



Institute for
Family Studies

The Gender Paradox of the Nordic Welfare State

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June 11, 2018

Western liberals have a special place in their hearts for the Nordic countries. Their affection is nurtured by a conviction that done correctly, public policy can magically smooth out human contradiction and rid us of difficult tradeoffs. Nowhere is that hope more pronounced than in the Nordic policies related to gender, work, and family life, particularly as they affect women. Work/family, career/children, ambition/breastfeeding, family dinners, and hygge: In these gender-leveling countries, you really *can* have it all.

Except as the Kurdish-Swedish writer Nima Sanandaji shows in “[The Nordic Glass Ceiling](#),” a paper he wrote for the Cato Institute, that’s just so much wishful thinking. Enthusiasm for women’s balanced lives in Iceland, Norway, Finland, Denmark, and Sweden has rested on cherry-picked numbers, half-truths, and a stubborn denial of unintended consequences.

This doesn’t mean the Nordic countries don’t have something to brag about when it comes to “family-friendly” policies. Their welfare systems were specifically designed to accommodate working mothers. Perhaps the most highly prized of their policies are paid family leave and tax-subsidized childcare. Norway and Finland log in at an amazing 40 plus weeks of leave, Sweden comes in only a touch lower at 38 weeks. Iceland’s measly 16 weeks is the outlier in the group, but it still leaves the United States—at zero—in the dust. (Remember: we’re talking here about state-mandated leave; some U.S. states and private companies have their own leave policies.)

The Nordic generosity towards young families does appear to increase female labor force participation. Nordic women are almost as likely to work as men, a quasi-equality that doesn’t exist anywhere else in the world. By contrast, American women work rates are 11.5 points lower than men’s. It may be mere coincidence, and Sananjani doesn’t mention it, but some studies find Danish women, at any rate, among the world’s happiest. Could the ease of combining work and family have something to do with that?

Maybe, but—and in policy, as in life, there is always a but—women pay a price. A UCLA study found that merely 11% of managers and professionals in Sweden are women, a number markedly lower than in many other developed economies, including France, the United Kingdom, and Germany. Notably, Iceland—the Nordic country with a smallish welfare state and with by far the shortest parental leave—ranks among the highest in the share of female managers in the world.

The U.S. also stands as a rebuke to the common activist claim that generous family leave is a requirement for boosting gender equality. American women have a similarly high ratio of managers and professionals as Iceland, with no federal requirement for paid leave at all.

A growing body of research points to one reason for what many people might think of as counterintuitive findings: lengthy parental leave unintentionally pushes women to lose momentum in developing human capital and workplace seniority and to put more energy into domestic life. One paper quoted by Sanandaji concludes that parental leave not only doesn't overcome the gender divisions of labor, it "may possibly exacerbate them."

More ironically yet, the high taxes necessary to maintain the family-friendly welfare state also encourage women to work fewer hours. High taxes reduce the "opportunity costs" to working 30 instead of 40 hours (or part time, a particularly common arrangement among Nordic women.) High taxes also mean that "substitutable services"—private babysitters, prepared foods, house cleaners—remain out of reach for middle-class women. (Again, Iceland is an exception when it comes to taxes; its rates are relatively low).

Now, gender equality and women in executive positions are not the only goods in life, and it could well be that children, mothers, and possibly even fathers, are better off with more family time and respite from the frenzied work-and-spend treadmill endured by many two-career families in the United States. Media reports tend to show Scandinavians to be fairly content with their lot.

Sanandaji explores how gender-egalitarianism is rooted deep in Scandinavian culture and history. Sweden gave women the freedom to manage and control the assets of businesses as early as the second half of the 18th century. By 1850, women had a right to inherit property unconditionally in Iceland, the first of its kind. Even today, the World Values Survey shows Sweden to have the smallest proportion of respondents who believe men should have more of a right to a job than women if jobs are scarce.

So, it's not surprising that the Nordic governments continue to make women's career advancement a high priority. So far, their efforts have had modest success at best. Sweden, Iceland, and Norway have created hard-to-resist government incentives to get parents to share leave time equally. Fathers have between 10 and 12 weeks reserved specifically for them. (Norway's daddy quota is only 4 weeks). Mothers have a similar number of weeks assigned to them and the rest is for couples to decide. As expected, fathers take more leave than they did before these reforms, but they still account for less than 30% of the total time available to parents. In Denmark and Finland, men take less than 9% of total leave. Recently, Denmark debated a new policy reserving more leave specifically for fathers. It was mothers who objected: they didn't want to give up any mommy time. Swedes with children under school age have a right to shorten their work hours without risking their jobs. The result? 43% of mothers with young children work part time, compared to 10% of fathers, and gender wage gaps remain close to the OECD average, about where they were before the reforms.

As Sanandaji observes, Nordics have also turned to quotas in their quest for gender parity. In 2003, Norway passed a law requiring women to have 40% of the board seats in public

companies. So far, the law has not gone as expected: there was no appreciable impact on the gender pay gap, or on women's career plans. In fact, Norwegian companies had less experienced board members, greater company leverage, higher company acquisition rates, and declining operating performance. About 20% of the companies that would have been affected by the legislation changed their corporate ownership structure to get out of the requirement. Such is the extent of Nordic-affectation that other European countries are following Norway's lead despite the policy's unremarkable results.

Sanandaji's paper comes at a time when researchers have begun to plumb longitudinal national data on the gender gap. They've found that women dramatically decrease their work hours after they become mothers in many advanced economies, including New Zealand, Denmark, and the U.S., even while fathers continue working and earning as they were before the arrival of children. The impact is especially powerful for women with high incomes before parenthood. They face lower monthly incomes, lower hourly wages, and slower rates of income growth than before they had children in all these places, with the effects lasting at least 10 years.

Though you would never guess it from the admiring media coverage, the estimable Nordic countries are no closer to discovering a way out of this impasse than the laissez-faire United States.

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