Globalization, Gender, and the Family

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This paper shows that globalization shocks have far-reaching implications for the economy's fertility level and family structure because they influence work-life balance. Employing population register data on marriages, divorces and births together with employer-employee linked data for Denmark, we show that lower labor market opportunities resulting from Chinese import competition lead to a shift towards family, with more marriages, fewer divorces, higher fertility and more parental leave taking. This pro-family, pro-child shift is driven largely by women, not men. Correspondingly, the negative earnings implications of the trade shock are concentrated on women and increase gender earnings inequality. We show that the market-family choice is a major determinant of gender differences in worker adjustment costs to labor market shocks. While older workers respond to the shock rather similarly whether female or not, the fertility response takes away the advantage in shock adjustment that younger workers typically have—if the worker is a woman. The results indicate that the female biological clock, that women can often not conceive beyond their early forties, is central for the gender differential, rather than the composition of jobs and workplaces, and other potential causes.