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Why Having Children Is a Matter of Supply and Demand for Highly Educated Women

Conventional wisdom says busy educated women have fewer kids. Two economists say that's not the case anymore.

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🕒 January 14, 2016

Conventional wisdom says highly educated women and those who work more have fewer children—that for them, the time a child costs may not be justified by the time lost in a career. Historically, this has been true. Women who drop out of high school, on average, have 2.24 children, followed by high school graduates, then women with some college, who have a fertility rate of 1.79. The rate used to keep falling in correlation with a woman's education.

But since 2001, the most educated and busiest American women have actually begun to have more children, according to economists Moshe Hazan and Hosny Zoabi, who wrote these findings in a [recent report \(http://www.voxeu.org/article/highly-educated-women-no-longer-have-fewer-kids\)](http://www.voxeu.org/article/highly-educated-women-no-longer-have-fewer-kids) published online for the Centre for Economic Policy Research. The reason for this change, the Tel Aviv University economists reasoned, had less to do with the typical reasons we think a person decides to start a family, and more with the conventions of the market.

“Kids are like durable goods,” Hazan says. The decision to have children is partly ruled by the same cost-and-benefit analysis we bring to purchasing a television or a sports car.

Hazan and Zoabi found that from 2001 to 2011, women with a bachelor's degree saw a rise in fertility rates (up to 1.93) over women with some college education. For women with a master's or a doctorate, the rate rose even higher, to 1.98. When represented in a graph, this made a U-shaped curve, bottoming out with women who had taken some college courses, and rising incrementally with educational attainment.

“Some people suggested to us that it may be that highly educated women always wanted to have kids but they couldn't, maybe for technical issues,” says Hazan. By technical issues, he means that if a woman attended college, earned a degree, and worked for some years, the likelihood that she could bear a child may have decreased. One theory proffered that new and expensive advances in technology allowed educated women to have a child at an older age.

Not so, says Hazan. Fertility rates for women older than 35 were historically higher in the past than they were in the 2000s. Also, “assisted reproductive technology” accounted for less than 1 percent of births. The answer Hazan and Zoabi arrived at was much more quantitative, something that, among other researchers, a group of Swedish economists looked into seven years ago.

With an aging population, low fertility rates, and a projected labor shortage, Swedes wanted to know how to encourage people to have more kids. Child care in Sweden had long been subsidized by the state, and each working family received a voucher to help with costs. But each municipality set their own child-care prices, which often had “elaborate fee schedules.” In 2002, a law passed that capped and reduced child-care prices. In 2009, Swedish researchers looked at what this policy might have done for fertility rates. They found that a reduction of \$10,000 in child care could account for around two or three more childbirths per 1,000 women. Basically, when child care became more affordable, women decided to have a child. (Part-time working mothers accounted for the greatest increase, though researchers attributed this to anomalies unique to Sweden.)

It wasn't the first time that child care and fertility had been linked. But the Swedish study offered a massive scale and a direct causal relationship to the economic factors some women consider when they decide whether or not to have a child.

“Sometimes people don’t like to think about kids as a financial cost or investment,” Hazan says, “but at the end of the day you hear people say, ‘I can’t afford another kid because my house is too small,’ or ‘I can’t afford day care.’”

Highly educated women don’t gain more time the harder they work. It’s the opposite. But they do earn more money. Hazan and Zoabi found that the increased income allows educated women to, in a sense, purchase their lost time from the market in the form of child care. In looking at a child as a durable good, Hazan reasons, as cost decreases, more people will choose to invest—or in this case, give birth.