The Effect of the Selective Two-child Policy on Female Employment in China

Abby Bu
Advisors: Marit Rehavi, Felipe Valencia Caiucedo

The STP also changes labour force composition for the treated:

1.109 (4)

The placebo test is done by using the same model on the year of 2004 and 2009.

The result of the test shows a weakly increasing trend over time, however, the estimation is not precise for whole sample or single/married subgroups.

China passed the Selective Two-child Policy (STP) that allows at least one of the marital parents was only-child to have two children. The policy is said to mainly target on couples in urban areas.

Hukou [Chinese Household Registration System]:

Hukou is the legal right to permanently reside in a Chinese province or city. The system divides the population into two categories—agricultural (rural) and non-agricultural (urban), with the variety of purposes such as allocating social resources and restricting internal migrations. Hukou is inherited from a parent and can only be permanently changed through few ways such as marriage, military service, or long-term employment.

A collaborative project between the Chinese Population Centre and the Chinese Centre for Disease Control and Prevention. It was designed to examine the effects of the health, nutrition, and family planning policies and programs implemented by national and local governments and to see how the social and economic transformation of Chinese society is affecting the health and nutritional status of its population.

The longitudinal survey covers 11 provinces (in the drier green colour).

The level of variation is individual, household, and community.

The years of interest are 2011 and 2015, which are 2 years before and after the STP respectively.

Data Source

China Health and Nutrition Study (CHNS)

Disease Control and Prevention Population Centre

Research Question:

Does having higher fertility probability harm the employment outcomes of female workers?

Context: The Selective Two-child Policy (STP) in China

The Chinese government introduced its very first version of one-child Policy—a family policy that only allowed one child per household. The policy was strictly enforced for urban residents, who in 1980 accounted for 20% of population but nearly half by 2010.

The policy targets on urban areas, so rural couples in most provinces were allowed to have more than one child due to the high female infanticide rate in some regions.

The Chinese government introduced its very first version of One Child Policy in 1979:

1. The first One Child Policy
2. The Relaxation for Rural Couples
3. The Selective Two Child Policy
4. The Placebo Test

Background

Methodology

Summary Statistics by Hukou Status

Regression Result

Table 3: Regression results on labour force participation

Table 5: Change in labour force participation between 2004 and 2009

Placebo Test

Who left the labour force?

Conclusion

Interpretation

To-dos

China Health and Nutrition Study (CHNS)

Note: The plot uses the data from the National Bureau of Statistics of China.

Placebo Test

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Table 4: Labour force participation by marriage status

Since worker’s marital status is normally known by the employer, the impact of the STP policy should be different across married and single groups.

The table below shows a significant increase for single individuals (18.7%) compared with much smaller effect (14.6%) on their married counterpart.

The coefficient of the 3-way interaction term suggest an increase in labour force participation for treatment group with urban Hukou.

After adding demographic controls, the estimate became more precise.

The result suggests that, after the policy relaxation, females of child-bearing ages are more likely (15.6% increase) to participate in labour force, which is opposite from my expectation.

It is possible that families who plan to have more children chose to work more.

The assumptions of DDD need to be verified by plotting the pre-trend graphs of labour force participation by treatment and control groups.

Since it is still unclear whether the effect is caused by voluntary drop-out or firm’s selective hiring, further work needs to be done.

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