

The Labor Cost of Motherhood
and the Length of Career Break around Childbirth*

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Empirical economic literature has deeply studied the negative impact of fertility on maternal labor supply, and evaluated how different labor market characteristics and policy measures affect this relationship. Rigidity of the labor market and difficult reconciliation of market and family roles has been pointed at as the main causes of the scarce participation of women, for both cultural and institutional reasons. In particular, the rigidity of working hours, the scarcity of part time opportunities and the inadequacy of childcare provision, together with a strong role division between men and women that still attributes women all family responsibilities, obstacle labor market participation of mothers (Del Boca 2002, Campa et al. 2011).

Long periods away from work to take care of the children may result in significant depreciation of human capital and thus difficult return to work later in time, so that temporary choices may permanently affect labor market potential outcomes of new mothers (Shapiro and Mott, 1994).

A rich strand of the economic literature has studied the impact of fertility on maternal labor market behavior, from both theoretical and empirical perspectives; natural experiments stemming from sharp policy introductions were used to assess the causal impact of family policies, while structural modeling has been used to explore the determinants and effects of family structure on education, labor market outcomes and, more recently, child development.

In a major Italian labor market reform in 2012 some measures were adopted to help reconciling work and family life. The aim of this paper is twofold: on one side, I exploit availability of administrative data for Italy to estimate the impact of motherhood on maternal earnings and labor supply at the extensive and intensive margin, using the event study

*This paper uses anonymous data provided by the Italian Social Security Institute (INPS) in the *VisitINPS* program.

methodology applied by Angelov et al. (2016) on Swedish administrative data and by Kleve et al. (2016) on Danish administrative data. This allows quantifying the relation between fertility and labor supply and labor market outcomes and highlighting the inequality stemming from the disproportion of such an impact on mothers and fathers. Second, I exploit the quasi-experimental setting provided by the introduction of a conditional childcare subsidy for each month of parental leave the woman agreed to give up to in order to assess the causal impact of shorter career breaks on labor market performance (earnings, labor supply at the extensive and intensive margins, wage, career path) in the short and medium run.

Preliminary results show that women experience more than 35% loss in earnings after the birth of a child, mostly driven by a reduction in labor supply, and the loss is persistent up to three years after maternity leave. The shorter leave induced by the introduction of conditional childcare subsidy increases maternal earnings only in the very short run.