Reading Note for Children and Gender Inequality

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This article mainly explores the effect of children on women and men’s careers by implementing a quasi-experimental approach and decomposition method. It compares the gender inequality in earnings and wage rates and finds out that all three margins, including labor force participation, hours of work and the wage rate have sharp effects and they all contribute to the sharp decrease on women after childbirth. One of the creative point in this article is that they consider an event study after the birth of the first child for mothers comparing to fathers, and start building the baseline model since then.

The baseline model that authors use considers a panel between 5 years of the first child and 10 years after that, and they also consider a very long period of 20 years after the childbirth. It turns out that a dramatic change appears just after the first childbirth, where women would experience an immediate drop in earnings of around 30 percent. Even after 10 years of childbirth, women are still 20 percent lower than men in gross earnings, which means that this difference never converges back. But this may be caused by some other effects, for example, women tend to choose firms that allow them to pay more attention to family and kids and thus the companies would offer lower wage rates. Besides, the authors also decompose the gender inequality over time to see what can be attributed to children and what can be attributed to other factors. By using an Oaxaca-Blinder decomposition approach, they found out that the child-related cause has increased dramatically over the years, proving that the gender inequality is all about children, and the inclusion of education only has a small impact on this. Finally, the authors also tested the effect of grandparents, and it turns out that child penalties are mainly driven by female preferences during her childhood, in other words, the performance of grandmother has a large impact on mother when she grows up, and this impact would continue through generations.

To conclude this, the article mainly finds out how child penalty would affect the gender inequality, and it turns out that as long as the child is born, then women would experience a dramatic decrease in earnings since women tend to have more responsibilities in caring about family and children. However, other possible reasons should also be taken into consideration including the welfare and relevant social policies. Only with more information can we really determine the main cause of gender inequality in earnings.