

Using North Carolina job loss and birth record data from 2000 to 2009, we estimate the effects of local economic downturns on the birthrates of 15- to 19-year-olds. We use county-level firm closings and layoffs as a plausibly exogenous source of variation in the local economic context. We find that a permanent loss of jobs to 1% of the working-age population decreases birthrates of 18- to 19-year-olds by about 1.5%, but has no effect on the birthrates of younger teens. Effects are stronger for African-Americans. Linking the timing of job loss announcements to the timing of conceptions suggests that changes in the birthrate arise from increased terminations; we see no response to job loss among any group in terms of changes in conceptions. We find no evidence that closings affect county birthrates zero to three months later, suggesting that teens do not anticipate job loss announcements ahead of time and lending confidence that losses are “shocks” that can be viewed as quasi-experimental variation. Results are consistent with a developmental framework in which older teens respond rationally (and similarly to their closest adult counterparts) to economic news that makes childbearing less affordable, while younger teens do not appear to react to economic news. We find no evidence that during bad economic times, young women substitute away from market work toward childbearing.