Trade Exposure in Germany: How China Exports Affect Men's and Women's Fertility. An Application on G-SOEP

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Abstract

The impact of international trade on fertility choices via labor demand is a crucial empirical question. We rely on the German Socio-Economic Panel (G-SOEP) in order to evaluate how fertility choices measured with total number of birth events is influenced by trade exposure. In particular, we consider Piriu (2020) and Autor et al. (2014). The first contribution takes into consideration: i) the share of employment in manufacturing by industry, ii) the number of workers engaged by manufacturing industry, and iii) the share of manufacturing workers by state of employment. This choice does not consider unemployed workers, and also using exposition year by year may not be the right approach, since import competition's effects come also from past exposure and individuals can change industry sector so that the negative effect on employment may be absorbed by all previous controls. If we consider current trade exposure, national imports can be assigned to each region according to the number of workers in that sector in a predetermined period. This index aggregates each sector and there should be no issues in attribution since every worker (including unemployed) in a region would be assigned to the corresponding value independently from the current industry sector. The second contribution instead considers the ratio of imports' flows to initial shipments, imports and exports; instrumental variables and related robustness checks are computed and performed This step is crucial since changes in trades may be a consequence of domestic shocks in German industries. We estimate three models with OLS and IV regressions according to three different dependent variables, while exposure index, age and squared age, dummy variables for education and year are the same regressors for the three models. The results give no significant estimates, proving that there may be some hidden elements in play in our analysis and this opens the way to further research and future investigation.

Keywords: fertility; trade exposure; OLS; panel data; SOEP; instrumental variables; linear models.