

Fertility, Marriage Market Equilibrium, and Education Choice *

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Job market paper

October 12, 2026

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Abstract

Fertility in Denmark has fallen despite educational attainment increasing and educational attainment being positively correlated with fertility. In a descriptive decomposition, lower partnership formation accounts for about as much of the decline as lower fertility within couples, while the shift toward higher education partly offsets it. We develop and estimate an equilibrium model of education, marriage, labor supply, and fertility with imperfectly transferable utility and unobserved heterogeneity in women's fertility preferences. We identify women's and men's preferences for children separately from couples' joint choices using variation in local marriage market conditions that shifts bargaining power. The estimates attribute the decline mainly to falling preferences for children among women, while men's preferences change little. In policy counterfactuals, free child-care raises fertility by 3.4 percent, and partnership formation accounts for 41 percent of that gain. Joint taxation weakens incentives to acquire education and marry, producing a fertility decline more than three times its fixed-couple effect. Closing the gender wage gap lowers fertility 2.8 times as much in full equilibrium as in the fixed-couple benchmark, partly by shifting bargaining power toward wives.

Keywords: Fertility, Marriage Market, Education Choice, Bargaining Power, Policy

JEL Classification: D13, I24, J12, J13, J16, J18

*Ishihata is grateful to his advisors Peter Arcidiacono, Pengpeng Xiao, Arnaud Maurel, and Laura Pilossoph for their continued guidance and support. We thank Jérôme Adda, Jason Baron, Pat Bayer, Edoardo Ciscato, Michael Dinerstein, Kenta Fukuda, Bastian Schulz, Rune Vejlin, and Zhangchi Ma for helpful comments and discussions. We also thank participants at seminars at Aarhus and Duke; the 1st Aarhus Workshop on Labor Markets; the Demographics, Health and Inequality (DHI) Workshop 2026; SEHO 2026; ESPE 2026; EEA–ESEM 2026; and EALE 2026. We thank Bastian Schulz for facilitating access to the Danish register data through ECONAU, Department of Economics and Business Economics, Aarhus University. Ishihata acknowledges financial support from the Tokai Foundation for Gender Studies. All errors are our own.

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