

NATIONAL REVIEW

Nordic Welfare States Worsen the Gender Gap

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Following International Women's Day 2018, a host of policies have been promoted as ways to advance women's careers. CNBC, for example, has run a story arguing that policies such as parental leave for both parents can raise women's incomes. In the *Huffington Post* we can read that adopting the welfare policies of Norway and Canada, including mandatory gender quotas, is the way to achieve gender equality.

However, scaling back the welfare state might be a more efficient way of promoting women's careers. In fact, the United States has more women reaching top career positions than do the Nordic countries — which are frequently regarded as the feminist role models of the world.

Reporting on the results of an academic study, *Science Daily* once bluntly stated that “the Nordic countries are the most gender equal nations in the world.” There is some truth to this. Iceland tops the Global Gender Gap Index, for example, followed by its Nordic neighbors Finland, Norway, and Sweden. The only Nordic country that does not qualify for the very top is Denmark, which ranks 19th. This is still higher than the United States, at 45th. The index's 2014 edition explained that “the Nordic nations continue to act as role models in terms of their ability to achieve gender parity.”

A common assumption is that the gender-equality progress of the Nordics is due to their social-democratic welfare policies. Saadia Zahidi, senior director and head of gender parity and human capital at the World Economic Forum, has stated that “while patterns vary across the Nordic countries, on the whole, these economies have made it possible for parents to combine work and family, resulting in more women in the workplace, more shared participation in childcare, more equitable distribution of labour at home, better work-life balance for both women and men and, in some cases, a boost to waning fertility rates.”

The truth is that Nordic countries have a long history of gender equality, stretching back to the time of the Vikings. Medieval law shows that Nordic women had greater rights than did their peers in other parts of the contemporary world. Medieval inheritance laws in Norway followed family relations through both male and female lines. Additionally, women could opt for divorce. These rights might not seem impressive now, but they were rather unusual then.

The tradition of women's rights continued into the early modern age. During the second half of the 18th century, women began to run many businesses in Sweden. In 1798 a reform stipulated that married women had legal majority and juridical responsibility within the affairs of their businesses. In 1864 Sweden made a further leap forward, granting business freedom to virtually

all adult men and unmarried adult women. In 1874, women in Sweden were given the right to stipulate in premarital contracts that their husbands could not impose on the business.

So how are women faring in the modern Nordic welfare states? They're doing quite well in many ways. Nordic societies have a large share of women active in the workplace, perhaps the most gender-equal attitudes in the world, and a tradition of women's empowerment in the political sphere.

One might expect this to translate into many women reaching the top of the business world. But this clearly is not the case. In a new policy study for the Cato Institute, I show that the share of women among managers, as recorded by the International Labour Organization, is 43 percent in the United States, compared with 36 percent in Sweden and 28 percent in Denmark.

Comparing the Nordic countries with each other, a pattern emerges: Those with more extensive welfare-state policies have fewer women on top. Iceland, which has a moderately sized welfare state, has the most women managers. Second is Sweden, which has opened up welfare services such as education, health care, and elder care for private-sector competition. Denmark, which has the highest taxes and the biggest welfare state in the modern world, has the lowest share of women in managerial positions.

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Essentially, the rise of the welfare state has been a double-edged sword for women's advancement. On the one hand, it has created jobs in women-dominated fields such as health care and education, and aided the labor-market entry of women by offering day care and other family-related services. On the other, the attendant high taxes have reduced the economic incentive for both parents to work full-time, and have also made it difficult for families to purchase services that alleviate household work (such as cleaning). Parental-leave policies have given women an incentive to take long breaks from working. And state monopolies in female-dominated sectors such as health care and education have limited women's career choices.

The result of all this? The United States, often viewed as being far behind the Nordic countries when it comes to gender equality, actually has a higher share of women in top business positions. The true lesson, that a large welfare state actually can impede women's progress, is seldom if ever reported. Perhaps it is time to change that.