

# 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

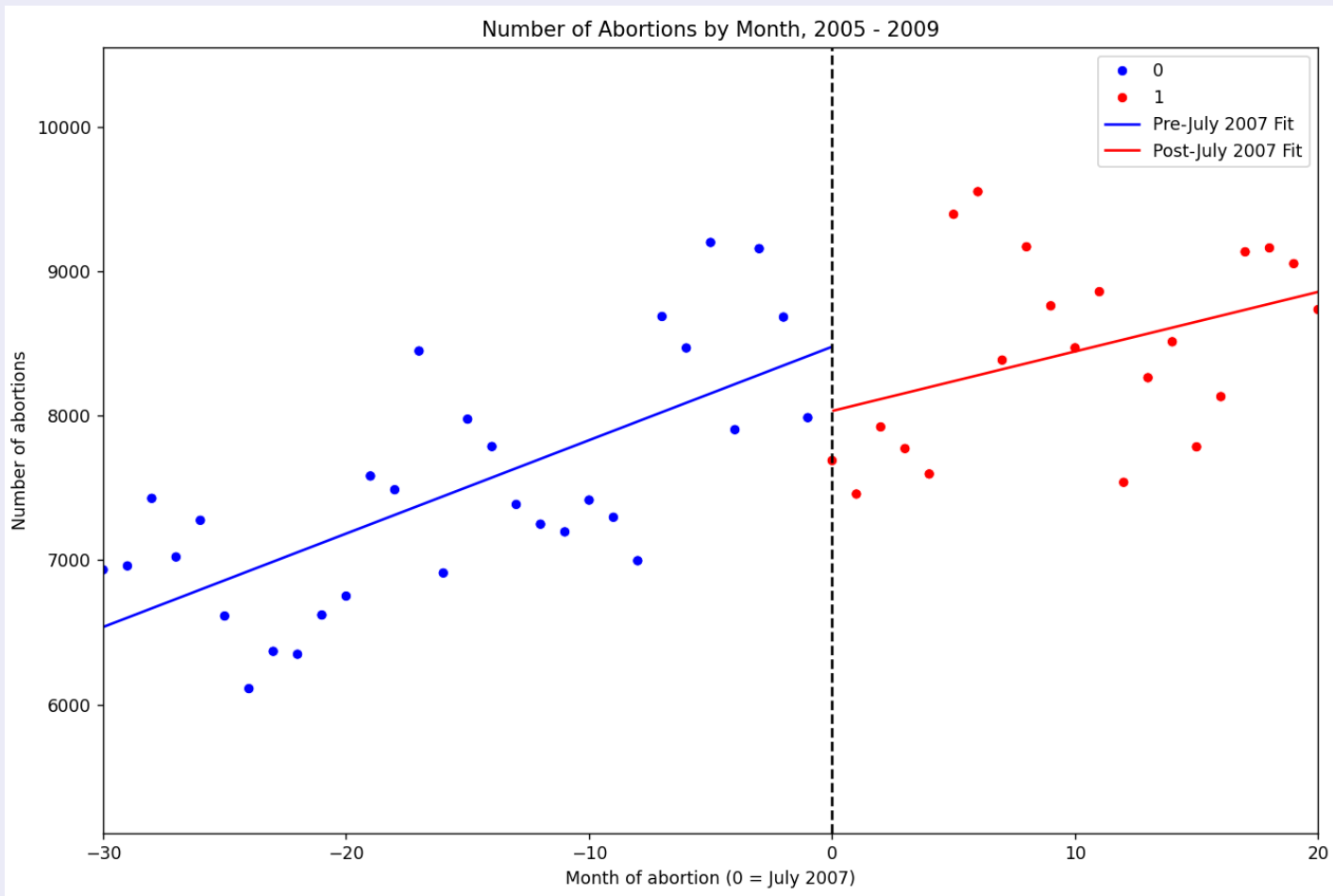


Figure: Number of Abortions by Month 2005 - 2009

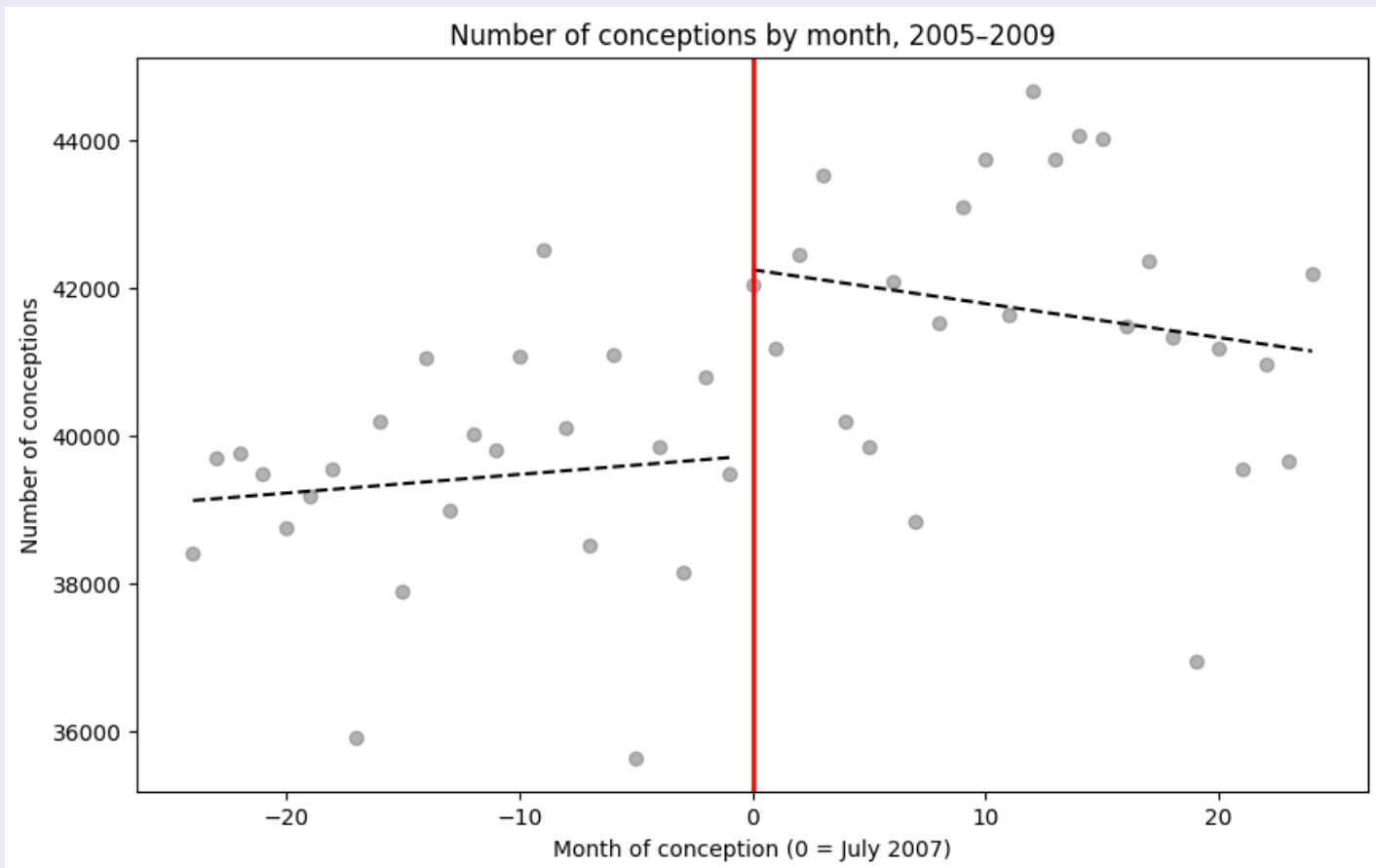


Figure: Number of Conceptions by Month 2005 - 2009

## 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

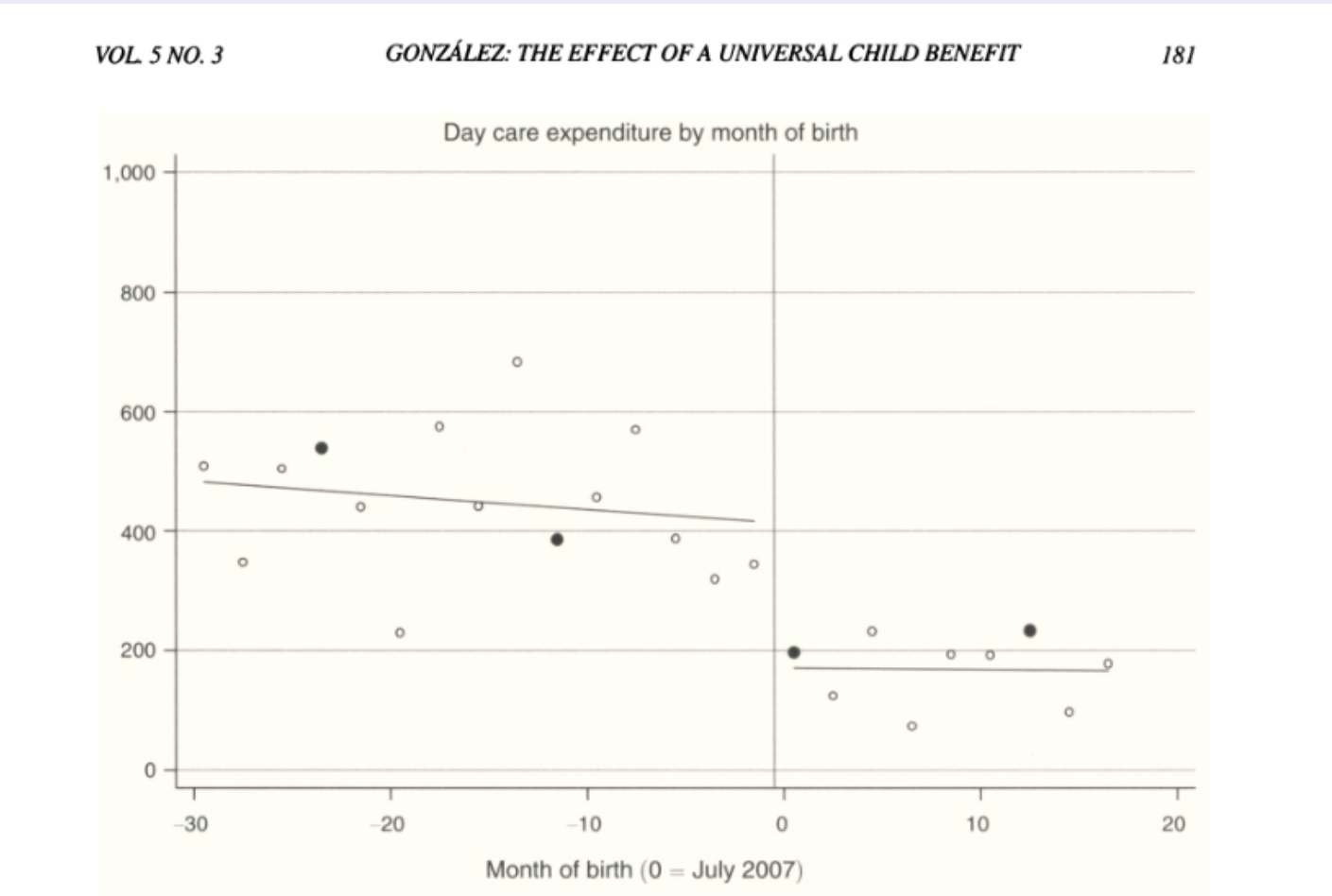


Figure: Day care expenditure by month of birth