

# A Dilemma of Fertility and Female Labor Supply: Identification Using Taiwanese Twins

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## Abstract

Using micro-data from the Taiwan Population and Housing Census, this study estimates the causal effect of fertility on the labor supply of married women. To address the endogeneity of fertility, we exploit exogenous variations in the number of children caused by twin births, which can be considered a natural experiment. The instrumental variable estimates indicate that an additional child reduces female employment by 10.5 percentage points for those who have at least one delivery, and the effects gradually decline for females who have two or more deliveries, with the effects vanishing when females have three or more deliveries. Also, the effect of fertility varies substantially with the time elapsed since the last childbirth, which has a consequence for differences in estimates across different samples in the literature.

*JEL classification:* J13; J21

*KEY WORDS:* instrumental variable, twin, fertility, female employment, Taiwan

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