

# **Daycare Effects on Maternal Employment in Japan:**

## **Municipal Evidence**

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### **Abstract**

This study utilizes data for 1,792 municipalities in Japan from 2000 to 2010 to estimate the effect of accessibility of licensed nursery schools on employment of mothers with child aged 0-5. We instrument each municipality's quota of licensed nursery schools relative to population aged 0-5 with that municipality's land price to address potential endogeneity concerns. Our findings suggest that the average increase in maternal employment rate resulting from a 10% improvement in accessibility of licensed nursery schools is in the order of 4%. Around 600,000 of mothers could enter the labor market if municipalities with low nursery school accessibility expanded their daycare capacities.