

A Structural Explanation of Recent Changes in Life-Cycle Labor Supply and Fertility Behavior of Married Women in the United States

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Abstract

This study documents and explains important changes in the life-cycle labor supply and fertility behavior of married women in the United States from the 1950s to more recent cohorts. The younger cohorts, relative to the 1950s, supply more labor at earlier stages of the life-cycle, delay motherhood to later stages without reducing the fertility rate, and upon childbearing, show a greater tendency to stay out of the labor force. In a life-cycle model for married couples in which a household makes decisions on fertility as well as labor supply, consumption, and savings, all the behavioral changes are jointly and quantitatively explained by a combination of changes in various labor supply/fertility determinants, with the increased returns (penalties) to work (non-work) experience being the dominant contributor. The results survive a series of robustness tests, including endogenizing education choice and assortative marriage.

JEL Codes: D1, E2, J13, J22, J24

Keywords: Cohort, Fertility, Labor Supply, Recent Decline, Returns to Experience

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