

Comments on “Demographic transition, childless families and economic growth”

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In this interesting paper, the author examines demographic transition and growth both theoretically and empirically.

Theoretically, it adapts a JPE paper by the author (Ehrlich and Lui, 1991) in a way that allows zero fertility. Its findings can be summarized in the following hypotheses:

Demographic transition hypothesis: Total fertility rate of a potential parent is negatively related to her human capital.

Opportunity cost hypothesis: When a parent finds it costly to raise children, she will have fewer of them.

Educational technology hypothesis: The parent’s fertility rate is positively related to how efficient she is educating her children.

Old-age security hypothesis: If a person’s old-age security motive is stronger, she will raise more children.

Drawing on census and survey data from Hong Kong, the paper finds empirical evidence that support these hypotheses.

The paper has many nice contributions. First, this paper has examined a very important issue in economic development. The theory and empirical evidence can potentially shed light on our understanding of how demographic transition happens and where it will end up for developing countries. Second, low fertility has become a very serious policy issue in Hong Kong. In fact, many people do not even get married, not to speak of having children.

The following are some comments. As the theory is simple, only serving the purposes of generating some testable hypotheses, I will focus on the empirical work.

1. A nice thing is that the author uses four different models in Table 5, Tobit, Poisson, Probit and OLS, all of which generate similar results.
2. The paper uses several variables to examine the efficiency hypothesis. Some are better than others. Using the fact that married people have more children to support the

efficiency hypothesis does not seem to be very good. The exact mechanism of how the traffic time affects fertility also deserves more explanations.

3. While education can be a good right-hand side variable, experience may not be. Having an additional child will affect labor supply of a woman in most economies, including Hong Kong. Also, the number of siblings seems to be a left-hand side variable rather than an explanatory variable.
4. House size is a very interesting variable. If the author can prove that housing price increases with house size in a convex way, then it is an interesting experiment to examine its impact on fertility.