

## **The Baby Boom and World War II: A Macroeconomic Analysis**

The postwar baby boom experienced by the United Kingdom, the United States, and many other industrialized countries remains one of the unsolved mysteries in demographic economics. The baby boom constituted a dramatic, if temporary, reversal of a century-long trend towards lower birth rates. In the United States, for example, the average number of children per woman increased from about two in 1940 to almost four in 1957, only to fall back to two by the early 1970s. Why did fertility rates change so much in this short period of time?

In new research, Matthias Doepke, Moshe Hazan, and Yishay Maoz reach the surprising conclusion that the baby boom was ultimately caused by the demand for female workers during World War II. In countries such as the U.K and the U.S., millions of women replaced men in factories and offices while the men were fighting the war. The war generation of women accumulated valuable labor-market experience, and many of them continued to work after the war and throughout the baby boom period.

So what does increased labor supply by the women of the war generation have to do with the baby boom? According to Doepke, Hazan, and Maoz, it all comes down to competition among women for a limited number of jobs. In the 1940s and 1950s, women's labor market opportunities were still largely restricted to traditionally female areas such as secretarial work or retail jobs. Before the war, most of these jobs were taken up by single women in the early 20s, who would work for a few years before they got married and started to have children. After the war, young women had to compete with the experienced war-generation women for these same jobs.

Doepke, Hazan, and Maoz argue that the younger women were crowded out of the labor market. With little else to do, many of them got married and started to have children a little earlier than they would have had otherwise, and ultimately ended up with a larger family. It is these younger women who account for the bulk of the baby boom.

To examine the plausibility of this mechanism, Doepke, Hazan, and Maoz develop an economic model of women's decisions on labor supply and fertility. They show that when exposed to a World-War-II shock (that is, a sudden drop in the availability of

men in the labor market and a corresponding rise in the demand for female workers), the model delivers predictions for the evolution of fertility and labor-force participation rates that closely follow U.S. data.

The model reproduces not only the rise in birth rates after the war, but also the rapid drop in childbearing during the 1960s, when the baby boom came to an end. The reversal in fertility rates is due to the retirement of the war-generation of women from the labor market, which relieves the pressure on the labor market for younger women.

As an additional test of their theory, Doepke, Hazan, and Maoz consider the international evidence on the baby boom. Most industrialized countries experienced a baby boom after World War II, but only some of them also underwent a substantial mobilization of female labor during the war. The theory predicts that countries with a larger wartime increase in the female labor force should also experience larger baby booms.

Doepke, Hazan, and Maoz show that the international data lines up almost perfectly with this prediction. The only countries where the baby boom is similar in magnitude to the U.S. are allies such as Australia, Canada, and New Zealand, all of which saw large increases in female employment during the war. In contrast, in neutral countries such as Sweden and Switzerland the baby boom is much less pronounced. These observations confirm the view that changes in the female labor market were indeed the main driving force of the baby boom.