

# Environmental Effects on the Participation and Fertility Decisions of Married Women\*

Daniela Del Boca  
Department of Economics  
New York University  
269 Mercer Street  
New York, NY 10003

e-mail: delboca@fasecon.econ.nyu.edu

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## Abstract

Economic models of the household allocation have predicted that increased levels of education and wage rates of women would lead to increases in their labor supply and lower levels of fertility. In international comparisons, however, differences in this pattern appear which cannot easily be explained by the traditional model. In some countries a high fertility rate is observed together with a high female participation rate, while in others, like Italy, low female participation rates are observed together with low birth rates. In this paper several possible explanations for this phenomenon are explored. Our proposed explanations involve institutional characteristics such as rigidities and imperfections in the labor market, the social service system, and the housing market. We will provide empirical evidence of the effects of some of these institutional characteristics on labor supply and fertility using panel data from the Bank of Italy.

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