Voting on Education and Redistribution Policies in the U.S: Does Endogenous Fertility Matter?

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Abstract

This paper studies a politico-economic dynamic general equilibrium model to quantify the importance of endogenous fertility in explaining the generosity of redistribution and education policies in the U.S. Policies are endogenised as outcomes of majority voting. I find that accounting for endogenous fertility is essential for strong performance of the model in matching the levels of both transfers and education subsidies in the U.S. economy. The predictions of the model regarding a cross-section of U.S. states are used to verify the plausibility of fertility decision responses to policies and, consequently, to support the credibility of this result.

JEL Codes: D72, E62, H52, I24, I38, J13.

Keywords: Voting, Endogenous fertility, Redistribution, Education.