

Berlin Applied Micro Seminar

Economic incentives and gender identity

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Abstract:

A growing literature suggests that gender identity dictates what men and women should do and that these norms of behavior feed into gender gaps which, because of this reason, cannot be easily removed. The empirical relevance of these claims is typically tested by identifying a particular norm and then checking in the data if men and women comply with that norm. We argue that detection of “binding gender identity norms” requires, instead, to expose men and women to an exogenous shock that increases the cost of adhering to norms and then to test if reactions correspond to prescribed behavior. Using Swedish data, we estimate the elasticity of substitution of spouses in home production when the male – female tax gap is changed exogenously, in different ways for different couples, by the 2007 Earned Income Tax Credit reform. On average gender identity norms are not strong enough to completely kill reactions to economic incentives. However, when shocks accommodate gender identity prescriptions the effects are larger than when they “go against the tide”. In some groups of couples, expected to be particularly sensitive to gender identity norms, economic incentives are completely ineffective. The asymmetric effects that we uncover, suggest the possibility of a disturbing ratchet effect in how incentives can counterbalance gender norms.