

Abolishing User Fees, Fertility Choice, and Educational Attainment*

Shinsuke Tanaka[†] and Takahiro Ito[‡]

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Abstract

This study examines the effect of abolishing user fees from health services on fertility and educational attainment as a test of the quantity-quality tradeoff model. Exploiting sudden improvements in nutritional status among South African children as an exogenous decline in price of quality investments, we document evidence consistent with the model that parents substitute fertility and increase educational investments. The absence of treatment effects among children not subject to the health policy eliminates channels through heterogeneous preexisting trends or unobserved concurrent changes. Overall, our findings highlight a health policy as the motivating force underlying the demographic transition and economic growth.

Key words: user fees, fertility, education, South Africa

JEL codes: J13, O15, I15, I18

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[†] The Fletcher School of Law and Diplomacy, Tufts University, 160 Packard Avenue, Medford, MA 02155 (e-mail: Shinsuke.Tanaka[at]tufts.edu).

[‡] Graduate School of International Cooperation Studies, Kobe University, 2-1 Rokkodai-cho, Nada-ku, Kobe 657-8501, Japan (e-mail: takahiro.ito[at]lion.kobe-u.ac.jp).