

“Labour force participation of women: empirical evidence on the role of policy and other determinants in OECD countries”

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Economic policy

29.04.2008

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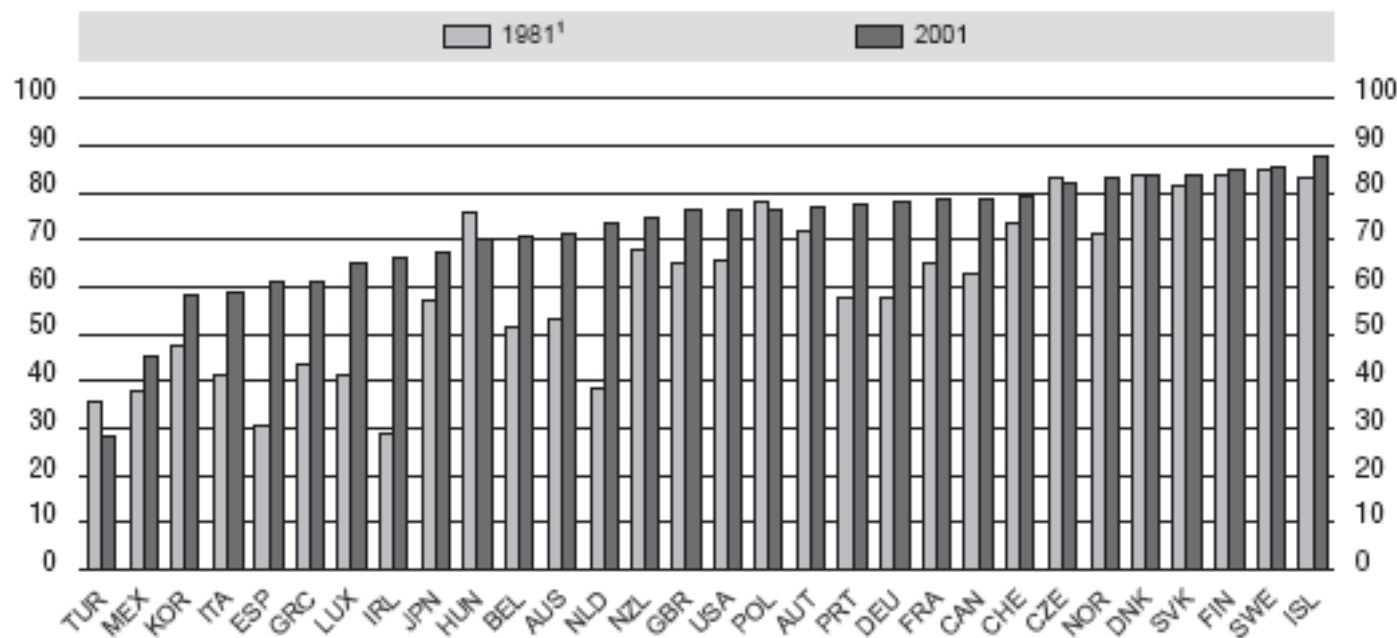
Outline

- Preferences for female participation
- Policies
 - Family taxation
 - Childcare subsidies and benefits
 - Parental leave
 - Flexibility of working time
 - Anti-discrimination laws
 - Participation and fertility
- Three basic models
- Summary

Preferences for female participation

- Only 1 on 10 EU families preferred the traditional male bread winner model

Figure 1. Labour force participation rates of prime-age women (aged 25-54), 1981 and 2001



Preferences for female participation

- Female participation preference highest in Scandinavia, lowest in Eastern Europe
- Women do not only arbitrate between leisure and labour, but also home production.

Table 1. Actual and preferred employment patterns by full-time and part-time working, 1998
Couples with child under 6
Percentages

	Man full-time/ woman full-time	Man full-time/ woman part-time	Man full-time/ woman not employed	Other
Finland				
Actual	49.3	6.4	32.8	11.5
Preferred	80.3	8.6	10.2	0.8
Sweden				
Actual	51.1	13.3	24.9	10.7
Preferred	66.8	22.2	6.6	4.4
Greece				
Actual	42.2	7.9	36.1	13.8
Preferred	65.6	10.6	9.4	14.4
Italy				
Actual	34.9	11.8	43.3	10.0
Preferred	50.4	27.7	10.7	11.2
Portugal				
Actual	74.5	4.7	18.7	2.2
Preferred	84.4	8.0	4.0	3.6
Spain				
Actual	25.6	6.3	56.9	11.2
Preferred	59.7	11.6	19.7	9.0
Ireland				
Actual	30.8	18.7	37.0	13.5
Preferred	31.1	42.3	8.1	18.5
United Kingdom				
Actual	24.9	31.9	32.8	10.4
Preferred	21.3	41.8	13.3	23.6
Austria				
Actual	19.1	28.2	48.1	4.5
Preferred	35.6	39.9	3.9	20.7
Germany				
Actual	15.7	23.1	52.3	8.9
Preferred	32.0	42.9	5.7	19.4
Netherlands				
Actual	4.8	54.8	33.7	6.7
Preferred	5.6	69.9	10.7	13.8
Belgium				
Actual	46.0	19.4	27.3	7.3
Preferred	54.8	28.8	13.4	3.0
France				
Actual	38.8	14.4	38.3	8.4
Preferred	52.4	21.9	14.1	11.7
Luxembourg				
Actual	23.5	27.0	49.1	0.4
Preferred	27.5	29.9	12.4	30.2
Unweighted average				
Actual	34.4	19.1	38.0	8.5
Preferred	47.7	29.0	10.2	13.2

Source: Based on OECD (2001a). Secretariat calculations on the basis of microdata from the Employment Options of the Future Survey.

Policies: Family taxation

- Women labour supply more elastic
- Lower taxation second earner

Table 2. Comparison of tax rates of single persons and second earners, 2000-2001¹

	Women earning 67 per cent of APW, 2001			Women earning 100 per cent of APW, 2000			Type of taxation system, 1999 ²
	Second earner	Single	Ratio second earner/single	Second earner	Single	Ratio second earner/single	
Australia	27	19	1.4	32	23	1.4	Separate
Austria	25	22	1.1	29	28	1.1	Separate
Belgium	51	34	1.5	53	42	1.3	Separate
Canada	32	21	1.5	36	27	1.4	Separate
Czech Republic	40	21	1.9	39	23	1.7	Separate
Denmark	50	41	1.2	51	44	1.2	Separate
Finland	26	26	1.0	34	34	1.0	Separate
France	26	21	1.2	26	27	1.0	Joint
Germany	50	34	1.5	53	42	1.3	Joint
Greece	16	16	1.0	18	18	1.0	Separate
Hungary	29	29	1.0	..	..	..	Separate
Iceland	42	15	2.8	42	21	2.0	Separate
Ireland	24	10	2.3	31	20	1.5	Optional/joint
Italy	38	24	1.6	39	29	1.4	Separate
Japan	18	15	1.2	18	16	1.1	Separate
Korea	8	8	1.1	10	9	1.0	Separate
Luxembourg	20	19	1.0	28	27	1.1	Joint
Mexico	-4	-4	1.0	3	3	1.0	Separate
Netherlands	33	27	1.2	41	36	1.1	Separate
New Zealand	23	19	1.2	23	19	1.2	Separate
Norway	30	26	1.2	32	29	1.1	Optional
Poland	39	30	1.3	37	31	1.2	Optional
Portugal	17	13	1.3	20	18	1.1	Joint
Slovak Republic	27	18	1.5	35	20	1.7	n.a.
Spain	21	13	1.6	23	18	1.3	Separate (joint)
Sweden	30	30	1.0	28	33	0.9	Separate
Switzerland	24	19	1.3	26	21	1.2	Joint
Turkey	29	29	1.0	29	29	1.0	Separate/joint
United Kingdom	24	19	1.3	26	24	1.1	Separate
United States	29	22	1.3	30	26	1.2	Optional/joint
Unweighted average	28	21	1.4	31	25	1.2	

Policies: Childcare subsidies and benefits

Table 3. Childcare support, child benefits, and paid maternity leave

	Public expenditures on formal day care and pre-primary education, 1999 ¹		Child benefits, 2001	Maternity, parental, and childcare leave, 1999		
	In 1995 PPP-US\$ per child ²	As a per cent of GDP		Maximum number of weeks		
	Total	Total	Of which: formal day care	Percentage increase in disposable income between families with 2 children and without children ³	Total	Paid ⁴
Australia	874	0.2	0.2	4	52	0
Austria	3 251	0.9	0.4	18	86	38
Belgium	1 900	0.5	0.1	15	67	31
Canada ⁵	1 294	0.3	0.1	4	27	14
Czech Republic	1 507	0.5	0.0	12	214	..
Denmark	8 009	2.7	1.7	8	54	42
Finland	4 186	1.5	1.2	9	164	55
France ⁶	4 009	1.3	0.7	9	162	73
Germany	3 084	0.8	0.4	12	162	38
Greece	..	..	0.4	1	29	8
Hungary	..	..	..	21	160	58
Iceland	3 408	1.1	0.8	7	..	..
Ireland ⁶	1 430	0.5	0.2	5	28	10
Italy	..	..	..	5	65	30
Japan ⁷	1 252	0.3	0.2	2	58	8
Korea	144	0.1	0.0	0	61	..
Luxembourg	..	..	..	17	42	32
Mexico	612	0.5	0.1	0	12	12
Netherlands ⁸	2 025	0.6	0.2	8	29	16
New Zealand ⁹	672	0.3	0.1	0	52	0
Norway	6 085	1.6	0.8	8	116	..
Poland	..	..	..	4	122	35
Portugal	1 289	0.5	0.2	7	121	17
Slovak Republic	1 110	0.6	0.1	10	162	59
Spain ⁶	1 234	0.4	0.1	2	164	16
Sweden	5 530	1.9	1.3	10	85	40
Switzerland	919	0.3	0.1	10	16	..
Turkey	72	0.0	0.0	0	12	8

Policies: Childcare subsidies and benefits

- Credit system for women to borrow money for child care
- Government pays a part of the child care
- Average OECD countries spent 0.7% of gdp on formal daycare and pre-primary education
- Highest in Nordic countries
- Lower child benefits

Policies: Parental leave

- Short paid parental leave
- Long paid parental not good because that might damage future career paths and earnings
- Job security after parental leave

Policies: Flexibility of working time

- Part time work might increase women participation because of flexibility. It allows to combine labour with family responsibilities

	Percentage of employed women aged 25-54 in part-time jobs ¹
Australia ^{3, 4}	38.3
Austria	26.2
Belgium	37.1
Canada	22.3
Czech Republic	4.0
Denmark	15.1
Finland	9.5
France	23.5
Germany	34.3
Greece	13.3
Hungary	4.4
Iceland	31.3
Ireland	32.1
Italy	23.8
Japan ^{3, 5}	39.2
Korea ³	9.2
Luxembourg	29.2
Mexico	27.0
Netherlands ⁶	54.3
New Zealand	34.1
Norway	30.7
Poland ³	16.5
Portugal	11.1
Slovak Republic	2.7
Spain	15.7
Sweden	19.0
Switzerland ⁴	47.4
Turkey	14.5
United Kingdom	38.6
United States ⁷	13.0
Unweighted average	23.9

Policies: Anti-discrimination laws

- Most countries have gender specific anti-discrimination laws.
- Lower gender pay gap

Policies: Participation and fertility

- Countries could choose for a policy which stimulates women to go to work, on the other hand this could decrease the fertility rate.
- Women need to work now to fill the gap of the greying population
- If they do not get children the population will have the same greying problem in the long run

Three basic groups

- Mainland Nordic countries, Austria and France: Relatively favourable tax treatment second earners, high level child support, low part-time work. Promote a model of full-time female participation through generous child support. High participation rates close to or higher than 80%

Three basic groups

- Other northern European and pacific countries:
High prevalence of part-time work and a relatively low level of child support. Tax treatment of second earners close to average. Female participation between 65 and 80%

Three basic groups

- The USA, Canada, and lower income countries: low level of child support and low part-time incidence. Female participation rates fluctuate tremendously, very high in Czech Republic, Canada, Portugal and the USA. To very low in Korea, Mexico, Spain and Turkey

Summary

- Lower tax rates second earners
- Child care subsidies
- Parental leave
- Better working conditions part-time work
- Anti-discrimination laws