

Berlin Applied Micro Seminar

Childless Cities

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Abstract:

The end of the Baby Boom brought a dramatic decline in fertility in most industrialized countries. Contemporary macro theories of fertility predict that as the opportunity costs of child-raising increase, fertility will continue to decrease. Jones (2019), for example, puts forward a provocative “empty world result”. We make a different prediction which is based on the housing market as an automatic stabilizer of fertility: High housing costs deter fertility. We emphasize the importance of location, as the phenomenon is starkest in the largest cities. Given that larger cities are on average more costly in terms of housing costs, this defines an important tradeoff between city size and future population size.