

The Effect of a Universal Child Benefit on Conceptions, Abortions, and Early Maternal Labor Supply

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Abstract

The article aims to explore the effects of a universal child benefit introduced in Spain in 2007 on fertility rates and maternal labor supply.

Introduction

The study aims to understand whether such programs, which are prevalent in many countries and typically aim to encourage fertility and improve family well-being, are effective in achieving their intended goals.

Literature Review

The Effect of the Universal Child Care Cash Benefit on Female Labour Supply in Spain: The article investigates the impact of Spain’s universal child care cash benefit, known as the "baby bonus," on female labor supply. This policy, which offered a 2700 dollar subsidy per child born to increase the birth rate, is analyzed through a quasi-experiment using the Difference-in-Differences (DiD) method. Findings suggest the subsidy had a positive effect on increasing female labor participation by reducing child-related costs.

Table 1		
DiD estimate, EU-SILC 2007-2010. Potential Effect, Eq. (1).		
Variable	Treatment Group: Women aged between 20 and 50 $[Y_{0,t}]$	Control Group: Women aged between 51 and 65 $[Y_{1,t}]$
Hours worked per week in 2007 $[Y_{0,1}]$	36.75 (Std. err. = 0.27, n=1,398)	37.63 (Std. err. = 0.59, n=359)
Hours worked per week between 2008-2010 $[Y_{0,1,t}]$	36.16 (Std. err. = 0.09, n=10,070)	36.43 (Std. err. = 0.19, n=3,048)
Difference	-0.59	-1.2

Figure: Differences-in-Differences for Hours Worked Before and After policy

Methodology

Uses a regression discontinuity design to analyze the sharp cutoff established for benefit eligibility, comparing outcomes between treated and control families arbitrarily close to the cutoff to determine the treatment effect.

Findings

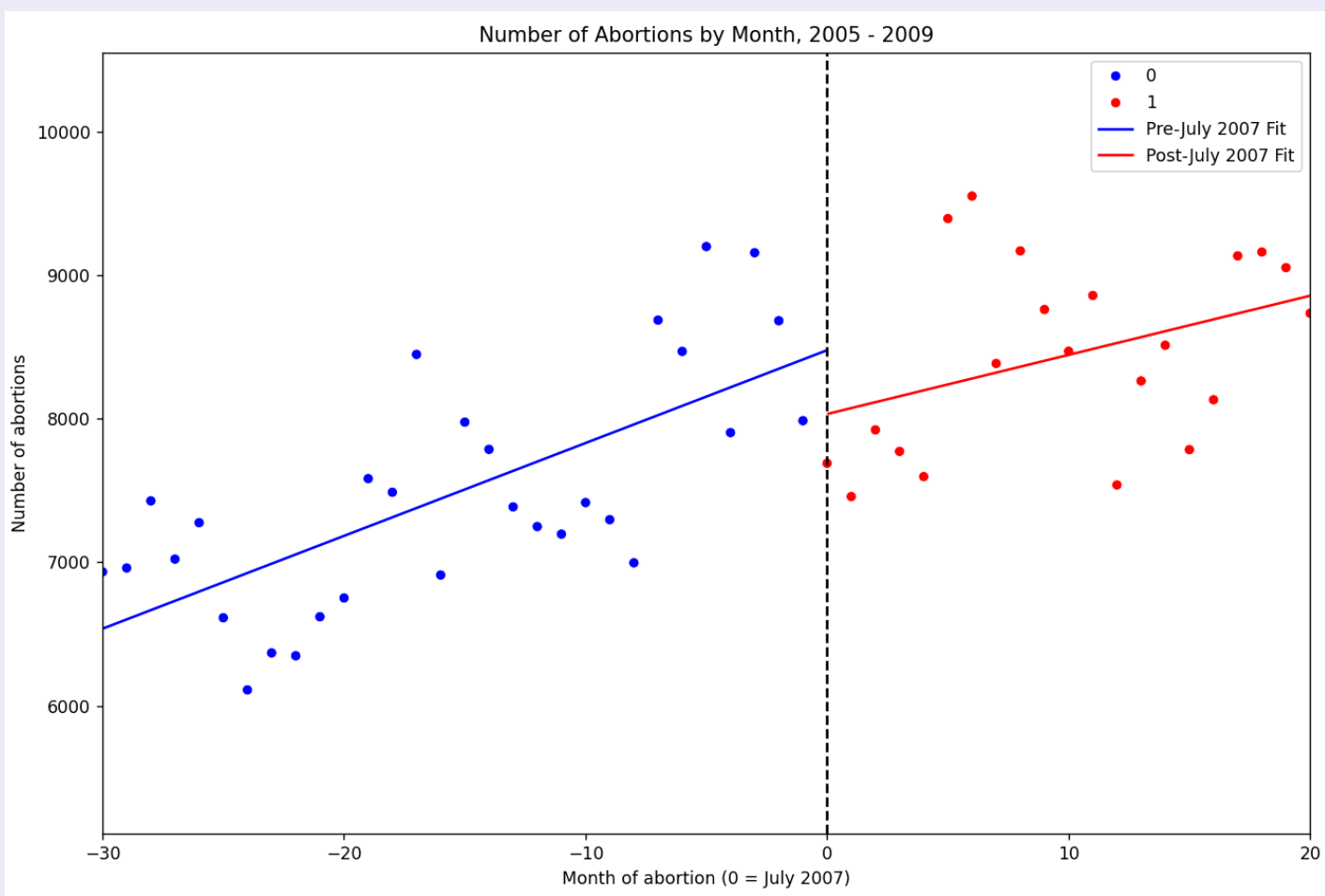


Figure: Number of Abortions by Month 2005 - 2009

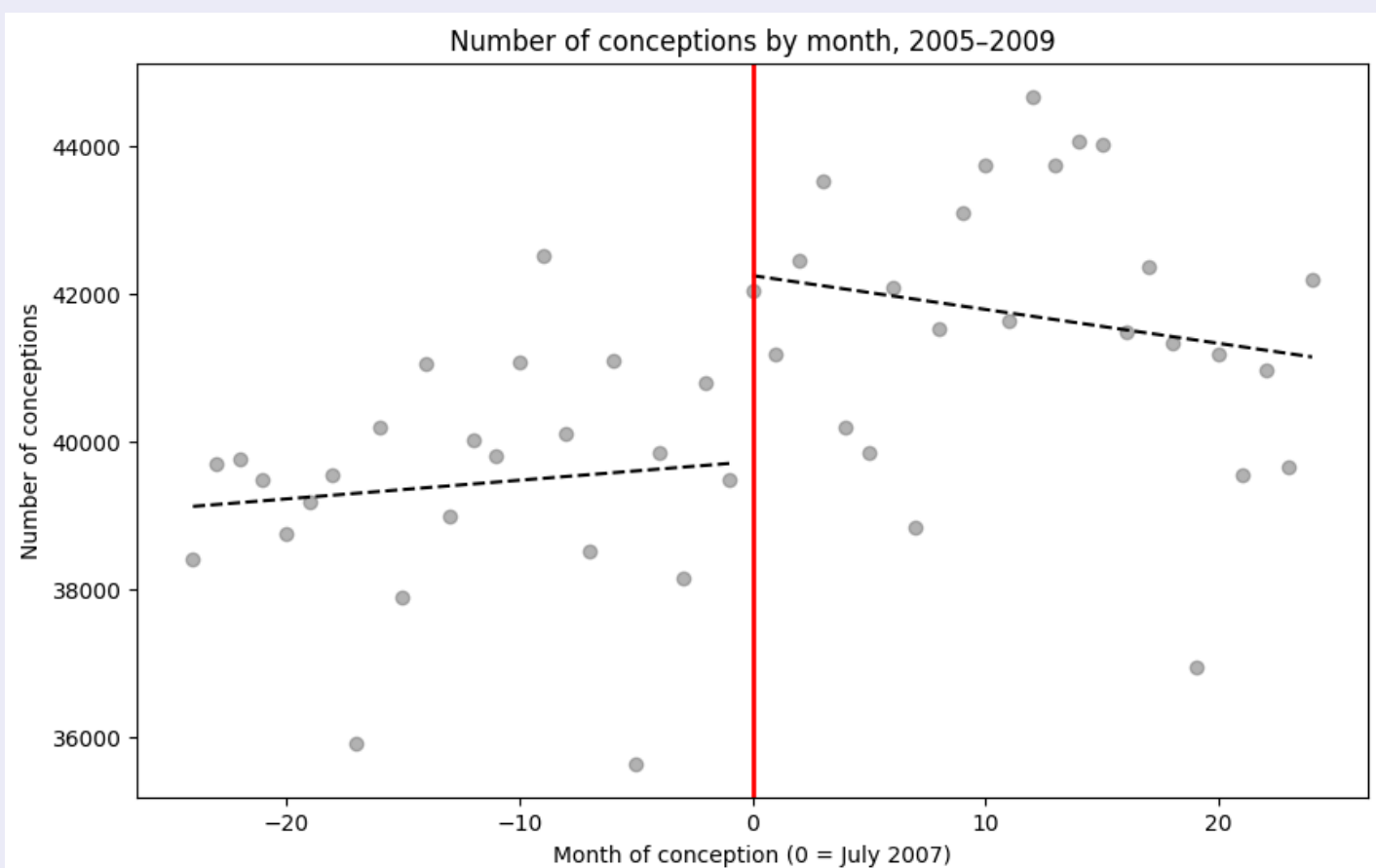


Figure: Number of Conceptions by Month 2005 - 2009

Discussion

The introduction of the child benefit led to a noticeable increase in the number of conceptions and a corresponding decrease in the incidence of abortions. This suggests that the policy was successful in encouraging new conceptions, resulting in a significant, estimated 6 percent increase in the annual number of births.

Conclusions

These outcomes suggest that financial support policies can significantly influence family planning decisions and maternal employment patterns.

References

González, Libertad. "The Effect of a Universal Child Benefit on Conceptions Abortions and Early Maternal Labor Supply." *American Economic Journal: Economic Policy*, vol. 5, no. 3, Aug. 2013, pp. 160-188.

Appendix

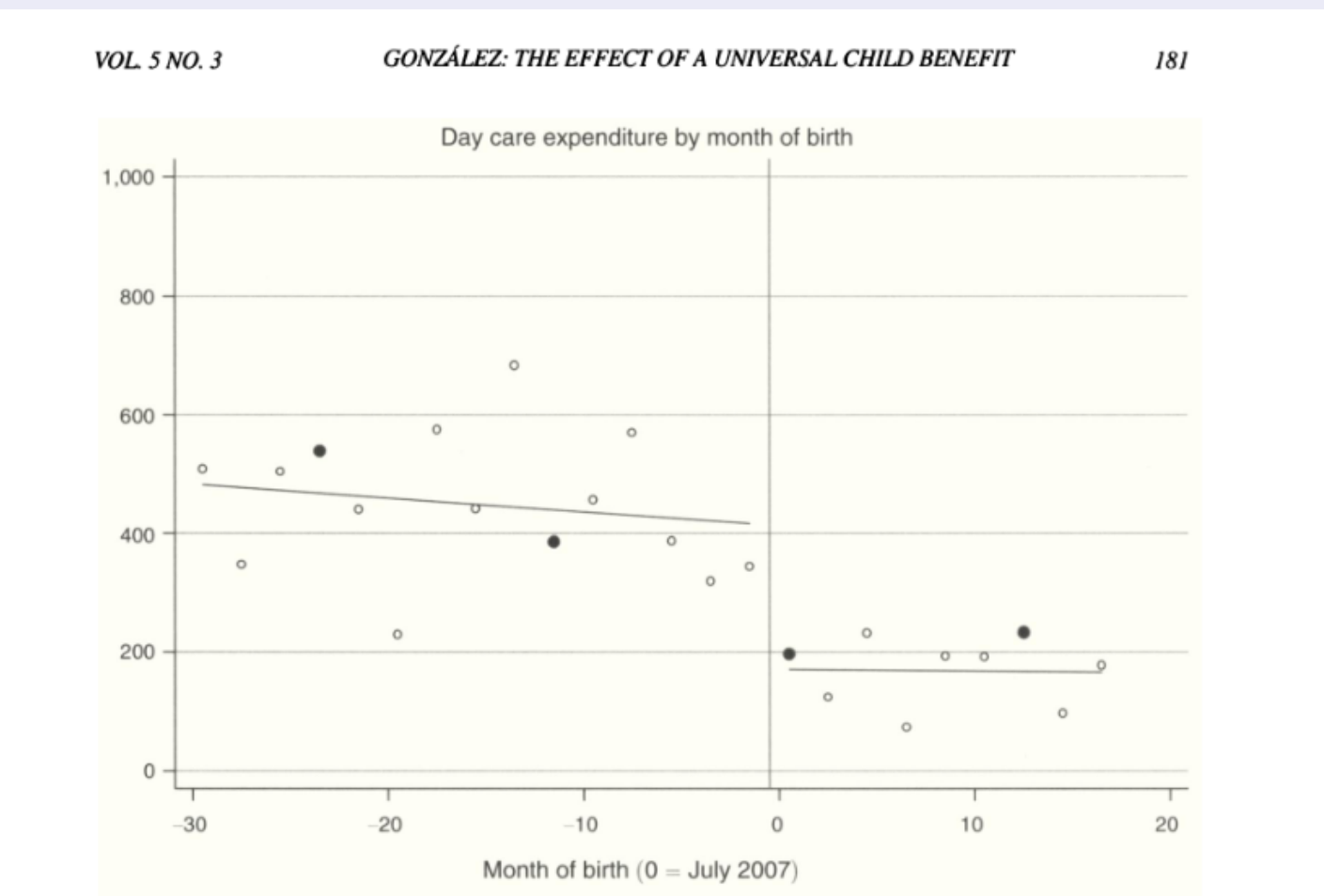


Figure: Day care expenditure by month of birth