

Gender Economics

Session 3

Household Economics

Kenza Ellass

Sciences Po Menton



Motivation and Overview

- Households as **economic units**: production, consumption, labor supply decisions.
- **Individual and collective models** of household decision-making
 - **Unitary models**: The household acts like a single decision-maker
 - **Collective models**: Households contain individuals with different preferences and varying power
- Gary Becker's seminal work (*A Treatise on the Family*) and later critiques/extensions ([Becker, 1981](#))
- Role of **bargaining and negotiation** in household choices (e.g., Chiappori's collective model)
- Importance of gender dynamics, social norms, and policy in shaping outcomes.

Becker (1981): A unitary model

Key Assumptions:

- Households seek to **maximize total utility** (or total “output”) from two main activities:
 - ① **Market work** (earning wages)
 - ② **Home production** (housework, childcare, cooking, etc.).
- Each spouse has a given potential wage in the labor market
- Each spouse has a **productivity level** in home production
- There are no significant frictions or barriers to transferring resources within the family (income pooling)

Becker (1981): A unitary model

Comparative Advantage Logic

- If one spouse is relatively more productive in market work
 - while the other is relatively more productive at home
- ⇒ **Specialization can increase total household output & is rational**

So

- If the husband has a **higher wage potential**, it becomes “optimal” for him to spend more hours in the labor market
- If the wife’s market wage is **lower**, she is more likely to specialize in housework and home production because:
 - ▶ The opportunity cost (The value of the next best alternative that is foregone when making a decision) of her not participating in market work is relatively small
 - ▶ By specializing, the household reaps the efficiency gains from each spouse doing what they do best.

Becker (1981): A unitary model

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Becker (1981): A unitary model

Why women might not work for pay?

- Traditional assumption: on average, men have **higher potential wages** than women, due to:
 - ▶ Differences in initial human capital or education - **Not anymore**
 - ▶ Labor market discrimination.
 - ▶ Social norms driving early career choices.
- If men's market wages are higher, the "cost" (in foregone income) of them doing housework is greater
- Therefore, from a purely **household-level** utility maximization standpoint:
 - ▶ Men focus on paid work (maximize earnings).
 - ▶ Women focus on housework and child-rearing (maximize home output).

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Human Capital Accumulation

Cumulative effects:

- Over time, **specialization** leads each partner to build **specific human capital**:
 - ▶ The spouse in the labor market accumulates more market-relevant skills, leading to even higher earnings over time.
 - ▶ The spouse in the home gains skills that enhance home production (e.g., childcare expertise, household management).
 - This reinforces existing **gender divisions of labor**
- ⇒ Once a couple chooses who will specialize, it can be costly to reverse that decision (due to forgone skill development)

Becker (1981): Critics and extensions

Limitations of the Traditional Model

- **Ignores bargaining dynamics:** A single “household utility function” may mask conflicts of interest
- **Assumes perfect transferability of resources:** Real-world households face power imbalances
- **Risk in case of divorce, separation, domestic violence, etc.:** Specializing in housework can reduce a woman’s *outside option*, affecting her long-term earnings and security
- **Social norms and preferences:** Culture and social expectations may shape decisions beyond pure economic rationality.

Modern Perspectives

- **Collective models of the household** ([Chiappori, 1992](#); [Browning et al., 2014](#)) incorporate individual preferences and bargaining.
- Empirical evidence shows persistent **child penalties** and career interruptions for mothers
 ⇒ **Specialization isn't purely voluntary**
- Policy measures can alter the **incentive structure**, encouraging more balanced division of labor.
 - ▶ Paid parental leave for both parents, subsidized childcare, etc.

Summary

Key concepts: Specialization based on comparative advantage

- Under classic economic theory ([Becker, 1981](#)), if a husband has a significantly higher potential wage, it's "rational" strictly for him to specialize in market work while the wife specializes in housework.
- This model relies on strong assumptions (no frictions, perfect resource pooling, stable marriages)
- In practice, wage disparities, discrimination, and the threat of divorce complicate this picture
- Modern research extends beyond the unitary model to explain why gender-based specialization persists and how policy can address inequality within households.

Key topics in Gender and Household Economics

- The **child penalty**: impact of parenthood on labor market outcomes for women (vs. men).
- **Time allocation**: housework, childcare, elder care, “mental load,” and how these affect labor supply
- **Domestic abuse and violence**: economic explanations, incidence, and consequences.
- Public policies and institutional contexts that can mitigate or exacerbate gender inequalities in the household - **Next session**

Trends in Time Use

- **Housework and childcare** time historically performed by women.
- **Convergence over time:** men do more housework than in the past, but persistent gap remains
- **Mental load** concept: women often bear the cognitive burden of managing the household
- **Elder care** growing in importance with aging populations - also more performed by women
- Consequences for **labor supply** decisions

How do we measure time allocation?

- Time diaries provide detailed breakdowns of daily activities

How to participate?



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How do we measure time allocation?

- Time diaries provide detailed breakdowns of daily activities
 - ▶ Minimizing recall bias
 - ▶ Minimizing the social desirability bias
- Tracks trends in paid work, unpaid work, childcare, and leisure.

Implications:

- Policies promoting **work-life balance** (e.g., childcare support, parental leave)
- Leisure inequality aligns with **income inequality trends**

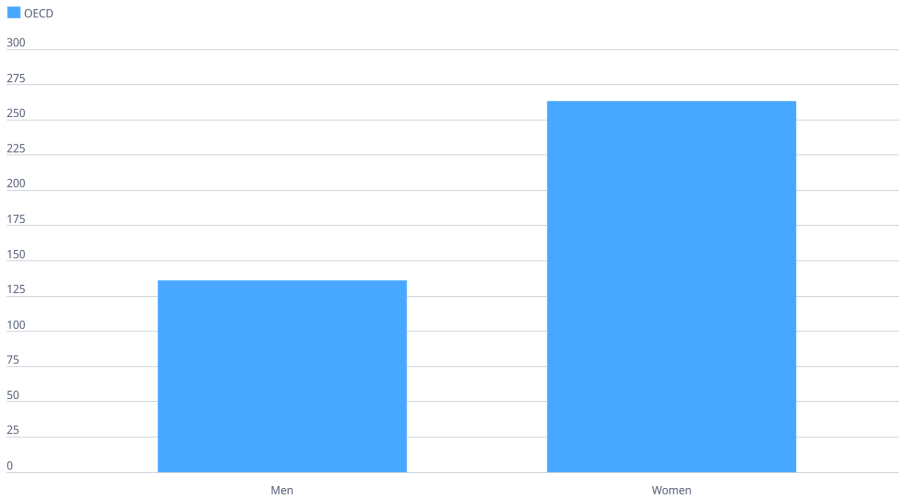
Trends in time allocation (Gimenez-Nadal and Sevilla, 2012)

- **Research Question:** How has time use evolved across industrialized countries over the last decades?
- **Data:** Time-use surveys from 7 countries (Australia, Canada, Finland, France, Netherlands, Norway, UK) from the 1970s to the 2000s
- **Main Findings:**
 - ▶ Men's **market work decreased**, while **their unpaid work and childcare increased**
 - ▶ Women's **paid work increased**, while **their unpaid work decreased**
 - ▶ **But gender gap persist**
 - ▶ **No uniform trend in leisure** across countries: some saw an increase, while others saw a decline.

Gender difference in unpaid care and housework

Gender gap in unpaid care and housework

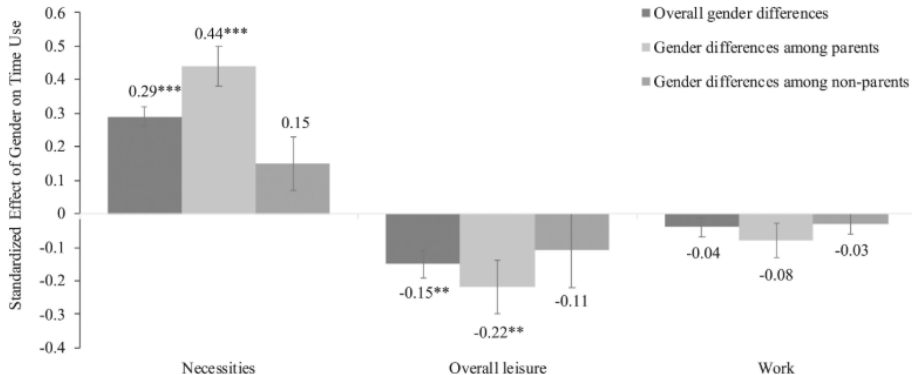
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Today: Resurgence of trad-wife movement

The gap increased during Covid 19 crisis

Giurge et al. (2021)



(Kleven et al., 2019b): Earnings

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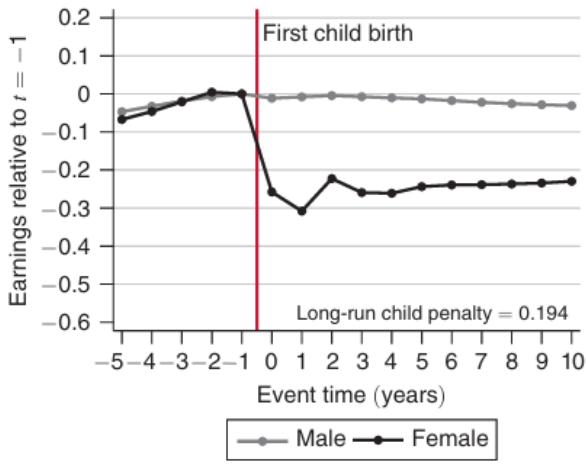
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(Kleven et al., 2019b): Earnings

Panel A. Earnings



Interpretation? Why?

(Kleven et al., 2019b): Hours

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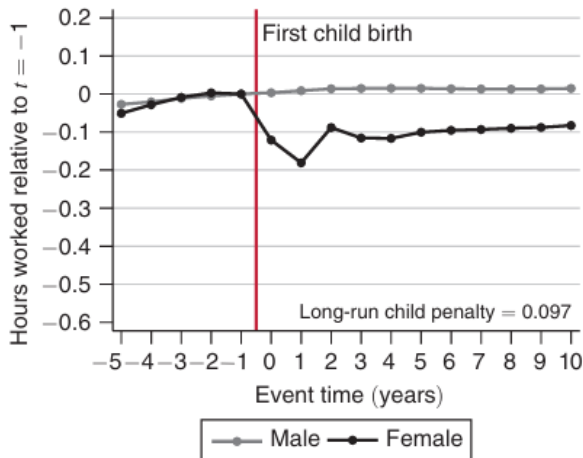
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(Kleven et al., 2019b): Hours

Panel B. Hours worked



Labor supply at the intensive margin, what is the other aspect?

(Kleven et al., 2019b): Participation

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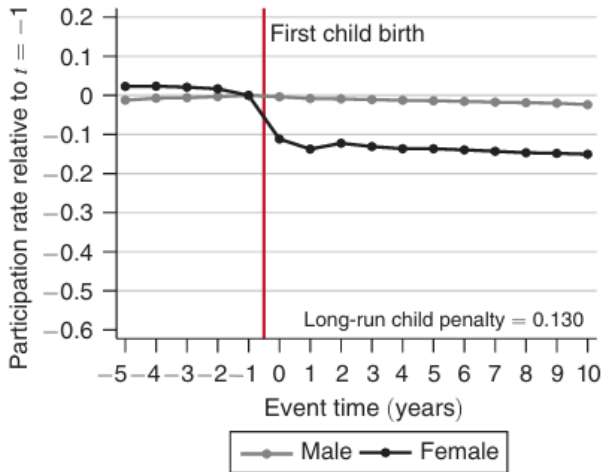
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(Kleven et al., 2019b): Participation

Panel C. Participation rates



(Kleven et al., 2019b): Participation

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(Kleven et al., 2019b): Wage

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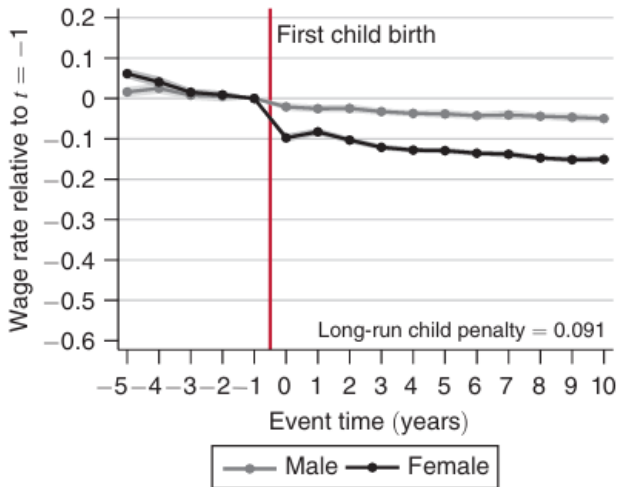
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(Kleven et al., 2019b): Wage

Panel D. Wage rates



(Kleven et al., 2019b): Long-term effects

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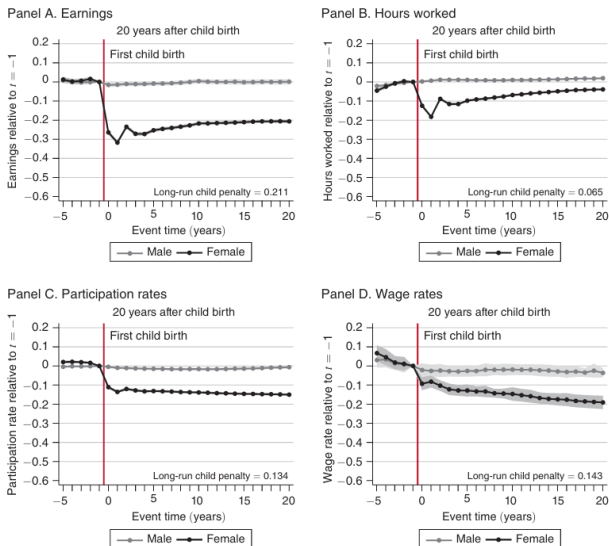
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(Kleven et al., 2019b): Long-term effects



Key Findings: Kleven et al. (2019b) (Denmark)

- **Large, persistent gender gap** in earnings emerges immediately the after first child
- Father's labor market outcomes are relatively unaffected.
- Even if women catch up in terms of working time, there are long-run impacts on **participation, wages and earnings**
- **Institutional context:** Denmark has generous parental leave and childcare, yet child penalties remain.
- Suggests that norms and firm-level practices matter

Cross-Country Comparisons of Child Penalties

“Child Penalties across Countries: Evidence and Explanations” (Kleven et al., 2019a)

- Variation in magnitude of child penalty

Policy relevance: Understanding child penalties can inform

- ▶ Parental leave design
- ▶ Childcare provision
- ▶ And gender-equality initiatives.

(Kleven et al., 2019a)

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(Kleven et al., 2019a)

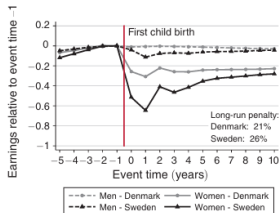


FIGURE 1. CHILD PENALTIES IN EARNINGS IN SCANDINAVIAN COUNTRIES

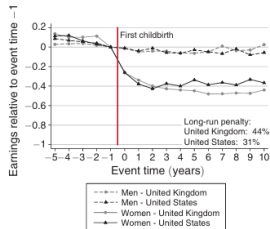


FIGURE 2. CHILD PENALTIES IN EARNINGS IN ENGLISH-SPEAKING COUNTRIES

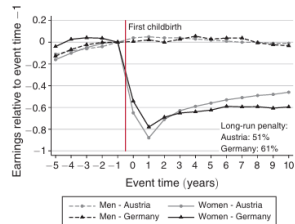


FIGURE 3. CHILD PENALTIES IN EARNINGS IN GERMAN-SPEAKING COUNTRIES

Why?

(Kleven et al., 2019a)

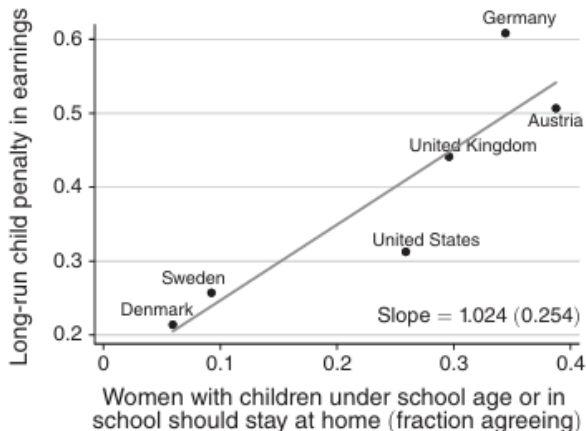


FIGURE 4. ESTIMATED CHILD PENALTIES VERSUS ELICITED GENDER NORMS

Positive correlation between gender norms and child penalty

(Kleven et al., 2019a)

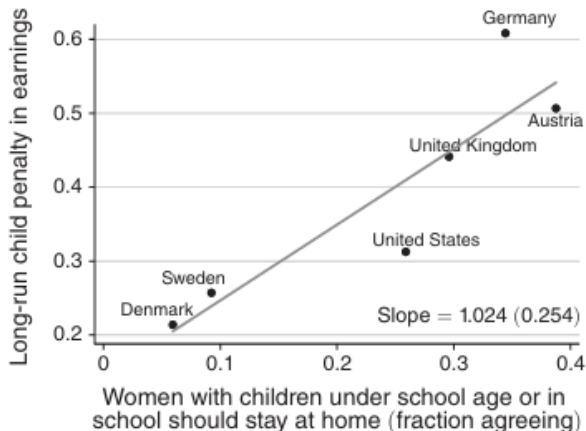


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Positive correlation between gender norms and child penalty

Cross-Country Variation

Some correlations:

- **Nordic Countries:** Generous parental leave and childcare, but still non-trivial child penalties.
- **Continental Europe (e.g., Germany, France):** Larger penalties in some settings; policies partially mitigate but do not eliminate the gap.
- **Anglo-Saxon Countries (e.g., U.S., UK):** Less generous leave; often higher penalties due to career interruptions.
- Variation suggests **both policy structures and cultural norms** play major roles.

Cross-Country Comparisons of Child Penalties

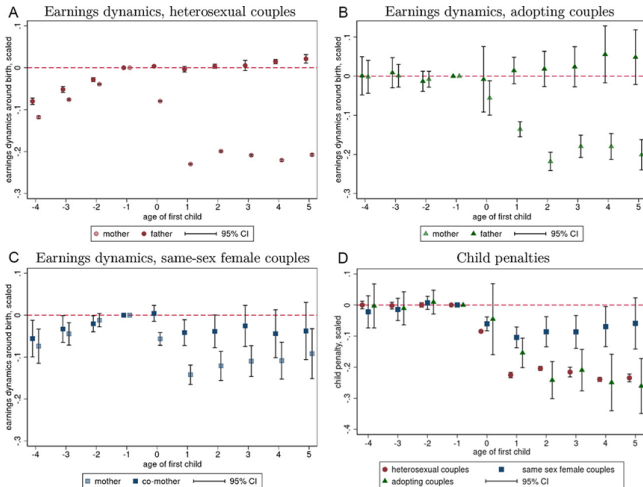
<https://childpenaltyatlas.org/>

What Causes the Child Penalty?

What Causes the Child Penalty? Evidence from Adopting and Same-Sex Couples ([Andresen and Nix, 2022](#))

- Analyzed administrative data from Norway, focusing on three groups:
 - ❶ Heterosexual nonadopting couples
 - ❷ Adopting couples
 - ❸ Same-sex couples

What Causes the Child Penalty? (Andresen and Nix, 2022)



What Causes the Child Penalty?

Findings:

- In same-sex female couples, the biological mother faces an initial 13% income drop, and her partner a 5% drop
- These penalties diminish over time, disappearing within four years.
- Same-sex male couples do not experience significant income penalties post-parenthood
- Adopting heterosexual mothers face a child penalty similar to non-adopting mother
- Gender norms and preferences, rather than biological factors or labor market advantages, drive the child penalty.

What Causes the Child Penalty?

Issue?

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What Causes the Child Penalty?

Issue?

- Selection bias
 - ▶ Could same-sex couples be more progressive than heterosexual couples?
 - ▶ If so, it may lead to an **underestimation** of the motherhood penalty

Discussion

“Is There Really a Child Penalty in the Long Run? New Evidence from IVF Treatments.” From Petter Lundborg, Erik Plug, Astrid Würtz Rasmussen

- **Paper Not Published Yet**
- **Data:** Danish administrative records on IVF-treated women (1994-2005).
- **Empirical Strategy:**
 - ▶ Compare women who **successfully conceived via IVF** to those who did not.
 - ▶ Since IVF treatment success is quasi-random, this provides a **natural experiment**
 - ▶ Track **earnings trajectories** of both groups for up to 25 years.
- **Key Advantage:** Unlike traditional event studies, this method ensures that earnings differences are due to **having a child, not selection effects**

They find that the child penalty is not persistent

What could be the issues with this strategy?

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IVF Strategy issue

Women who are trying to become mothers but have not:

- May experience their own career setbacks due to disappointment associated with infertility
- Infertility can cause “a long-run deterioration of mental health and couple stability.”
- Underestimation of the child penalty due to comparison group with deteriorated labor market outcomes compared with the overall population

People who seek IVF

- Generally also tend to be older and wealthier
- In more stable relationship
- Further along in their careers, and typically done with their educational training
- Less likely to experience large penalties
- Their pregnancies are inherently planned ones.

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Why Study Domestic Abuse in Economics?

- Historically neglected in economics, but important **implications**:
 - ▶ Health, psychological well-being, labor market outcomes
 - ▶ Costs to society (healthcare, policing, lost productivity)
- **Bargaining models** can incorporate violence as a threat point or mechanism.
- **Policy interventions**: how do laws, social services, or labor protections impact abuse incidence?

Key Research on Domestic Abuse

(Adams et al., 2024) *“The Dynamics of Abusive Relationships”*:

Research Question

- How does cohabiting with an abusive partner impact women’s economic outcomes?
- What role does unemployment play in maintaining abusive relationships?

Methodology

- Uses **Finnish administrative data** linking police reports, employment records, and demographic data.
- **Event-study & Matched Difference-in-Differences (DiD) Design:**
 - ▶ Tracks women’s **employment & earnings** before and after cohabiting with an abusive partner.
 - ▶ Compares women in abusive relationships to comparable women in non-abusive relationships

(Adams et al., 2024)

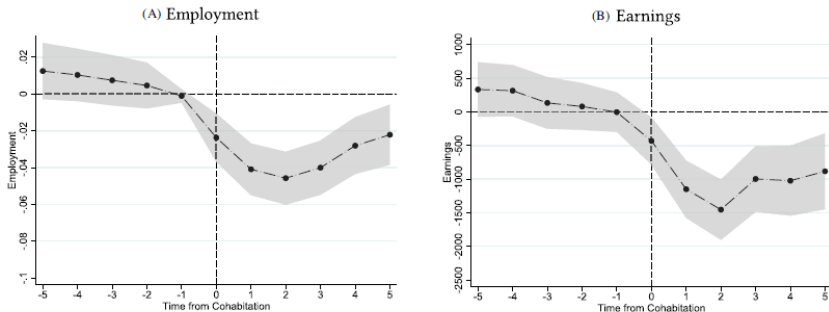


FIGURE IV
Employment and Earnings Impacts of Cohabiting with an Abusive Partner:
Triple Difference Design

(Adams et al., 2024)

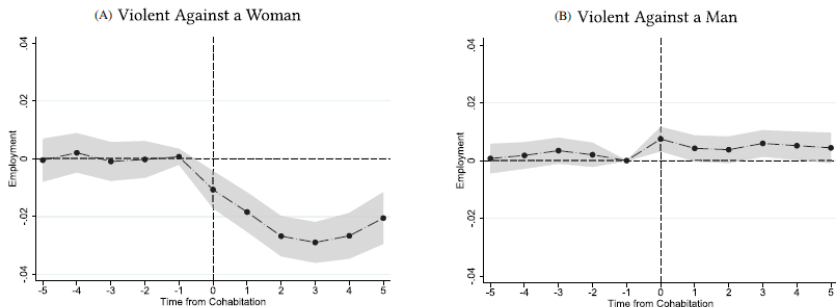


FIGURE VI

Employment Effects of Cohabiting with a Partner with a Police Report for a Violent Crime against a Non-partner

(Adams et al., 2024) Key Findings

- **Large and immediate economic decline** for women upon cohabiting with abusive men:
 - ▶ Employment falls
 - ▶ Earnings decline

- **Economic suppression is a key mechanism:**
 - ▶ Women in abusive relationships are less able to leave due to financial dependence
 - ▶ The decline in labor market outcomes is non-monotonic based on pre-cohabitation income
 - ★ Women with very low pre-cohabitation income may already have weak labor force attachment, so their labor market outcomes do not change much
 - ★ Women with high incomes might also see smaller declines because they have more financial resources and job security, allowing them to leave the abusive partner sooner.
 - ⇒ The worst economic suppression happens in the middle of the income distribution

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(Adams et al., 2024) Policy Implications

- **Economic Support for Survivors:**

Targeted financial aid can reduce dependence on abusive partners

- **Employment Protection:**

Policies that protect women's labor market participation can help victims escape

- **Shelter & Social Services:**

Access to shelters and social workers increases the likelihood of leaving abusive relationships.

Conclusion

- Gendered dynamics in household economics remain crucial for understanding gender gaps on the labor market
- The **child penalty** is a major contributor to persistent gender gaps in earnings and career progression
- Time allocation and unpaid care work reflect deep-seated norms and institutional structures
- **Domestic abuse** has direct implications for economic outcomes and policy design
- Ongoing research uses improved data (e.g., administrative, linked employer-employee) and methods (event studies, natural experiments) to identify causal mechanisms

Policy Implications

- **Parental leave policies:** balancing maternal and paternal leave to reduce child penalties
- **Childcare subsidies/availability:** facilitating return to work, mitigating earnings gap
- **Flexible work arrangements:** remote work, flexible scheduling to accommodate care responsibilities
- **Anti-discrimination laws and enforcement:** addressing gender and motherhood bias
- **Domestic violence protections:** legal reforms, shelters, financial support to enable victims to leave abusers

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