

The Impact of Fertility Relaxation on Female Labor Market Outcomes

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We explore a 2013 policy shock that relaxed the One-Child Policy in China: couples could have two children under certain circumstances. We show that after the policy shock the salary of female new hires is reduced by 1.2% relative to the salary of male new hires, equivalent to a 22% increase in the gender wage gap in the data. In addition, employers hire 4.4% fewer female employees, and female employees are 4.3% less likely to leave their current jobs. This leads to approximately 1,950 fewer female employees employed and 1,059 leaving their jobs every month in the sample city.