

# Discussion of: Women and Men at Work: Fertility, Occupational Choice and Development

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*The views and findings expressed here are those of the author's and do not necessarily reflect the views of the Federal Reserve Bank of Cleveland or the Federal Reserve System.*

# Basic Idea and Main Results

- ▶ The paper studies the LFP of women when fertility and occupation decisions are taken into account:
  - ▶ Documents empirical facts regarding LFP, occupation, fertility of women in the US and India
  - ▶ Develops a model of endogenous decisions on all margins
  - ▶ Backs up labor market barriers for women as wedges in the spirit of Hsieh et al. (2019)
- ▶ Main results:
  - ▶ Key role of barriers' decline in women's LFP
  - ▶ Large contribution of women's LFP as input factor
  - ▶ Heterogeneous welfare consequences, huge gains for women
  - ▶ Remarkably different results for US and India

# Takeaway Lessons and Strong Suits

## ► Takeaway Lessons:

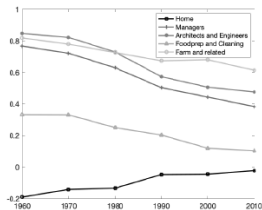
- Wedges (barriers) decline substantially from 1960 through 2010
- Labor market barriers decline dominate child time penalty
- The latter percolates through aggregates and welfare
- Closure of wedges in India was feeble and results follow the pattern

## ► Strong Suits:

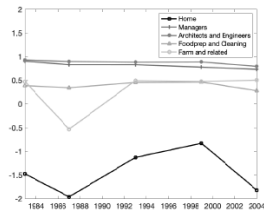
- Tractable, simple, elegant, and useful model to recover wedges
- Great model fit to the data on occupation sorting
- Framework can be applied “off-the-shelf” to other countries
- Clear takeaway message regarding strength of  $\tau_w$

# Main Figure of the Paper

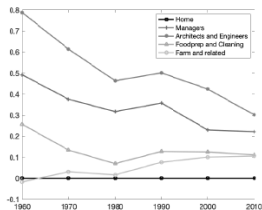
(a) Labor market barrier ( $\tau^w$ ): US



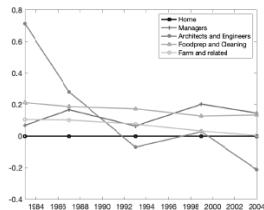
(b) Labor market barrier ( $\tau^w$ ): India



(c) Child barrier ( $\tau^c$ ): US



(d) Child barrier ( $\tau^c$ ): India



# Discussion of the Paper: Major and Minor Points

- ▶ Major discussion points:
  - ▶ Overall purpose of the paper: growth, labor, or development?
  - ▶ How novel is the question and methodology?
  - ▶ Technical: role of decision variables and allocations
  - ▶ Depth of comparison with India
- ▶ Minor discussion points:
  - ▶ Connection with structural labor literature
  - ▶ Stayers and switchers
  - ▶ Occupation coding

# Major Points - First Batch

- ▶ Growth, Labor, or Development?
  - ▶ Methodology is macro: stylized facts + back up of parameters via model
  - ▶ Question is labor: wedges/frictions/barriers for women's LFP
  - ▶ Empirical approach maybe development: US vs. India
  - ▶ Results seem more focused on growth: not much emphasis on mechanism behind welfare effects
- ▶ Novelty of methodology:
  - ▶ Roy model with channels that distort occupation choice
  - ▶ Extension of Hsieh et al. (2019), adding fertility choice and associated women's labor market barrier
  - ▶ Suggest emphasizing more, focusing on mechanism and intuition behind the added choice

# Major Points - Second Batch

- ▶ Model technicalities:
  - ▶ Timing: occupation first, then all other allocations  $\{e, s, n\}$ . What disciplines the choice?
  - ▶ Some occupations are better suited to on-the-job-learning human capital. How's  $s$  sorting by occupation?
  - ▶ Fertility choice has extensive and intensive margins and are continuous. What's the allocation of  $n$  by year? Does it track (average in) the data?
- ▶ Comparison with India:
  - ▶ Why India and why the comparison?
  - ▶ Mechanism aside from mechanical role of wedges directly informed by the data
  - ▶ Token LATAM question: what about informality? Seem all loaded in the home sector

# Minor Points

- ▶ Structural labor literature:
  - ▶ Lack of dialogue with the literature - include simultaneous and endogenous occupation and fertility decisions for women
  - ▶ Usually not tractable nor yield analytic results, but include full life-cycle + extensive and intensive margins
  - ▶ Two recent WPs: Amano-Patino et al. (2022), Wang (2022)
- ▶ Stayers and switchers: only mentioned at the end of the paper
- ▶ Occupation coding:
  - ▶ Work by vom Lehn and et al. (2022, JOLE) using CPS show that occupational mobility has been declining
  - ▶ Measurement error in longitudinal measures is large