

LUIGI GUIISO: DISCUSSION OF

This Time It's Different: The Role of Women's
Employment

in the Great Lockdown

BY

Titan Alon, Matthias Doepke, Jane Olmstead-
Rumsey, and Michèle Tertilt

Key points

- This is a model-based conjectural paper hinging on a new, interesting stylized fact
- **Stylized fact:** the Covid-19 recession is very different from past recession => it bears disproportionately on women
- **Conjecture:** it likely to have long lasting effects on gender gaps/parity, but effect varies with horizon
 - “Scarring” effects of recessions=> gender pay gap may widen (Medium run)
 - Social norms and labor organization may change => gender gaps may close and more parity result (Long run)

The stylized fact

- More women than men lost their job
 - More men in cyclical industries (explains the past)
 - Larger share of women in sectors affected by lockdown measures (explains the present)
 - Fewer women with telework-able occupations
- Women time taxed by school closure and daycare facilities
 - Perhaps also more time to assist parents, if only psychologically?
 - What about cooking and cleaning at home?
 - Hampers possibility of insurance within families as women cannot counteract husband earnings shocks (captured in the model)



Stylized fact generality

- Focus on US, but pandemic is Global, important (as the paper partly does) to check facts hold elsewhere
- If recessions are so bad for human capital and wages and pasts recession hit boys more than girls one should see narrower gender pay gaps in countries with more frequent, deeper and longer recessions
- Would be nice to check using cross country data



Stylized fact generality: 2

- Related: the importance of human capital losses depends on how governments have reacted to this recession; the US is not the norm
- Because it is unprecedented, also reactions are unprecedented – think of the Recovery Fund in Europe; in Italy firing by corporations has been made illegal until January
- All workers remain attached to their firms and receive a salary (scaled down) from the wage supplementation fund
- This is key, as big part of human capital losses are due to workers separation from their firms (Moscarini)

Women and Teleworking

- Match 2019 Labor Force Survey data for **Italy** with survey info on teleworking possibility (ISCO codes). Run linear probability model regressions on gender

	Teleworking	Teleworking	Teleworking
Female worker	0.074***	0.065***	0.023***
Constant	0.30		
N	131,431		
SECTOR DUMMIES	NO	YES	YES
Occupation features (blue, white collar, manager, temporary, independent)		NO	YES

=> women, at least in Italy more likely to access teleworking

=> Feature of the data or of the country occupation distribution across sectors and jobs types?

Women and lockdown sectors

- On same Italia data, run linear regressions of indicator=1 if a worker is subject to lockdown on worker gender

	Lockdown: march 11	Lockdown: march 25
Female worker	0.038***	- 0.144***
Constant	0.07***	0.43***
N	131,431	131,431

=> women, more subject to first lockdown, but LESS to second more stringent one

⇒ Suggests **tightness of lockdown** may matter on how much women are affected

⇒ **US lockdown measures were state specific**, how does this matter for the empirical characterization? Did all state close the same activities? Did industry specialization matter in lockdown policies across states?

The Conjecture

- The pandemic shocks – albeit temporary - will have permanent, long run effects on gender parity
 - Because being at home gets male spouses involved in child caring
 - Because reorganization of labor has made males more able to telework and replace spouse in child caring
- This temporary experience would have persistent effects on gender norms lowering permanently male aversion to child caring (and, more generally, homework)
 - => more time for women to pursue their careers helping close the gender gap in the long run

The Conjecture: Questions

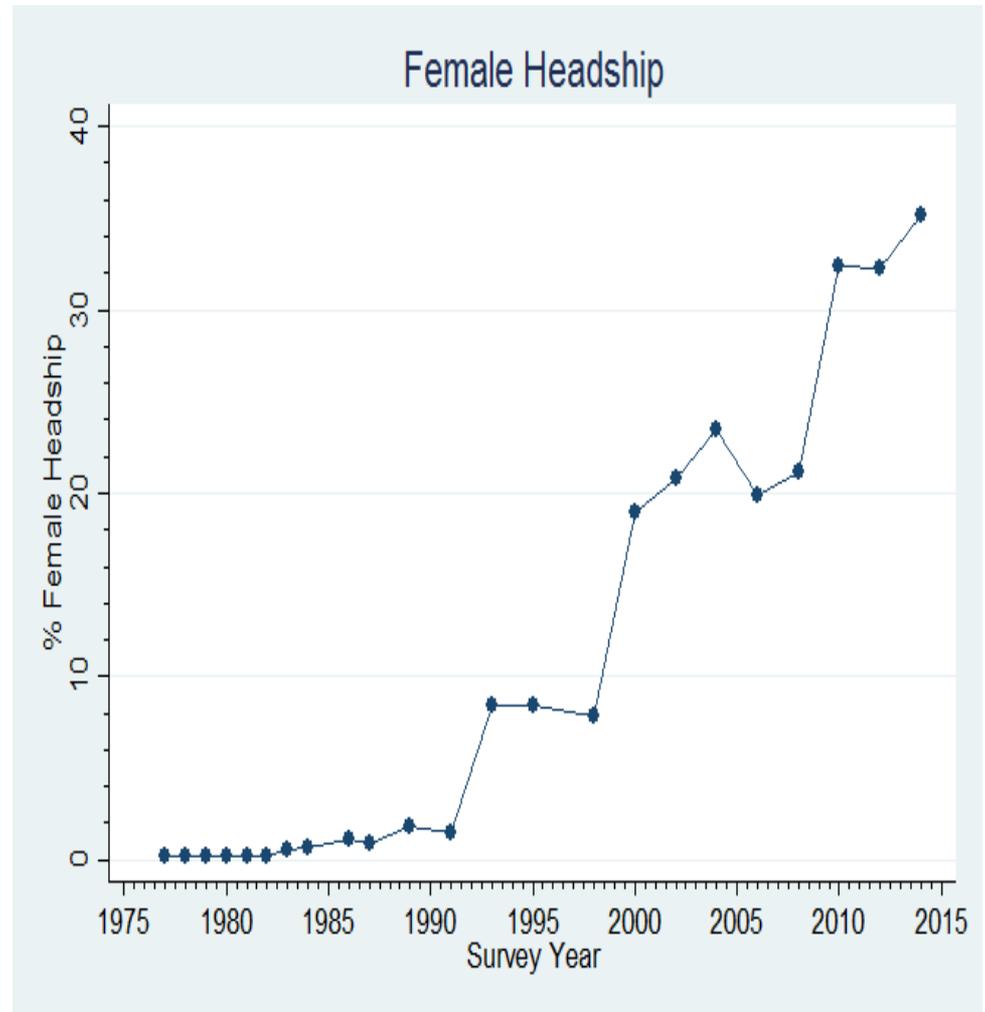
- Interesting conjecture, backed by previous literature showing that a one time experience (e.g. women labor market participation during WWII) moved behavior permanently
- Does it apply to this case as well? Is it enough to childcare once for a few months to abandon a social norm?
- Are the effects of the teleworking “revolution” permanent and who and how will be most affected?

Effects Through Social Norms

- My sense is that SN are abandoned when they become dysfunctional and too costly to follow
- During Covid for sure we saw a suspension of gender roles
- But to see a permanent shift in the norm we need some permanent change in the cost of complying with it

Example

- In Italy family finances essentially male-headed in all families up to 1990
- Impressive rise in women headship after 1992
- Triggered by a pension reform away from PAYG towards funded system=> permanently too costly to let the (un-able) boy decide



Other examples

- The social norm forbidding sex out of the wedlock was abandoned after the discovery and permanent use of the pill
- During Islam expansion in North Africa Jews converted to Islam after a small, permanent tax for following Judaism was introduced
- The effect of WWII women participation on sons tendency to marry a working woman are the reflection of a twenty year long mothers teaching to their kids
- Not clear what this permanent cost/benefit shift is in the case of the COVID shock
- Can it be the teleworking revolution?

Teleworking revolution

- Covid shock forced many companies and government agencies to telework
 - Unlikely to fully revert back, many will adopt TW permanently
- Companies facing high office costs => stronger incentive to move to TW work
 - Example: financial industry in the City in London
 - This industry has male-biased employment, more men will work from home => rebalance home work towards men (as argued in the paper)
- But saved office costs will be partly passed over to workers to buy home-office space => higher men pay may widen the gender gap

To Conclude

- Very nice paper with a novel angle on the COVID crisis
- Short run unequal effects on genders are clear and causes well grounded
- Long term effects less clear in my view
- The boundaries between firms and families / market and home work will become more blurred but unsure how this revolution will affect gender roles
- In women-intensive sectors TW revolution may relegate women at home even more