

Children and Gender Inequality: Evidence from Denmark (Kleven et al., 2019)

Blau and Kahn (2017) conclude that conventional human capital variables explained little of the gender wage gap, while gender differences in occupations can explain two-thirds of the gap. Among these occupational differences, some researchers argue that the presence of children changes women's labor preferences, which widens the gender gap.

One Sentence Summary

Studying Denmark's administrative data from 1980 to 2013, Kleven et al. (2019) find that women fall behind men in earnings after their first childbirth. They estimate that mothers have 20% fewer earnings than men twenty years after the birth of their first child.

Main Findings

Danish men and women have similar working hours, participation rates, and wages before their first child. Immediately after childbirth, a portion of women leave the labor force and another work fewer hours or transition to lower-paying jobs. The authors propose that changes in women's labor preferences during motherhood can explain these differences. First, recent mothers value amenities over high wages and avoid managerial positions. Second, mothers prefer to work on family friendly jobs. They find that mothers switch to the public sector or firms that have a higher proportion of mother managers, two options that the authors correlate with family-friendliness.

Women's earnings do not converge to men's earnings. After 5 years of their first child, mothers receive 30% fewer earnings than the fathers. After 20 years, this childhood penalty only reduces to 20%. In sum, the effects of childbirth on labor market outcomes are persistent.

Concluding Remarks

Even in Denmark, a gender equal country, there is a substantial earnings gap between men and women. This paper provides evidence that men's and women's labor paths diverge after childbearing and that this penalty explains 80% of the earnings gap in 2013. The authors emphasize that there are no normative implications of their analysis and are prudent to suggest a policy to address the issue. I agree with their precaution because Nordic countries have strong childcare and parental leave policies, but the child penalties are still prevalent. Although these policies have contributed to bridging the earnings gap, a novel approach might be needed to remove it.

References

- Kleven, H., Landais, C., Søgaaard, J.E., 2019. Children and gender inequality: Evidence from Denmark. Am. Econ. J. Appl. Econ. <https://doi.org/10.1257/app.20180010>
- Blau, F.D., Kahn, L.M., 2017. The gender wage gap: Extent, trends, & explanations. J. Econ. Lit. 55, 789–865. <https://doi.org/10.1257/jel.20160995>