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World of Labor
Evidence-based policy making

Women's labor force participation in the US has declined since 1990

A new report published today on IZA World of Labor shows considerable variations in women's labor force participation even among economically advanced countries

Women's economic activity outside the home translates into improved outcomes for girls and women (improved health, reduced domestic violence for women), and society as a whole (greater economic growth). While it is not surprising to observe variation in women's labor force participation around the globe, a new report by economist Anne E. Winkler of the University of Missouri-St. Louis shows that women's labor force participation varies even among the set of economically advanced countries which are rather similar in many respects. Since the early 1990s, there has been a decline in women's labor force participation rates in the US (1990: 67%, 2013: 66%), while rates in "peer" economically advanced countries such as Canada (1990: 68%, 2013: 75%), the UK, (1990: 67%, 2013: 70%), and Australia (1990: 62%, 2013: 71%), have increased.

In her report Winkler considers differences across countries in institutions, non-economic factors such as cultural norms, and public policies to understand the reasons behind the international variations. Winkler shows factors influencing women's labor market participation are, among others, religion, education, the country's stage of economic development, and labor market, tax and family policies.

The US tax system for example creates a "secondary earner penalty," whereby the labor market return for the wife (typically the secondary earner) is lowered, thereby discouraging her labor force participation. The US is also the only OECD country that doesn't offer paid family leave and is also the least generous one in terms of the percentage of GDP spent on child care. The Nordic countries on the other hand, who are among the countries with highest participation of women in the labor market, offer the most generous family policies. In the 1990s they initiated the "father quotas" which gives fathers the opportunity to take leave to care for the children. Winkler considers family policies an important tool to further increase women's participation in the labor market.

Economist Anne E. Winkler of the University of Missouri-St. Louis says:
"Women's labor force participation rates are largely rising across the globe, which bodes well for women, children, families, and society. However, progress is clearly very uneven, and rates have even plateaued in the US. Family-friendly policies represent one lever that can be used to increase women's participation. Father quotas seem to be an especially promising policy"

"Girls and women directly benefit from women's paid work. At the most basic level, paid labor market activity has been found to increase girls' chances of surviving from birth into adulthood…Women's labor market activity is especially crucial for girls in countries where they are culturally less valued"

"In the Middle East and North Africa women's rising educational attainment has not generally translated into higher participation rates in the labor market".

Media Contact:
Please contact Anna von Hahn for more information or for author interviews:
anna.vonhahn@bloomsbury.com or +44 7852 882 770

Notes for editors:

- IZA World of Labor (http://wol.iza.org) is a global, freely available online resource that provides policy makers, academics, journalists, and researchers, with clear, concise and evidence-based knowledge on labor economics issues worldwide.
- The site offers relevant and succinct information on topics including diversity, migration, minimum wage, youth unemployment, employment protection, development, education, gender balance, labor mobility and flexibility among others.
- Established in 1998, the Institute for the Study of Labor (www.iza.org) is an independent economic research institute focused on the analysis of global labour markets. Based in Bonn, it operates an international network of about 1,300 economists and researchers spanning more than 45 countries.