

Who has a Baby in Uncertain Economic Times? Evidence from Russia's Labor Market Transition after Communism

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Abstract

After 1989 the former Communist Bloc countries experienced dramatically falling fertility while undergoing massive economic transformation. Although many hypotheses link these two processes, the evidence remains inconclusive. This paper uses the Russia Longitudinal Monitoring Survey 1994-2009 to analyze the effect of increased wage uncertainty on fertility behavior in Russia, a country which experienced sizeable variation in both uncertainty and fertility. I develop a measure of uncertainty based on firm ownership (state versus private) and probability of receiving one's contracted wage. I find that in the cross-section, the probability of having a child is significantly lower for women in private firms with higher wage uncertainty. In the time series, women are more likely to transition from a more uncertain private job to a less uncertain state job shortly before birth. These results suggest that one-time child bonuses might be less effective fertility policies than stricter enforcement of private sector wage contracts.

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