

Do Couples Bargain over Fertility? New Evidence Based on Child Preference Data

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Theoretical and empirical research has shown that households should not be considered as single decision units, but as consisting of heterogeneous individuals who bargain over household resource allocations. In contrast to earlier tests of bargaining models, our empirical approach makes use of preference data and a public good, i.e., fertility. We present evidence that couples bargain over fertility. In an extension, our results also indicate that the ability to commit to household resource allocations depends on the gender composition of the preference conflict. As women more often have lower incomes and higher child preferences than men, a policy implication of our findings is that the effect of child benefits on fertility could be enhanced by directing transfers to women.