

Reading Notes for “Children and Gender Inequality: Evidence from Denmark”

1 Introduction

Based on Danish administrative data, giving birth to a child will cause a significant disadvantage for the female in the labor market, which are called “child penalties”. Besides, these penalties, in terms of labor force participation, hours of work, and the wage rates, have increased significantly over the decades and are relevant to the working history of the maternal grandparents rather than the paternal ones. In a word, the gender inequality in the labor market is significant, persistent, and inter-generational.

2 Body

2.1 Overview of the theoretical foundation

First, as for the existence of gender inequality in the labor market, Altonji and Blank (1999) held the reason for the gender inequality in the labor market was the human capital difference and discrimination, which has been challenged by the fact that even though there are the equality in education and the anti-discrimination policies, gender inequality still exists, implying other reasons behind it. Goldin (2014 & 2016) discussed the importance of family-friendly occupations for women, but she didn’t consider the influence of childbirths.

Second, as for the inter-generational transmission of child penalties, Fernández et al. (2004) proposed that women would be influenced by their parents when they balanced the family and career. This proposal was also relevant to the importance of the gender identity norms in labor markets discussed by Bertrand (2011). Therefore, it is reasonable to speculate that female gender identity formed in their childhoods is important in labor markets.

2.2 Overview of the data

In this paper, the authors used Danish administrative full-population data from 1964 to 2013, including all kinds of information about Denmark households, such as children, earnings, firms and etc. First, to deal with the *first* childbirths problems, they used 15,040,000 data between 1985 and 2003 to build a 15-year window analyzing the changes pre- and post- the first childbirths.

Second, as for the labor market data, the authors used a mandated pension scheme data called *ATP*, including the data about all Danish earning, hours worked, wage rates, and other variables over a long time. However, the *ATP* hours data is capped which cannot be used for marginal calculations and the *ATP* data doesn’t include job changing recordings.

2.3 Overview of the empirical strategy

For the first part, the main research method is a quasi-experimental event study approach, comparing the differences of some characteristics in the labor markets before and after the male and female had their first child. Besides, by expanding the time window to the 20 years after their first birth, this paper tested the long-run effects of “child penalties”. Then to investigate the mechanisms behind the sharp drop in participation, hours of work, and wage rates, they provided some heuristic evidence about the women’s occupations, sectors, and firms.

For the second part, the main research method is the decomposition approach, decomposing the gender inequality into two parts: the one is about children and the other is not. By finding the increasing fraction of children-related part in the total gender inequality over many years, this paper showed the “child penalties” were becoming the main reason for the gender inequality. Even though with some control variables like education, the conclusion remained.

For the third part, the main research method is the comparison with dummy variables, comparing the girls’ “child penalties” with different labor divisions of maternal and paternal grandparents during their childhoods to conclude which one is the main influential part.

2.4 Overview of the findings

First, it is significant that after women had the first child, their earnings, hours worked, participation rates, and wage rates sharply dropped which are called “child penalties”, while there are no significant differences for men. Besides, the “child penalties” are long-lasting, especially a 20 percent drop in female earnings over the long run, which leave influences on female occupations, sectors, and firms.

Second, child-related gender inequality increased significantly over decades, especially from 40 percent in 1980 to 80 percent in 2013.

Third, the “child penalties” are related to the working history of the maternal grandparents rather than the paternal ones.

3 Conclusion

The “child penalties” exist significantly and because of these penalties, women suffered losses in the job market. Besides, the traditional “discrimination” in the job market for the female mainly because of children. Finally, the “child penalties” norm is formed during the female’s childhood by their maternal grandparents, which deserves attention.

As for the limitations, first, the *ATP* hours data is capped which cannot be used for marginal calculations and the *ATP* data doesn’t include job changing recordings. Second, when accounting for the pre-child effects for the female to choose sectors and firms, there are no strong assumptions and data to support the result. Finally, when discussing the inter-generational transmission of “child penalties”, this paper only showed us heuristic evidence of the mechanisms rather than causality.