

# Nobel laureate Claudia Goldin in conversation with economist Oriana Bandiera

*Why do women earn less than men, and if the answer is parenthood, then why do fathers earn more than mothers and non-fathers? **Oriana Bandiera** met with Nobel laureate **Claudia Goldin** before her event at LSE to discuss Goldin's work on women and economics. Goldin spoke of her acquaintances who are now grandfathers and spend a lot of time with their grandchildren because they regret not having put in the hours with their children. Before the Q&A, Bandiera invited staff and students from LSE's Department of Economics to submit questions. The interview raised interesting issues and called attention to relevant research topics for PhD students.*

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**Bandiera:** The analysis you use in your paper "Why Women Won" is relative to the US. How do you think it relates to other countries, especially in Europe?

**Goldin:** We have to understand the evolution of women's rights in other settings. It was often the case, as we can see now with protests erupting in various places, particularly in a country as large and influential as the US, that when rights are altered there, they get altered in other places too. I don't know how much the process evolved from the ground up in other countries and how much of it spread as democratisation movements spread in the 1960s in the US, for example.

**Bandiera:** It reminds me of an example, that the influx of migrants spurs the adoption of compulsory schooling laws. To what extent do you think there could be an influence the other way, immigrants influencing the US?

**Goldin:** The period in which we see the greatest changes are some of the lowest periods of immigration in the US. There are several big changes in the country. They're open until the 1920s, then relatively closed until 1965. And then there's family reunification, which leads to huge increases. But in the 60s and the 70s, and one would have to look at the numbers to make certain, I think immigration was pretty low.

**Bandiera:** One of the conclusions of your work is that if we could make work substitutable, this could reduce the general wage gap. If men and women can do the same work, then high-power jobs can be shared, which would reduce the cost of flexibility. However, for many people, not being replaceable at work is a big part of their identity.

**Goldin:** Let's consider some of the highest paid occupations. In most countries, they would often be in medicine. Anesthesiology is generally run as groups of, let's say, three to 10 doctors who work together for a hospital. Someone from that group would be assigned to a surgery. Maybe some surgeons prefer specific anesthesiologists with whom they work better. By and large, they are pretty much complete substitutes. They are among the highest paid individuals in the labour force, so having a substitute does not mean that it's a perfect substitute. Also, it does not mean that the job is commodified.

**Bandiera:** Firms should do all they can to hire more women. However, it's very costly to do so, because the norms are so strong against working that to attract them, they have to pay more.

**Goldin:** Let me back up. Why should firms do more if a man and a woman are now equally good and get paid the same amount?

**Bandiera:** Because of selection. Most women don't work. There are women at home who are more qualified than men in the labour force. You'll always be better off having substituted one for the other.

**Goldin:** Yeah, but this might work all the way down the distribution as well. If women are getting paid much less, then you would always want to substitute, so it may not only hold at this top point, may hold through the entire distribution.

**Bandiera:** We find that if you pay people the marginal product, you have to increase the pay of women much more. It will create a lot of inequality precisely in those countries where the norms go against women. Maybe that's one reason why firms individually cannot do much...

**Goldin:** Now, we could go back to a standard model that would say that firms that hire only women should do better.

**Bandiera:** And that we never see. Unless there's a big war again.

**Goldin:** But there may be complementarities. You're asking a very good question. Why don't firms hire more women? One answer is the same answer to the question "why aren't there firms that hire only women?" And the answer is that there are somehow complementarities and so then as researchers, we should say, what are these complementarities?

**Bandiera:** Exactly. PhD students, take note. This is a good research question.

**Goldin:** But think about the question in terms of social norms. Are we talking about social norms in the home or in the workplace?

**Bandiera:** Could we take them apart? Because I think that if one is imbalanced, the other one can never be balanced. My next question was going to be, "how do we value housework?" If housework were valued, would more men be interested in doing this kind of work?

**Goldin:** I don't think housework is the issue. I think the issue is care work.

**Bandiera:** Yes, absolutely. Child and elderly care...

**Goldin:** One of the things that I find interesting is how many men I know of a certain age who spend enormous amounts of time with their grandchildren. They will admit that this is making up for the time that they didn't spend with their own children, for which they expressed regret.

We all have 24 hours in a day, and we can allocate them various ways. It's not so much that the time spent with children is undervalued. I think that it's the myopia of certain people not to put the time in. But the good news is that in survey after survey, country after country, we see that it's with the more highly educated parents that the man is spending more time with children. It's not just a woman. So maybe that's the good news.

**Bandiera:** Because whatever starts at the top eventually makes its way down?

**Goldin:** But we also see increased inequality. Because now we have all these children who have not just the financial resources and mental talents of educated parents, but the personal time and attention of two parents. So, it's sort of good news and bad news at

the same time.

**Bandiera:** Would you say that the norm that keeps women at home, despite the fact that they would be willing and able to work outside, is the same that keeps men at work, even though they are willing and able to take care of their children?

**Goldin:** We can talk about whether we mean norms, traditions and the influence of others, or whether it's the labour force that is reinforcing it through better rewards. These rewards can come in the form of payment today, or what I have termed greedy work (compiling promotions or accolades at exponentially higher rates and relatively downgrading the care of the kids), which they then regret when they're 60 years old.

**Bandiera:** I think that's a very interesting idea again, that we could measure the time with grandparents, how much men like to spend time with children, right?

**Goldin:** And demonstrate this and say, why put this off, exactly? You can have this now. We're thinking about two-parent families, but of course there are a lot of children and women who are in one-parent families and so they don't have these choices. So, the real question is "how to". This became big last year when Melissa Kearney's book "The Two-Parent Advantage" came out, because the problem is, how do you create the two parents? It's not as if you could tell the father "you've got to stay there", because that could be a toxic relationship. And I was thinking about a possible ad campaign. There's this very famous painting of Mary holding Jesus and behind her is Joseph looking older, wise, wonderful. You'd want to have that on billboards showing that Joseph was a great father, and he wasn't even the father to this kid.

**Bandiera:** Like an adopted grandpa.

**Goldin:** Yeah. It's like, "you too can be this individual in history who was so important and yet somehow forgotten in so many readings". But the notion that Mary was a single mom is wrong. You know she wasn't a single mom. She was a teenager who got pregnant. And the father was an important person.

**Bandiera:** A completely different angle. Let's for the moment accept that society is what it is, and we women may have to take care of children, despite the fact that men would like to as well, but they are in a rat race. But children grow up really quickly and it seems that we put all the effort on the moment of childbirth when we ask, "why don't you go

back to work in six months?” Whereas the question which I think is more puzzling is, “why don’t you go back after five years, when the child, or both children, are in school?”.

**Goldin:** This is something that [I’ve been working on](#) with Claudia Olivetti and Sari Kerr. We have in the US the great 1979 NLS (National Longitudinal Survey of Children and Young Adults). We can now look at people who are in their 50s. When we started this project, I was looking at data for cohorts that are further back in time, born from 1957 to 1963, and cohorts that were born earlier than that. I could see that for women on the synthetic cohorts I was looking at, the earnings were coming back up at some point. I was convinced that when we looked at the NLS cohort and data that we have from the LEHD (Longitudinal Employer-Household Dynamics) connected with the 2000 census, we were going to see these periods that were major milestones: at age 5, when the kid goes to school, at age 12 or 13 when that kid goes into high school, at age 17-18, when the kid goes to college and leaves home.

I thought that we were going to see greater freedom and ability from women to get up and get another position, because the position they were in may have not enabled promotion. But we didn’t really see a lot. What we are seeing is that moms put in more hours, that there are changes in the hours of work. But conditional on hours, they’re not doing much better. Their hours of work change and their labour force participation changes somewhat. But we don’t see them closing the gap with men. So we divide this up and the bottom line is that moms do overtime after these milestones and do better relative to other women. But dads keep on doing better and better relative to moms and also to non-dads. Why dads are doing so much better is one of the key issues.

**Bandiera:** That’s very interesting. I was thinking about women who completely take time off, say they have two children, three children, and stay 10 to 15 years taking care of the children full time. Then they don’t want to go back to the labour market and are treated as long-term unemployed. As if they were at home the whole time.

**Goldin:** It’s not as if they put on their CV, “I was the manager of three employees who happened to be my children”.

**Bandiera:** “I was the logistic operator who managed to integrate these three...”

**Goldin:** The NLS is too small a sample to do that with, and in the US you don’t see a huge group going out entirely and then coming back. But using the administrative data in

Europe, I'm sure that someone has looked at that. One really fascinating issue to study is the persistence of part-time work, for example, in the Netherlands or in Denmark. Women go part time, and in the US too, women go part time when the kids are young and that becomes part of their lives and they find other things to do.

They take care of their parents, they take a pottery course, work around the house, have friends. So, as these milestones are reached, they don't change their behaviour, so should we be concerned as social scientists? Should we say that they're exhibiting irrational behaviour and it's myopic?

**Bandiera:** What often happens is that people get confused when you say women should be able to work. They think you mean that women have to work. But part of it just means that you're free to do what you wish.

**Goldin:** Yeah, but of course we, as social scientists, take the numbers and sit back and say, why are women earning so much less than men? And if the answer is because they want to, well, then we should just stop asking the question.

**Bandiera:** And the question is, do women have the same chance as men to earn as much as they do?

**Goldin:** That's right, but if it's the case that the scenario we just laid out, because she started out as a lawyer and she was doing just as well as her husband. They had kids, and she decided to go part time. Then she's 45 years old and the kids are all in the local colleges and everyone's doing well. And she says, "you know, this is the way I want to live my life". She's never going to earn as much as he.

And this is what we sort of see in the data, so she may rev up her hours somewhat more. But she's still in the small law firm, and her husband is in the big law firm. So, he just does much better. Now the question for men is not why that man is doing better, but why he's doing better than the man who doesn't have kids. The fatherhood premium is the difference between the dad and the guy who doesn't have kids.

The fatherhood premium increases and that really can only be due to two possible factors (well, three, which would be selection). One is how much more the dad puts in because he has dependents. And the other one, which is the nefarious one, is how much firms decide, "Oh, he's a dad, he should get more".

**Bandiera:** That's super fascinating, but I think we should probably let you go. We promised it would only be half an hour. Thank you so much for this great conversation! There are many good ideas for PhD students here. We should let them know.

*Watch Claudia Goldin's event at LSE:*

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