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"How Powerful Was the Pill? Quantifying a Contraceptive Technology Shock"

Abstract:

This paper quantifies how differences in the provision of the birth control pill ('the Pill') influenced women's labor supply decisions in Sweden. We use variation in the prevalence of pharmacies in a locality to instrument for that part of Pill demand that is shifted due to exogenous supply factors. The period of study corresponds with the nationalization and reorganization of the retail pharmacy sector in Sweden which provides a rich source of exogenous variation in the nonpecuniary costs of using the Pill. Using detailed individual panel data we estimate earnings elasticities that range from 0.6 to 3.7. We find significant labor supply responses to the Pill for women throughout the lifecycle, suggesting that the introduction of the Pill affected women at many stages of their careers. We also find significant short run effects of the Pill on labor force participation and marriage.