

Fertility postponement and labor market outcomes

Postponed childbearing improves women's labor market outcomes but may reduce overall fertility

Keywords: fertility postponement, labor market outcomes, completed fertility, family-friendly policies

ELEVATOR PITCH

The rise in the average age of women bearing their first child is a well-established demographic trend in recent decades. Postponed childbearing can have important consequences for the mothers and, at a macro level, for the country in which they live. Research has primarily focused on the effect postponing fertility has on mothers' labor market outcomes and on the total number of children a woman has in her lifetime. Most research finds that postponing the first birth raises a mother's labor force participation and wages but may have negative effects on overall fertility, especially in the absence of supportive family-friendly policies.

KEY FINDINGS

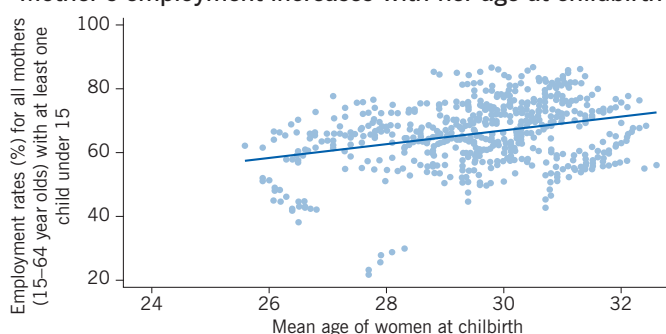
Pros

- ⊕ Postponing childbearing helps women accumulate more work experience (human capital).
- ⊕ Postponing childbearing strengthens women's attachment to the labor market and raises wages.
- ⊕ Family-friendly policies can mitigate the negative effects of postponing childbearing on total fertility.
- ⊕ Egg freezing and in-vitro fertilization may help women who delay motherhood bear children at an older age.

Cons

- ⊖ Postponing childbearing may have negative consequences on women's total fertility.
- ⊖ It is difficult to assess the causal effects of postponing childbearing because of unobserved differences among women.
- ⊖ Differences in the measures of postponement and in the proxies of labor attachment make results from the literature hard to compare.
- ⊖ Cross-country comparative research is lacking with respect to the impact of family-friendly policies on motherhood wage and employment penalties.
- ⊖ More research is needed to assess the unintended consequences of egg freezing and in-vitro fertilization, such as further postponement of childbearing.

Mother's employment increases with her age at childbirth



Note: Each point is a country-year observation. Data refer to an unbalanced panel of 42 OECD countries observed in the 1990–2019 period.

Source: Based on the OECD Family Indicators database. Online at: <https://www.oecd.org/els/family/database.htm>

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AUTHOR'S MAIN MESSAGE

While postponing childbearing may help women accumulate more human capital before having a child, thereby increasing their labor market participation and boosting wages, it may also hinder their fertility plans. While studies find that women who postpone childbearing have stronger labor market attachment and higher wages, they are also more likely to have fewer children. Countries may want to lessen this tradeoff by investing in family-friendly policies. Examples include the provision of public childcare, incentives to private firms to provide childcare services, and promotion of paternal leave policies to improve the gender balance in childrearing.