

**The Effects of Subsidies for Childbearing on Migration and Fertility: Evidence  
from Korea**

Sung Hyo Hong  
Department of Economics  
110 Eggars Hall  
Syracuse University  
Syracuse, NY 13244  
[shong11@maxwell.syr.edu](mailto:shong11@maxwell.syr.edu)

Ryan Sullivan  
Department of Economics  
110 Eggars Hall  
Syracuse University  
Syracuse, NY 13244  
[rssulliv@maxwell.syr.edu](mailto:rssulliv@maxwell.syr.edu)

**Abstract** – This study examines the effects of a fertility subsidy that was instituted in specific regions in Korea in 2004. The value of the subsidy ranged from \$4,000 to \$9,000 (2004 US\$) depending on area of residence. Using a difference-in-differences estimation strategy, we measure the effects of the policy on migration in and out of subsidized areas, childbearing, and the sex ratio of newborns. Our estimates for migration suggest that the policy significantly increased the net inflow of females into subsidized areas. This effect is driven roughly equally by a decrease in the outflow from and an increase into the subsidized areas. Our estimated effects on fertility are in line with previous results from the literature; we find that a \$1,000 increase in fertility subsidies leads to a 0.108% increase in the chance of becoming pregnant for all age groups (21 to 45), and that the policy increased total births in 2005 by 11,000. We find no effect of the subsidies on the sex ratio of children.