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Reading Notes

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**Reading Notes on “Children and Gender Inequality: Evidence from Denmark**”

In the paper “Children and Gender Inequality: Evidence from Denmark”, Henrik Kleven, Camille Landais, and Jakob Egholt Søgaard studied the impacts of children on gender inequality in the labor market. To investigate this topic, they used three different empirical strategies. First, they adopted an event study approach based on labor market outcomes of women relative to men around the birth of the first child. Second, they decomposed gender inequality into what can be attributed to children and what can be attributed to other factors. They also showed the evolution of this composition over time. Finally, they considered the intergenerational transmission of child penalties. That is, the impacts of gender identity norms among maternal and paternal grandparents on mothers’ child penalties. In overview, they found significant evidence that gender inequality in the labor market can be mainly attributed to children, and this inequality is negatively correlated to maternal grandmother’s labor supply.

The theoretical foundation of this paper is that while gender gaps in the labor market can be attributed to gender differences in education and discrimination, as these two factors have been considerably reduced over the last century, there must be other factors explaining gender inequality. The data used in this paper is administrative data for the full population in Denmark between 1980–2013, which contain information on children, earnings, labor supply, occupation, firms, education, etc.

The authors’ first empirical strategy is to conduct an event study to compare women’s and men’s labor market outcomes around the first childbirth. In this section, the event time t ranging from -5 to +10 denotes the year before or after the first child’s birth year, and labor market outcomes of interest include earnings, labor supply, wage rates, occupation, firm, and sector choices. The authors regressed these outcomes on event time dummies, age dummies, and year dummies. According to their findings, women’s gross earnings decline by almost 30 percent after the first childbirth, while men are unaffected. Even after ten years, women’s earning are still 20 percent below the level just before childbirth. Similar trends apply for hours worked, participation rates, wage rates, and the results are statistical significant at 95% confidence interval. In addition, after the first childbirth, women’s occupational rank and probability of being manager decrease, while their probability of public sector job increases. Meanwhile, men are either unaffected or affected to a smaller extent.

The authors’ second empirical strategy is to build a dynamic decomposition framework. In this section, the goal is to compared the impacts of children relative to the impacts of other factors, including education, on gender inequality, so a rich set of education dummies was included. The authors regressed labor market outcomes on these education dummies along with the interaction between event time dummies and year dummies to obtain the year-specific event coefficient α for women and men. They then divided the difference in α by women’s labor market outcomes to compute the child penalty. According to their findings, the percentage of gender inequality that can be attributed to children has dramatically doubled from 1980 to 2013. In particular, while total gender inequality in earnings has fallen from 46 percent to 24 percent, child-related gender inequality in earnings has increased from 18 percent to almost 20 percent. Furthermore, there are also significant decreases in education-related inequality and residual inequality. These trends imply that today’s remaining gender inequality is mainly caused by children.

The authors’ third empirical strategy is to analyze the impacts of gender identity norms among maternal and paternal grandparents on mothers’ child penalties. In this section, the gender identity norm of interest is the difference between the labor supply of grandmother and grandfather. The authors first ranked parents by quantiles of the distribution of this difference such that a higher rank implies more labor supply of grandmother relative to grandfather, and then regressed labor market outcomes on rank dummies, age dummies, year dummies, some control variables, along with modified event time dummies such that 0 implies negative event time. According to their findings, the female child penalty declines with the relative labor supply of the maternal grandmother, while there is no obvious relationship between child penalties and the relative labor supply of the paternal grandmother. The same results hold when the authors control for education, wealth, region, and cohort. They then concluded that women who grew up in relative traditional families incur larger child penalties.

The mean idea of this article is that the gender inequality that can be attributed to children is significant and this inequality has grown over time, with the underlying meaning being that mothers sacrifice more for children than fathers. However, while this article compares women with children and women without children, it may also be interesting to consider women who adopt children, as they do not incur maternity leaves, so further work might be needed.