

# Social Mobility and Endogenous Fertility<sup>†</sup>

Hiroki Tanaka<sup>‡</sup> Masaya Yasuoka<sup>\*</sup>

## Abstract

This paper uses an intergenerational model that incorporates fertility as an endogenous variable to analyze the effects of child-rearing costs on educational investment, social mobility, fertility behavior, and income inequality. While rising child-rearing costs increase the proportion of skilled labor through a shift from quantity to quality of children, the nature of this effect depends on the mechanism of ability formation. If abilities are innate, this reduces the average fertility rate and reinforces social stratification; however, if education influences ability formation, the effects on fertility rates and inequality are not uniquely determined.

**Keywords:** Social mobility, Endogenous fertility, Childcare costs

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<sup>‡</sup> Doshisha University, Email: hitanaka@mail.doshisha.ac.jp

<sup>\*</sup> Corresponding to: Kwansai Gakuin University, Email: yasuoka@kwansai.ac.jp