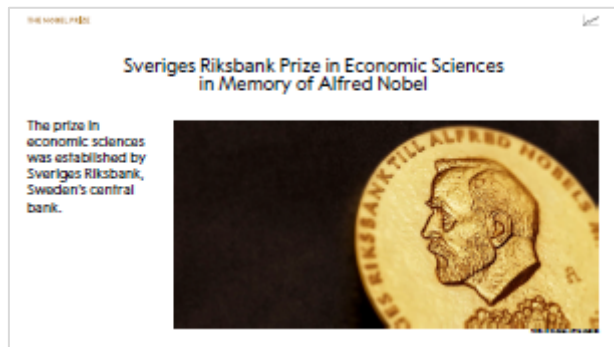


Speaker's manuscript – Prize in economic sciences 2023 Women in the labour market

Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel

- In 1901 the Nobel Prize was awarded for the first time. It is a prize in five categories, established by Swedish inventor and industrialist Alfred Nobel (1833-1896).
- The Nobel Prize categories are Physics, Chemistry, Physiology or Medicine, Literature and Peace. Alfred Nobel thus did not choose economic sciences as one of his prize categories.
- Instead Sveriges Riksbank, at its 300th anniversary in 1968, established an economic sciences prize in memory of Nobel. It was awarded for the first time in 1969 and is called the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel.
- The prize is presented at the same ceremony as the Nobel Prize, on 10 December each year.
- The prize is awarded to a person or persons who have produced works of outstanding importance in the field of economic sciences. The laureates have analysed various economic problems and found ways to solve or understand them.



The economic sciences prize 2023

- About half of the women in the world are in paid employment. The corresponding figure for men is eighty per cent. And when women do work, they usually earn less.
- When women do not enjoy the same opportunities as men to participate in the labour market, or when they participate on unequal terms, both labour and expertise are wasted. This can result in jobs not going to the most qualified workers.
- In other words, understanding why there are gender differences in the labour market is about making the most of society's resources.



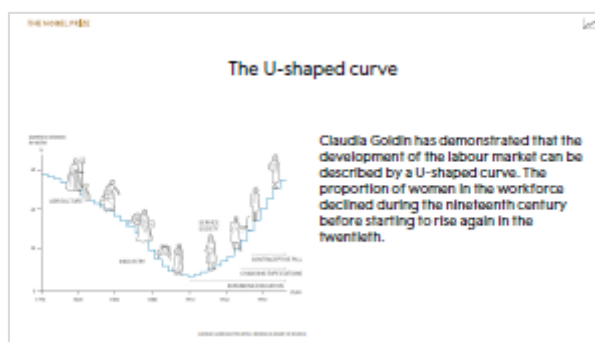
The 2023 economic sciences laureate

- Claudia Goldin was the first to give a comprehensive account of the role of women in the labour market. Her research sheds light on the driving forces behind historical changes and identifies the primary causes of the difference in outcomes between genders that still persist today.
- She is a professor at Harvard University in the United States.



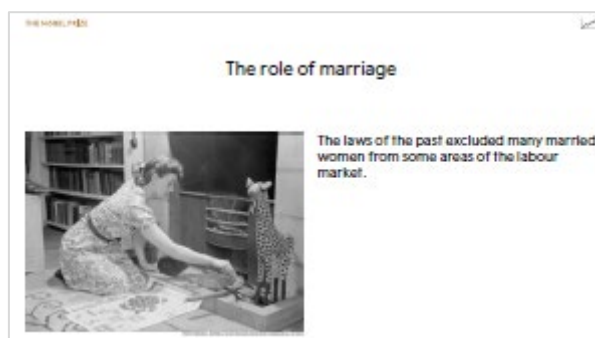
The U-shaped curve

- Before Claudia Goldin published her research results, it was widely accepted among researchers that when a country's economy grows, more women enter the workforce.
- By digging through data from as far back as the end of the eighteenth century, she uncovered a surprising fact: more women were actually working in the labour market *before* the Industrial Revolution took off during the nineteenth century.
- One reason was that industrialisation made it harder for many married women to work from home. That made it harder for them to work and care for children at the same time.
- The development of the labour market in the United States can be described by a U-shaped curve, with the number of women in the labour force declining throughout the nineteenth century before beginning to rise again during the twentieth.
- We know now that this development was not unique to the United States. There is no clear-cut historical link between economic growth and women's participation in the labour market.



The role of marriage

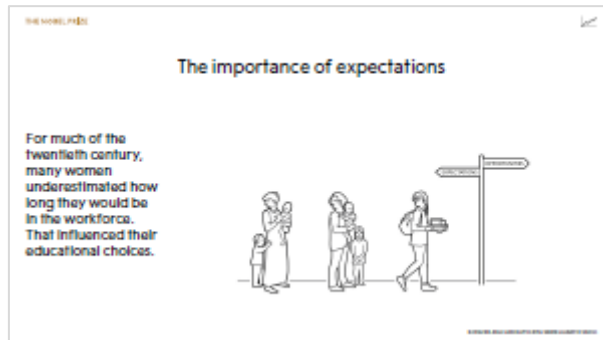
- In the early twentieth century, the U-shaped curve began to rise again, which means that more women were entering the labour market. The rising demand for female workers can be explained in part by technological advances and the growth of the service sector.



- At the same time, most of the women in the workforce were unmarried. By studying old laws, Claudia Goldin was able to describe how women who got married were no longer allowed to continue working in certain jobs.

The importance of expectations

- Although women's employment began to rise again in the early twentieth century, the gap in level of employment between men and women declined more slowly.
- In addition to legislation that excluded many married women from the labour market, Goldin has shown that women's expectations for their future working careers were also of great importance. Most women were only expected to work for a brief period before getting married, so often they chose not to become as well-educated as their male counterparts.
- For much of the twentieth century, many women continued to underestimate how much they would end up working in the course of their lives. It wasn't until the 1970s that women's expectations of what their future working lives would be like began to approximate how they actually turned out.
- Young women began investing more in their education than previous generations had done.



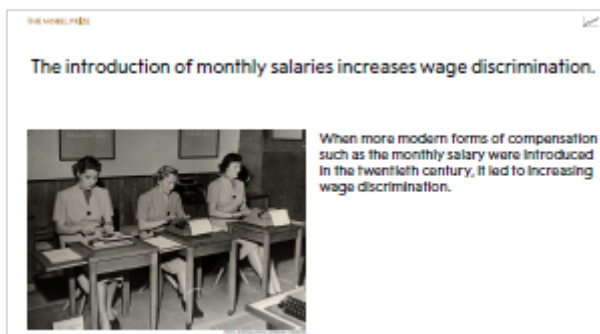
The power of the birth control pill

- One thing that influenced women's expectations for their future careers and convinced an increasing number to pursue an education was a new innovation: the birth control pill. Contraception was a simple method of family planning that women could control themselves.
- The birth control pill led many women to get married later, choose different careers than previous generations had, and pursue higher education.



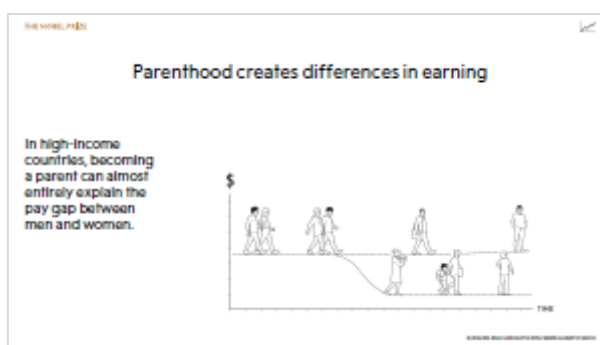
The introduction of monthly salaries increases wage discrimination.

- Claudia Goldin has also taken an interest in the development of wages for men and women throughout history. By compiling statistics from various sources, she was able to generate the first long series of data on the pay gap between men and women.
- When women worked primarily in industrial jobs and their earnings were determined by how much they produced, the gap in pay was rather small. As long as workers were productive on the job, it didn't matter who was doing the work.
- But with the growth of the service sector in the twentieth century and the introduction of the monthly salary, wage discrimination increased. This can be explained by the fact that monthly salaries benefited employees with long, uninterrupted careers. This disadvantaged women who stayed home for periods to have babies and care for them.



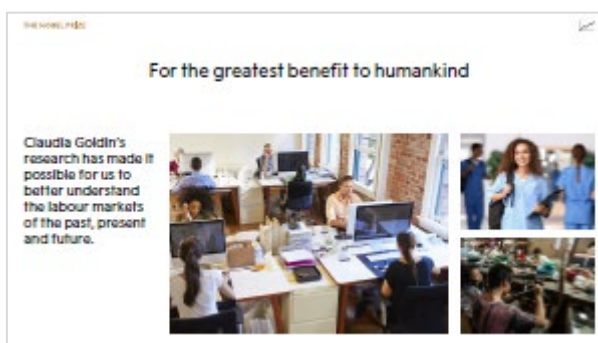
Parenthood creates differences in earning

- Today the earnings gap in high-income countries is somewhere between ten and twenty per cent. This is true despite the presence of equal pay legislation and the fact that women are typically more educated than men.
- Goldin found that this gap could be explained by parenthood. Early in their careers, the pay gap between men and women is often small, but when women become pregnant that trend is broken. Their earnings decline and then do not rise again at the same pace as for men even when they have the same education and do the same job.
- Employees in many fields are also expected to be continuously available and flexible to meet their employer's changing demands. Because women often take on more responsibility for caring for their children, their careers do not advance as fast as men's in terms of earnings and job description.



For the greatest benefit to humankind

- Understanding women's role in the labour market is important to society. Thanks to Claudia Goldin's ground-breaking research, we know much more about the underlying factors and the barriers that need to be overcome in the future.



“I have always wanted to be a detective and have finally succeeded.”

- In an interview given in conjunction with the announcement of the 2023 economic sciences prize, Claudia Goldin confides that she has wanted to be a detective ever since she was a child and that she now sees herself as one. As a researcher, she does her detective work by combing through huge volumes of data in the archives.
- Here we see her together with her husband, Lawrence, and her dog, Pika, just after learning that she had been awarded the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 2023.

