

# The Politics of Low Fertility: Global Markets, Women's Employment, and Birth Rates in Four Industrialized Democracies

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## **Abstract**

This paper argues that fertility in industrialized countries is strongly affected by a woman's ability to balance family and career. In liberal market economies such as the U.S. where women have access to labor markets but not to socialized child care, career success comes at the price of fertility: women who make the most money have the fewest children. Fertility in coordinated market economies was divided into the high fertility Scandinavian countries, where the government supported child care and public sector employment of women, and the low fertility countries elsewhere where corporatist wage bargaining have largely left women out of the protected core work force. Global economic integration has reduced fertility in the gender-friendly Scandinavian countries to levels close to the rest of Europe.

## **Introduction**

This paper argues that politics can explain patterns of fertility in the industrialized world. To put our thesis in simplest terms, fertility is low where vested interests keep women out of the workforce, and higher where easy labor market accessibility and child care support make it easier for women to balance family and career. Vested interests unfriendly to maternal labor can take a number of forms, ranging from businesses that want to keep women as a flexible and expendable workforce to help smooth out business cycles, to moderately strong unions who want to protect the core male membership. We also investigate an added wrinkle: government policies designed to overcome these barriers must be consistent with global economic integration or be doomed to failure.

Using fertility as a gauge of women's well being is an admittedly awkward enterprise. Feminists in the U.S. have struggled for women's equality in the public sphere by downplaying their reproductive role and would find the idea appalling. Economists have shown that fertility naturally declines as work opportunities for women increase, and who should quibble with this choice? Governments that worry about declining population are often more concerned about the short and medium term problem of financing social security than about longer-term social welfare. Environmentalists have shown us how overpopulation has overtaxed the earth's natural resources and would be delighted to fertility continue to decline. And most civilized people cringe at the xenophobic overtones of pro-natalist rhetoric. So what's wrong with declining fertility?

We put a spotlight on fertility for three reasons. First, governments' hand wringing about the economic consequences of declining population give women an unprecedented opportunity to call attention to the disproportionate burden they bear in

society's reproduction. Second, if we assume that women, as well as men, benefit from the household bargaining leverage and exit option that comes with an outside source of income, specialization in childrearing and housework may serve women poorly. Finally, we argue that the extremely low levels of fertility seen in much of the developed world are not freely chosen, as many economic models assume, but represent difficulties women experience in trying to work and to care for their families simultaneously. Rather than give up on the labor market in the face of childcare burdens or an inhospitable workplace, many women seem to be striving all the harder, even at the expense of giving birth. If, as we argue, gender friendly policies boost fertility, we can use variation in fertility as a useful comparative measure of the constraints on women's ability to balance family and career.

If a mother wishes to earn an outside income, she faces two broad types of constraints. From the standpoint of her labor supply, she has to weigh the other pressures on her time such as caring for her family and house, and whether she can afford to subcontract some of these responsibilities. Since most societies, even in the modern world, place these responsibilities disproportionately on a woman's shoulders, the burden of finding alternatives is typically hers. From the standpoint of the market demand for her labor, she faces a labor market that may or may not regard female labor on equal terms with male labor, holding constant skill, education, and seniority. For a woman who would like to work but for whom the obstacles seem insurmountable, these two kinds of constraints may seem like two sides on an enormous pair of pliers.

In the pages that follow, we look at both the supply and demand side constraints in turn. Section 2 elaborates our argument. Section 3 provides detailed case studies of

government policies towards working mothers in Sweden and Germany. We focus on these two countries because of the intriguing contrast in fertility and female labor participation in these two coordinated market economies. We also take a brief look at the U.S to understand the dynamics of maternal labor in liberal market economies. Section 4 examines how international economic integration limits the range of policy choices that governments have to help incorporate women into the workforce. Section 5 moves tentatively to some normative analysis, and Section 6 concludes.

## **2. Why It Is Hard For Mothers To Work**

In this section, we first examine reasons for systematic variation in female labor market access across countries. We then analyze how the availability and cost of child care affect the supply of maternal labor, to set the stage for an evaluation of how these two types of constraints might be causally related, and what their relationship to fertility might be.

### **2.1 Demand for Female Labor**

All else equal, the market discounts a woman's wages by the cost of replacing her when she interrupts her career path for childrearing and family work (Katz 1997).<sup>1</sup> Assuming the woman internalizes this discounting, she is likely to invest less in her skill acquisition than a comparably talented male. The only way to break this self-reinforcing cycle would seem to be a broader sharing of family-related work, with husbands in particular and society more generally.

Margarita Estevez-Abe (2002) draws on the "varieties of capitalism" literature to argue that this is even truer for economies or sectors that reward employees on the basis

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<sup>1</sup> This includes, of course, the sick days and evenings she spends caring for her children even upon returning to work.

of firm-specific or industry-specific skills. In the coordinated market economies of Western Europe, where corporatist wage bargaining and industrial job security increase returns to specific skills, the career interruption that motherhood entails is a heavy cost indeed. In the English speaking liberal market economies, labor markets are more fluid.

This difference in the way markets are structured does not rest solely on different cultural preferences, as many observers assume. Proportional representation (PR) electoral systems that operate in European countries are more likely to adopt coordinated market economies, because coalition bargaining produces logrolls among the intense preferences of organized groups. Single member districts, by contrast, force politicians to appeal to the median voter. This typically results in lower public services and a less generous social insurance scheme, along with lower taxes, rather than generous income supports financed by the higher taxes of coordinated market economies (Rogowski and Kayser, 2001; Rosenbluth and Schaap, forthcoming; Bawn and Rosenbluth, 2002).<sup>2</sup>

Lower job security in liberal market economies, both at the firm and industry level, encourages workers to invest in general skills that can be useful in a wide range of alternative employment options. Ironically, women are advantaged by men's job insecurity, at least in the sense that a woman's career interruptions for childbearing are relatively less disadvantageous in the general skills economies. Her job insecurity becomes less of a liability when everyone is insecure.

If one accepts this analysis, it comes as no surprise to find that female labor participation rates tend to be quite high in liberal market economies. Employers have less reason to discourage women from work. Employers are not investing in a woman's

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<sup>2</sup> Of course, as Carles Boix argues, countries that industrialized at around the time of democratization may have been more prone to PR rules, given the bargaining strength of labor at the time.

firm specific skills, so her career interruptions on account of childrearing represent less of a cost to the firm.<sup>3</sup> In 1999, 76.4% of American women aged 25-34 participated in the labor force, including 58% of women with a child under 1 year of age (OECD 2001, 182).

This suggests that, all else equal, labor market demand for women should be less in continental Europe than in the U.S., UK, Australia, and Canada. We do indeed see strong female labor participation in these liberal market economies. Moreover, women are more likely to work full time than part time, and are quite likely to continue working after marriage and childbirth. The gender wage gap, which measures percentage of a male salary that a woman makes, holding constant skill level and seniority, is in the 70-80% range in these countries. This puts them in the middle range for the coordinated market economies, which exhibit more variance.

If we accept our proposition that fertility should be higher when women find it easier to balance family and career, we might expect liberal market economies to have relatively high fertility, compared to coordinated market economies. In fact, fertility in these countries is relatively high. But on closer inspection, the high aggregate fertility masks wide differences by income. Women at the lowest income quartile are the most fertile, largely because they occupy low-wage, low-skill jobs that do not penalize women for absence from the labor market (Anderson, Blinder, and Krause 2002).<sup>4</sup> By contrast, women in the middle of the income curve can't afford not to work, but don't make

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<sup>3</sup> The cost does not go away entirely, because the employer still has to cover for her in her absence. But since the employer doesn't invest heavily in either men or women, her departure, even if it is permanent, does not represent as great a loss for an employer who invests in employees in the expectation of a long-term return on that investment.

<sup>4</sup> Perhaps, also, they have more children to alleviate the bleakness of life as a poor person in the U.S.; and perhaps because many of these women are immigrants who bring with them the calculus of the old country where there were lower labor market opportunities for women.

enough to subcontract much of their childcare. For them, the need to work seems to put a low bound on the number of children they bear.

Coordinated market economies exhibit wide cross-country (as opposed to intra-country) variation in fertility, which suggests by our framework that not all is equal in the nature of constraints that women face in entering the labor market. For women to enter the labor market on equal footing with men in a specific skills economy, either the government makes up for the advantage men enjoy in the private sector by disproportionately hiring women in secure public sector jobs, or by subsidizing the costs of child care, or both.

We discuss later whether strong demand for female labor alone is sufficient to raise fertility. Before doing that, we turn to the second type of constraint on a woman's balancing act, the availability and cost of substitutes for mother's family related work.

## **2.2 Constraints on the Supply of Maternal Labor**

A mother can only supply her labor to the market if she is at least partially free of childcare responsibilities. In liberal market economies, governments typically play a minimal role in supplying alternative child care and rely instead of market supply and demand. Women on the upper end of the wage ladder in these countries typically have ample choice of child care options because the large intra-gender wage inequality makes many women available as low paid child minders. In the U.S., for example, childcare facilities are required to maintain certain ratios of child minders to children in order to qualify for needs-based subsidies. But the subsidies are modest by European standards, and childcare work is considered, and remunerated as, a low skill occupation.

In coordinated market economies, the government plays a larger role in the economy as a supplier of services, and childcare is no exception. There is wide variation among these countries, however, in the levels of government generosity on childcare. In the case of the liberal market economies, we saw that the demand for female labor alone was enough to lift fertility, at least for the low income earners. In coordinated market economies, we find instead that these two types of constraints seem to move together. For the countries—principally in Scandinavia---that have made labor markets accessible to women, childcare support is also available and generously supported. For the others, labor market inaccessibility to women is matched by low levels of public spending on infant care. It would seem that the politics of these realms are related: failing a political decision to incorporate women into the workforce, the government has little incentive to spend on public childcare. In the section that follows, we turn to a close historical look at the forces that produced this divergent path across two coordinated economies, Sweden and Germany. We then compare these to other countries: the U.S., an archetypal liberal market economy, and Japan, another weak-labor economy but one with a specific skills labor market.

### **3. Case Studies**

#### **3.1 The Sweden-Germany Comparison**

Despite the many obvious similarities in their culture, their political and economic systems, and their overall level of development, Sweden and the former West Germany pursued strikingly different policies in the decades after 1960 with respect to women's employment. Indeed, Sweden's policies in many respects had more in common with those of the former East German (German Democratic Republic, GDR) than they did



with those of the capitalist West. While West German female labor force participation rates (FLFPR) stagnated, those in Sweden and East Germany reached heights seen in few other industrialized countries.

Yet, it is the two higher-FLFPR countries which experienced higher fertility levels, with Swedish and East German birth rates consistently exceeding those of West Germany between 1970 and 1990. Why did the two countries that put mothers to work manage to sustain relatively high fertility, while the one that encouraged them to stay at home failed to do so? In this section, we argue that the Swedish and East German pattern of extremely high FLFPR and relatively high fertility was made possible by a constellation of policies—in particular, the public provision of childcare and generous family leave policies—intended to accommodate the needs of employed mothers. In contrast, West Germany's failure to enact such laws led women to reduce their childbearing in order to maintain their tenuous attachment to an inhospitable labor market.

In what follows, we first describe how all three countries faced a similar set of constraints on employment and fertility in the years after World War II. We then describe how they pursued different paths in response to the demand for new sources of labor, with serious implications for the position of women in the labor market and political system, social policy, and ultimately fertility. A number of plausible explanations for this contrast can be advanced. We reject three alternatives—differing cultural norms concerning gender roles; as a variant of this, greater representation of women in the Swedish labor movement than in its German equivalent in the period of interest; and a more severe labor shortage in Sweden than in Germany during the boom years of the 1960s. Instead, we tentatively advance a different hypothesis, that Sweden's

exceptionally powerful unions saw women as a potential new source of political support, whereas Germany's weaker unions confronted capital's opposition to the expensive social benefits that would be required to facilitate mothers' entry into the labor force.

Finally, we examine the steep fall in the fertility rate in both Sweden and especially East Germany after 1990, and we close by suggesting that the contemporary globalized economy has created a fertility dilemma for the advanced industrialized countries: while below-replacement fertility rates have become a source of concern around the developed world, the most ambitious public efforts to harmonize female employment and child-bearing seem to be incompatible with highly competitive international markets.

The fact that Sweden and Germany adopted such different policies with respect to female employment between 1960 and 1990 is all the more unexpected in that in the immediate post-war years the two countries seemed to face similar challenges and constraints in the areas of gender policy and laborforce needs. These can be summarized as follows: an intensifying labor shortage, a high proportion of adult women not in the labor force, a continuing secular decline in the birth rate, and popular and elite resistance to the recruitment of married women and especially mothers.

Around 1960, both Sweden and Germany were beginning to suffer from increasingly acute labor shortages created by the postwar economic boom (Jenson and Mahon 1993, Mosesdottir 2000). Both countries also had similar FLFPRs, 54.2% in Sweden's case and 49.3% in West Germany's, both of which were notably higher than the US rate of 42.6% (Mosesdottir 2000: 197). At the same time, for reasons which will be explored immediately below, relatively few women with small children were employed. The Swedish rate of employment among such women was only 38% (in 1983

it would reach 82%) (Home 1995: Table 12.1). Women, and particularly mothers, thus represented an obvious potential new source of labor. Yet in both countries the prevailing attitudes concerning gender roles and child development seem to have been hostile to extensive recruitment of maternal labor. These attitudes centered on two issues: public and official disquiet about falling birth rates and, perhaps even more significantly, disapproval of maternal employment as an alternative to full-time homemaking.

First, like the rest of the developed world, West Germany and Sweden had both experienced a secular decline in the birth rate which had been only partially reversed by a post-war baby boom which had mostly run its course by the middle of the decade (Lofstrom and Westerberg, n.d., Conrad et al., 1996). Contemporary politicians were not indifferent to this trend. Indeed, “ethnonationalist” calls for higher fertility rates were more acceptable and widespread in western countries in previous decades than they are today (King 2002). In Sweden, an official commission of inquiry was constituted as early as 1935--inspired in part by research of noted social scientists Gunnar and Alva Myrdal-- in order to examine how to reverse the already worrying fertility decline (Hwang and Broberg 1992: 31). The policy results of this official interest are significant. While it was acknowledged that fertility depended in part on a couple’s economic security, there was no attempt to harmonize maternal employment and child-bearing. Until the 1960s, the Swedish government instead pursued a policy of modest subsidies intended to reduce the expenses associated with having a child. These benefits took the form of maternity aftercare, neonatal and obstretical services, loans to newly married couples to help furnish their residence, and eventually (1947) the introduction of national family allowances for all children up to the age of six (Hwang and Broberg

1992: 31). In terms of the familiar typology, one might describe such policies as Christian Democratic, in that they represent a “passive or reactive type of social policy which was characterized by the readiness to moderate the harmful outcomes of the imperfect market mechanism by transferring considerable sums of money to families in need, without changing the logic of the market itself” (van Kersbergen 1999: 356).

Moreover, both mass and elite opinion adhered firmly to gender norms that stigmatized employment on the part of married women, particularly those with young children. Phillippe Aries and his followers have described the immediate post-war decades as in many respects the golden age of housewifery, in which a combination of prosperity, the security created by an expanding welfare state, and (by comparison with the past, though not the world of 2002) low fertility allowed an unprecedented proportion of women to devote themselves full-time to home-making and child care (Lesthaeghe 1995). Deviation from this norm was discouraged both officially and unofficially, a pattern which, be it noted, held good not just in Germany, but also in Sweden.

Following Esping-Andersen’s influential typology of conservative (or Christian Democratic), liberal, and social-democratic forms of welfare state, the socially conservative nature of the German welfare state is widely taken as a given (Esping-Andersen 1990). Ever since Bismarck, and continuing under the tutelage of the mostly Christian Democratic governments of the post-war era, it is argued, the expansion of the welfare state in Germany has been carried out with the aim of stabilizing social relations, including gender relations, rather than radically revising them. Catholic social teaching is widely regarded as an important foundation of Christian Democratic thought, including

the assumption that women are “only marginally present on the labor market and the family [is] the prime provider of care” (van Kersbergen 1999: 352, 358-59).

However, when speaking of the post-war decades, it is dangerous to exaggerate the distinctiveness of German (or even Christian Democratic) gender norms. On the contrary, recent scholarship suggests that the postwar deification of housewifery and full-time motherhood was actually fairly universal in the western world, where “a situation had come into being, unique in time and space, in which more and more mothers could spend more time caring for fewer children.” Theories of child development exemplified by those of John Bowlby painted a dire picture of the consequences for children of maternal employment, and thus “legitimated the existing situation . . . without recognizing it as a product of historical development that could change” (Clerkx and van Ijzendoorn 1992: 65). Indeed, an examination of the attitudes prevalent in post-war Sweden suggests that, at least with respect to the issue of mothers’ employment outside the home, neither policies nor attitudes differed much between heavily Christian Democratic West Germany and solidly social democratic Sweden. The dominant and officially entrenched Swedish view, as represented by one member of the Swedish parliament, was that mothers of young children should not be encouraged to work outside the home. He argued that “[children’s] welfare is promoted best if the child is able to keep hold of his mother’s apron strings. . . . We do not want certain individuals to be educated to take care of children as soon as the mothers want to abandon them” (Hwang and Broberg 1992: 32). In short, it does not appear that in 1960 Germany and Sweden represented distinct cultural milieus with respect to gender norms. Rather, they both adhered to the reigning consensus, which extolled the virtues of full-time homemaking

and motherhood for women, and, in policy terms, prescribed social benefits to bear some of the cash costs of having a child, and not laws that might make employment itself compatible with childbearing.

Thus, what needs to be explained first is how these two countries' policies on maternal employment, and as a result their FLFPRs, diverged so sharply in response to an apparently similar initial stimulus (the labor shortage) and despite a similar constellation of social conditions and gender norms. A number of plausible explanations for this change can be advanced. We reject three plausible alternatives—differing cultural norms concerning gender roles; as a variant of this, greater representation of women in the Swedish labor movement than in its German equivalent in the period of interest; and a more severe labor shortage in Sweden than in Germany during the boom years of the 1960s. Instead, we tentatively advance a different hypothesis, that Sweden's exceptionally powerful unions saw women as a potential new source of political support, whereas Germany's weaker unions confronted capital's opposition to the expensive social benefits that would be required to facilitate women's entry into the labor force.

Were there perhaps cultural differences between the two countries that made Sweden more receptive to maternal employment than West Germany? In response to this question, all we can say is that there is simply no particular evidence that this is the case. As has been suggested, before 1960 both Swedish social democracy and German Christian Democracy had pursued policies that suggest adherence to a norm of full-time housewifery and hostility to maternal employment. One could also note the very similar FLFPR in both countries in 1960 as evidence that German and Swedish gender norms were, at the time, not substantially different. Finally, despite the widespread tendency to

attribute Christian Democratic gender traditionalism to the influence of Rhineland Catholicism, one must also ask whether Swedish Lutheranism provided an intrinsically more promising basis for gender egalitarianism. Surely both traditions were, and are, sufficiently broad and internally heterogeneous to be capable of legitimating more than one kind of gender policy. If anything, as will emerge later in the paper, there is reason to conclude that popular and elite attitudes toward mothers' employment should be seen more as the consequence, rather than the cause, of policy change initiated by political elites.

Having rejected national cultural difference as an explanation, one might also pursue a related but more nuanced line of inquiry by asking whether women in Sweden already wielded more political power or were more politically mobilized than in Germany, in particular within the labor movement and the governing party. If so, it might be the case that Sweden adopted mother-friendly employment policies as a response to political pressure from mobilized female citizens. As will be discussed in more detail below, such a depiction of Swedish politics might well be accurate in the 1990s. However, in the mid-1960s, Swedish women were not notably prominent in either the labor movement or the main left party. There were, of course, feminists and a feminist movement in Sweden. Jenson and Mahon (1993) find that the "People's Home" ideology of the Swedish social democrats in the 1930s did include a strain of feminist strain. However, they also note that the feminist strain within the party was mainly submerged in the post-war years. While the party did have a special women's branch, known as the SSKF, its development into a powerful advocate of working women's interests did not begin until the 1970s (84). A similar picture emerges if we examine women's position in the labor

movement. In 1960, only 22% of the members of the LO, the main Swedish labor confederation, were women. Likewise, a few years later, in 1968, women workers' rate of organization, 56%, was substantially below men's, 78% (LO website: [www.lo.se/english/pdf/union.pdf](http://www.lo.se/english/pdf/union.pdf)).

While these figures would rise substantially—indeed dramatically—in coming decades, they suggest that in the 1960s women were not particularly mobilized and not especially powerful within the Swedish labor movement. In short, there is little to suggest that Swedish policies favoring maternal employment emerged endogenously, i.e., as a result of pressure from an existing strong feminist movement within the Social Democratic Party or the LO.

A final alternative explanation for the different outcomes in Sweden and Germany would focus on the demand for labor in the two countries in the relevant years, the post-war period through the mid-1960s. Perhaps Germany simply was not experiencing the same severe labor shortage as Sweden and therefore did not need to recruit mothers in such numbers? Again, however, available evidence does not support such a hypothesis. First, figures on GDP growth per capita in the 1960s indicate that the Swedish and German economies were growing at similar rates. Moreover, as will emerge in more detail below, Germany *was* recruiting labor from new sources during this period. Though mothers were not recruited, Germany did invite a significant number of temporary guest workers, or *Gastarbeiter*, from abroad, a policy that continued until the 1973 Oil Shock. Thus, it was not the case that Germany did not need more workers in the 1960s; it simply did not “need” workers who happened also to be mothers.



In summary, differing Swedish and German policies on maternal employment cannot be satisfactorily explained by any of the hypotheses we have examined so far. In many ways, Sweden and Germany appear almost to be prototypical “most similar” cases: culturally similar coordinated market economies with strong labor movements, both of which were caught up in the economic boom and labor shortage of the 1960s. What is needed, then, is a careful attempt to trace the institutional processes that led one to embrace maternal employment and the other to discourage it. In what follows, we suggest that the key explanatory variable is the presence in Sweden of a hegemonic social democratic party closely linked to an extremely powerful and aggressive labor movement. This contrasts with the greater bargaining power of employers in Germany, on account of a stronger and more unified center/right political party, the autonomy of the Bundesbank, and greater wage bargaining decentralization compared to Sweden. We develop this contrast immediately below and use it to try to account for the two countries’ differing responses to the 1960s labor shortage. We also argue that the different trajectories of fertility over the subsequent decades can in turn be explained at least in part by the effects of maternal employment policies.

### **3.2 Sweden**

The extent of social democratic hegemony in Sweden is indicated by the fact that the party held power without interruption for four decades from the mid-1930s to the mid-1970s. The main features of the social democratic regime, based on the “historic compromise” reached in the town of Saltsjobaden in 1938 between the LO and the SAF (the employers’ association), were its commitment to radically redistributive social welfare programs and collective bargaining at the national level in exchange for a

guarantee that private ownership of enterprises would not be disturbed (Stephens 1996). Another important feature of Swedish social democracy was its commitment to wage compression. Wages in high-productivity sectors of the economy were restrained in order to promote the international competitiveness of Swedish business. Workers in less productive industries and the service sector benefited from this “solidaristic wage policy” in the form of higher wages and social benefits. Finally, while sheltering such workers, the Swedish state also made efforts to move the economy in the direction of high-productivity, and hence high-skill, production (Stephens 1996: 40-41). All these features of social democratic rule would play an important role in the integration of mothers into the Swedish labor force.

By the 1960s, the governing social democrats confronted a labor market in which almost all adult men were employed—in 1970, around 90% of men were in the labor force and unemployment was negligible—and the overwhelming majority of employed men belonged to a labor union (Sweden 2000). Opportunities for recruiting new Swedish male workers were consequently extremely limited, and “[t]he economic growth experienced since the war made it essential to bring new groups into the labor market” (Eduards et al. 1985: 154). In response to the prevailing labor shortage, there were really only two options: stepping up recruitment of immigrant workers or bringing more women—which inevitably meant more married women and mothers—into the labor force. Women and immigrants posed differing challenges to the Swedish labor force, which will be explored below. In the end, Sweden recruited extensively from both groups, and the manner in which these two categories of workers were absorbed suggests a pattern, in which the labor movement and the governing party acceded to the business

sector's demand for new workers, but did so in a way which is intended to guarantee that these new workers would be organized into the labor unions and mobilized as left voters.

In the case of women, the obvious question was how female workers, and particularly mothers of young children, could be recruited if they were also expected to continue performing the tasks of social reproduction and home-making—child- and elder-care, cooking, cleaning, shopping—which (as we have seen) existing Swedish policy assumed should be assigned to them. If housewives were to be coaxed into the labor market, some way would have to be found to alleviate their family responsibilities at least partially.<sup>5</sup> In addition, positive inducements would need to be offered to wives and mothers to take on the added responsibilities of employment.

Beginning in the late 1960s and continuing until the economic recession of the early 1990s, a multitude of national laws were enacted which, together, made employment much more attractive to mothers—and can, in fact, be said to have penalized wives and mothers who refused to enter the labor force. First, in 1971 separate taxation of married couples was made mandatory. Combined with high marginal tax rates, this reform made a second paid worker in the family more desirable. In addition, in 1974 a system of parental insurance was introduced, which pays women for last salary rather than giving them flat-rate maternity benefits (Lewis and Astrom 1992). Before modest retrenchment in the 1990s, which will be discussed below, the duration of the allowances was gradually increased, from 180 days in 1974 to 450 days in 1989. (National Insurance Board, Statistics Sweden). The impact of this policy was to create a strong

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<sup>5</sup> Interestingly, the Swedish scholarly literature on this subject takes for granted that mothers could not have been recruited in large numbers had they received no relief from the demands of home-making. Of course, the experience of the US shows that mothers can, in fact, be drawn into the labor force without such relief—provided the polity is willing to employ low-skilled child care workers, tolerate unsupervised or poorly supervised children, and in general accept a lower standard of living for its families.

incentive for a woman to establish herself in the labor force before having a child in order to gain eligibility for the parental allowance benefit. In 1995 Sweden became the first EU country to introduce a parental leave benefit targeted mainly at fathers, the so-called “daddy month” of paid leave which can only be taken by the parent who has not consumed the rest of the statutory parental leave (Rubery et al. 1999: 162). Finally, Sweden gradually set up one of the world’s most elaborate and lavish systems of low-cost publicly provided day care. A series of laws and policy changes (the Public Pre-school Act of 1975, the Child Care Act of 1977, the initiation of a “full needs coverage” policy in 1986) resulted in an enormous influx of children into formal day care arrangements, mostly public. From 10,000 day care places in 1966, the number rose to 80,000 (1976), 211,000 (1980), and 400,000 (1995). In 1994, 60 percent of pre-school children (under 7 years of age) had some kind of care outside their own home, with the state supplying 83% of all places (Kulin 1995; Sundstrom 1993). To put these figures in perspective, public day care is now as large as Swedish agriculture, accounting for 2% of GDP. It is also heavily subsidized. Parental fees cover only 10% of the total cost of providing public day care service. The remaining 90% is covered by the central government or by municipalities (Gustafsson and Kjulin 1995).<sup>6</sup>

At the same time as policy initiatives to promote maternal employment were introduced, Sweden was also wrestling with the issue of immigration policy. Sweden experienced substantial immigration in the decades after World War II, initially from

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<sup>6</sup> This influx of Swedish children into formal day care has been endorsed by studies suggesting that day care does not damage children’s development, at least for children over the age of a year (Hwang and Broberg 1992:49-51). Coincidentally, this finding also corresponds neatly with Swedish policies of parental leave followed by day care. The production of such studies at this particular historical moment suggests that public attitudes concerning maternal employment do not drive political decision making; rather, public opinion has been subjected to extensive massaging by elite opinion leaders in order to facilitate the official policy.

other Nordic countries such as Finland and thereafter from southern Europe and the Mediterranean. Yet this influx was managed very differently from elsewhere in Europe. Instead of a policy of welcoming guest workers for fixed terms, Sweden “retained its belief that immigration policy should not separate the right to work from the right of residence.” Immigrants full rights of labor organization and entitlement to social benefits equal to those of Swedish citizens. In addition, immigrants were admitted as families rather than as single men, and naturalization was facilitated, being granted after 5 or 6 years (Hammar 1985: 19, 34). Hammar notes that, unique among European countries of immigration, recruitment of new immigrants was actually halted slightly before the 1973 recession. What explains the ambivalent policy combination of high immigration, immigrant rights, and an early shut-off of new immigration? Is there a causal connection between this ambitious and (so to speak) deluxe immigration policy and Sweden’s similarly generous encouragement of maternal employment?

The missing link between the two policies is the attitude of the Swedish labor movement toward the two groups of new workers. Unfortunately, much of the scholarly literature that addresses these policies is in Swedish, and hence not available to the current authors. Sweden scholars disagree as to the extent to which maternal and immigrant labor competed for the same employment niches in the Sweden of the 1960s and 1970s. Jonas Pontusson argues that women and immigrants were intended to fill different kinds of positions, with women being shunted into the service sector and (male) immigrants into manual labor (email communication). Siv Gustafsson asserts, by contrast, that women and immigrants were seen as substitutes (email communication). Mosesdottir (2000) also argues that measures to increase maternal employment were

intended to reduce the need for immigrant labor (196). Knocke (2000) concurs, suggesting a conflict between employers, who saw immigration as “the quickest way to solve Sweden’s urgent labor shortfall” and the LO, which favored married women as the new labor supply (362-63).

In any case, the record suggests that both policies were importantly shaped by the same force: the desire of the Swedish labor movement to preserve, and if possible to expand, their mobilization of the country’s employees. In the case of immigrants, this meant ensuring (by liberal naturalization rules) that today’s immigrant worker would be tomorrow’s social democratic voter. In the case of women, it meant ensuring (by generous social benefits) that today’s apolitical housewife would be tomorrow’s working mother and militant champion of the welfare state. Seen in this light, it becomes clear that the profusion of social benefits did not stem from intrinsic sympathy for mothers or desire to improve their life options. There was no “express wish of the state to promote [gender] equality” (Eduards et al. 1985: 155). Rather, the move to incorporate mothers into the labor force was the result of the particular historical conjuncture, namely, that of the 1960s labor shortage (Curtin and Higgins 1998). Sweden turned its back on the male breadwinner model for reasons that had little to do with the wishes of mothers, and everything to do with the country’s distinctive power equilibrium between unions and employers. Nonetheless, this decision was to have important consequences for Swedish women, both intended and unintended.

As planned, women streamed into the Swedish labor market and into Swedish unions. The FLFPR rose steadily from just over 60% in 1970 to a high of over 80% in the early 1990s before declining slightly as a result of economic recession (Labour Force

Survey, Statistics Sweden). Perhaps even more remarkably, by the end of the 1980s, nine out of ten mothers with small children were in the labor force (Hoem 1995: 287). This overall increase actually conceals a much larger increase in the proportion of adult women working part-time, particularly “long part-time,” (more than 20 hours per week). While the proportion of adult women employed full-time remained relatively stable until the 1980s, the proportion of women working part-time approximately doubled (from around 20% to around 40%) between 1970 and 1990 (Labour Force Survey, Statistic Sweden). As might be expected, part-time work is especially common among mothers of young children. During the first ten years of their youngest child’s life, mothers have paid work for about half the number of hours that fathers do (Hoem 1995: 287). Indeed, this is only one of many indications that the promotion of maternal employment was not intended to—and did not—give women access to the same career opportunities enjoyed by men. Another is the extreme gender segregation of the Swedish labor market. In 1999, 65% of all women workers were employed in occupations with at least 60% women (Labour Force Survey, Statistics Sweden). Some scholars even argue that women’s jobs were characterized by “monotony and lack of job satisfaction and career path” (Curtin and Higgins 1998: 73-74). Thus, while it is clear that the Swedish labor market is highly welcoming to *mothers*, it is less clear that it is friendly to *women*.

In addition, the decision to put mothers to work also had a number of unintended consequences in the 1970s, 80s, and 90s. First, the reconciliation of work and motherhood made possible the stabilization and even an increase in the country’s birth rate. Second, women’s increasing concentration in the public service sector—the welfare state—led them to become mobilized as a distinct interest group at odds with mostly male

private sector workers. One might see women's self-selection into the public sector as the recognition that the private sector's premium given to specific skills was inconsistent with career interruption due to motherhood. Gender based job segregation therefore divided men into skilled jobs, and women into relatively low skilled jobs, holding education constant.

The sources we have examined do not suggest that family leave and child-care benefits were originally intended to raise Sweden's birth rate. Nonetheless, there is strong evidence to suggest that Swedish maternal employment policies did have such an effect. "The fertility swings that Sweden has experienced in recent years are stronger than in any other Western country." From a low of 1.6 in 1983, the total fertility rate rose to 2.1 in 1990-92 (the highest rate in Sweden since the late 1960s, and among the highest rates anywhere in the industrialized world, before declining to a new low of 1.5 in 1997 (Hoem 2000). What explains this extreme variation? While isolating the effects on fertility of any individual piece of legislation is close to impossible (Lofstrom and Westerberg [n.d.]: 14), a consensus seems to have emerged that in the industrialized countries, fertility now tends to be *positively* correlated with women's employment (Esping-Andersen 1999). In Sweden this relationship is magnified by the income-replacement character of the parental leave system. "The system creates strong incentives for women who intend to have a child to acquire as high a level of income as possible before giving birth to the child" (Lofstrom and Westerberg [n.d.]: 7). Plotting Sweden's total fertility rate against its FLFPR on the same graph shows that after an initial lag, by the early 1980s, this relationship was firmly established, with both parameters rising and falling in tandem (17, Figure 2). The steep fertility upswing of the



1980s is attributed to a combination of factors: the direct income effect on fertility of economic strength; the “quite massive investments directed towards families with children”; and finally, people’s optimism that both the general economic climate and social welfare policy would remain favorable to families with children (Hoem and Hoem 1999: 325).

When jobs were plentiful, the Swedish conditioning of child benefits on prior employment encouraged both women’s labor force participation *and* childbearing. While, as will emerge below, the 1990s reversal of these trends would come back to haunt Sweden, through the beginning of the decade Swedish fertility was supported by policies that rewarded, rather than penalized, women who wished to have children while maintaining their links with the labor force. At least for a while, it seemed that Sweden had found a way to reconcile women’s desire for paid employment with the demands imposed on them by their role as caregivers in the home.

A second unintended consequence of Sweden’s revolution in maternal employment policies has been the mobilization of women voters and trade union members as a distinct interest group firmly committed to an expansive welfare state. This political development results from women’s changing employment patterns. Swedish women have remained highly concentrated in the service sector. Over time, they have also become increasingly concentrated in the *public* service sector—in other words, the welfare state. “At the end of the 1980s, about every second employed woman was in the public sector (in teaching, health services, and social welfare), compared to every fourth in the early 1960s, even though the number of employed women during the same period had increased by as much as 800,000. The corresponding figures for men

are 13 percent at the end of the 1980s and 8 percent in the early 1960s” (Hoem 1995: 281). Another way to put this change is to note that the number of women employed in the private sector remained remarkably constant at around 800,000 between 1970 and 1990, while the number of women employed by “municipalities and county councils”—the organs of government responsible for much of the welfare state—increased from less than 500,00 to around a million in the same period (Labour Force Survey, Statistics Sweden). A population recruited primarily to provide work in the private service sector has been transformed into one heavily dependent on the public sector.

This transformation has two likely dimensions. First, on a simple level, women’s employment creates a need for someone to perform at least some of the tasks of social reproduction—primarily childcare—that women normally provide. We have already noted the tremendous increase in the public provision of daycare for young children over the period of interest. As of 1999, “child-care workers,” a group that is 90% female, was Sweden’s fifth-largest employment category (Labour Force Survey, Statistics Sweden).<sup>7</sup> In this respect, women in the public sector are simply compensating for work that can no longer be done by other employed women. Second, however, public sector employment appears to have become a kind of end in itself, at least from the perspective of women. When given a choice between performing unpaid work of social reproduction for their own families and being employed for pay to perform similar services for others, women appear to prefer the latter option. Moreover, they have become increasingly aggressive in pursuing it through political means. Huber and Stephens (2000) argue that the expansion of welfare state services has created a “feedback effect,” in which increased female labor

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<sup>7</sup> Similarly, the largest and second-largest occupational categories are also caring occupations dominated by women: “assistant nurses and hospital ward assistants” (90% female) and “home-based personal care and related workers” (approximately 85% female) (Labour Force Survey, Statistics Sweden).

force participation, particularly in the well-organized public sector, increases the unionization of women and thus also increases the potential for women's political mobilization (327). Indeed, Swedish women are now somewhat more likely than men to be union members. In 2000, the rates were 85% and 79%, respectively. (LO 2000). Women account for nearly half of LO's membership, and nearly a quarter of all Swedish women are paid-up LO members (Curtin and Higgins 1998: 77). The result has been the creation of a bloc of mobilized union members committed to a large public sector. As a result, women have become increasingly important as a source of support for the troubled Swedish social democrats, with ramifications for Swedish politics that we will discuss below.<sup>8</sup>

### **3.3. Germany**

If the story of Swedish women over the past 40 years is that of their managed integration into the labor force, leading unexpectedly to a rise in fertility and to the mobilization of women within the labor movement, the story of Germany—at least West Germany—presents a stark contrast. The Federal Republic continues to be an example of a coordinated market economy in which women find it difficult to balance family and job. Exceptionally low birth rates—the German rate of 1.4 is low even by European standards and is comparable to Japan's—coexist with a relatively low FLFPR of around 60%. It was not until the early 1990s that even this level of female integration into the workforce was achieved. In 1986 the rate was only around 50% (Engelbrech 1997). And before the 1970s, as few as 40% of married women between 30 and 49 years of age

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<sup>8</sup> The expansion of maternal employment benefits continued during the years the social democrats were in opposition, from 1976 to 1982. Perhaps this suggests the entrenchment of women's interests in maternal benefits and the conservatives were afraid to take them away. Perhaps they also followed a general policy of trying to subsidize employment in order to reduce the kind of mass unemployment other European countries were experiencing.

worked in West Germany, only about 10 percentage points above the level at the turn of the last century (Klauder 1994).

What led to this low-employment, low-fertility equilibrium? We suggest the explanation lies in the balance of power between unions and employers in post-war West Germany. It is important to note that West German unions were *not* weak. Thelen (1991) points out that postwar West Germany developed a labor relations system marked by a “dual system” of centralized bargaining by large umbrella unions (led by IG Metall) and “codetermination,” the right of workers in individual firms to take part in decision-making.

Nonetheless, West German unions faced constraints on their political power not present in Sweden. First, for much of its postwar history (from 1949 until the mid 1960s, and again from 1982 until 1998), Germany was governed not by a triumphant social democratic party closely allied with the unions, but rather by the CDU/CSU conservatives. The total vote share in Germany for center/right parties was not so much greater than in Sweden, but the fact that the conservative parties managed to coalesce into a single party in Germany while they remained fragmented and more often than not, out of government in Sweden seems to have made a significant difference in the policy environments in these two countries.<sup>9</sup>

Second, Germany was the home of the Bundesbank, arguably the world’s most powerful and most anti-inflationary bank. With every wage round in Germany, the Bank issues comments on the unions’ wage demands, and suggests whether or not those demands are consistent with low inflationary growth. Because the Bank can always

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<sup>9</sup> Esping-Andersen and Korpi 1984. See Carles Boix (1999) for an illuminating discussion about the historical circumstances and electoral consequences of coordination problems among various constituency groups.

respond to a wage settlement it doesn't like with a sharp hike in interest rates, wage bargainers have, over the long run, paid careful attention to the Bank's threats. In the words of Franzese and Hall, "Those pressures that have arisen from time to time for wage bargainers to defect from relative restraint have usually been defused because the likely strong response of the Bundesbank was known to the wage bargainers who in turn had the institutionally determined capacity to respond.... It is the *combination* of central bank independence and coordinated wage bargaining that is so conducive to effective economic performance in Germany (Franzese and Hall, 2000, pp. 182, 183).

In part because of this difference in central bank strength, German unions have had to restrain wage and working condition demands, which in turn could have contributed to their weaker stance on enabling women to enter the work force. At a minimum, Germany's anti-inflationary bias kept tethers on public sector expansion, with the result that German public sector unions are both less powerful and less representative of women.

This suggests a story that is more nuanced than capital versus labor. If Franzese and Hall (2000:187) are right that coordinated wage bargaining without central bank independence tends to produce higher inflation, German employers *and* skilled labor in the export sector had reason to be grateful for the Bundesbank's role in keeping wage drift from undermining their profits and wages. Germany's metalworking sector, which has a high export concentration, produces the lead bargain in most years. Actors in such sectors are especially sensitive to signals from the central bank because restrictive monetary policies tend to appreciate the exchange rate, which threatens export sectors by making their goods more expensive in world markets.

We should not over-emphasize the role of the Bundesbank, however, because 1) Sweden actually ran budget surpluses and low inflation in the high growth years of the 1960s without an independent central bank; and 2) some other countries such as Austria look similar to Germany in terms of female labor participation and fertility, also without an independent central bank. Jonas Pontusson (2000) suggests the importance of a third difference between Sweden and Germany that persisted through the 1980: different levels of centralization in wage bargaining between employer and union organizations. While Sweden had one of the most centralized wage bargaining systems in Europe, Germany's gave industries considerably more leeway for divergence from solidaristic wage norms. Swedish employers were willing to link public sector and construction industry wages to those of the manufacturing sector in exchange for overall wage restraint (Swenson 1991), whereas a more fragmented bargaining apparatus in Germany produced more divergent wage bargains across sectors and industries.

Although the exact connection between these institutional features of West German politics and the low-FLFPR, low-fertility outcome is not entirely clear, it is possible to make some informed hypotheses. Gottfried (2000), noting this outcome, argues that German unions colluded with the government to defend a male monopoly on employment and to consign women to unpaid tasks of social reproduction. We would argue that the unions' strategies were more constrained by what they perceived as possible outcomes. It cannot really be said that German unions would not have favored the same arrangements for maternal labor that the LO won in Sweden (namely, generous social benefits to cushion the impact on families of mothers' employment)—because this option simply does not seem to have been on the table at any point in Germany's post-

war history. We infer from strong circumstantial evidence that the country's unions impounded this assumption into their strategy, and instead of pursuing an aggressive strategy of expanding their support in the (female) population, followed a more defensive line of protecting the interests of their current constituents, the core (male) labor force.

Two kinds of evidence support this conclusion: West German immigration history, and the evolving positions of the German social democrats and unions on maternal employment, especially part-time employment. First, West German immigration policy suggests a conscious attempt to substitute guest workers (*Gastarbeiter*) for maternal labor. In comparing German and Japanese "buffer labor forces," Kucera (2000) argues that whereas Japan used women workers as a disposable labor force that could be recruited in periods of labor shortage and dismissed during recessions, West Germany used immigrant labor for this purpose. Recruitment of guest workers began in 1954 and continued officially until the 1973 recession (and arguably has continued unofficially since then by means of special permits, not to speak of illegal immigration).

As the term implies, the guest workers were originally intended to come to Germany only for a fixed term. The rights of family reunification and permanent residence were granted later as a reluctant concession to reality (Meier-Braun and Hilgus 1995). In addition, for complicated reasons mainly having to do with the status of dual citizenship in German law, rates of naturalization remained quite low until at least the late 1990s, allowing the country to maintain the fiction that it was "not a land of immigration" (Schrag 2002). At the same time, it should be noted that the guest workers were not admitted as scab labor. Rather, the German trade union federation, or DGB, insisted

successfully that they should have full social welfare rights and be paid according to the same agreed scale as German workers (Richter 1974).

This constellation—use of guest workers as a buffer labor force, non-naturalization, and the granting of social rights—implies a particular balance of power between the interests of unions and employers. Unions were powerful enough to prevent the use of non-union labor at low wages, but not powerful enough (as in Sweden) to insist that the new immigrant workers would become future voting citizens who might well support the main party of the left. In addition, the choice of guest workers rather than women for this role raises the question of the reason for this preference. Without more evidence, we cannot do more than suggest a possible explanation. In light of developments in Sweden—namely, the fact that the use of maternal labor necessitated the creation of a large public service sector staffed mainly by women—we suspect that Germany chose not to pursue this policy for essentially financial reasons. That is, Germany preferred a somewhat less extensive public service sector in order to steer clear of inflation. Employing guest workers rather than married women or mothers keeps the social wage private, not a charge on the public purse. Whereas in Sweden the public sector accounts for half of the larger cohort of women in the labor force, in West Germany the proportion of women employed in the public sector was under 6%.

A second point in favor of this interpretation is the evolving attitudes of the German social democrats and the unions toward maternal employment. It can be argued that the German SPD has always been somewhat more supportive of working women than the CDU/CSU. Pross (1972) contrasts the policy positions of the SPD-led government of the era with the earlier CDU/CSU governments, noting that while the



CDU/CSU affirmed the norm of the full-time homemaker, SPD policy documents emphasized women's right to pursue outside employment. To the extent that this reflects actual differences in policy, it can be argued that a more electorally successful SPD in the first 20 years of the West German state might have made a difference to German maternal employment policies.

However, there has also been substantial evolution in the attitudes of the left and of the unions toward a key issue influencing maternal employment: part-time work. As we saw in the case of Sweden, in a coordinated market economy, part-time work is mothers' work; or perhaps more accurately, mothers' work is part-time work. Suppressing part-time work in effect means suppressing maternal employment as long as there is a premium on specific skills and therefore on uninterrupted careers. Thus, it is significant that in the early decades of the Federal Republic, unions did not promote, and indeed actively opposed, part-time work. The DGB seems to have viewed part-time work as a threat to families, the fear being that part-time work (by women) would undercut organized labor's efforts to reduce the number of hours in the full-time workweek and their demands to employers to pay male employees a "family wage" (Kucera 2000: 111). However, part-time employment has begun to increase in Germany in recent years. Since the 1980s, the German state has "supported the creation of part-time jobs and women's part-time employment as a means to reduce tensions arising from persistent high levels of unemployment. . . . The need for a more flexible workforce in, especially, the service sector was an important driving force behind women's integration into paid work since the mid-1980s" (Mosesdottir 2000: 198). According to Enelbrech (1997), the 1980s increase in female labor participation was due almost entirely to the

expansion of part-time options, while the rate of full-time work remained constant. In particular, married women and mothers have been drawn into part-time labor in larger numbers. This increase in women's part-time work may account for West German unions' increasing interest in working women's issues during the same period (2000: 112).

These facts taken together suggest that the German labor movement's ambivalent attitude toward maternal labor is a result of the unions' weakness, not an expression of an absolute ideological preference for mothers to stay in the home with their young children. In other words, unions seem to have felt that they had to *choose between* the interests of potential female supporters and those of actual (male) union-members. Because Swedish unions did not face this dilemma, they were emboldened to pursue the more radical strategy of supporting mothers' part-time employment and the social benefits necessary to support it.

In addition, West German family policy—in particular with respect to childcare—supports the hypothesis that German employers and the German government did not want the costs of social reproduction to be paid for by the public purse, and that the German unions went along with this policy to defend the interests of the male labor force. While Germany, like most European countries, has a system of family allowances, the amounts paid out do not even approach the cash costs of rearing a child, let alone the opportunity cost for a full-time mother—employment. Indeed, as late as 1986, the CDU/CSU government replaced paid maternity leave for employed mothers with a simple stipend for any parent, employed or not, taking care of a child after birth (Huber and Stephens 2001: 268). This move exemplifies the first part of the basic approach toward maternal

employment in the Federal Republic: modest subsidies for parents, combined with structural constraints on women's employment. We have already examined the checkered history of part-time work, with its important implications for the FLFPR.

The final piece of the puzzle is the extreme shortage of childcare, first in West Germany, now in reunited Germany. In contrast to Sweden, public provision of childcare is extremely limited in Germany. Despite the enactment by the Bundestag in 1992 of a nominal right to childcare between the age of 3 and the first year of school (usually at age 6), only 54% of German 3- and 4-year old children are in day care, and among smaller infants the proportion is only 8% (Bundesministerium fuer Bildung und Forschung 2001). In addition, even where care is available, it is provided for only a few hours, generally in the morning. Indeed, this pattern is repeated in vast majority of German elementary and secondary schools, where children are dismissed—without lunch—at noon or 1:00. In summary, the childcare that is provided in Sweden at public expense (although still mainly by women) is provided in Germany privately—by mothers at home.

We argue that the evolution of West German fertility reflects the effects of these policies. Changes in German and Swedish total fertility generally tracked each other quite closely from the 1950s until around 1970. Thereafter, however, they diverged, with Swedish fertility first declining less than the German and then (as noted) actually increasing substantially in the 1980s. In contrast, West German fertility has stabilized at approximately the same low level (between 1.4 and 1.5) since 1970. This stagnation in the birth rate suggests that a kind of equilibrium has been reached, in which German women have responded to the continuing constraints on maternal employment by foregoing childbearing.

Finally, it may be instructive to take a brief look at the former GDR (East Germany), in which almost exactly the opposite situation prevailed. In the 1950s the government of the GDR faced a more serious labor shortage than the West experienced. In addition, the east's shortage of male labor was exacerbated by a serious gender imbalance in the population, with women substantially outnumbering men. The response of the GDR government was to encourage, or rather insist on, maternal employment. In this respect, the East German situation may parallel that of Sweden, although in contrast to Sweden, the East German government actually preferred mothers of young children to work *full-time* (Shaffer 1981: 71). In 1989, 91% of all GDR women were employed full-time (Adler 1997: 42). Despite almost universal female employment, East Germany nonetheless consistently recorded slightly higher (and in the 1980s, substantially higher) fertility than its capitalist rival to the west. This reconciliation of high FLFPR with childbearing was made possible by a system of public daycare and parental leave benefits rivaling that of Sweden in its scale and comprehensiveness. The increase in births in the late 1970s and 1980s has been attributed to GDR ruler Eric Honecker's introduction of a set of policies similar to those in Sweden: universal day care for children over one year old combined with one year of maternity leave at full pay following childbirth (1976). Moreover, it has also been noted that fertility in East Germany was distributed more evenly than in the West. This meant, among other things, that there were fewer childless women in East Germany. Also, highly educated women did not show the same pattern of lower fertility that they did in the West, suggesting that pursuing a highly demanding professional career was less incompatible with childbearing than it was in West Germany (Conrad et al. 1996: 334). This system was to collapse, with drastic consequences for

East German fertility, after German reunification in 1990. We return to a look at the 1990s after a brief contrast of the European cases with the cases of the U.S. and Japan.

### **3.4 The U.S.**

According to Claudia Goldin's classic account (1990), married women became incorporated into the U.S. workforce along with the expansion of the services sector in the 20<sup>th</sup> century. Clerical work went from being men's work to becoming largely "feminized" in the space of a few decades (Goldin 1990; Brinton 2002). But interestingly enough, women did not remain ghettoized in secretarial jobs for long. Perhaps because the accessibility of clerical work enticed a large cohort of women to gain the requisite education and skills to enter these jobs, American women became viable candidates for upward mobility and for jobs in other sectors as well. By 1980, nearly 30% of American administrators and managers were female (Brinton 2002). Today, the U.S. labor market is one of the least segregated by gender in the world.

What aggregate statistics don't reveal, however, is the price women pay to succeed in the labor market. Disaggregated wage and fertility data suggest that women who choose to have children pay a sizable "mommy tax." Childless women in the U.S. can earn up to 90% of a male counterpart's wage; but the wage gap for working mothers is systematically larger and puts them only within 70% or 80% of a comparable male's wage.<sup>10</sup> This is presumably because mothers take time off to care for their young, losing out on valuable experience and seniority. According to fertility data, the average number of children of U.S. working women declines with the woman's income, while the number of children of non-working women increases with income (Luxembourg Income Studies

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<sup>10</sup> Anderson, Binder, and Krause (2002) calculate that the motherhood wage gap averages about 16 percent for one child and 29 percent for two or more children. Least educated women, however, bear no penalty, while college-educated women bear the largest penalty.

online data). This suggests that whereas non-working women face primarily a cash-cost constraint on their fertility, working women also face an “employment-cost” constraint.

The U.S. has no comprehensive national child or family policy, although state governments modestly subsidize childcare fees on a sliding income scale.<sup>11</sup> The 1993 Family and Medical Leave Act provides for a 12 week job-protected but unpaid leave for employees in firms with 50 or more workers, at the time of pregnancy, childbirth, or illness. There is also a modest federal income tax credit for childcare expenses. Childcare costs for low- and middle-income families amount to about 20% of household income (OECD 2001, 183).

We know that the vast majority of CEOs are male, and also that CEOs are disproportionately married to stay-at-home wives whose specialization in family work takes a potential load off the shoulders of their upwardly mobile husbands. Very few women, however, have the option of marrying stay-at-home fathers. By Claudia Goldin’s reckoning, 50% of the women in the top earnings bracket (for women) are childless and beyond their childbearing years. The other 50% avail themselves of the array of choices on the private market, ranging from a live-in nanny to full time day care.

For women farther down the income ladder, the choices are undoubtedly even more painful. Middle-income women may work because her husband’s salary is variable or low and because they are not poor enough to qualify for childcare subsidies from state governments. As Janet Gornick puts it, women are not so much drawn into the labor

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<sup>11</sup> As part of “welfare reform,” Congress passed legislation in 1996 providing additional funding to states to expand provision of childcare, as an incentive to welfare recipients to find work. The level of funding varies enormously across states. In any case, many low income families tend to use informal, unregulated—and therefore unsubsidized—arrangements (OECD 2001, 183).

market by dreams of greater opportunity, but pushed by the low and declining returns to low skill jobs for American men (Gornick 1999; Blau and Kahnman 1997). A typical low or middle-income woman puts her children in a relative's home or a small, unlicensed family day care operated by a neighbor and can't afford to worry too much about the adult-to-child ratio or about the emotional and intellectual environment in which her child spends the bulk of his/her day. According to the OECD, only 14% of day care centers and 13% of family childcare homes are rated as good quality.

Wide intra-gender wage dispersion, less euphemistically known as wage inequality, underpins the combination of high female labor force participation rates and relatively high fertility in liberal market economies such as the U.S. Women cluster at the lower end of the wage scale, and 12.5% of women—including many single mothers--and 22.4% of U.S. children live below the poverty level after transfers (OECD 2001).<sup>12</sup> The wage differentials among women allow wealthier women to benefit from cheap household and childcare labor supplied by poorer women, thus subsidizing fertility among middle class and affluent women.

In summary, the U.S. labor market has embraced women in the workforce, and the “general skills” nature of the labor market, which reduces the premium on continuity in the same job or industry, means that having children is less damaging to a woman's career in America than it would be in Germany or Sweden. This is truer for low skilled work than for high skilled work, which accounts for the higher fertility at the bottom of the wage scale in the U.S. But even high *general* skills are more mobile across firms

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<sup>12</sup> Compare this to the OECD average of 11.9%. Interestingly, the number for Sweden is comparable to the U.S. figure—24%--until taxes and transfers, which reduce it to 4%. Only Mexico, with child poverty of 26%, is higher than the U.S. among OECD countries.

than are the specific skills built into European occupations, and they therefore carry a smaller penalty for career interruptions.

The costs of smoothly functioning labor markets are distributed differently in liberal market economies than in coordinated market economies. Whereas in much of Europe, mothers effectively have to choose between employment and family, U.S. mothers bear a double burden of employment and childcare with little alleviation through public subsidy. Children suffer because of the generally unsatisfactory nature of childcare in the U.S. for poorer families. Low returns on unskilled labor reduce the cost of living for affluent families, while not entitling unskilled workers to the social benefits that workers receive in Sweden and Germany. Thus, high U.S. fertility comes at costs that often go unacknowledged. Yet, as one might expect in a liberal market economy, the general feeling in Washington seems to be that subsidizing the costs of childcare would cost too much in taxpayer money.<sup>13</sup> We may all pay in the future, as the social consequences of bringing up children in poverty, often without adequate supervision, become more apparent.

### **3.5 Japan**

If U.S. system can be labeled as good for women but bad for children, the Japanese system is surely the reverse. The combination of an inhospitable labor market and insufficient childcare provision ensures that the 80% of mothers with children under the age of 3 stay at home.

Compared to the U.S., public support for childcare is actually quite high. The Japanese government spends roughly 4 times per capita on childcare what the U.S.

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<sup>13</sup> In 1990 the noted child welfare expert and godfather of the Head Start Program, Edward Zigler of Yale, put a figure of \$200 billion annually to “do it right.”



government spends (Boling 2002). But given how hard it is for women to succeed in the Japanese labor market, this hasn't been enough to raise the female labor participation rate, particularly for married women. Nor has it been sufficient to raise Japan's fertility rate from the bottom of the OECD league tables, currently at 1.35 and falling.

Why are glass ceilings in the Japanese labor market so hard to crack? Japan has resisted the immigrant labor strategy that Germany and others have undertaken, so one might have hoped, as Mary Brinton did back in 1993, that growing labor shortages would force Japanese companies to abandon their long standing marriage bars and practice of hiring women for temporary or part time positions. But female labor participation has barely surpassed the 50% mark after four decades of postwar growth, and that figure even includes the part timers.

Like the U.S., Japan is a country with a commitment to small government and low taxes, but like Europe, its labor markets have been characterized by low inter-firm mobility. The microfoundations of Japan's economic structure include its electoral rules, which until their abandonment in 1993 gave business along with farmers and other producer groups extraordinary political clout. Because of multi-member districts under those rules, which forced members of the ruling Liberal Democratic Party to compete against each other in most electoral districts, electoral campaigning was extremely expensive and personalistic. These campaigns, in turn, were paid for by business contributions in exchange for regulatory, budgetary, and tax favors to business contributors. There was little incentive for politicians to appeal to the broad interests of the voting public (Ramseyer and Rosenbluth 1993; McCubbins and Rosenbluth 1995).

The policy consequences of these rules included cartel-like regulation for numerous industries, including the banking sector. Because banks were protected from competition, either among themselves or from non-bank firms, they were able to make long term commitments of capital to favored clients in exchange for stable business. Commonly known as the main bank system, this bank-centered finance system emerged not because it was efficient or economically superior, but because it was convenient for banks and their business clients in a low-competition environment (Weinstein and Yafeh).

Economist Masahiko Aoki (1990) pointed out that stable financial arrangements allowed companies to make long term deals with their core workers as well—producing, in his words, an isomorphism between the financial and labor markets. In a period of rapid economic growth, it made sense for employers to hire the best workers they could and retain them for life. Seniority wages, which underpays for the first part of the career and overpays for the latter, ensures that workers would not jump for other opportunities. Employers therefore preferred to hire smart generalists, right out of high school, and invest in them skills specific to the firm.

Retaining a core of lifetime employees may be a good strategy for growth years, but it requires an adjustable, insecure workforce to smooth out the business cycle. This was the role reserved for women, along with men employed in the less secure small and medium sized enterprise sector. It is interesting to note that employers in Japan's weak-labor system landed on the same strategy as unions and employers in Germany, a country where unions are considerably stronger. In either country, incorporating women fully

into the workforce would have threatened the security of the core male work force by making it harder for employers to cope with business cycle ups and downs.

With women relegated to second-class status in the labor force, one might have expected that more women would have settled comfortably into a stay-at-home mother life style. Instead, Japanese women have kept trying to achieve more upward mobility than employers have easily granted. Many have done so by putting off marriage until later and later, and delaying childbirth as well.

Examining regional variation in labor market conditions and fertility within Japan lends credence to this analysis. As quintessentially Japanese the concept of the devoted at-home mother may seem, it is a concept of relatively recent vintage, dating back only to the urbanization and family nuclearization that came of industrialization (Ueno). In Japan's rural past, mothers of small children were an important part of the agricultural workforce, and children were looked after by grandparents or by older siblings. Even today, the notion that mothers ought to stay at home with children has not taken hold in the relatively rural areas of Japan because keeping young mothers at home is not economically viable for most rural families.

If women's employment is a required component of family income, one might surmise that women's work crowds out childbearing. Instead, we find that both female labor participation *and* fertility are higher than they are in big cities. (Figure on positive correlation between female labor participation and fertility) Women in the rural areas are not expending inordinate effort struggling for upward mobility, leaving more time and effort for maintaining a family as well.

In addition to facing a more hospitable labor market than do urban women, rural women confront fewer constraints on the supply side as well. Living in extended families often builds in childcare, at least while grandparents are young enough to help with toddlers. A less intense education market for children lowers the mother's opportunity cost to working (Hirao 2002). Shorter commutes mean less time away from family. And somewhat ironically, the LDP provides more public funding for childcare in rural areas than in urban areas, presumably because LDP voters are disproportionately rural (Wada 2002).

Japan's electoral reform of 1993 undermines the viability of the business-agriculture cartel on which the LDP's longevity rested. Instead of multi-member districts, in which LDP politicians were able to carve out personal niches of loyal voters, a combination of 300 single member districts and 180 proportional representation seats forces parties to forge broader coalitions of voters.<sup>14</sup> If we are right about how electoral incentives shape policy making, Japanese politicians will, as the system moves towards equilibrium, back off from cozy deals with businesses and farmers in the interest of winning the votes of a broad swath of the electorate. As we have already begun to see in recent years, the main bank system that underwrote lifetime employment will crumble, and Japan's labor markets will increasingly resemble those of liberal market economies that share its single member district electoral incentives.

The consequences for women are ambiguous. Japan will shift from being bad for working women, to being, like the U.S., good for working women at the expense of their motherhood. As the labor market becomes more fluid, wage disparities will grow, and

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<sup>14</sup> The SMD and PR seats are additive, unlike German electoral rules that allocate seats across parties according to their vote share in the PR competition.

intra-gender wage equality will prevent women from speaking with a single political voice. We expect fertility to be higher for low-income women, like in the U.S., because of the low wage penalty associated with career interruptions for low skill workers. Women with high levels of general skills will forgo childbirth (as many high specific-skills women do now) to reap the maximum gain from their investment in human capital; or, alternatively, to subcontract some childrearing to lower income women and take the remaining motherhood wage penalty that their level of career interruption entails.

#### **4. Women's Welfare in a Globalizing Economy**

We would have been happy to end our story here and to conclude that, on the basis of these case studies, the Swedish system seems to have reached the most woman-friendly solution to the dilemmas of modern life. Coordinated market economies pose a challenge to women because of the premium paid to specific skills, but by hiring women in secure public sector jobs, the Swedes substantially got around this problem. Sweden seemed to exemplify the uniquely Scandinavian ability to achieve high fertility, high female labor market participation, and child welfare simultaneously. Career and family do not conflict. By virtue of their concentration in the public sector, women were able to harness the power of the public sector unions to get public policies tailored to their needs.

But events of the 1990s revealed how women's vulnerability was built into the Swedish model as well. As Garrett and Way (2000) have argued, strong public sector unions may be able to tie their wages to private sector wages despite their lower labor productivity and thus undermine the wage restraint so critical for macroeconomic stability (see also Pontusson 2000: 301). When this happens, governments eventually confront an unsustainably large government budget deficit, inflationary pressures, and/or

a weakening currency. This, in a nutshell, is the story of the Swedish welfare state in the early 1990s.

Sweden had for many years seemed to defy the Iversen-Wren (1998) trilemma that stipulates that a government cannot simultaneously achieve income equality, employment, and fiscal health. Centralized wage bargaining and a union-wide emphasis on wage solidarity had allowed workers in the sheltered sectors, such as the public sector and the construction industry, to keep their wages keyed to the increasing wages in the export- and import-competing manufacturing sector. The Social Democratic government supported high employment and wage compression with a generally accommodating macroeconomic policy. But this came at a price: from 1983 through the rest of the decade, Sweden's inflation rates roughly doubled those of the G7 countries and of the EC (Martin 2000: 242). By the late 1980s, Swedish public sector wages had become sufficiently out of line with their underlying productivity and with that of their counterparts overseas that voters gave fiscal health renewed priority.

In 1991 a center-right government came into office and slashed government budgets, allowing unemployment to rise to unprecedented levels (Swensen and Pontusson, 2000 p. 98). The government took steps to insulate the central bank from parliament, and elevated monetary policy relative to other instruments of macroeconomic management (Iverson and Pontusson 2000, p. 2). The central bank hiked interest rates to combat inflation and pegged the krona to the ECU in 1991. In the words of Swensen and Pontusson, "Sweden may look a lot more like Germany, where the strong Bundesbank ensured that construction and the public sector count not play a wage leadership role..."

(2000, p. 99).<sup>15</sup> The government, meanwhile, prepared to join the EU and the EMS by cutting government spending and reducing unemployment benefits. Within five years, the government converted an 8 percent government budget deficit into a 4.5 percent surplus at the expense of its post-World War II commitment to full employment (Iversen 2000, p. 222, 224).

Women--because they were disproportionately in public sector jobs-- bore the brunt of this monetary and fiscal retrenchment. Throughout the 1980s, while women had been sheltering themselves in secure public sector jobs, Sweden's economy was steadily moving towards integration in the world economy. For post-industrial service economies such as Sweden and other developed countries, economic globalization has widened the gap between a high-productivity, internationally oriented growth sector and a low-productivity home-market based service sector. Swedish women found themselves on the wrong side of this divide.

The steady decline in Swedish fertility that followed the budget cuts of the early 1990s, from 2.1 in 1991 to 1.5 in 1997, lends support to our claim that fertility substantially mirrors women's ability to balance family and career. One way to understand what happened in Sweden is that, although Swedes may have solved a Prisoner's Dilemma internally, in which women's and children's needs were accommodated through a large and generous use of government funds, the cooperative solution at least partially broke down because other countries with whom Sweden trades have not made the same social choice. In a globally integrated economy, non-market solutions to gender equality must be global as well or they are doomed to failure.

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<sup>15</sup> As Kathleen Thelen (2000, 2001) points out, however, collective wage bargaining in Germany remains alive and well, although it has taken on more flexible forms.

Hoem (2000) suggests that the recession and austerity measures had three separate effects on fertility. First, and most simply, there was a direct income effect. Second, women responded not just their own family's immediate condition, but also to the "signals about hard times to come" that cuts in social benefits represented. In other words, people's (and in this case, women's) confidence in the solidity of the Swedish welfare state was severely shaken. Finally, in "a strategy to sidestep current difficulties in the job market and [in] response to the underlying economic problems," young women flooded into higher education. In 1989, 14.1% of all women between 21 and 24 received educational allowances; in 1996, the figure was 40.7%. Among women aged 25 to 28, the figure increased from 9.1 to 21.7% .

The influx into the universities reduced fertility because Swedish maternity benefits, as we have seen, are based on prior employment. This creates a strong incentive not to have children when one is outside the labor force. A recent study has found that among women aged 20 to 44, one not in the labor force is only 44% as likely to have a child as one who is permanently employed. The fertility of temporarily employed and unemployed women falls between these two extremes (Persson 2002). By postponing access to these benefits, the increase in education at least postponed, and probably permanently reduced, childbearing in this age cohort—and, unless incentives are changed, in future age cohorts as well. And of course, it should be noted that the underlying cause of this change is the increased premium in Sweden and elsewhere that skills and education command in the labor market. This suggests that a major pillar of Swedish fertility—the wage compression that allowed women to have children while still earning a decent living—has been substantially weakened. It has been argued that



economic recovery since the late 1990s and restoration of some social benefits will ultimately be reflected in rising fertility rates (Andersson 2002). Yet the underlying changes in the labor market and the increasing value of education call into question the previous Swedish achievement of relatively high fertility.

In addition to reduced fertility, the 1990s have also seen the emergence of a political gender gap centered on the conflict between mostly male private sector workers and mostly female public sector ones. “[W]here social democracy was once the voice of the male working class, it is now becoming the party of the (largely female) ‘welfare state classes’” (Esping-Andersen 1999: 312). Whereas women used to be more conservative in their political views than men, they now constitute the backbone of support for the social democrats. Both the LO and the Social Democratic Party have been forced to place women’s issues—primarily their support for wage compression and maternal employment benefits—at the core of their program. They have also attempted to court women’s votes by hastily drawing more and more women into positions of influence and legislative seats. As a result, Sweden’s unicameral parliament is now over 40% female, the highest proportion in the world (Curtin and Higgins 1998).

Another result of this politicization of gender differences has been Sweden’s lukewarm response to the European Union. It is interesting to note that, of all of Sweden’s unions, only the Swedish Metalworkers’ Union strongly supported Sweden’s entry into the European Union. This was a union of primarily male high skilled labor, and it took the side of the Employers’ Federation in pushing to delink wages of the public sector and construction industry from those of the trade-exposed manufacturing sector (Swensen and Pontusson, pp. 98-99). In public opinion polls, Swedish women were

disproportionately hostile to EU membership, presumably because they were disproportionately in public sector jobs that were sheltered from economic integration (Lindstrom 1995). But given the stakes of the Swedish economy in economic integration, that was a fight the women were destined to lose.

Similarly, events in reunited Germany indicate that significantly higher fertility rates there are not likely in the near future. While West Germany, as we have observed, has continued its low-FLFPR, low-fertility pattern, the East has seen an unprecedented collapse of fertility. Reunification brought a massive wave of unemployment to the new German laender, and women were disproportionately hit. Moreover, since childcare places in the DGR were awarded at the level of the firm, the closing of many East German enterprises means that East German women abruptly and permanently lost the system of maternal employment benefits they formerly enjoyed. Women reacted to these changes with a curtailment of childbearing “unprecedented during peacetime in industrial countries”: between 1989 and 1994, the total fertility rate was halved, from 1.5 (slightly higher than in the West) to 0.8 (Adler 1997:37). This dramatic decline in childbearing has elicited differing explanations among demographers. Some suggest that the decline will be permanent; others predict an eventual rise to the level of fertility prevailing in West Germany (Conrad et al. 1996). What is clear, though, is that the complete dismantling of maternal employment benefits has provoked both anger and despair among East German women, whose expectation that they could easily combine childrearing and employment has been permanently disrupted (Adler 1997). Even if fertility does “attain” West German levels, these are substantially below the population replacement level of 2.1.

Where do the insights from these cases leave us? We are back to evaluating alternative gender regimes in terms of the trade-offs they make, rather than being able to rank order them along a continuum. Sweden's path of providing public sector shelter for women from market forces, while highly successful for a while, ultimately hit up against limits imposed by international markets. The U.S. system, on the other hand, makes higher fertility compatible with competitive markets, but leaves women with the double burden of family and career, provides children with inadequate care, and imposes numerous forms of illfare on the poor. From a social welfare standpoint, one would hope that this burden could be shared more evenly by society. Perhaps there is some way to share the costs of childcare, for example with take-it-or-leave-it paternity leave, without taking the Swedish commitment to specific skills that deters female entry into the private sector. In the next section, we argue that this issue merits a public airing. Extreme constraints on fertility are worthy of scholarly and popular attention because they may impose serious externalities on the polity and because they arguably represent a deprivation of individual freedom.

## **5. Normative Implications**

This paper has illuminated two rather gloomy phenomena for working mothers. First, our examination of the relation between potential or actual working mothers and organized labor suggests a highly ambivalent relationship. Unions seem to back mother's employment when they can do so without either serious risk to their original constituency and without incurring an unacceptable burden on the family in the form of unsupervised children and neglected housework. Thus, the moderately strong unions of West Germany have been at best an uncertain ally of working women. Second, we saw that trends in the

global economy continue to undermine at least one set of conditions that supported family-career balance for women.

Although Sweden's and East Germany's experiences are in some ways very different—East Germany experienced a change of state and a total economic and political transformation, while Sweden clearly did not—on another level they are quite similar. Both countries had managed to escape the pressures on maternal employment and fertility that existed in most of the western world by a policy of heavily subsidizing maternal employment benefits, notably childcare. And both countries have now been dragged into the mainstream world economy. The fact that in Sweden's case this was accomplished by the definitive failure of the country's previous inflationary economic policy, and in East Germany's by the collapse of the socialist bloc, should not obscure this similarity. The uncomfortable question now is whether there is any solution on the horizon that would permit a return to replacement-level fertility in the coordinated market economies and advanced welfare states, and also permit the liberal market economies to maintain higher fertility while alleviating social problems and inequities. In dealing with that issue, we return to the question of why anyone should care about low fertility. There are two broad classes of reasons. One class concerns effects on the polity; the other, effects on the individual and we consider each in turn below.

Low fertility, in itself perhaps a rather recondite subject for political scientists to examine, is in fact closely linked to several other phenomena that are clearly on the political and scholarly agenda. First, declining fertility creates a public finance problem, as the shrinking pool of workers can no longer contribute enough to pay the pensions owed to the more numerous retirees. Second, low fertility is involved in the debate about

immigration currently transfixing much of western Europe. Low fertility is often cited as a justification for increases in immigration quotas. Whether or not this claim is correct is open to debate. (Does Europe really have a labor shortage? Is population shrinkage perhaps desirable from an environmental point of view?) What needs to be recognized, however, is that at least in the long run, fertility levels are subject to policy manipulation. People respond to the incentives they face. If low fertility is the justification for increased immigration, it is reasonable to ask whether it might not be better to provide the maternal employment benefits necessary to attain higher birthrates. The uncomfortable fact about fertility—that it can be influenced by policy—has been swept under the rug, perhaps because of the right-wing and even fascistic associations of pro-natalist policies in the recent European past (King 2002). But fertility can be adjusted, and policy claims that are premised on irreversible declines in fertility should be questioned.

We take no position here on the issues of immigration, labor shortage, pension finance, or the natural environment beyond pointing to their links with fertility and, hence, the policies that determine fertility. However, extreme constraints on fertility should be a matter of interest to political scientists not only because of their effects on the polity, but also simply because they represent a deprivation of individual freedom. While China's famous one-child policy, backed up by fines and other punishments, has attracted much attention in the West, it could be argued that many Western countries themselves are enforcing a de facto "one-child policy." This is accomplished not by criminal law, but by rationing childbearing through the operation of the labor market. A woman (or a couple) who has one child rather than two, or no child rather than one, because of her wish to maintain her position in the labor market is arguably less free than another who is

able to satisfy both these wishes. We do not suggest that there is an absolute and unlimited entitlement to have as many children as one wants and expect the polity to bear all the costs associated with this. But we do think that the frustration of the individual's will involved in rationing fertility through the labor market should be brought into public debate, particularly considering that it is now taking place in societies where fertility is at historic lows and well below the level of population replacement. At a minimum, then, it should be acknowledged that current policies limit childbearing, and the unfreedom entailed in such policies needs to be weighed against the benefits that are claimed for them.

## **6. Conclusion**

Trends in fertility, we have argued, are worth examining for clues about how women's ability to balance family and work are constrained by labor markets as well as by family leave and childcare policies, both of which governments can do something about. Fertility and female labor participation tend to rise or fall in tandem, depending on the nature and severity of these constraints on a woman's labor. Sad to say, there currently seems to be no place on earth that has found an economically viable way to put the woman's family/career balancing act on terms that are even with the man's.

We echo Estevez-Abe's bad news that coordinated market economies are disproportionately inhospitable to working mothers because of the premium they place on specific skills, and the difficulty that women have in gaining those skills relative to men because of the interruptions in their careers and the constant charges on their time on account of childrearing. The Swedish solution, to provide subsidized childcare and a safe employment haven for women in the sheltered public sector, was made possible by

Swedish unions' strong bargaining power. But the cost of this solution to the public purse hit against limits in the 1990s, imposed by the need for Swedish industry to remain competitive on world markets. On the other hand, the relatively unfettered market forces in liberal market economies, while more likely to incorporate women in all sectors of the economy, have highly variable fertility and leave single mothers and children at serious risk of poverty. In countries such as Germany, where modest union power afforded workers enough bargaining leverage to protect core male jobs but not enough to widen the circle of protection to women, fertility is practically as low as in a weak union country such as Japan.

In this paper we stopped short of offering concrete solutions to the conundrum of how to put men and women on even footing in modern industrial democracies, focusing instead on the politics that produced the various policy trade-offs that we have examined in each of these four countries. But presumably a place to start would be in encouraging fathers to play a larger childrearing role with the kinds of take-it-or-leave-it paternity leaves already adopted on a small scale by Scandinavian countries. To the extent that societies value their children, and given that women's disproportionate care of children hurts women's market worth, it is time to think systematically about how society can share more equitably in the care of children.

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