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Postponement, career development and fertility rebound

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ABSTRACT

We use an overlapping generations setup with two reproductive periods to explore how fertility decisions may differ in response to economic incentives in early and late adulthood. In particular, we analyze the interplay between fertility choices[related to career opportunities] and wages, and investigate the role played by late fertility. We show that young adults only postpone parenthood above a certain wage threshold and that late fertility increases with investment in human capital. The long run trend is either to a low productivity equilibrium, involving high early fertility, no investment in human capital and relatively low income, or to a high productivity equilibrium, where households postpone parenthood to invest in their human capital, with higher late fertility and higher levels of income. A convergence to the latter state would explain the postponement of parenthood and the fertility rebound observed in Europe in recent decades.

KEYWORDS fertility; postponement; reproductive health; overlapping generations

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