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Research Report

Baby gap: Does more education make for less children?

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Baby Gap: Does More Education Make for Less Children?

Female college graduates are less likely to bear children but once a mother, they have more children than non-college graduates

RWI presents first evidence on why college educated women have less children than women who did not go to college. While tertiary education has a direct negative impact on women's probability to become a mother, college educated mothers bear more children than non-college educated mothers. Career disadvantages might discourage highly educated women from having children. More flexible working hours and means-tested maternal leave benefits could reduce the baby gap.

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MAIN FACTS

Tertiary education has a direct negative impact on women's decisions on family formation: It reduces the probability of becoming a mother by one-quarter.

Once a mother, college educated women on average have slightly more children than their counterparts without college education.

The lower probability of becoming a mother may not only reflect lower preferences for children because of college education, but possible career disadvantages seem to channel the effect as well.

Why is the so called education-baby gap a reason for concern?

In most developed economies, pension and health-care systems rely on intergenerational transfers. Declining fertility rates lead to a shrinking labor force which in turn might cause problems to bear the financial burden of providing for the elderly. In nearly all OECD countries, fertility rates have been declining or stagnating in recent decades. One likely reason is the so-called education-baby gap: on average, college educated women have less children than women without tertiary education. If college education caused lower fertility rates, policies fostering female college enrollment rates would unintentionally worsen the demographic change.

Does higher education cause lower fertility?

So far, the issue whether college education has a negative impact on fertility itself or whether females simultaneously opt for more education and smaller families has not been resolved. A recent RWI study is internationally the first to provide an answer: based on German data, it finds that a woman's college education causally reduces the probability of becoming a mother by one-quarter. In order to identify this direct link, RWI researchers use data on college expansion in Germany to deter-

mine a woman's local accessibility of a college. The latter correlates with female enrollment rates, but not with any sort of individual preferences for children. The RWI researchers then check if women's levels of college accessibility influence the number of children they have in later life. They indeed detect an effect and thus argue that there are no specific preferences which determine both educational status and the number of children. The study concludes that college education directly leads to less children. Moreover, the RWI research suggests that, once a mother, college educated women have slightly more children than women without a college degree.

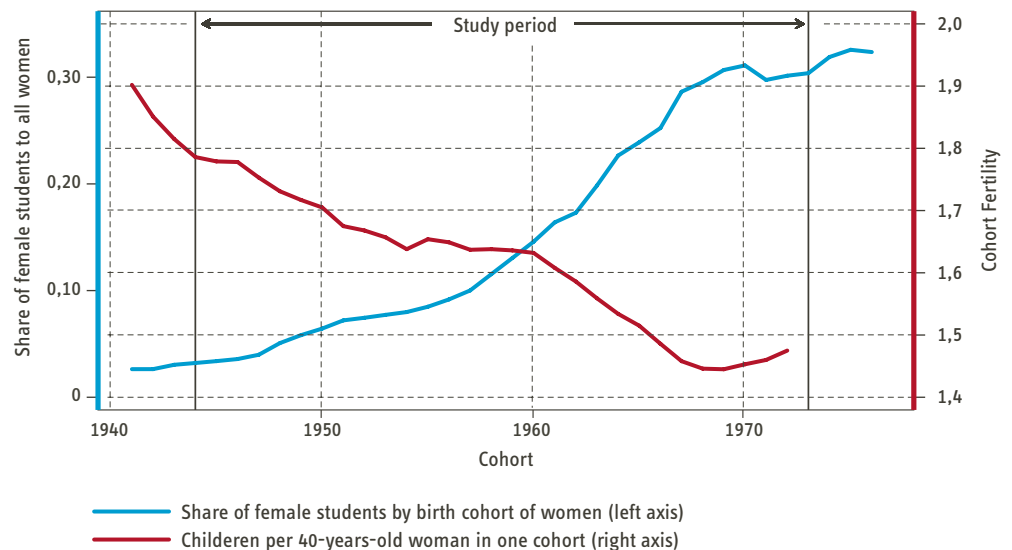
How can these results inform policies fostering fertility rates?

The study points out that the baby gap is not pre-ordained, but – at least partly – caused by institutional obstacles: career and family are not fully compatible. College educated women fear possible career disadvantages, as their opportunity costs of child-bearing are high. College graduates earn more on average than their non-academic counterparts. Deciding to start a family thus implies abstaining from a higher income. In order to promote fertility rates, governments should thus address this tradeoff.

Sources:

More female students, less children per woman

Kamhöfer, D.A., and M. Westphal (2017): Fertility Effects of College Education: Evidence from the German Educational Expansion. Ruhr Economic Paper #717. http://www.rwi-essen.de/media/content/pages/publikationen/ruhr-economic-papers/rep_17_717.pdf



Source: Authors' calculations using data from Max Planck Institute for Demographic Research and Vienna Institute of Demography (2014) and German Federal Statistical Office (2016).

Policy Recommendations

i Since the lower probability for college educated women to become a mother is not an expression of preferences against starting a family, policies must aim at facilitating the compatibility of career and family life. This can be achieved by enabling employees to work at more flexible hours. Consequently, governments should ease the Working Hours Act.

i Governments should also take means-tested maternal leave benefits into consideration. A right of returning to work full-time after maternity leave could help as well. Both policies decrease the women's opportunity costs of having children.

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