

# “Understanding the Economic Impact of COVID-19 on Women” by Claudia Goldin

Jane Olmstead-Rumsey  
Federal Reserve Bank of Minneapolis<sup>1</sup> and London School of Economics

BPEA, March 2022

---

<sup>1</sup>Disclaimer: The views expressed here do not necessarily reflect those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.

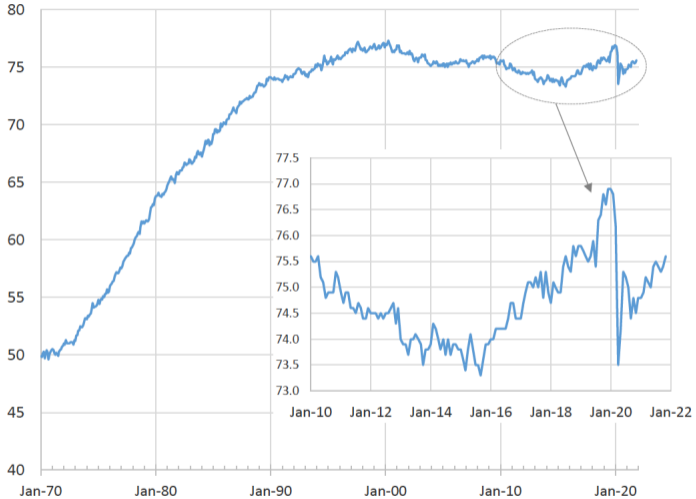
## Overview of the Paper

- ▶ Comprehensive review of women's labor market experiences during pandemic
- ▶ Revises the view that gender was a major cleavage in labor market outcomes
- ▶ Education, race, and occupation matter more
  - Important contribution on drivers of racial differences: health
- ▶ Gender is strong predictor of rise in caregiving time
- ▶ Persistence of work from home matters for women's participation, job choice

## My Comments

1. What is the right counterfactual for female labor force participation rate?
2. Quantifying long run effects of remote work
3. Why should we care? Policy implications of shecessions

# Female Labor Force Participation Rate



Source: Goldin (2022) Figure 1

## Pre-Pandemic Rise in Female Labor Force Participation Rate

Estimates of the decline in FLFPR depend on reference month

- ▶ April 2020: 3.4 pp decline vs. Feb. 2020, 2 pp decline vs. April 2019

Features of the July 2019-February 2020 rise in FLFPR:

1. Part of a recovery in women's LFPR that began in late 2015
2. Sustained over 8 months
3. Driven by *employment* not *unemployment* rising
4. Broad-based, but highest among less-attached workers
5. Rate recovered to 76% by January 2022, suggesting that trend LFPR may have been high

## New Entrants Not Significantly Different from Earlier New Entrants

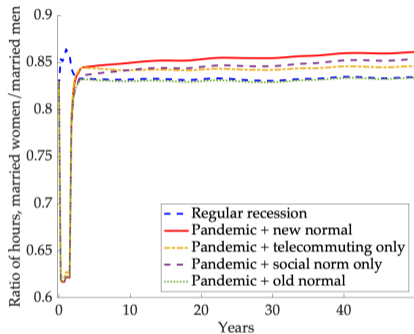
	Labor force exit, Mar.-next Apr.
New entrants, Apr.-Feb.	0.076*** [0.012]
pandemic	0.027*** [0.003]
New entrants $\times$ pandemic	-0.024 [0.018]
Constant	0.162*** [0.034]
Age, race, education, children, marital status controls	Yes
Industry $\times$ occupation fixed effects	Yes
Observations	48432
R <sup>2</sup>	0.223

Source: Current Population Survey, April 2017-April 2021, women only. Robust standard errors in parentheses. \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$ .

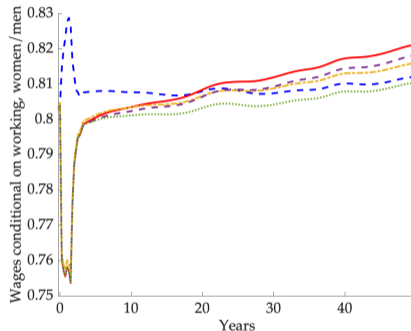
# Long Run Consequences of Employment Flexibility for Women

- ▶ “Greedy jobs” a longstanding barrier to full gender equality, WFH may help
- ▶ But what if only women continue to WFH?
  - Pre-pandemic, women WFH 33% more days than men despite roughly equal ability to do so (Alon et al. (2020a))
  - Men and women now desire roughly equal number of WFH days per week (2.18 vs. 2.37) (Barrero, Bloom, and Davis (2021))
- ▶ We model WFH as a way to combine childcare time with work (Alon et al. (2020b))

# Model-Predicted Role of Telecommuting for Labor Supply and Pay



(a) Labor Supply, Married Women/Married Men



(b) Gender Wage Gap



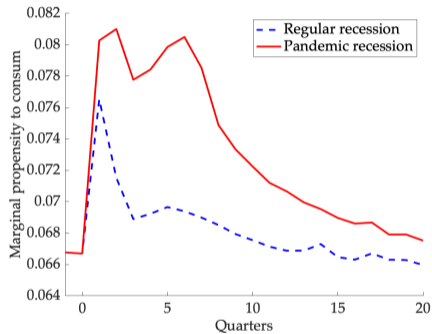
## Why Should We Care? Policy Implications of Shecessions

While gender differences smaller than feared, quite distinct from past mancessions

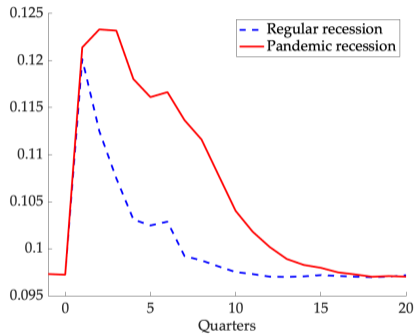
Three main differences between shecessions and mancessions:

1. Drop in agg. labor income smaller than mancession w/ same # of jobs lost
2. Loss of intra-family insurance mechanism  $\Rightarrow$  greater efficacy of fiscal policy
3. Greater elasticity of female labor supply  $\Rightarrow$  slower recovery?

# Elevated Marginal Propensities to Consume in Pandemic Recessions



(a) Singles



(b) Couples

## Wrapping Up

- ▶ Vital look at women's actual experiences with benefit of hindsight
- ▶ Most women remained at work but increased caregiving time substantially
- ▶ Several million women lost jobs and some may take longer to get back to work
- ▶ Policy lessons for future recessions
- ▶ Big question: where will/should labor force participation rates recover to?
  - Drivers of women's LFP may be distinct from men's LFP