

Review #1

The paper addresses the important issue of childcare costs. It seeks to quantify the relative effectiveness of childcare subsidies to mothers and subsidies on grandmothers' time on the employment of mothers and fertility rates. It provides a model where mothers make decisions about their employment and fertility and calibration is performed on Spanish data. The paper shows that subsidising formal childcare for small children is the best option to increase mothers' employment, while fertility is increased when a double-subsidy is applied.

Yet, I think that some aspects need to be further clarified. Please find my detailed comments below, which I hope the author will find useful when revising her work:

Introduction & lit review

1. The introduction presents subsidising childcare or grandmothers' time as the only two viable options. However, in many cases the latter is not quite an alternative because of the unavailability of a grandmother (due to death, illness, geographical distance, etc.). What about these households? To what extent does the analysis consider them? In my opinion the author should address this right away.
2. Also, there exists a vast literature on other approaches that have similar aim, such as the increased parental leave for fathers. I think this literature should be discussed.
3. I have some questions on the applicability of the grandmother subsidies. The author stresses the fact that in Spain grandmothers provide a lot of childcare but also that, in practice, such policy would be hard to implement. I would like the author to better explain why this is worth studying.
4. It is not clear to me why fertility should be affected by these types of subsidy. This is not discussed in the paper, but I think it should, given that the analysis on fertility is presented as main contribution compared to the literature.

Model and calibration

5. I understand that the assumption that men work all their disposable time, regardless of whether they have children, is taken for the sake of simplicity. However, I'm wondering whether this is a too strong assumption or if the model could consider utility at the household level. Could the author discuss this?
6. Some of the parameters should be better explained when they are first introduced. For instance, it was not clear to me what T represented and why it entered the budget constraint only in the first period until I read page 11.
7. I might have missed something, but $subgr$ does not enter the mother's budget constraint in any of the scenarios. This would imply that $subgr$ would exactly compensate the cost of childcare for the mothers that do not have access to grandmothers' childcare. However, in the last sentence of section 2 it is said that all children aged 3 to 5 go to regular childcare, therefore grandmothers only care for them during the "extended hours". Shouldn't then the cost of regular childcare ($-pr2tr2$) also enter the budget constraint of $V2g$? Also, at the end of page 8 the author writes that public preschool is universally provided. Does this mean that $pr2$ is equal to zero? It does not seem so from the discussion on page 10. I got confused here, perhaps this could be clarified.
8. Table 3: what about childcare purchased on the market (e.g., baby-sitters)?
9. The calibration of certain parameters is unclear. Also, I think the author should mention to what extent the calibration rationale follows the existing literature.

Policy experiments

10. I find this section too long and dispersive. Lots of statistics are discussed and described and unfortunately this makes the whole section hard to follow and a little confusing. I recommend shrinking this part of the paper and highlighting the main important differences across the various scenarios. That is, the focus should be on section 4.5.
11. The sentence at the end of section 5 would need to be further discussed: "Finally, considerations related to the progressivity of these policies would also seem to favour childcare subsidies versus subsidies on grandmothers' time". On which grounds does the author make this statement?
12. The robustness section could also be rationalised a little, by having a shorter description of the statistics, better describing why the robustness check is relevant and clearly stating differences and similarities with respect to the main results.

Minor

13. Please number equations.
14. On notation: in the first equation, σ is used both for the curvature parameter of consumption and for the fixed utility cost per child. I would choose a different letter to avoid confusion.

15. When referring to other works, the author reports too many exact quotes (see pages 17 and 21). It would be best to rephrase in the author's own words.

16. On page 24 the author refers to "the relevant policy function in the Appendix". This should be precisely pointed out with a label and table number.

17. Tables should be numbered and be self-explanatory. In the Appendix, variables and columns are not labelled. I would suggest only relevant coefficients are kept and these are commented in the main text or in a separate section in the Appendix.