

Effects of Vietnam's Two-Child Policy on Fertility, Son Preference, and Female Labor Supply

(Paper by Anh P. Ngo)

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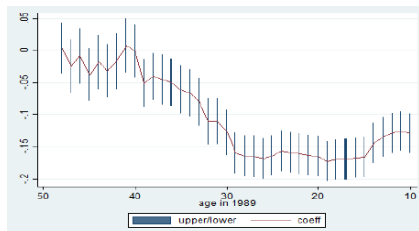
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Summary

- The effects of two-child policy on family size, son preference, and maternal labor supply.
- Only two studies exploring the effects of this policy → mainly descriptive.
- Employs DD and IV models. Two-child policy, modeled as the interaction between age and ethnic majorities, is used as an instrument.
- Average number of living children and the probability of having two children go down.
- There is a decrease in the proportion of sons in each family.
- There is also an increase in women's labor force participation.

Identification Strategy: Fertility

“The estimates of women aged less than 20 in 1989 are constant across age. This suggests that cohort effects are likely to be the same for both groups in the post-policy period.”



- Explanations are not clear.
- It seems constant after 30, which is the cutoff used in the main regression. Why 20 here? It's adhoc.
- How about between 30 and 39 (one of the key variables in the model)? How do you explain that this is not a selection story? Covariates do not seem to be smooth in both groups (Table XII in the Appendix).
- How about those below 15? Doesn't look constant! Their fertility is observed 10 - 20 years later.
- Why don't you just compare those you observe in 1989 (15-29 vs. 30-39)? Because it is not clear whether the effect is in the long-run or now.

IV Model: Maternal Employment

$$Y_{ijt} = \beta_0 + X'_{ijt}\beta_1 + \beta_2 \widehat{NOC}_{ijt} + \epsilon_{ijt}, \quad (1)$$

where \widehat{NOC} = predicted number of children.

- NOC is a count variable → especially if there are a preponderance of 0's and 1's, then OLS will probably yield negative predictions. You may also be unable to reproduce the long upper tail. You may want to find a model that is better tailored to count data.
 - The number of children in a household often exhibits under-dispersion when the mode is 2 → generalized Poisson regression.
- The IV estimate is much larger than the OLS estimate in absolute terms ($\hat{\beta}_{OLS} = -0.008$ vs. $\hat{\beta}_{IV} = -0.15$). Why?
- For example, omitting health and/or education cause upward bias → OLS overestimates in those cases (IV estimates contradict the *a priori*). Any omitted variables causing downward bias?

Contradicting statements:

- “...well-educated women tend to prefer a smaller family size. Thus, it is likely to observe bigger effect of the policy on them.”
 - Shouldn't be a much smaller effect since they are already less like to have two children.
- “...likely to observe bigger effect of the policy on women in urban areas.”
 - Same problem. If children are used in farm work in rural areas, the effect should be bigger on women in rural areas not in urban areas.