

Public Provision of Private Child Goods

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Abstract

This paper analyzes public provision of private goods for children in a model incorporating fertility decisions. Many goods or services which can be privately purchased are supplied or subsidized by governments. Some of them are targeted for children (e.g. public education and child-care services), which have a distinctive characteristic; households which have many children benefit from them more than households which have fewer, and the number of children is to some degree controllable by each household. Some of our results are quite different from the past studies which does not consider the endogeneity of fertility. The experiences of Japan since 1970s demonstrate the importance of our mechanism.

JEL classification: I28; J13; H42

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