

Abstract

Using panel data on Japanese mothers, this paper estimates the impact of fertility on female labor supply using twins as an instrument for the total number of children. We find that having a twins first birth actually has a longer term positive impact on female labor participation. To understand this result, we present evidence that spacing effects and cost of children are particularly salient in Japan and differ in important ways between twins and non-twin families of the same size. Implications for fertility and labor supply policy in Japan are discussed. (JEL: J01, J08, J13, J22)