

Discussion of “Scared Away: Credit Demand Response to Expected Motherhood Penalty in the Labor Market”

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Overview of the Paper

- **Paper's question:** Do young women reduce borrowing and debt burden in anticipation of poorer job prospects associated with childbearing?
- **Setting:** China's universal two-child policy (announced October 2015), which relaxed the one-child restriction.
- **Data:** Loan application records from MingXiaoDai, a leading P2P lending platform targeting college students, covering 2,097,809 applications across 579 universities between January 2015 – May 2017).
- **Identification:** Difference-in-differences comparing female (treated) vs. male (control) student loan applications before and after the policy announcement.
- **Headline results:** After the policy, female students reduced loan applications by approximately 12–15% relative to males.

What do I really like about this paper?

Interesting paper and important topic. Why?

- Important research question: Whether anticipated motherhood penalties affect women's human capital investment decisions *before* entering the labor market.
 - The prevailing view in the literature is that women *do not* anticipate the employment costs of motherhood (Kuziemko, Pan, Shen & Washington, 2018).
- Unique data from MingXiaoDai, a major P2P lending platform for college students, with detailed loan application records.
- The two-child policy provides a nice setting to study anticipatory behavioral responses to fertility expectations.

My comments and suggestions:

- Identification strategy (**Comment 1**).
- Economic magnitude (**Comment 2**).
- Postgraduate enrollment outcomes (**Comment 3**).

Comment 1: Identification Strategy

- The paper uses a DiD design comparing **female vs. male** students before and after October 2015. Using males as the control group raises some concerns.

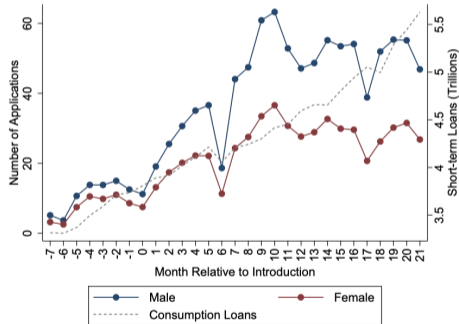


Figure 2. Average Number of Loan Applications: Gender Comparison

Comment 1: Identification Strategy

- **Problem 1:** Any contemporaneous shock (2015-2017) that differentially affects male and female borrowing would confound the results.
- **Problem 2:** Figure 2 does not show a stable number of applications for males followed by a drop for females. It would be helpful to see whether the effect is clearly driven by the female series.
- **Problem 3:** Could males be *increasing* borrowing to invest in human capital because they anticipate needing more resources for larger families? The paper interprets results as females borrowing less, but it could partly reflect males borrowing more.
- **Suggestion:** Consider using a university-level pre-shock variable that might proxy for the intensity of the shock. Then show that it impacts the borrowing of females but not males. I think this would be really good evidence.

Comment 1: Parallel Trends

- The parallel trends assumption is critical for the DiD design. The paper's evidence on this is quite limited.
- The current test (Table 2, Column 3) uses a **single pre-treatment month** (June 2015) to argue for parallel trends. An insignificant coefficient in one month is not enough.
- **Standard practice** is a plot with period-by-period coefficients and confidence intervals for multiple pre-treatment periods.

Comment 2: Economic Magnitude

- The paper documents statistically significant reductions in female borrowing after the two-child policy. But how economically meaningful are these loans?
- The average number of applications per university-gender-month is roughly **32**. With about 15,500 students per university in China, this implies that only about **5%** of students apply for these loans in a given year.
- This is not bad but it is not terrible high. It would be helpful to know who are these students (characteristics), and whether there are repeated loan applications.
- The average loan per application is **6,812 RMB (~\$992 USD)**. These are small P2P loans used for tuition and living expenses.
- An 11–13% reduction in applications from an already small base raises the question: **how consequential is this channel for broader human capital decisions?** Giving some context here is helpful for non-Chinese readers.

Comment 2: Economic Magnitude

- There seems to be a **mismatch between the broad claims and the empirical evidence**. Students are finishing their degrees with slightly less debt, not necessarily less education. These loans cover living expenses, not tuition per se.
- **Suggestion**: Help the reader bridge the connection between reduced borrowing on these small P2P loans and broader student outcomes. Could students be substituting towards other credit sources (e.g., government student loans, family transfers)?
- I think it would be quite helpful to offer more evidence on real outcomes (comment 3).

Comment 3: Postgraduate Enrollment

- One of the most interesting findings in the paper is the suggestive evidence that **female enrollment in postgraduate programs declined after the policy**.
- This type of real outcome could make the paper's claims about human capital investment much more compelling.
- However, the current evidence is **entirely descriptive**. The enrollment results are simply a discussion in the text. No table or figures that I could find.
- If the authors can show a causal effect on actual enrollment (not just borrowing), the paper becomes, in my view, significantly stronger.
- **Suggestion:** Estimate a formal DiD on postgraduate enrollment data. This would be really interesting!

Conclusions

- Interesting question, good data, and a relevant policy setting.
- I think the paper could gain by:
 - contextualizing the economic magnitudes;
 - strengthening the identification strategy;
 - pursuing the postgraduate enrollment results more formally.