




How Family, Culture, and Law Shape Women's Labor Force



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Women's Equality in the Labor Force: Key Ingredients

1. **Access to jobs:** women need to be able to work
2. **Access to promotions:** a continuous work history is helped by the ability to seek better opportunities
3. **Ability to control fertility:** Investments in education and work are helped by planning
4. **Pay equality:** Equal pay for equal work ensures that women face the same opportunities for earnings
5. **Equality in the home:** Separate spheres at home means a diminished commitment to work by women
6. **Climate at work:** Women are more likely to stay in jobs when the climate is welcoming to women
7. **Integration of work and family:** Workplace and social policies that minimize the costs of work for parents increase women's participation and success



Investments

- ❑ Women make more career investments when they know that they'll have access to jobs, promotions, fertility control, fair pay, and when they will be able to fulfill duties at home while working.
 - ❑ In order to fulfill duties at home while working men have to invest in skills in the home.
 - ❑ Businesses need to adapt to employees—both male and female—who need flexibility to meet family needs.
 - ❑ Businesses should invest when women are highly skilled workers who will stay on the job and accumulate firm-specific knowledge and who will be as dedicated to work as their male colleagues.
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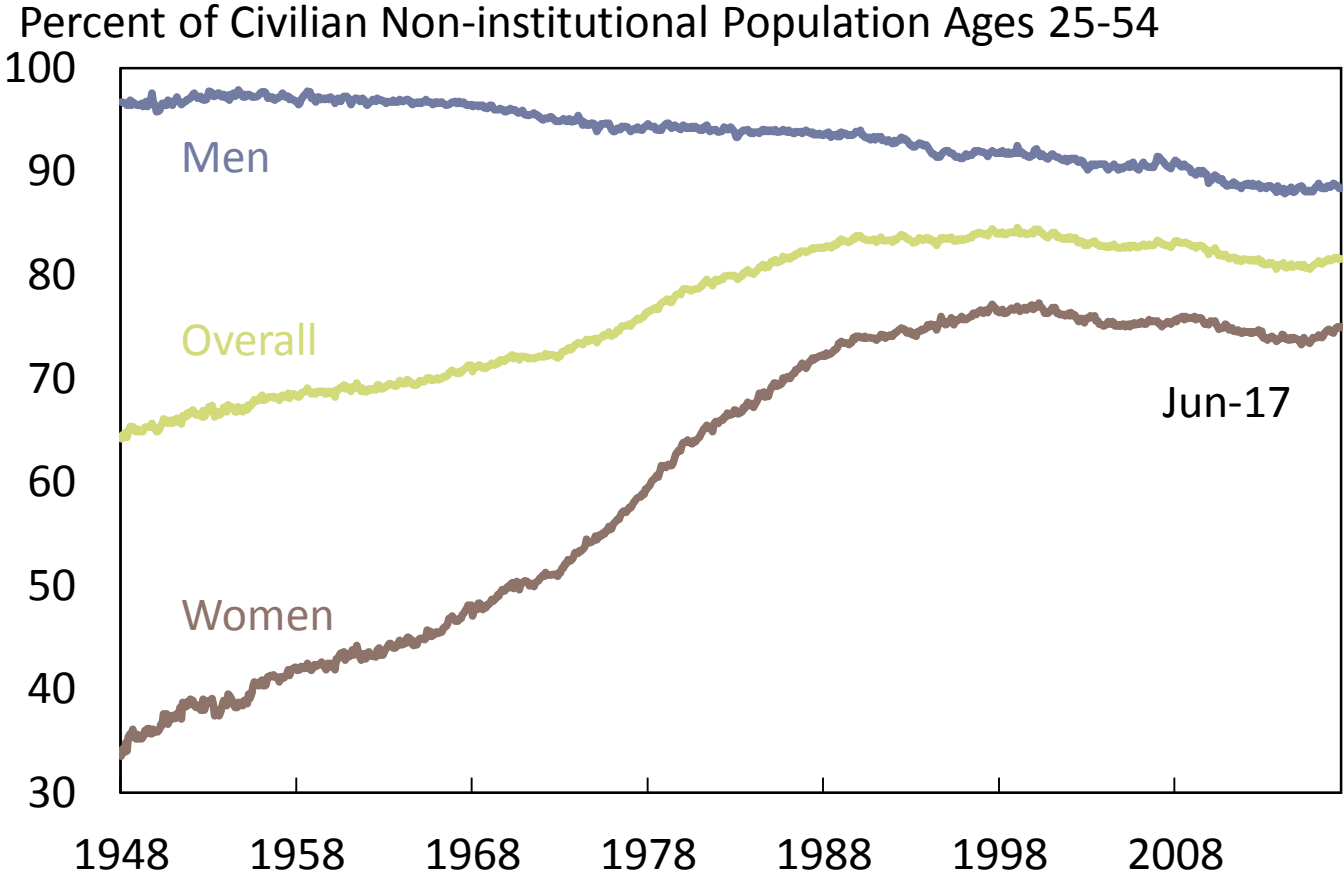
Work and Family are Intricately Connected

- ❑ Your options for work will impact your choices regarding family and community
- ❑ Your options for family life will impact your choices regarding work and community
- ❑ Public policies shape your choices both by directly changing the available options and by changing the incentives you face as you make decisions
- ❑ To promote equality in the workplace, you must promote equality at home



Narrowing of Labor Force Participation Gap

Prime-Aged Labor Force Participation by Gender



Source: Current Population Survey, Bureau of Labor Statistics. Seasonally Adjusted Labor Force Participation Rate, for Men and Women, ages 25-54.



Why the Surge in the 1970s and 1980s

- ❑ Women increased their investment in skills because of access to birth control and the “women’s movement”
- ❑ At the same time, businesses were forced to create more opportunities for women through explicit legislation that banned discrimination
- ❑ Changes in family law also encouraged a shift from families of specialization to one of equality around the same time



Ability to control fertility

- ❑ In the 1960s explicit legislation removed barriers that allowed discrimination in the 1960s
 - ▶ 1960: birth control pills were legalized

- ❑ Legal rulings
 - ▶ Supreme Court decisions in the 1960s and 1970s give all women the right to access birth control and the right to seek an abortion
 - ▶ Findings:
 - ▶ Bailey: Quasi-experimental evidence shows that access to the pill was an important driver of women's labor force participation in the 1970s and early 1980s
"For those born in 1955, the "fertility dip" in labor-force participation had completely disappeared. Participation rates were 24 percentage points higher at age 25, and 20 percentage points higher at age 30, than those of women born in 1940" ▶

Access to jobs

- ❑ In the 1960s explicit legislation removed barriers that allowed discrimination in the 1960s
 - ▶ Equal Pay Act of 1963 prohibits gender-based differences in pay for some workers, extended in 1972 to cover white collar workers
 - ▶ Title VII of the Civil Rights Act of 1964 made discrimination in the workplace based on sex illegal
 - ▶ Title IX passed in 1972 made discrimination in any aspect of education illegal
- ❑ Access to jobs increased women's participation and was an important catalyst to their promotion



Access to promotions

- ❑ Legal and cultural changes
 - ❑ 1960s legal changes made gender equality a reality on paper
 - ❑ Several generations of change has continued to make it a reality in the workplace
 - ❑ New legislation in Massachusetts: promotes salary transparency, restricts employers from asking candidates about salary history, and gives legal incentives to companies that conduct salary reviews
 - ❑ Many countries have considered or adopted quotas for c-level executives, board members, elected officials
 - ❑ Women still face significant limitations in access to promotions
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Equality in the home

❑ Changing relationship and parenting patterns

- ▶ People used to marry young and have children young.
 - In 1960, half of 20 year olds had already married and the median age of first birth was 21.
- ▶ Today, marriage and children come later.
 - In 2015, the median age of first marriage is 27 and the median age of first birth is 26.
 - Highly educated women in US have children in their 30s and 40s: Among women with professional degrees, the median age of first birth is 34.

❑ Divorce laws changed the nature of bargaining within families, giving more power to those who wanted to exit a marriage

❑ Supreme Court decisions in the 1960s give children born out of wedlock legal rights



Shift in Equality in the Home

- ❑ Less work in the home, particularly by women
 - ▶ Between 1965 and 2003 home production by women fell between 11 and 12 hours a week on average, while home production by men rose by 4.5 hours (Ramey 2007) (Aguilar and Hurst 2007).
- ❑ More market work by women, even those with young kids
 - ▶ In 1970, among women with children under the age of 5, the majority, 70%, were out of the labor force, presumably full-time homemakers. In the ensuing decades, labor market participation became the norm for mothers with young children and only 36% were out of the labor force in 2006.



Couples do more together

❑ They spend more time together

- ▶ At work
- ▶ At play
- ▶ Playing sports
- ▶ Social activities

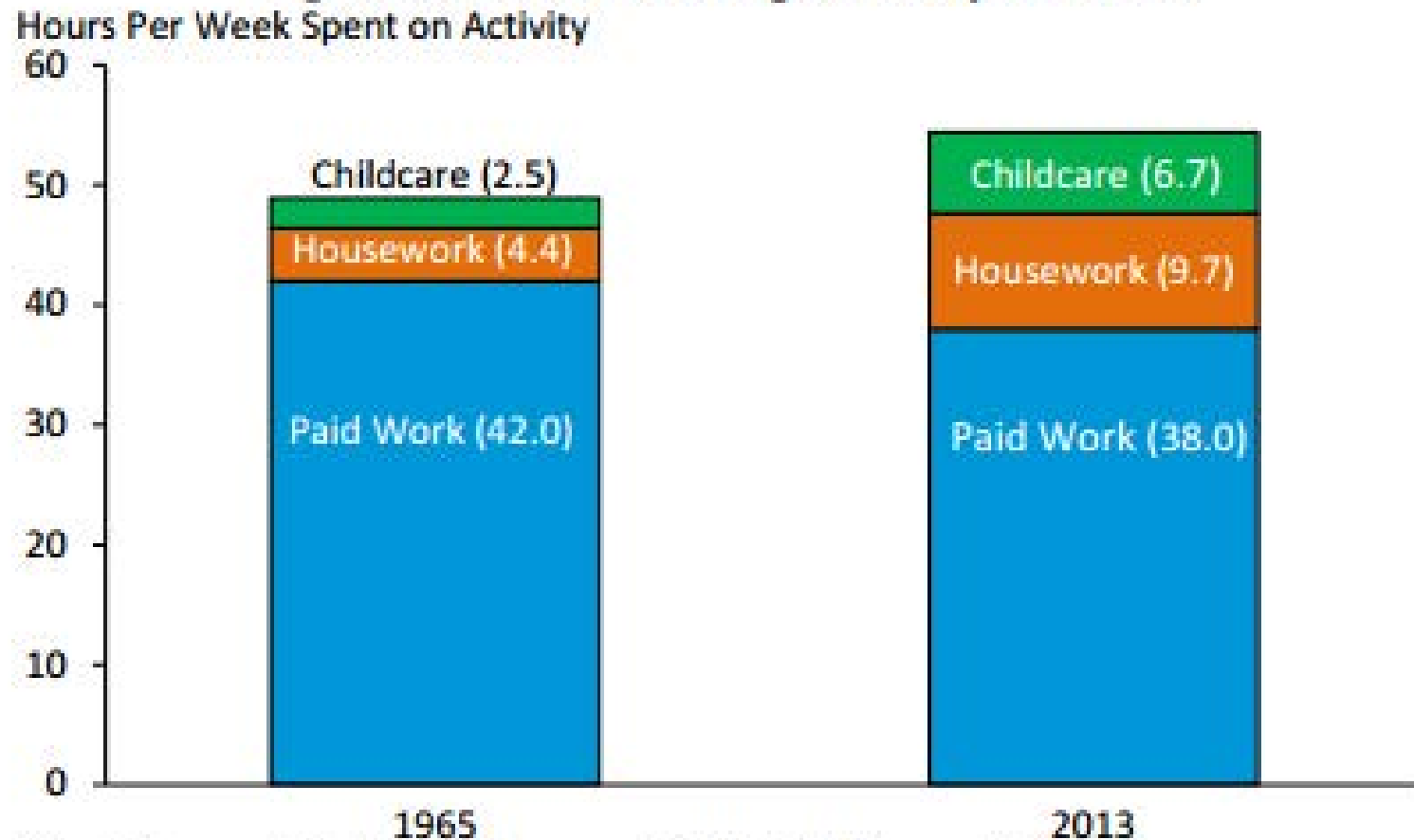
❑ They spend more leisure time with their children

- ▶ College-educated people spend much more time “playing” with their children than they did in the past and more than less educated people do



Fathers are now more involved parents.

Figure 3: Fathers' Average Weekly Time Use



Note: Fathers are defined as adult men ages 18-64 with children under 18.

Source: Bianchi et al. (2006); 2013 American Time Use Survey; CEA calculations.

Intended and Unintended Consequences

- ❑ Laws directly related to employment increased women's options to work outside the home
 - ❑ Other laws change the incentives and returns to working outside the home
 - ▶ Title IX's applicability to Sports
 - Gave women equal access to participating in sports
 - Caused women's sports participation to rise
 - Sports increase education and provide other skills
 - ▶ Divorce Law Reform
 - Does not change divorce per se, but does change the amount of time women are likely to spend in marriage
 - Shifts bargaining so that options outside of marriage are more important
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Public policy's role

- ❑ Public policy responded to changing public opinion by creating a set of policies that further shaped both families and work.
- ❑ The result—albeit unintended—was to encourage marriages of equality where both work and both take care of kids.
- ❑ In marriages where both work, parents are more likely to raise kids who enter marriage of equality. These interactions reinforce and continue the trend.



Enforcement (and Change) Occurs Slowly

- ❑ This wasn't a one-off change, but rather a series of changes that occurred as women (and men) used the courts to enforce the legislation
 - ▶ Examples: 1977 lawsuit eliminated unnecessary weight and height restrictions for bus drivers and 2013 lawsuit eliminated unnecessary physical requirements for fire fighters
- ❑ A cultural shift also occurred across generations as both businesses and workers adapted their investments and expectations
- ❑ 1970s divorce boom was part of the readjustment



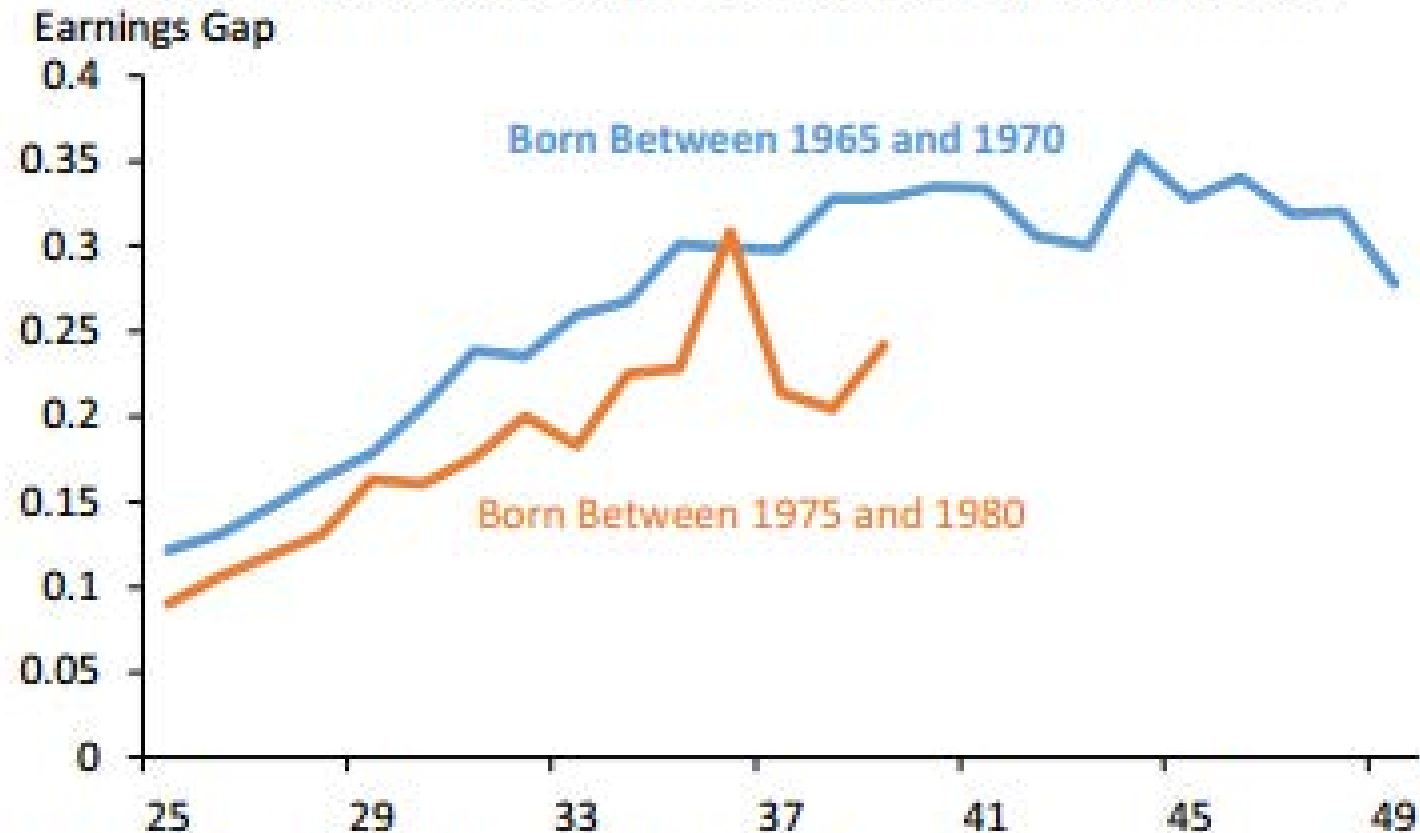
Pay equality

- ❑ Equal pay for equal work has been the law since 1972
- ❑ But it's difficult to enforce in the United States
- ❑ Lily Ledbetter sued for clear discrimination. The problem? Her company had been discriminating against her for a long time and the statute of limitations was up (even though they had discriminated against her the previous day—it was a long pattern)
- ❑ Legal change in 2009 to increase the statute of limitations
- ❑ But pay secrecy policies means lots of women don't know they are being discriminated against and can't try to find out without threat of losing their jobs
- ❑ Massachusetts just passed a new law tightening equal pay for equal work requirements



Change Over Time for Cohorts

Figure 11: Earnings Gap Over the Life-Cycle by Cohort



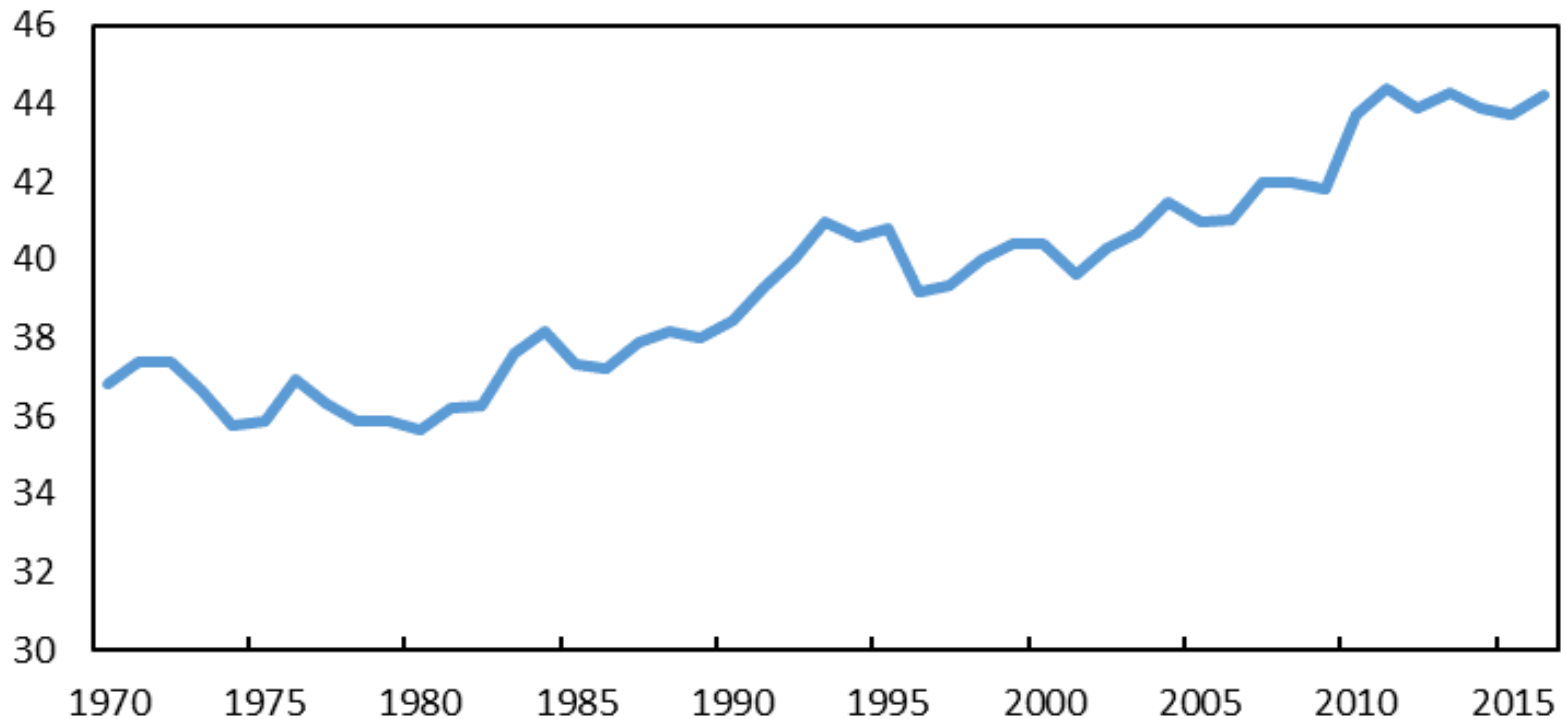
Source: Current Population Survey, ASEC; CEA calculations.

Note: Earnings gap calculated using average income from wage and salary for full-time, year-round workers.

Women's share of household income has grown

Employed Married Women's Contribution to Family Earnings

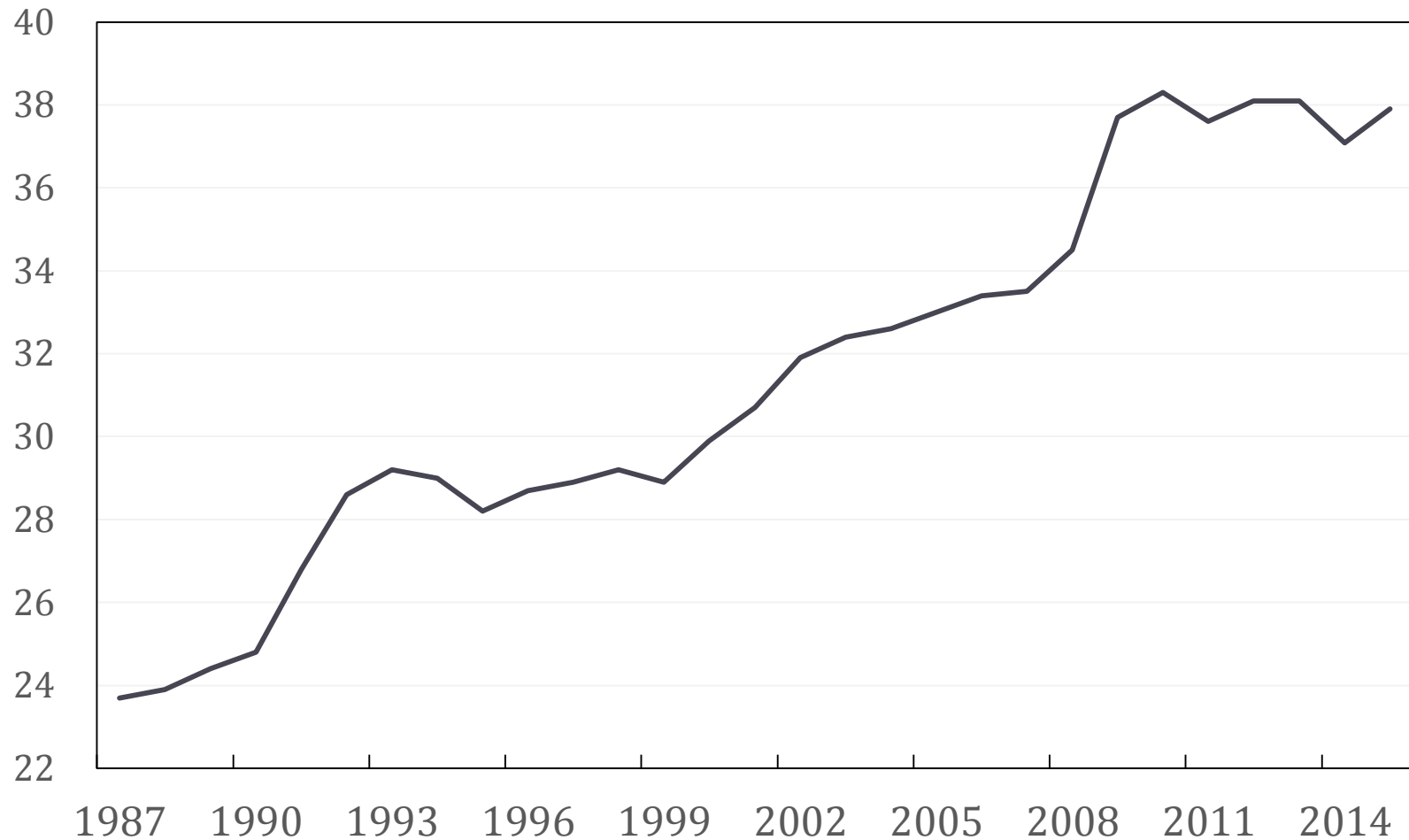
Percent



Source: Current Population Survey, ASEC

More wives are out-earning their husbands.

Percent of wives who earn more than their husbands

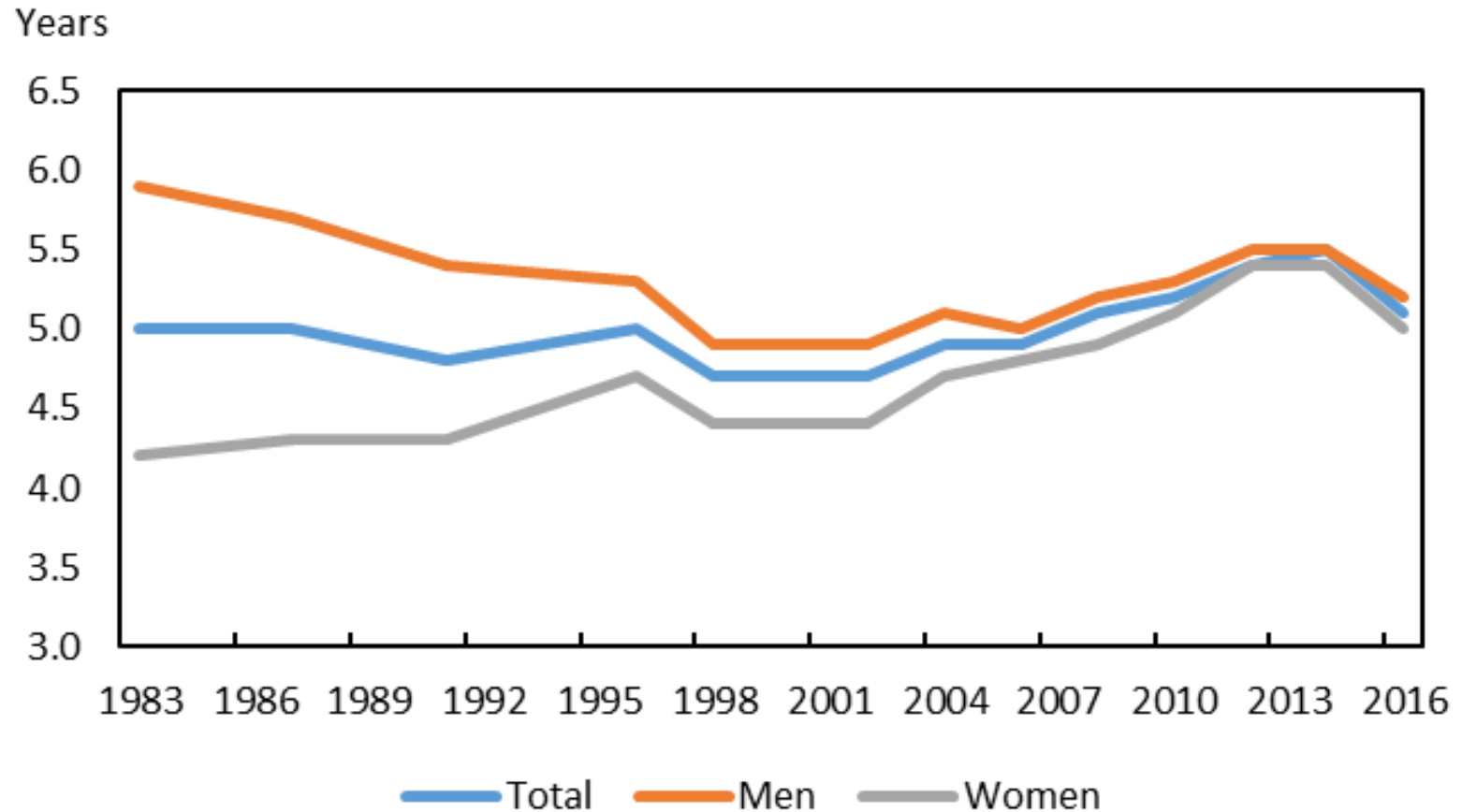


Source: U.S. Bureau of Labor Statistics, 1988–2015 Annual Social and Economic Supplements to the Current Population Survey (CPS).



The gender gap in median job tenure has closed

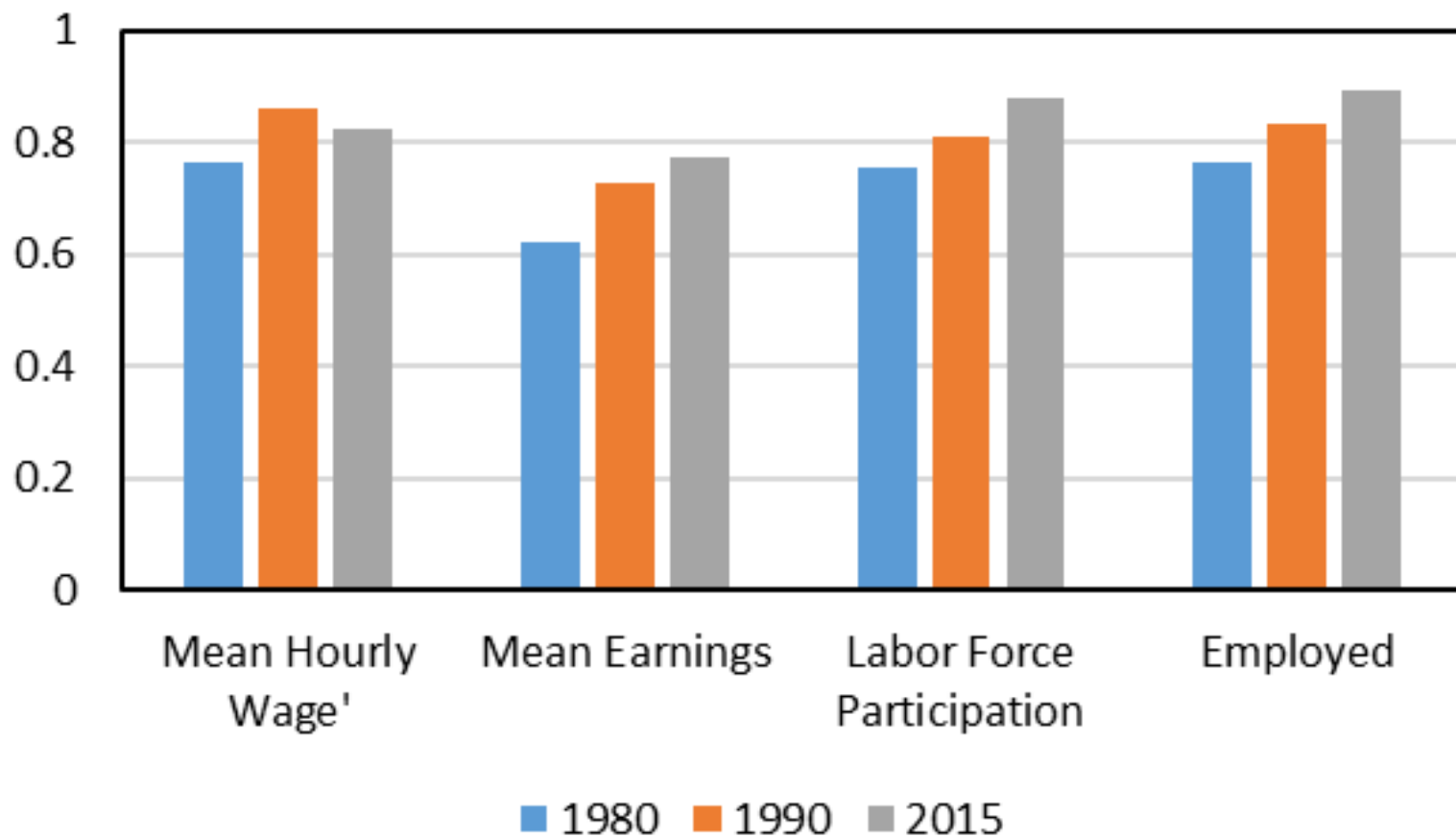
Median Job Tenure for Wage and Salary Workers Age 25 and Older



Source: Current Population Survey, ASEC

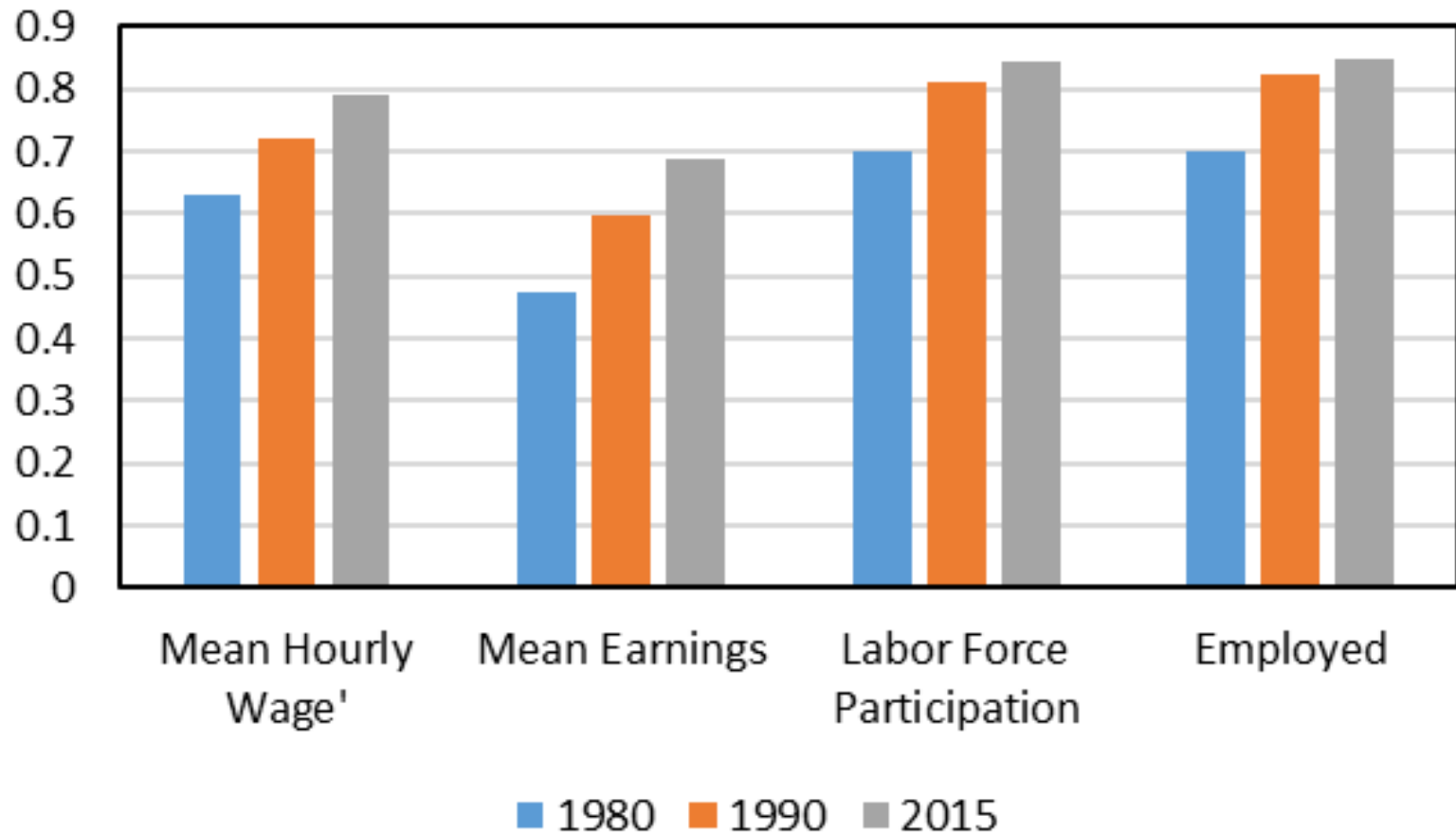
Progress Across Most Measures Over Time

Ratio of Women's Labor Market Outcomes to Men's by Decade, Ages 18-34



For Older Women Recent Progress in Wages

Ratio of Women's Labor Market Outcomes to Men's by Decade, Ages 35-49



Pay Equality Includes After Tax

- ❑ Tax policies that penalize married women working will both discourage women's work and families
- ❑ The United States has higher marginal tax rates on married women which has reduced women's labor force participation and earnings
- ❑ Japan's steep cliff for women who earn "too much" creates negative incentives for women to invest in skills and to work



Conclusion

- ❑ Equality in the workforce has helped create equality in the home and equality in the home helps to create equality in the workplace
- ❑ Work, family, consumption goods are all intertwined
- ❑ Policies like workplace flexibility, paid parental leave, worker training, increased access to education are policies that support and encourage fertility AND work
- ❑ Men, women, government, and businesses need to simultaneously invest to move to a better equilibrium

