

A Discussion of “Cat, Dogs and Babies” by Chen, Lin, Yang and Yen

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Summary:

- Motivation: Declining Fertility
- Possibly Overlooked Determinant: Increasing Adoption of Pets
- Questions:
 - Would fertility be higher if we couldn't have pets?
 - **Are Pets and Children Complements or Substitutes in the Household Preferences?**
- Cross-Price Elasticity of Demand for Children with Respect to Price of Pets ϵ_{cd}^M ?
- Exploit Implication of Slutsky Symmetry:

$$s_d \epsilon_{dc} = s_c \epsilon_{cd} + s_c s_d (\eta_c - \eta_d)$$

- Solve out for ϵ_{cd}^M given
 - ϵ_{dc}^M , \rightarrow Roll-out of Local Child Bonuses
 - income elasticities $(\eta_d, \eta_c) \rightarrow$ Receipt Lotteries
 - (s_d, s_c) Expenditure Shares

Comment/Suggestion 1: Is Pet Adoption Really Rising?

- Pet Registration Up
- But Pet *Adoption* up too?
- Research Designs Control for Time and Cohort Effects
- But matters for the larger question motivated by aggregate time-series trends
- Can you use data from expenditure surveys (i.e. where you get your shares?) to document if the share of households with pets trended up during the 2010s?

Comment/Suggestion 2: How Local Complementarity informs the Broader Research Question

- You find Children and Pets are complements.
- In a world where domestic pets are possible, an increase in the price of pets reduces both demand for (pets and) children.
- But in a world in which domestic pets are discouraged and in the limit, not possible... Do we have fewer children?

Comment/Suggestion 3: Multiple Mechanisms

- You argue key mechanism is pet as test/practice for eventual childbearing
- But multiple mechanisms with same or different signs can co-exist.
- It is possible that pets allow humans to establish some emotional connection / love towards an another live being.
- This could lead to the two “goods” being substitutes.
- The test mechanism could be stronger, or operate for more people.

Comment/Suggestion 4: Learning Model

- You argue key mechanism is pet as testbed for child.
- But this implies an informational complementarity between pets and children
- Slutsky symmetry breaks down.
- Work out an augmented relationship that allows you to back out ϵ_{cd}^M in a learning model, consistent with your mechanism.
- Note: testing can lead to couples realizing they **don't want** to have a child.
- aggregate impact depends on risk attitudes and whether initial beliefs are pessimistic, optimistic or unbiased.

Comment/Suggestion 5: Empirical Evidence on Test/Practice Mechanism

- Learning story implies reduction in price of children leads to more pets because people test more (and presumably most find they can manage a child after all)
- But then you need to show that the *same* people that test more also follow up testing with having children at higher rate.
- Otherwise it could be that price of children goes down and
 - ① those who already were having or planning to have children buy more pets with the additional income.
 - ② others now have children without having first a pet to test the experience.
- Can you do Diff-in-Diff on both whether has *both* a child and a dog?

Comment/Suggestion 6: Demand for Pets

- The descriptive event study shows sudden decline in dog ownership upon birth of child
- But negative effects becomes much smaller as the kid ages.
- Is this evidence of a possible child demand for pets?
- How could this affect the interpretation of the complementarity results?

Comment/Suggestion 7: Allergy to Pets

- Back to the question of counterfactual fertility without pets.
- Is it possible to develop a research design exploiting allergy to pets?
- Link health records documenting allergy to pets to fertility?

Comment/Suggestion 8: Fertility Intentions

- Link Data on Fertility Intentions to Pet Ownership
- Are intentions substantially different before and after adopting a pet?
- This could help identify the signal variance in the learning model and still use the well-identified $\epsilon_{dc}^M, \eta_d, \eta_c$ to learn about ϵ_{cd}^M

Excellent Paper

- Relatively Novel, Understudied Question
- Impressive Data Infrastructure.
- Convincing Quasi-Experimental Designs.
- Nice Role of Basic Consumer Theory in Guiding the Analysis !!!