

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 and industries can explain two-thirds of the gap. Among these occupational differences, women work fewer hours and have lower wage rates than men. Some researchers, including the authors of this paper, argue that having children can explain these gender gaps.

One Sentence Summary

Studying Denmark's administrative data between 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% less 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, women decrease their labor work participation, work fewer hours, and have lower pay for their work. The authors propose that changes in women's labor preferences during motherhood can explain the earnings difference. First, 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 never converge to men's earnings, suggesting that the effects of childbirth on labor market outcomes are persistent and transmitted through generations. For instance, in a family where a mother works relatively less than a father, their daughters—and not their sons—have a higher child penalty when she becomes a mother.

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.

References

- Kleven, H., Landais, C., Søgaard, 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>