**Maternity Leave and Long-Term Health Outcomes of Children**

**ABSTRACT DGGÖ 2019 (max 2800 Zeichen)**

This paper assesses the impact of the length of maternity leave on children’s long-run health outcomes. Our quasi-experimental design evaluates an expansion in maternity leave coverage from two to six months, which occurred in the Federal Republic of Germany in 1979. The expansion came into effect after a sharp cutoff date and significantly increased the time working mothers stayed at home with their newborns. In our analysis, we exploit German hospital registry data, containing detailed information about the universe of inpatients' diagnoses for the years 1995 to 2014.

In order to estimate the causal effect of the length of maternity leave on child health outcomes we combine a regression discontinuity with a difference-in-difference approach: health outcomes of children, who were bon shortly before and after the implementation of the policy reform, are compared to the outcomes of children who are born in the same calendar months but in the previous year in which no legislative change took place.

By tracking the health of treated and control children from age 16 up to age 35, we provide new insights into the trajectory of health differentials over the life-cycle.

We find a positive effect of the legislative change on several measures of long-term child health. Our intention-to-treat estimates suggest that children who were born shortly after the implementation of the reform experience fewer hospital admissions.

In particular, we see that this decline in hospital admissions is due to fewer diagnoses of mental and behavioral disorders (the most common diagnoses for individuals aged 15-35) and that the effect is mostly driven by males and that the differentials are opening up at the end of the observed time span (from the age of 30 onwards). Last, the largest effect is observed for mental and behavioral disorders due to psychoactive substance use and schizophrenia.

These results illustrate the vast impact that early childhood conditions can have on later life (health) outcomes.

**166 words**

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(JEL I10,J13,J18)

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Rausgenommen: For men, we find significant reductions in sick leave.