

Macroeconomic Potentials of Women's Self-Sufficiency

Prof. Sena Coskun, PhD

FAU Erlangen-Nuremberg
Institute for Employment Research (IAB)
Center for Economic Policy Research (CEPR)

Lunch & Debate: Potenziale ökonomischer Eigenständigkeit

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Low Fertility

**Low Female
Labor Supply**

Labor Shortages

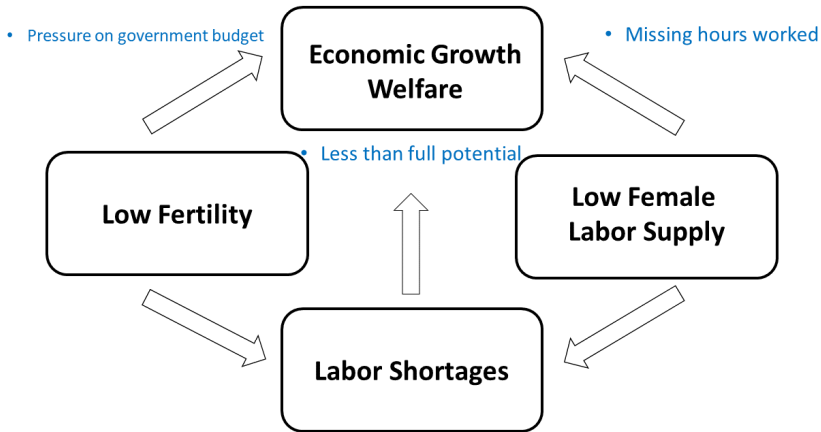
Low Fertility

**Low Female
Labor Supply**

Labor Shortages

- Demographic component

- A high local potential



Higher Female Labor Supply-Benefits

- Estimates around 1 million additional workers in Germany (Hellwagner et al. (2022))
 - Higher female participation
 - Involuntary part time work

- Better allocation of talent (Hsieh et al.(2019))
 - In the US, 1960-2010, 20-40% of economic growth explained by improved allocation of innate talent of women and black men

- Spousal insurance-stabilizer (Bardoczy (2022))
 - Optimal participation of secondary earners reduces consumption loss by 20% (in response to economic shocks)
→ Stabilizes the whole economy by mitigating the aggregate demand shock

- Tax system:
 - Example: Sweden and Germany have same average tax rate (30%) but Germany has 50% tax rate on secondary earners.

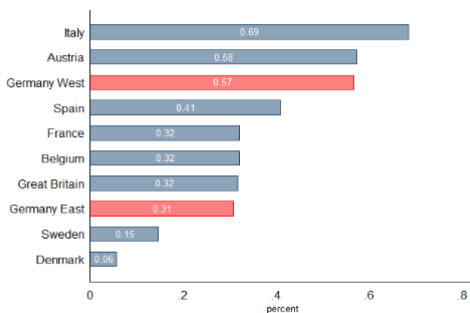
- Tax system:
 - Example: Sweden and Germany have same average tax rate (30%) but Germany has 50% tax rate on secondary earners.
 - Switching to separate taxation would increase hours of women by 25% (280 hours) ([Bick and Fuchs-Schundeln \(2017\)](#))
 - Assumption: keeping the average tax burden constant → No cost on government budget

- Childcare subsidy-availability
 - 2013 childcare reform in Germany increased women's employment by 16% and hours by 20%. ([Franziska Zimmert \(2023\)](#))
 - It increased "desired" working hours by a similar amount → Even larger potential
 - Underemployment (gap between desired and actual hours) of women is driven by family duties ([Weber and Zimmert \(2021\)](#))

- Childcare subsidy policies prior to 2007 were 96% self-financing. [Koll et. al \(2023\)](#)
 - Further untargeted policies can only be 6% self-financing
 - If subsidy is contingent on full-time working mothers, 70% self-financing.

Social Norms as Obstacles

Figure 2. Cross-Country Differences in Gender Norms (European Values Study)



Notes: The figure shows the share of respondents agreeing to the EVS survey question d061 “A pre-school child suffers when his or her mother works” for survey year 2008 for selected countries. We recoded both original answers “agree” and “strongly agree” as “agree”.

Source: European Values Study Longitudinal Data File 1981-2008 (EVS 2011).

Boelmann, Barbara, Anna Raute, and Uta Schonberg. “Wind of change? Cultural determinants of maternal labor supply.” (2021)

Social Norms as Obstacles

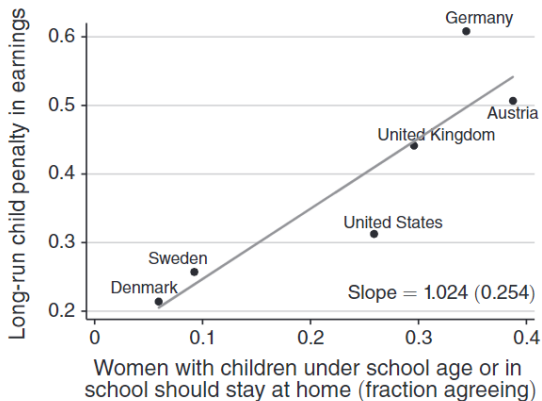


FIGURE 4. ESTIMATED CHILD PENALTIES VERSUS ELICITED GENDER NORMS

Kleven, Henrik, et al. "Child penalties across countries: Evidence and explanations." AEA Papers and Proceedings. Vol. 109. 2014 Broadway, Suite 305, Nashville, TN 37203: American Economic Association, 2019..

Social Norms as Obstacles

- Social norms mitigate potential positive impact of policies (access to full time childcare) [Mensing and Zimpelmann \(2024\)](#)
- Social norms change in response to policies [Unterhofer et al \(2017\)](#)
 - Introduction of father's quota changed social norms of grandfather's generation. "Women should be more concerned about their family than about their career"
- 2 weeks Paternity leave in Spain pushes some couples to become more egalitarian, with women working more and men sharing childcare. [Gonzalez and Zoabi \(2021\)](#)





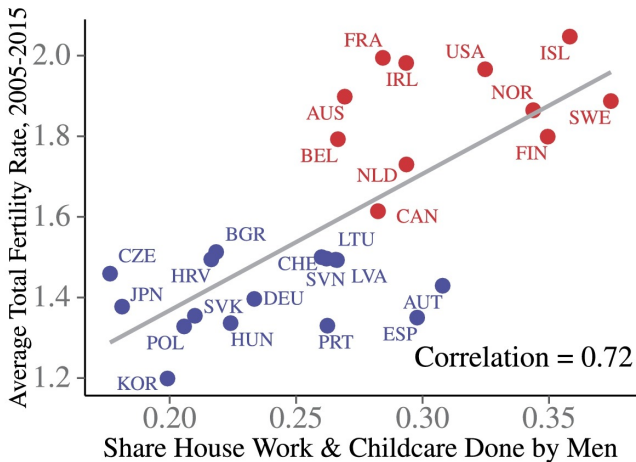
- High time cost of children
- High education cost of children
- Economic difficulty-uncertainty

- Tax system and tax rates
- Social norms
- Childcare cost/availability

Tough Choice between Work and Family/Kids

- Modern equilibrium: Women work, have less kids
- Traditional equilibrium: Women do not work, have more kids
- High child penalties, strong gender norms, tax disincentives, childcare availability and quality →
 - Mothers cannot/ do not want to work
 - Working women cannot/ do not want to have children (because of social norms??)

Fertility



Doepke, Matthias, et al. "The economics of fertility: A new era." Handbook of the Economics of the Family. Vol. 1. No. 1. North-Holland, 2023. 151-254.

Fertility

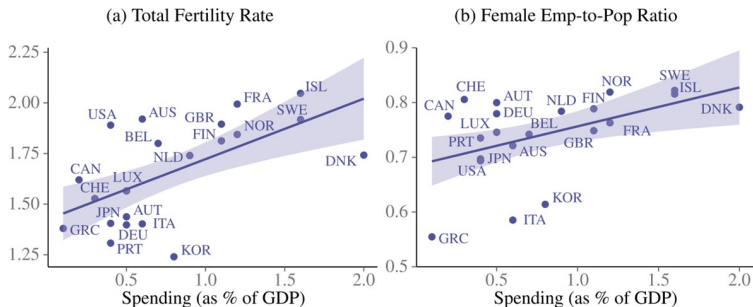
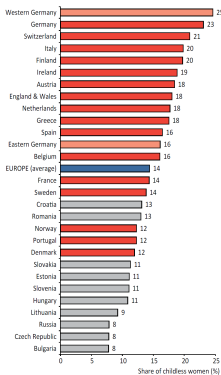


FIGURE 21 Fertility and the female employment-to-population ratio by early childhood education spending.

Doepke, Matthias, et al. "The economics of fertility: A new era." Handbook of the Economics of the Family. Vol. 1. No. 1. North-Holland, 2023. 151-254. Doepke, Matthias, et al. "The economics of fertility: A new era." Handbook of the Economics of the Family. Vol. 1. No. 1. North-Holland, 2023. 151-254.

Figure 2. Childlessness levels among women born in 1968 in the different European countries



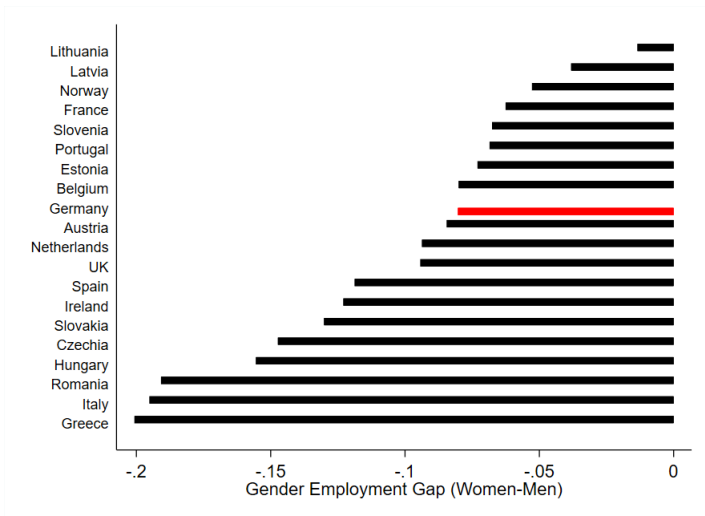
Éva Beaujouan et al., *Population & Societies* n° 540, INED, January 2017.

Source : [3].

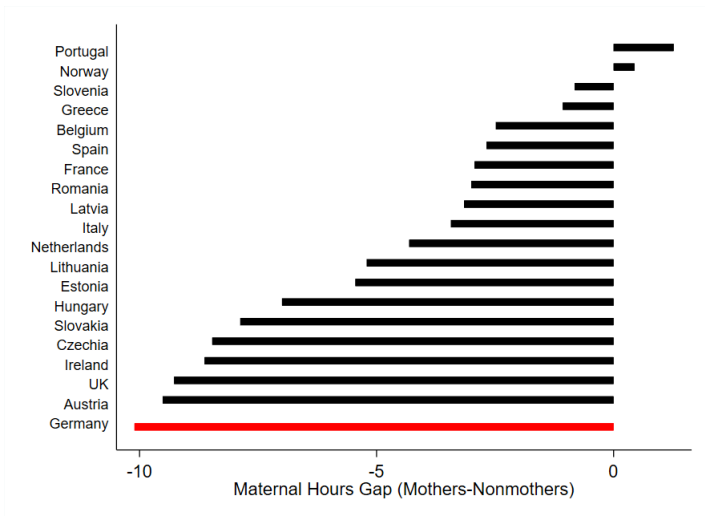
Note: grey: central and eastern Europe; red: other European countries.

Has childlessness peaked in Europe? Éva Beaujouan, Tomáš Sobotka, Zuzanna Brzozowska, Kryštof Zeman In *Population & Societies* Volume 540, Issue 1, 2017.

Germany



Coskun's own figure using EU-LFS data



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