WOMEN’S EMPLOYMENT AND PARTICIPATION

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Women’s Labor Force Participation in the U.S.

- Grew rapidly into the 1990s, then flattened out

Gray bars denote NBER recessions.
Source: Author’s calculations from OECD data.
**Women’s Labor Force Participation in the U.S.**

- Grew rapidly **into the 1990s**, then flattened out
- Muted progress in comparison to other OECD countries

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**Labor force participation rate for women and female-male gap, 25-54 yo, 1990-2019, selected OECD countries.**

*Source: Author’s calculations from OECD data.*
OUTLINE

- What determined the slowdown in women’s participation in the U.S.?
  
  1. Changes in the earnings structure
  2. Lack of progress in family policies
  
- Insights from the post-COVID recovery
Why Did Women’s Participation Stop Growing?

- Slowdown in participation only for married women, largest for wives of college husbands

<table>
<thead>
<tr>
<th>Household Types (M-F)</th>
<th>HS-HS</th>
<th>C-HS</th>
<th>HS-C</th>
<th>C-C</th>
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<tbody>
<tr>
<td><strong>Average 1995-2005</strong></td>
<td></td>
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<tr>
<td>Actual</td>
<td>0.6</td>
<td>0.56</td>
<td>0.73</td>
<td>0.63</td>
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<tr>
<td>Projected</td>
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<td>0.67</td>
<td>0.79</td>
<td>0.75</td>
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<tr>
<td>Actual-Projected</td>
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<td>-0.11</td>
<td>-0.06</td>
<td>-0.12</td>
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<tr>
<td>Actual-Projected%</td>
<td>-9.8</td>
<td>-17</td>
<td>-8</td>
<td>-17</td>
</tr>
</tbody>
</table>

Why Did Women’s Participation Stop Growing?

- Slowdown in participation only for married women, largest for wives of college husbands
  wives of high income husbands

Why Did Women’s Participation Stop Growing?

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  wives of high income husbands
- Slowdown in closing of college gender wage gap

Married 25-54 yo, full time full year.
1. Changes in the Earnings Structure in the 1990s

- Rise in top wages for men, driven by performance pay (Lemieux, McLeod & Parent 2009)

- Women less likely to receive performance pay (Albanesi & Olivetti 2009, Albanesi, Olivetti & Prados 2015)

- Increase in wage penalty for low hours in professional and managerial occupations (Goldin 2014)
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  1. Women’s greater contribution to caregiving/childcare
     ⇒ lower market hours, lower wages
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  1. Women’s greater contribution to caregiving/childcare ⇒ lower market hours, lower wages
  2. Rise in top wages due to rise performance pay ⇒ married college men increase labor supply and earnings
  3. Negative wealth effect on wives’ participation and hours ⇒ rise in gender gap in college premium

- Quantitatively accounts for 1/3 of slowdown in participation of women married to college educated husbands (Albanesi & Prados 2022)
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1. Changes in the Earnings Structure in the 1990s

- Other countries experiencing a similar change in the earnings structure also saw slowdown in women’s participation (Albanesi & Prados 2022)

- Why did the U.S. fall behind?

- Rise in top earnings more extreme in U.S. (Heathcoate, Perri and Violante 2010)

- Lack of progress in family policies (Blau and Kahn 2013, Albanesi, Olivetti & Petrongolo 2023)
2: Family Policies

- U.S. spends little on family policies, with large component on tax breaks

Figure: Total public social expenditure as a fraction of GDP and composition, 2000-2015 average. Source: Author's calculations from OECD Family Policies Database.
2. **Family Policies: Income Taxation**

1. Marginal taxes lowest for one-earner married households
   \[\rightarrow\] due to *joint* income taxation

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**Figure:** Variation in marginal taxes by marital status, 2000-2015.

Source: Author’s calculations from OECD Family Policies Database.
2. **Family Policies: Income Taxation**

Marginal taxes rise with the presence of children due to rapid phase-out of child related tax benefits.

![Figure: Variation in marginal taxes by presence of children, 2000-2015](Image)

**Source:** Author’s calculations from OECD Family Policies Database.
2. **Family Policies: Childcare Support**

- Relatively high childcare costs in the U.S.

**Figure:** Childcare costs as a fraction of average income.

*Notes:* All values in percentage, 2000-2015 average. Source: Author’s calculations from OECD Family Policies Database.
2. Family Policies: Childcare Support

- Relatively high childcare costs in the U.S.
- Enrollment in early childhood education relatively low

Figure: Fraction of young children enrolled in pre-primary or primary school

Notes: All values in percentage, 2000-2015 average. Source: Author’s calculations from OECD Family Policies Database.
2. **Family Policies: Workplace Regulations**

- U.S. only country without federal paid job-protected parental leave policy

**Figure:** Weeks of paid parental and family leave

*Notes:* 2000-2015 average. Source: Author’s calculations from OECD Family Policies Database.
2. **Family Policies: Workplace Regulations**

- U.S. only country without federal paid job-protected parental leave policy
- U.S. ranks last in generosity of part-time arrangements among comparable OECD countries

**Figure:** Weeks of paid parental and family leave

*Notes:* 2000-2015 average. Source: Author’s calculations from OECD Family Policies Database.
2. Family Policies and Labor Market Outcomes

- Labor income taxes:
  negative impact of high marginal taxes on women’s labor supply
  (Guner, Kaygusuz, Ventura 2012, Borella, De Nardi, Yang 2023, Bronson & Mazzocco 2022)

- Childcare support:
  positive impact of childcare support on maternal labor supply

- Parental leave benefits:
  positive impact on maternal employment for short leaves
  negative impact on earnings and employment for long leaves (Ruhm 1998)
  mixed evidence for U.S. state leave programs

- Part-time benefits
  may lead to lack of career advancement and reduce wages (Goldin 2014)
2. **Family Policies: Counterfactual**

- Closing the gap with Sweden
2. **Family Policies: Counterfactual**

- Closing the gap with Sweden

*Notes:* Changes in female/male employment and earnings ratio associated with adoption of Sweden’s policy mix, 2000-2015. Married 25-54 yo. Source: Author’s calculations from Luxembourg Income Study and OECD Family Policies Database.
Insights from the Post-COVID Recovery

- COVID-19 recession
  
  Labor demand: Women over-represented in occupations exposed to infection risk (Albanesi & Kim 2021)
  
  Inflexible (no WFH possible), High contact

- Labor supply: Mothers saddled with childcare responsibilities due to school closures left the workforce
  
  (Albanesi & Kim 2021, Alon et al. 2021, Hansen, Shaba & Shaller 2022)
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- Albanesi (2022):
  No significant gender differences in quits from employment
  Rise in non-participation from unemployment for mothers
INSIGHTS FROM THE POST-COVID RECOVERY

- Stronger post-COVID employment recovery for married women
- Weak employment recovery for single mothers

Changes in employment relative to 2019, controlling for age and education, 25-54 years olds.
Error bars denote 90% confidence intervals.

INSIGHTS FROM THE POST-COVID RECOVERY

- Stronger post-COVID employment recovery for married women
- Weak employment recovery for single mothers
- Non-participation still elevated relative to pre-pandemic for mothers

Changes in women’s non-participation and employment relative to 2019, controlling for age and education, 25-54 years olds. Error bars denote 90% confidence intervals.

Insights from the Post-COVID Recovery

- Is ability to WFH associated with women’s stronger employment recovery?
INSIGHTS FROM THE POST-COVID RECOVERY

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Change in employment 2022-2019 by occupation, population 20 years and over.

INSIGHTS FROM THE POST-COVID RECOVERY

- Ability to WFH strongly associated with growth in both men’s and women’s employment 2022-2019:
  one standard deviation decline in Inflexibility associated with
  8.7 pp increase in employment for men
  9.7 pp increase in employment for women

→ employment growth in male occupations reflects typical cyclical dynamics (Albanesi 2019)
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- Male dominated occupations experience a resurgence of employment 2022-2019:
  5 pp increase in fraction of men in 2019 associated with
  10.6 pp increase in employment for men
  10.9 pp increase in employment for women

→ employment growth in male occupations reflects typical cyclical dynamics
   (Albanesi 2019)