

Discussion of
“Is the Market Pronatalist?
Inequality, Differential Fertility, and Growth Revisited”
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This Paper

Question

- What is the relationship between income inequality and fertility?
- What are the implications for growth?

Data

- Negative in 1980 → flat in 2010

Model

- Model of fertility & educational investment in children with income inequality
- Trade-off between children quantity & quality
- Opportunity cost in parental time in childcare

Results

- Reduction in costs of marketization of parental time flattens the relationship
- It leads to higher inequality & more growth
- Implications for minimum wage policies (which raise actual parental time costs)

Overview

- Very timely paper
- Novel perspective on the relationship between income inequality and fertility & its macro implications
- Extends the relevance of this mechanism to the validation of key labor market policies (e.g., minimum wage)

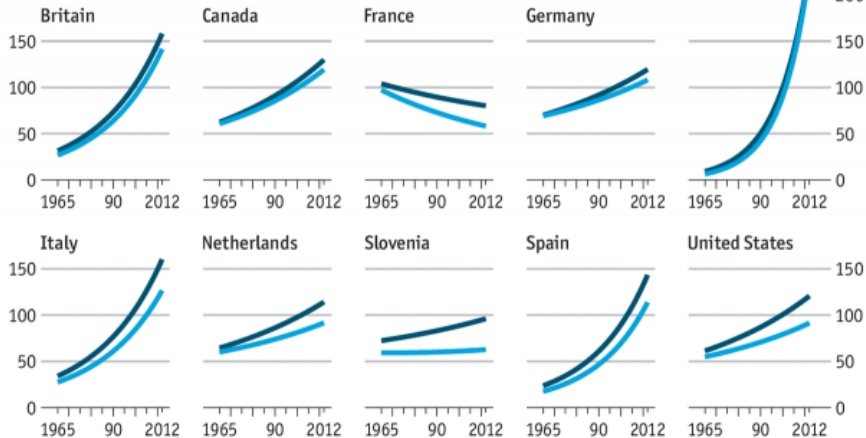
Daily Child-Care Time by Mothers

Mother nature

Daily child care by mothers, by education level, minutes

— University-educated

— Non-university-educated



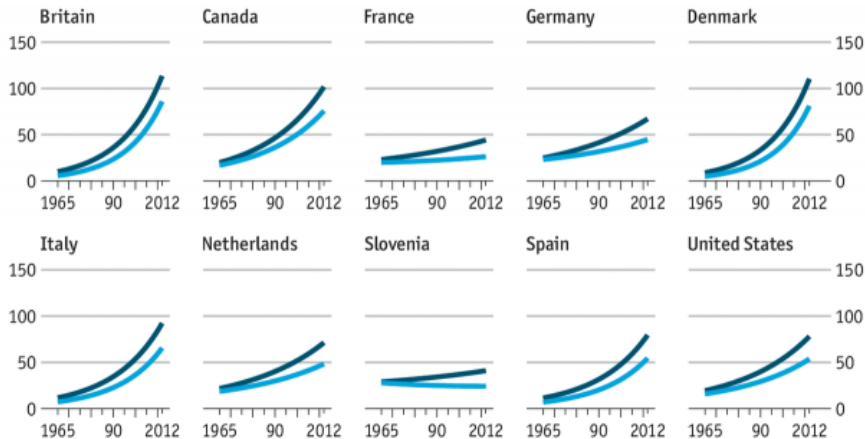
Source: "Educational Gradients in Parents' Child-Care Time", by G. M. Dotti Sani and J. Treas

Daily Child-Care Time by Fathers

Father time

Daily child care by fathers, by education level, minutes

— University-educated — Non-university-educated



Source: "Educational Gradients in Parents' Child-Care Time", by G. M. Dotti Sani and J. Treas

Daily Child-Care

- Data from Multinational Time Use Study for 11 countries over 1965-2012
- Large increase over time in daily child-care in advanced economies
- Similar dynamics for both mothers and fathers
- Increase is larger for highly educated parents
- How to square this fact with the reduction in costs of marketization of parental time?

Daily Child-Care

- Technology for child rearing is

$$n = A(\phi t_f^\rho + (1 - \phi) m^\rho)^{\frac{1}{\rho}}$$

- Identified by the level and slope of the profile of mother's time at home & index of marketization $\rightarrow \rho = 0.59$
- Market parental time & actual parental time are imperfect substitutes
- Reduction in the cost of marketization of parental time would decrease the child care time of parents \rightarrow counterfactual
- To rationalize this fact, the model requires complementarity $\rightarrow \rho < 0$

Child Skills Formation Technology

- Cunha, Heckman and Schennach (2010): child skill formation technology
 - ▶ Early childhood investment is more productive than during later childhood
 - ▶ Higher skilled parents are more productive in raising skillfull children
 - ▶ Investment in early and later childhood are strongly complementary
- Highly educated parents invest more time with their children
- This patterns applies during early and late childhood
- Higher incentives to invest for higher-skilled parents → persistence in skills inequality
- This technology could rationalize the complementarity

Concluding Remarks

- Interesting paper on the evolving relationship between income inequality & fertility
- Mechanism relies on reduction in the actual costs of parenting due to marketization of parental time
- Better connection of the mechanisms of the model with observed rise child-care time (and larger rise for highly educated/high income parents) & production function of child skills