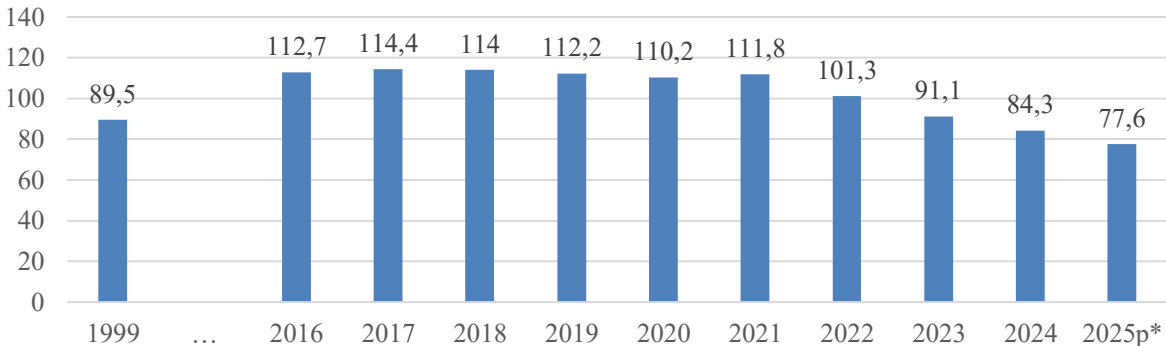
Additionally, the record-low birthrate is also significantly influenced by the size of the cohorts of women of reproductive age. Today’s potential mothers come from the weaker population cohorts of the late 1990s and the early 2000s, who are now entering the age at which women typically become parents. The combination of a low number of potential mothers and sharply declining fertility therefore creates a trend that is difficult to reverse without active and targeted government policy (Czech Statistical Office, 2026).

**Figure 1: Fertility Trends in the Czech Republic**



**Source:** Czech Statistical Office, 2026; author’s own calculations; p\* – projection.

**Figure 2: Trends in the Number of Live Births in the Czech Republic (in Thousands)**

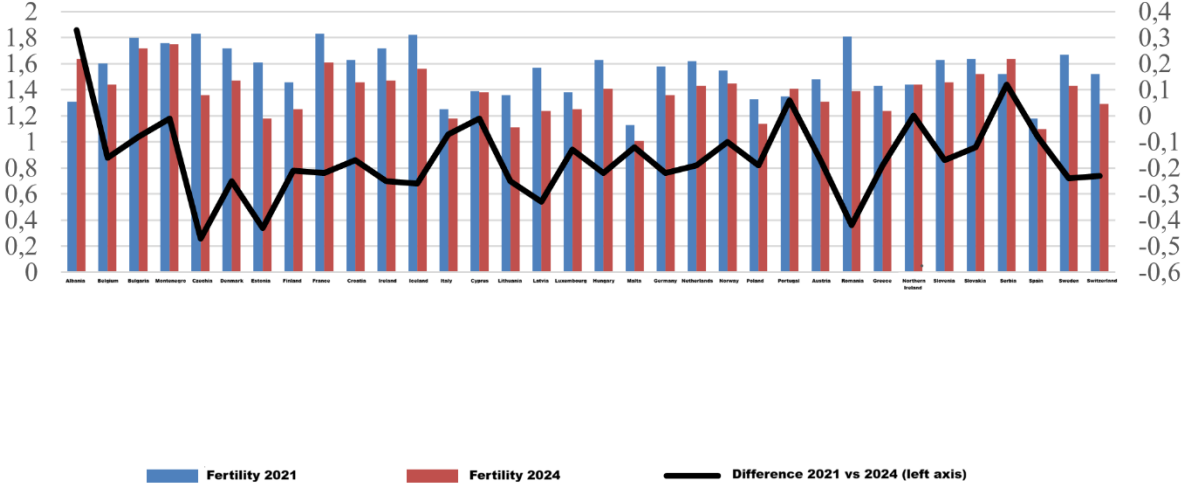


**Source:** Czech Statistical Office, 2026; author’s own calculations; p\* – projection.

The Czech Republic has experienced demographic fluctuations in the past; however, the current situation is considerably more serious. On the one hand, the decline in fertility is evident across all age groups, reaching nearly 40% among young women aged 20 to 24. At the same time, over the past ten years, the age of first-time mothers has increased by one year to 29.2 years, while the average age of women at childbirth has reached 30.6 years. If the current level of fertility were to be maintained throughout the entire reproductive period of this generation, up to 38% of women would remain completely childless.

Despite the fact that the decline in fertility is evident across Europe, some countries have managed to at least partially mitigate this unfavourable trend. They achieve this primarily through a combination of accessible and high-quality childcare, consistently structured family support measures, greater labour market flexibility, and targeted housing policies. For example, France has long succeeded in maintaining relatively strong fertility levels (1.83 in 2021 compared with 1.61 in 2024). By contrast, the Czech Republic recorded the most dramatic decline in fertility among the countries observed between 2021 and 2024, falling to the level of Germany. Yet as recently as 2021, it ranked among the leaders, with fertility exceeding 1.83.

**Figure 3: Fertility Trends in Europe**



**Source:** Eurostat, 2026a.

The data published by the Czech Statistical Office therefore currently represent not merely a statistical figure, but above all a significant warning signal. The Czech Republic will be compelled to reassess the current configuration of its family policy. The coming years will reveal whether it will be possible to at least partially reverse this unfavourable trend.

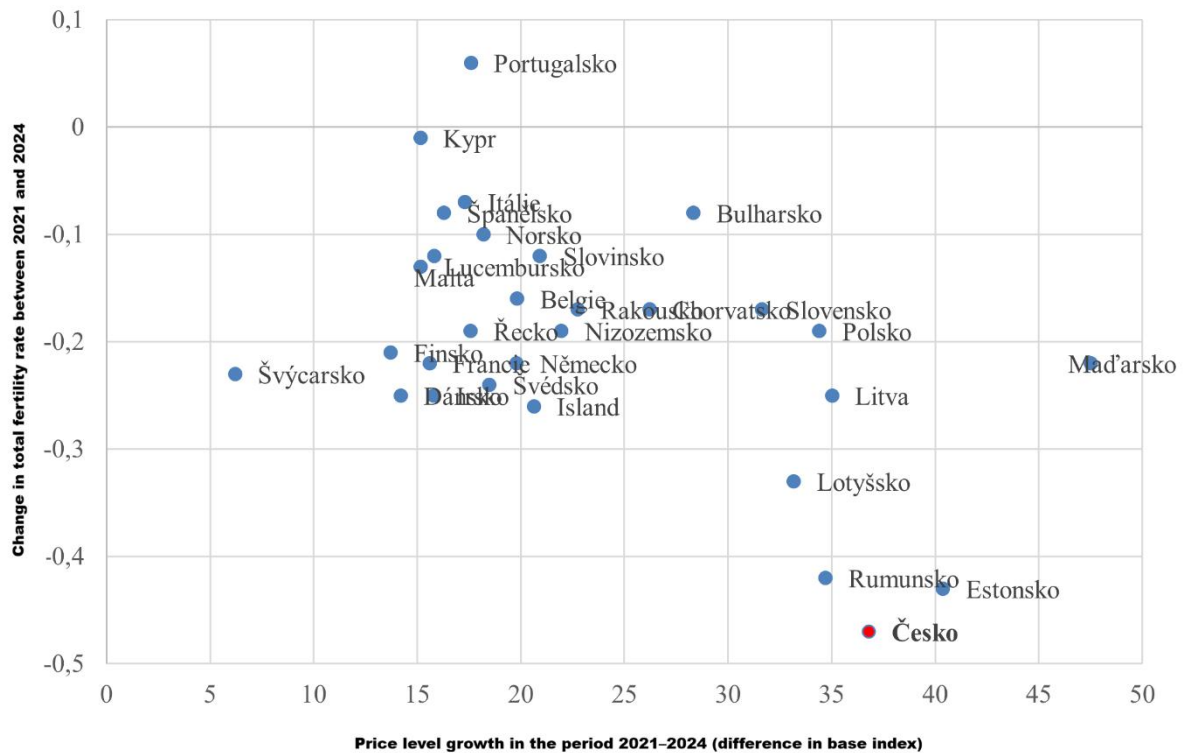
The individual factors contributing to low fertility can be divided into long-term and short-term categories. Long-term factors are evident across all developed economies and are primarily associated with structural changes in society, such as rising levels of education, the postponement of parenthood, and shifts in individual preferences. At present, these are compounded by short-term factors that further reduce both the willingness and the ability of young people to start families, particularly increased economic uncertainty, rising living costs, and reduced housing affordability.

### Short-Term Influences

A key factor at present is economic uncertainty. Rising living costs, particularly in the areas of housing, energy, and food, are leading young households to postpone major life decisions, including

parenthood. The average age of first-time mothers is 29.2 years; the average age of women at the birth of their second child reaches 31.5 years, and at the birth of their third child, 33.2 years. One of the lowest levels of housing affordability in the entire European Union further exacerbates this trend and contributes to the continued postponement of the birth of the first child.

**Figure 4:** Changes in the Price Level and Fertility in European Countries (2021–2024)



**Source:** Eurostat, 2026a; Eurostat, 2026b; author's own elaboration.

The correlation between the growth of consumer prices and the decline in fertility is also confirmed by the information presented in Figure 4. In the lower-right part of the graph (countries highlighted in the red circle), there are countries that recorded a high increase in consumer prices between 2021 and 2024; at the same time, these countries experienced the largest decline in fertility during the observed period. Conversely, in the upper-left part of the graph are countries whose cumulative inflation was not as high and which did not experience such a pronounced decline in fertility; in some cases (Portugal), fertility even increased slightly.

The Czech Republic, together with Estonia, Latvia, and Romania, belongs to the group of countries that recorded significant inflation, which is also reflected in their fertility data. However, it should be emphasised that this concerns a relatively short period.

On the other hand, data from across Europe confirm that young people respond immediately to changes in the economic situation. Significant economic shocks lead to the phenomenon of the postponement of parenthood. However, this postponement is not neutral in its consequences. Delaying motherhood not only increases the likelihood of childlessness but also reduces the probability of having a second or third child. Although the total number of children that families plan to have may remain stable, the actual realisation of these plans is lower at the level of society as a whole.

Another significant short-term factor is the insufficient infrastructure for reconciling family and working life. In many regions, there is still a lack of adequate capacity in nurseries

and kindergartens, or their availability is uneven. This means that women in particular face high opportunity costs of motherhood, as career interruptions or reductions in working hours have long-term impacts on their income and professional advancement. Moreover, the modern labour market often requires time flexibility, mobility, and high availability, which is in direct conflict with parenthood. This not only leads to a lower willingness to have children but also results in families having fewer children than they originally planned.

## Long-Term Influences

In addition to these short-term factors, it is essential to understand the deeper long-term changes. Modern societies have undergone a fundamental transformation of values, with the emphasis shifting from collective and family commitments towards individualism and self-realisation. Parenthood is no longer perceived as a self-evident life goal, but rather as one of several life choices that compete with career aspirations, personal development, travel, and leisure time.

Paradoxically, the wealthier a society becomes, the higher the opportunity costs of parenthood. Raising children is associated not only with explicit costs in the form of expenditure on food, clothing, education, and healthcare, but also with opportunity costs. These represent the value of alternative activities that parents forgo. In affluent economies, the value of time and human capital increases. Career paths are more dynamic and strongly reward flexibility and continuity. Consequently, interruptions to employment due to childcare often do not merely result in a temporary loss of income, but also lead to a long-term deterioration in career prospects, slower wage growth, and a weaker position in the labour market.

Similarly, in affluent societies, the range of alternative ways in which time and resources can be used expands, many of which parents must forgo in favour of parenthood. During the period of the centrally planned economy, these alternatives were significantly limited. Opportunities for travel, individual consumption, and professional mobility were restricted, and parenthood therefore did not compete with a wide array of other life choices. As a result, having children was not perceived as the sacrifice of significant opportunities, because such possibilities were not available.

In the contemporary world, however, the opportunities to travel, work abroad, pursue education, change career paths, or invest in personal development significantly increase the value of time. Parenthood therefore now competes with a substantially broader range of alternatives than in the past.

Another fundamental factor contributing to the decline in fertility can be considered the introduction and gradual expansion of the pay-as-you-go pension system. This system effectively socialises the economic benefits of children. Contributions that children make in adulthood through taxes and social security payments are distributed among all pensioners, regardless of whether they were involved in their upbringing. The introduction of this system has weakened the direct link between parenthood and security in old age, while also creating a situation in which childless individuals receive pensions financed by the children of others. Within the logic of this system, it is important to recognise that today's children finance the pensions of current retirees without directly establishing an entitlement to the financing of their own future pensions.

From a historical perspective, children fulfilled a dual economic function. On the one hand, they represented an investment in human capital, both through the relatively common practice of child labour in the past and in the form of their future contribution to the family economy. On the other hand, they served as a form of informal old-age security, as the care of parents in later life was primarily the responsibility of the family. However, with the introduction of public pension systems, security

in old age gradually became an institutionally guaranteed matter, largely independent of individuals' reproductive decisions.

Parenthood has thus transformed from an investment and a safeguard against poverty in the old age into a predominantly private cost associated with high direct and indirect expenses. Its main long-term economic benefits are largely dispersed throughout society. Childless individuals or families with a low number of children therefore often adapt rationally to a system in which having children entails high costs, while the benefits are not symmetrically internalised. From an economic perspective, the family consequently partially loses one of its key functions, and children, from the parents' point of view, shift from being a source of future security to becoming primarily a private project. Moreover, in the Czech context, pension savings are not differentiated according to the number of children.

## Recommendations and Conclusion

The Czech experience of recent years demonstrates that decisions regarding parenthood are exceptionally sensitive to economic stability and the real well-being of households. The sharp increase in inflation and the associated decline in real wages between 2021 and 2024 created an environment of heightened uncertainty, in which Czech households postpone long-term and difficult-to-reverse decisions, including starting a family. A fundamental, albeit challenging, step must therefore be the mitigation of economic fluctuations and dramatic declines in real incomes, particularly among young households of working age. Stability of purchasing power, predictability of social transfers, and confidence that the state is capable of responding effectively in times of crisis constitute essential prerequisites for the restoration of reproductive behaviour.

It is appropriate to build upon this stabilisation dimension with targeted incentives that can influence the timing of births. One of the key instruments is an increase in parental allowances. Although it is not intended to compensate fully for all the long-term costs associated with parenthood, it sends an important signal that the state shares part of the economic risk. These financial incentives can help to reduce the postponement of the first or second child, for which the timing factor is crucial and sensitivity to economic stability is highest.

Further important measures should be aimed at alleviating the conflict between career and parenthood. Parenthood should not be associated with a binary choice between full participation in the labour market and caring for a child. In the Czech context, this conflict has several main sources, particularly the limited availability of childcare for children under the age of three, an insufficiently developed infrastructure for full-day care, and the relatively low utilisation of flexible forms of work.

Expanding the capacity of childcare for both early and pre-school age children creates a genuine opportunity to reconcile work and family life, particularly for mothers. However, given the currently lower number of births, pressure on capacity may temporarily ease in the coming years, creating space for systemic improvements in the quality and accessibility of these services.

The short duration of the school day in primary schools represents, in the Czech context, one of the significant sources of the daily burden on families. School instruction ending in the early afternoon effectively limits the full participation of parents in the labour market without the extensive use of informal arrangements, particularly the involvement of grandparents. A gradual transformation of the organisation of the school day could significantly alleviate this structural problem by making use of the existing infrastructure of primary schools.

Playgrounds, sports halls, workshops, and classrooms should be systematically made accessible for extracurricular activities, clubs, and leisure programmes directly at the locations that children

already attend. This reduces both the time and logistical demands on parents, eliminates the need to transport children, and at the same time increases the efficiency of utilising existing capacities. From the perspective of supporting parenthood, this represents one of the relatively low-cost yet highly effective measures.

At present, it is clear that fully reversing the unfavourable trends in fertility and birth rates in the Czech Republic will not be achievable in the short term. However, there are a number of concrete measures that can mitigate demographic developments in the future. Increasing fertility is not a matter of an isolated social benefit, but rather the result of a comprehensive transformation of the environment in which parenthood is realised. The objective should therefore be to create a society that is child-friendly.

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## Author



### MARTIN ZEMAN

#### Analyst

Martin Zeman graduated from the Faculty of Economics and the Faculty of Business Administration at the University of Economics in Prague. He also defended his dissertation at the University of Economics. He specializes in economic policy, fiscal policy and public finance. He is the author of several professional articles, speaks at international conferences and publishes commentaries in the media. For several years, he worked as an advisor to the Minister and in other institutions dealing with public finance.

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Martinská 2, 110 00 Prague 1



+420 602 502 674



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