How to Make a U-Turn: Development, Human Capital and Women

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U-Shaped Female Labor Force Function

- 1890 to 2000: 16 Currently Rich Nations (15-64 yrs.)

Olivetti (2014)
U-Shaped Female Labor Force Function

- 1890 to 2000: 16 Nations with Year and Country Fixed Effects (15-64 yrs.)

Olivetti (2014)
U-Shaped Female Labor Force Function

- 1950 to 2000: 120 Nations with Year and Region Fixed Effects (45-59 yrs.)

Goldin calculations from Olivetti (2014)
Making a U Turn

• “Whenever the labor force participation of married women has increased sharply, changes in the gains from work for pay have had a more powerful effect on the behavior of women than have traditional ideas about the proper role of women.”


• But what happens when traditional ideas about the proper role of women are more powerful and prevent gains from work for pay?
The Role of Norms

• “Norms are those common values of a group which influence an individual’s behavior through being internalized as preferences”
  
  *(Accounting for Tastes, 1996, p. 225)*

• “Moreover, sociologists (perhaps I should say “we” sociologists since I am now officially also a sociologist) are too prone to use norms as *a deus ex machina to explain behavior that is difficult to explain in other ways*.”
  
  *(AEA Presidential address, 1988)*
Ban on Women Drivers in Saudi Arabia Gives Taxi Apps a Boost

Women in Conservative Kingdom Are Main Customers for Apps Like Uber
Making a U Turn

• “The rapid growth in the labor force participation of married women is one of the more striking changes induced by economic development during the past half century. … The large decline in birth rates and rise in wage rates as countries develop encourage married women to spend much more of their time in the labor force, which greatly weakens the traditional division of labor.”

   (Human Capital, Third Edition, Chap. XII)