

Olivier Thevenon, “Do ‘institutional complementaries’ foster female labour force participation?”

Supplementary Online Material

Table A1. Key employment outcomes and family policy characteristics, by country in each group
(Women aged 25 to 54)

English-speaking countries

	Obs	Mean	Std Dev	Min	Max
Australia					
Female employment rate (women aged 25-54)	28	62,0	6,8	49,8	71,9
Part-time ¹ (% of female employees)	7	37,4	0,5	36,6	38,2
Public employment ² (% of female employees)	26	15,2	0,8	14,1	16,4
Temporary work	4	5,7	0,6	5,1	6,6
Spending on leave and birth grants (per childbirth US\$ PPP)	28	1	1	0	3
Spending on family benefits ³ (US\$ PPP)	28	1693	935	356	3168
Spending on childcare services (per child under age 3, US\$ PPP)	28	1399	1431	64	3964
Weeks of paid leave	28	0	0	0	0
Service coverage for children under age 3	24	15,4	5,9	8,0	27,3
Relative tax rate of second earner ⁴	26	1,8	0,4	1,3	2,8
Financial incentive to work part-time ⁵	26	105,8	1,3	102,1	108,0
Canada					
Female employment rate (women aged 25-54)	28	68,8	6,5	55,9	78,2
Part-time ¹ (% of female employees)	28	26,1	1,0	23,8	27,7
Public employment ² (% of female employees)	26	24,2	1,5	22,3	26,7
Temporary work	11	9,8	0,3	9,3	10,2
Spending on leave and birth grants (per childbirth US\$ PPP)	27	3	2	1	7
Spending on family benefits ³ (US\$ PPP)	28	648	368	226	1306
Spending on childcare services (per child under age 3, US\$ PPP)	28	615	844	0	1932
Weeks of paid leave	28	27	14	15	50
Service coverage for children under age 3	6	21,5	1,9	19,0	24,0
Relative tax rate of second earner ⁴	26	1,6	0,2	1,3	2,1
Financial incentive to work part-time ⁵	26	103,8	1,3	102,2	106,0
Ireland					
Female employment rate (women aged 25-54)	26	48,7	14,3	27,4	69,5

Part-time ¹ (% of female employees)	25	26,1	7,0	15,9	34,9
Public employment ² (% of female employees)	26	18,9	3,0	15,2	23,3
Temporary work	25	7,2	3,0	1,8	10,6
Spending on leave and birth grants (per childbirth US\$ PPP)	26	1	1	0	2
Spending on family benefits ³ (US\$ PPP)	28	1684	1542	187	5392
Spending on childcare services (per child under age 3, US\$ PPP)	28	997	1753	44	8614
Weeks of paid leave	28	15	3	12	26
Service coverage for children under age 3	14	14,9	7,2	2,0	25,2
Relative tax rate of second earner ⁴	9	1,7	0,8	1,1	3,5
Financial incentive to work part-time ⁵	12	104,1	3,2	99,7	109,0
New Zealand					
Female employment rate (women aged 25-54)	22	68,9	3,4	64,8	74,6
Part-time ¹ (% of female employees)	22	33,9	1,4	30,9	36,4
Public employment ² (% of female employees)	18	10,4	1,0	9,2	12,2
Temporary work	0				
Spending on leave and birth grants (per childbirth US\$ PPP)	28	0	0	0	1
Spending on family benefits ³ (US\$ PPP)	28	1856	634	699	3065
Spending on childcare services (per child under age 3, US\$ PPP)	28	1389	1648	7	5024
Weeks of paid leave	28	2	5	0	14
Service coverage for children under age 3	10	30,9	3,0	26,7	35,1
Relative tax rate of second earner ⁴	13	1,4	0,3	0,9	1,9
Financial incentive to work part-time ⁵	12	105,1	0,3	104,6	105,4
United Kingdom					
Female employment rate (women aged 25-54)	24	69,7	4,5	60,3	74,9
Part-time ¹ (% of female employees)	25	39,8	1,1	37,2	41,5
Public employment ² (% of female employees)	26	24,1	3,4	20,5	30,7
Temporary work	24	6,3	0,7	5,0	7,3
Spending on leave and birth grants (per childbirth US\$ PPP)	28	2	2	1	10
Spending on family benefits ³ (US\$ PPP)	28	2188	1307	625	4749
Spending on childcare services (per child under age 3, US\$ PPP)	28	2360	3379	0	9290
Weeks of paid leave	28	20	5	18	39
Service coverage for children under age 3	18	7,9	10,2	2,0	27,0
Relative tax rate of second earner ⁴	26	1,1	0,3	0,9	1,7
Financial incentive to work part-time ⁵	26	108,1	0,6	107,0	109,7

United States					
Female employment rate (women aged 25-54)	28	69,6	4,3	60,1	74,2
Part-time ¹ (% of female employees)	28	20,1	1,5	17,8	22,9
Public employment ² (% of female employees)	26	16,4	0,5	15,5	17,4
Temporary work	5	3,7	0,5	3,1	4,4
Spending on leave and birth grants (per childbirth US\$ PPP)	28	0	0	0	0
Spending on family benefits ³ (US\$ PPP)	28	195	47	125	285
Spending on childcare services (per child under age 3, US\$ PPP)	28	1002	1367	0	3357
Weeks of paid leave	28	0	0	0	0
Service coverage for children under age 3					
Relative tax rate of second earner ⁴					
Financial incentive to work part-time ⁵					

Continental Europe

	Obs	Mean	Std Dev	Min	Max
Austria					
Female employment rate (women aged 25-54)	14	73,7	3,0	68,9	77,5
Part-time ¹ (% of female employees)	13	26,5	3,7	21,6	32,0
Public employment ² (% of female employees)	26	18,0	1,7	15,2	19,8
Temporary work	13	4,6	0,6	3,4	5,7
Spending on leave and birth grants (per childbirth US\$ PPP)	20	9	3	4	14
Spending on family benefits ³ (US\$ PPP)	28	1946	1426	0	3868
Spending on childcare services (per child under age 3, US\$ PPP)	28	2244	1903	0	5647
Weeks of paid leave	28	94	34	60	146
Service coverage for children under age 3	26	4,1	2,2	3,0	12,0
Relative tax rate of second earner ⁴	13	0,9	0,0	0,9	1,0
Financial incentive to work part-time ⁵	12	107,2	1,5	105,5	109,6
Belgium					
Female employment rate (women aged 25-54)	25	59,9	8,2	45,8	71,6
Part-time ¹ (% of female employees)	25	32,9	3,1	24,3	38,7
Public employment ² (% of female employees)	26	23,2	1,1	21,5	25,1
Temporary work	25	7,6	1,6	5,6	10,9
Spending on leave and birth grants (per childbirth US\$ PPP)	28	3	2	1	5
Spending on family benefits ³ (US\$ PPP)	28	1799	442	1034	2478
Spending on childcare services	28	2640	3125	334	8357

(per child under age 3, US\$ PPP)					
Weeks of paid leave	28	19	7	14	29
Service coverage for children under age 3	18	27,6	2,6	21,0	32,0
Relative tax rate of second earner ⁴	19	1,2	0,0	1,2	1,4
Financial incentive to work part-time ⁵	12	103,4	1,9	101,9	106,6
France					
Female employment rate (women aged 25-54)	28	67,0	4,6	59,8	76,1
Part-time ¹ (% of female employees)	25	23,6	1,6	20,1	26,4
Public employment ² (% of female employees)	26	25,3	0,8	23,6	26,7
Temporary work	25	8,8	3,9	1,7	13,2
Germany					
Spending on leave and birth grants (per childbirth US\$ PPP)	28	5	2	2	9
Spending on family benefits ³ (US\$ PPP)	28	1282	296	707	1843
Spending on childcare services (per child under age 3, US\$ PPP)	28	4390	3677	389	10901
Weeks of paid leave	28	37	52	16	162
Service coverage for children under age 3	25	29,0	5,4	23,0	42,9
Relative tax rate of second earner ⁴	26	0,7	0,1	0,5	0,7
Financial incentive to work part-time ⁵	26	100,3	1,1	99,2	103,5
Germany					
Female employment rate (women aged 25-54)	28	64,0	7,3	53,7	74,1
Part-time ¹ (% of female employees)	25	30,8	5,0	24,7	39,0
Public employment ² (% of female employees)	22	8,9	0,8	7,8	9,9
Temporary work	24	7,0	1,1	4,7	9,4
Germany					
Spending on leave and birth grants (per childbirth US\$ PPP)	28	5	2	1	9
Spending on family benefits ³ (US\$ PPP)	28	1444	543	668	2279
Spending on childcare services (per child under age 3, US\$ PPP)	28	2637	1338	980	5610
Weeks of paid leave	28	68	30	31	109
Service coverage for children under age 3	19	13,2	3,4	0,9	18,0
Relative tax rate of second earner ⁴	26	1,4	0,1	1,2	1,6
Financial incentive to work part-time ⁵	26	99,9	0,7	98,5	100,8
Netherlands					
Female employment rate (women aged 25-54)	28	57,5	13,8	35,6	77,4
Part-time ¹ (% of female employees)	25	54,8	4,8	44,3	60,6
Public employment ² (% of female employees)	26	14,6	2,0	12,4	18,4
Temporary work	24	11,4	1,8	8,3	14,9
Netherlands					
Spending on leave and birth grants (per childbirth US\$ PPP)	28	0	0	0	1
Spending on family benefits ³ (US\$ PPP)	28	855	132	630	1127
Spending on childcare services (per child under age 3, US\$ PPP)	28	4172	3962	1358	16656

Weeks of paid leave	28	15	2	12	16
Service coverage for children under age 3	14	37,1	14,3	8,0	53,9
Relative tax rate of second earner ⁴	26	1,1	0,2	0,8	1,3
Financial incentive to work part-time ⁵	26	99,8	3,3	96,3	108,4

Nordic Countries

	Obs	Mean	Std Dev	Min	Max
Denmark					
Female employment rate (women aged 25-54)	25	78,8	2,0	75,2	81,9
Part-time ¹ (% of female employees)	25	27,7	4,9	20,8	38,3
Public employment ² (% of female employees)	26	32,8	0,8	31,0	34,4
Temporary work	24	8,2	1,0	6,2	9,9
Spending on leave and birth grants (per childbirth US\$ PPP)	28	10	5	2	17
Spending on family benefits ³ (US\$ PPP)	28	1331	651	373	2253
Spending on childcare services (per child under age 3, US\$ PPP)	28	10595	3586	4277	17171
Weeks of paid leave	28	39	14	18	54
Service coverage for children under age 3	26	48,7	12,6	20,0	66,0
Relative tax rate of second earner ⁴	26	1,6	0,1	1,4	1,8
Financial incentive to work part-time ⁵	26	103,3	1,8	100,5	106,7
Finland					
Female employment rate (women aged 25-54)	28	79,6	3,7	73,5	85,5
Part-time ¹ (% of female employees)	19	12,2	2,0	9,4	14,6
Public employment ² (% of female employees)	26	28,4	2,0	24,6	31,3
Temporary work	11	17,4	0,6	16,5	18,6
Spending on leave and birth grants (per childbirth US\$ PPP)	28	13	5	2	21
Spending on family benefits ³ (US\$ PPP)	28	1493	645	357	2422
Spending on childcare services (per child under age 3, US\$ PPP)	28	5557	2468	1488	9972
Weeks of paid leave	28	139	47	37	161
Service coverage for children under age 3	14	21,7	1,8	18,0	25,0
Relative tax rate of second earner ⁴	26	0,7	0,1	0,6	0,9
Financial incentive to work part-time ⁵	26	111,1	1,1	108,7	112,5
Norway					
Female employment rate (women aged 25-54)	28	77,2	4,1	67,8	82,3
Part-time ¹ (% of female employees)	19	35,9	2,9	31,6	40,7
Public employment ² (% of female employees)	26	32,4	2,1	28,8	35,3
Temporary work	12	10,5	0,9	9,2	12,3

Spending on leave and birth grants (per childbirth US\$ PPP)	21	15	9	1	26
Spending on family benefits ³ (US\$ PPP)	22	2315	848	452	3240
Spending on childcare services (per child under age 3, US\$ PPP)	28	4459	3819	0	14261
Weeks of paid leave	28	30	9	18	39
Service coverage for children under age 3	13	31,3	7,3	22,0	47,3
Relative tax rate of second earner ⁴	26	1,2	0,1	1,0	1,3
Financial incentive to work part-time ⁵	26	104,8	0,7	103,5	106,3
Sweden					
Female employment rate (women aged 25-54)	28	83,7	3,4	78,7	89,6
Part-time ¹ (% of female employees)	21	23,9	3,7	18,7	31,5
Public employment ² (% of female employees)	26	34,3	1,6	31,6	36,5
Temporary work	11	14,1	0,7	13,4	15,3
Spending on leave and birth grants (per childbirth US\$ PPP)	28	14	4	6	22
Spending on family benefits ³ (US\$ PPP)	28	1663	502	750	2526
Spending on childcare services (per child under age 3, US\$ PPP)	28	10374	3495	4900	19406
Weeks of paid leave	28	55	6	39	64
Service coverage for children under age 3	26	34,9	8,1	22,0	46,7
Relative tax rate of second earner ⁴	26	0,7	0,0	0,6	0,8
Financial incentive to work part-time ⁵	26	108,4	2,4	104,4	113,5
Relative tax rate of second earner	26	0,7	0,0	0,6	0,8

Southern European countries

	Obs	Mean	Std,	Dev,	Min
Italy					
Female employment rate (women aged 25-54)	28	48,0	6,1	37,1	59,6
Part-time ¹ (% of female employees)	25	22,9	4,2	17,2	31,2
Public employment ² (% of female employees)	26	21,2	0,9	18,9	22,2
Temporary work	25	8,8	2,7	5,5	14,6
Spending on leave and birth grants (per childbirth US\$ PPP)	27	3	1	1	6
Spending on family benefits ³ (US\$ PPP)	28	570	253	292	1213
Spending on childcare services (per child under age 3, US\$ PPP)	28	2444	2856	285	10559
Weeks of paid leave	28	48	0	48	48
Service coverage for children under age 3	24	6,8	4,8	4,6	28,6
Relative tax rate of second earner ⁴	19	0,9	0,1	0,8	1,1
Financial incentive to work part-time ⁵	12	107,1	1,1	105,5	109,4
Spain					

Female employment rate (women aged 25-54)	28	42,1	11,8	27,9	65,7
Part-time ¹ (% of female employees)	21	15,4	3,4	10,3	21,3
Public employment ² (% of female employees)	26	16,0	1,1	13,0	17,6
Temporary work	14	27,5	5,4	13,1	32,0
Portugal					
Female employment rate (women aged 25-54)	28	66,4	8,0	50,2	75,3
Part-time ¹ (% of female employees)	22	11,6	2,6	7,5	15,0
Public employment ² (% of female employees)	26	20,0	2,1	14,7	23,7
Temporary work	22	14,3	4,3	8,1	20,6
Portugal					
Spending on leave and birth grants (per childbirth US\$ PPP)	28	2	2	0	7
Spending on family benefits ³ (US\$ PPP)	28	270	244	54	956
Spending on childcare services (per child under age 3, US\$ PPP)	28	1498	1996	35	5480
Weeks of paid leave	28	15	1	14	16
Service coverage for children under age 3	26	17,3	18,1	2,0	50,0
Relative tax rate of second earner ⁴	26	0,6	0,1	0,4	0,7
Financial incentive to work part-time ⁵	26	102,1	1,7	99,7	105,8
Portugal					
Spending on leave and birth grants (per childbirth US\$ PPP)	25	1	1	0	4
Spending on family benefits ³ (US\$ PPP)	28	391	235	102	888
Spending on childcare services (per child under age 3, US\$ PPP)	28	900	1798	0	8378
Weeks of paid leave	28	15	3	13	21
Service coverage for children under age 3	14	21,2	9,2	12,0	43,6
Relative tax rate of second earner ⁴	13	0,7	0,0	0,6	0,7
Financial incentive to work part-time ⁵	12	103,0	0,4	102,3	103,5

Note: For each variable, standard deviation into between and within components. The overall and within are calculated over N country-years of data. The between is calculated over 18 countries, and the average number of years the variable was observed for each country is given by T. The 18 countries are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, the United Kingdom and the United States.

1. The share of part-time employment measures the proportion of employees working usually no more than 30 hours a week in the total of female workers aged 25 to 54.
2. The variable considers the proportion of workers employed in the public sector among all employees, based on an index which equals 100 in year 2005. According to ILO definition, employment in the public sector covers all employment of general government sector as defined in System of National Accounts 1993 plus employment of publicly owned enterprises and companies, resident and operating at central, state (or regional) and local levels of government. It covers all persons employed directly by those institutions, without regard for the particular type of employment contract.
3. This average is calculated on the basis of the population of all children under age 20.
4. The relative tax rate of a second earner is measured by the ratio of the marginal tax rate on the second earner with two-thirds of the average wage to the tax wedge for a single-earner couple with two children earning 100% of average earnings. The marginal tax rate on the second earner is in turn defined as the share of the second earner's earnings which goes into paying additional household taxes.
5. The tax incentive to work part-time is measured by the increase in household disposable income between a situation where one partner earns the entire household income (133% of average earnings) and a situation where two partners (a couple with two children) share earnings (100% and 33% of the average earnings respectively).

Sources: OECD and ILO Employment Statistics; OECD Family database (see Appendix 2 for more details).

Table A2. Determinants of female labour force participation, full-time and part-time employment

Women aged 25-54, OECD 1980-2007

	Female labour force participation		Full-time employment		Part-time employment	
	(1)	(2)	(3)	(4)	(5)	(6)
Employment in services	0.00856*** (0.000581)	0.00433*** (0.000759)	0.00873*** (0.000761)	0.00559*** (0.00123)	-0.00206 (0.00353)	0.0104* (0.00628)
Employment in the public sector	-0.0189 (0.0156)	-0.299 (0.206)	0.0653 (0.223)	-0.212 (0.237)	-1.901** (0.955)	-3.662*** (1.055)
Incidence of part-time employment	0.195*** (0.0605)	0.577*** (0.0971)		
Strictness of employment protection	-0.0341** (0.0137)	-0.000569 (0.0188)	-0.0564*** (0.0190)	0.0247 (0.0210)	-0.127* (0.0721)	-0.315*** (0.110)
Average years in education	0.515*** (0.0396)	0.334*** (0.0467)	0.115** (0.0536)	-0.371*** (0.0723)	2.303*** (0.177)	2.073*** (0.276)
Unemployment rate	-0.0637*** (0.0105)	-0.0218* (0.0122)	-0.0376** (0.0156)	-0.0190** (0.0115)	-0.299** (0.0647)	-0.311*** (0.0971)
Birth rate	0.0738* (0.0421)	0.0761* (0.0398)	0.131** (0.0592)	0.0678 (0.0651)		-0.231 (0.246)
ΔGDP	-0.261*** (0.0539)			
Spending on leave and birth grants		-0.00679 (0.0102)		0.0587*** (0.0143)		-0.174*** (0.0544)
Spending on family benefits		0.0782*** (0.0196)		0.0421 (0.0307)		0.0443 (0.119)
Spending on childcare services		-0.00491 (0.00491)		0.0125* (0.00695)		-0.0882*** (0.0299)
Weeks of paid leave		-0.0141*** (0.00434)		0.0125 (0.00798)		-0.0751*** (0.0267)
Service coverage for children under age 3		0.0438*** (0.00559)		0.0369*** (0.00996)		0.164*** (0.0422)
Tax rate of second earner		-0.0487*** (0.0123)		-0.0935*** (0.0199)		..
Financial incentive to work part-time						0.0168** (0.00672)
No. of obs.	249	150	256	153	275	146
R²	0.991	0.997	0.983	0.994	0.951	0.983

The dependent and independent variables are expressed in log units. Estimates by two-stage least squares with robust heteroskedasticity-consistent standard errors in brackets. ***, ** and * : significant at 1%, 5% and 10%, respectively.

All the estimated models include year dummies and country-fixed effects so as to focus on the within-country, over-time variations between female labour force participation and its determinants. In addition, because the decision regarding care is to some extent simultaneous with the choice between work and inactivity, the use of childcare enrolment rates as regressors introduces a risk of bias in the estimated coefficients. Enrolment rates are therefore instrumented by their lagged values. Because of endogeneity concerns, unemployment rates are also instrumented by their lagged values, and cover 15-64 year-olds rather than 25-54.

Country coverage: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, the United Kingdom and the United States.

Appendix 1: How institutional complementarities influence female labour force participation

Figure 1 helps to illustrate how the overall policy context could affect the efficiency of policy changes and the related labour market equilibrium.

Figure 1. Equilibrium adjustments of female labour force participation to policy changes

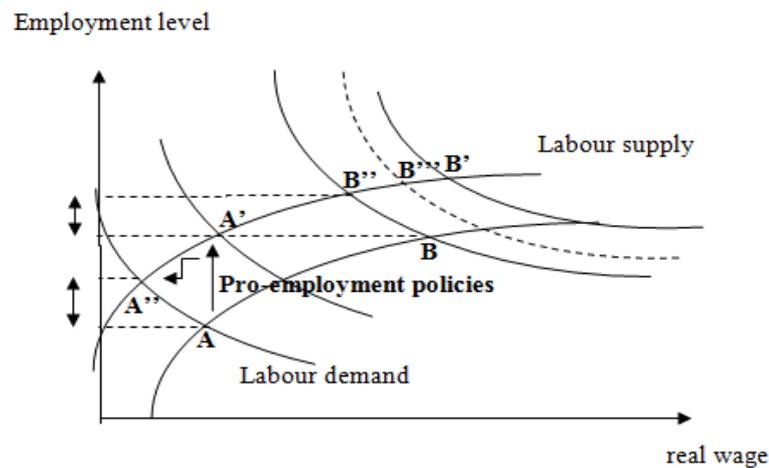


Figure 1 compares two cases of female employment. Case A is a situation where women's employment is low but their labour supply is highly responsive to pro-employment policy changes. In Case B, employment rates are higher (due to a more employment-friendly context for women) and could develop in two possible directions, depending on the responsiveness of female labour supply to policy reforms.

In Case A, it is obvious that pro-female employment policies are expected to drive up female labour supply and demand – theoretically from say A to A'. However, policies might be at least partially financed by employers' social contributions, in which case labour demand will be set at a lower real wage. A'' will be the new equilibrium if the cost of labour rises to a much higher level than in the initial situation in Case A. Such an increase in the labour cost of female workers might also lead to greater differences in employment conditions when sectors and/or employers seeking to foster female employment are compared with sectors and/or employers who want to invest in company-specific skills and who are also willing to discriminate against women (Estevez-Abe *et al.*, 2001).

Case B has a higher base rate of female labour force participation. However, the female labour supply is likely to be less responsive to policy changes, since the remaining inactive women who could enter the workforce are more likely to face higher opportunity costs. In this

case, the marginal effect of policy changes might be weaker than in Case A, as illustrated here by a concave curve of labour supply. However, it might also be that the cost for employers will be lower here than in Case A if economies of scale are generated for employers by continuing the development of policy support. In that event, labour market equilibrium could move from B to B''' instead of to B''. The overall effect of policy change is thus likely to be smaller than in Case A, unless female labour supply becomes more elastic at higher employment levels, as illustrated by the "dotted-line curve". Social norms can make female labour supply more elastic if, for example, maternal employment becomes progressively more accepted when female employment rates are growing. Case B suggests that pro-female employment policies are likely to be more efficient at higher employment levels.

A final case can also be expected if institutions or policy measures are designed in such a way that combining them leads to a worse institutional performance. In our case for instance, this may be due to a combination of high tax rates, low provision of services and high segmentation in the labour market.

In sum, there will be greater effects on employment from changes in family-friendly policies (*e.g.*, investment in a childcare service provision) when: (i) the sensitivity of the female labour supply to incremental changes in policies is greater (a steeper female labour supply curve); and (ii) the reaction of employers to the potential increase in labour cost is less sensitive (a flatter labour demand curve). Virtually all institutions can affect the slope and position of at least one curve, which makes the interaction between institutions so important.

Table A3. Effects of interactions across institutions on female labour force participation

	Each single pair of interactions taken separately			All interactions taken simultaneously	
	OLS	IV	F-test on instruments (p-value)	OLS with country-specific variables	
Spending on leave * spending on family benefits	-0.005 (0.018)	..	2.1 (0.14)	-0.000 (0.000)	-0.002* (0.001)
Spending on leave * spending on childcare services	0.002 (0.009)	-0.010 (0.033)	5.4 (0.021)	0.000 (0.000)	-0.000 (0.000)
Spending on leave * leave duration	-0.000 (0.000)	0.031* (0.017)	215.7 (0.000)	-0.000 (0.000)	0.000** (0.000)
Spending on leave * CC enrolment	-0.0575*** (0.013)	..	0.07 (0.79)	-0.001*** (0.000)	0.002** (0.002)
Spending on leave * Strictness of employment protection	0.224** (0.098)	..	0.04 (0.83)	0.0196*** (0.006)	-0.007 (0.010)
Spending on leave * Rel. tax rate of 2 nd earner	-0.053 (0.049)	0.032 (0.028)	19.2 (0.00)	-0.004 (0.003)	0.009** (0.004)
Spending on family benefits * spending on childcare services	-0.006 (0.008)	..	1.1 (0.28)	-0.000 (0.000)	-0.000 (0.001)
Spending on family benefits * leave duration	-0.0018*** (0.000)	0.139*** (0.028)	24.3 (0.00)	-0.000 (0.000)	-0.000 (0.000)
Spending on family benefits * CC enrolment	-0.044*** (0.011)	..	1.4 (0.23)	-0.001*** (0.000)	0.000 (0.002)
Spending on family benefits * EPR	0.377** (0.145)	..	2.1 (0.14)	0.022*** (0.007)	-0.010 (0.008)
Spending on family benefits * *Rel. tax rate of 2 nd earner	-0.0421 (0.040)	-0.037 (0.033)	37.3 (0.00)	-0.000 (0.003)	-0.003 (0.003)
Spending on childcare services * leave duration	-0.0008** (0.0003)	0.051*** (0.016)	45.5 (0.00)	-0.000** (0.000)	-0.000 (0.000)
Spending on childcare services * CC enrolment	-0.0197*** (0.0073)	-0.086 (0.057)	3.9 (0.04)	-0.0006** (0.0002)	0.000 (0.000)
Spending on childcare services * Strictness of employment protection	0.113*** (0.040)	..	0.3 (0.57)	0.005* (0.002)	0.000 (0.002)
Spending on childcare services * *Rel. tax rate of 2 nd earner	-0.0051 (0.025)	0.005 (0.026)	20.9 (0.00)	-0.000 (0.001)	-0.006*** (0.006)
Weeks of paid leave * CC enrolment	0.001*** (0.000)	0.176** (0.075)	8.2 (0.00)	0.0002*** (0.0000)	0.000*** (0.000)
Weeks of paid leave * Strictness of employment protection	0.002 (0.001)	-0.197** (0.093)	9.3 (0.00)	0.000 (0.000)	-0.000*** (0.000)
Weeks of paid leave * *Rel. tax rate of 2 nd earner	-0.002** (0.001)	0.185** (0.078)	16.2 (0.00)	-0.0002* (0.0001)	0.000 (0.000)
CC enrolment * Strictness of employment protection	0.233*** (0.079)	0.310* (0.186)	6.2 (0.01)	0.011* (0.006)	0.006** (0.002)
CC enrolment * *Rel. tax rate of 2 nd earner	0.086 (0.101)	..	2.0 (0.15)	0.006 (0.005)	0.006 (0.003)
Strictness of employment protection * *Rel. tax rate of 2 nd earner	-0.011 (0.286)	..	1.1 (0.28)	-0.009 (0.017)	0.012 (0.009)
Number of observations	167	167	167		167
R2	0.986	0.999	0.999	0.999	0.999

The dependent and independent variables are expressed in log units. Estimates by two-stage least squares with robust heteroskedasticity-consistent standard errors in brackets. ***, ** and * : significant at the 1%, 5% and 10%, respectively.

IV estimates are reported when the instrument is not weak according to the Stock–Yogo test.

Table A4. Test of equality of coefficients across family policy regimes

Women aged 25-54, OECD 1980-2007

	Labour force participation	Full-time employment	Part-time employment
Spending on family benefits			
<i>Coeff for "English speaking" countries = coeff for Nordic countries</i>	$\chi^2=13.52$ p-value=0.0002	$\chi^2=16.99$ p-value=0.0000	$\chi^2=0.83$ p-value=0.3658
Weeks of paid leave			
<i>Coeff for "Continental" countries = coeff for Southern Europe</i>	$\chi^2=2.12$ p-value=0.1445	$\chi^2=12.20$ p-value=0.0005	$\chi^2=21.79$ p-value=0.0000
<i>Coeff "English speaking" countries = coeff for "Continental" Europe</i>	$\chi^2=18.27$ p-value=0.0000	$\chi^2=13.54$ p-value=0.0002	$\chi^2=0.41$ p-value=0.5225
<i>Coeff "English speaking" countries = coeff of Nordic countries</i>	$\chi^2=11.30$ p-value=0.0008	$\chi^2=8.90$ p-value=0.0029	$\chi^2=0.41$ p-value=0.5247
Enrolment of children in formal childcare			
<i>Coeff for "Continental" countries = Coeff "English speaking" countries</i>	$\chi^2=9.72$ p-value=0.0018	$\chi^2=6.06$ p-value=0.0138	$\chi^2=0.07$ p-value=0.7862
<i>Coeff for Southern European countries = Coeff for "Continental" Europe</i>	$\chi^2=2.43$ p-value=0.1192	$\chi^2=3.49$ p-value=0.0616	$\chi^2=0.02$ p-value=0.8936
Relative tax rate of a second earner			
<i>Coeff for "Continental" countries = coeff Nordic countries</i>	$\chi^2=1.33$ p-value=0.2497	$\chi^2=20.71$ p-value=0.0000	..
Number of observations	164	164	156

Appendix 2: DEFINITION OF VARIABLES AND DATA SOURCES

Public employment rate:

Public employment is defined as a share of the working-age population (15-64 age group), in %.

Source: OECD, Database on Labour Force Statistics; OECD, Annual Labour Force Statistics.

Aggregate unemployment (employment) rate:

Definition: unemployed (employed) workers as share of the labour force (working-age population), in %. Aggregate rates refer to the 15-64 age group.

Source: OECD, Database on Labour Force Statistics; OECD, Annual Labour Force Statistics.

Employment Protection Legislation (EPL):

The OECD indicators of employment protection measure the procedures and costs involved in dismissing individuals or groups of workers and the procedures involved in hiring workers on fixed-term or temporary work agency contracts. It is important to note that employment protection refers to only one dimension of the complex set of factors that influence labour market flexibility. For more information, see: <http://www.oecd.org/employment/emp/oecdindicatorsofemploymentprotection.htm>

Number of leave weeks:

Definition: maximum number of leave weeks that can be taken by a mother for the birth of a first child as maternity leave, parental leave, and childcare leave.

Data source: OECD Family database (Indicator PF2.5 Trends in leave entitlements around childbirth).

Public spending for families:

The main data source is the OECD “Social Expenditures Database” (SOCX data).

WWW.OECD.ORG/ELS/SOCIAL/EXPENDITURE

Public spending on family benefits includes financial support that is exclusively for families and children. Spending recorded in other social policy areas such as health and housing also assists families, but not exclusively, and it is not included here. One can estimate separately:

Child-related cash transfers to families with children: this includes child allowances, with payment levels that in some countries vary with the age of the child, and sometimes are income-

tested, and income support for lone-parent families (in some countries)¹. Public income support payments during periods of parental leave and birth grant are identified separately.

These data do not include tax expenditures (i.e., tax allowances and tax credits for childcare expenses) or family-related in-work benefits which are counted as part of active labour market programmes. In English-speaking countries, this type of expenditure is likely to be greater (e.g. Canada and the United States).

Details for each country available at the address:
http://stats.oecd.org/Index.aspx?datasetcode=SOCX_AGG

Public spending on services for families with children includes direct financing and subsidising of providers of childcare and early education facilities, public childcare support through earmarked payments to parents, public spending on assistance for young people and residential facilities, public spending on family services, including centre-based facilities and home help services for families in need.

Enrolment in childcare services:

The enrolment rates presented here for 0-2 year olds concern formal childcare arrangements such as group care in childcare centres, registered childminders based in their own homes looking after one or more children and care provided by a carer at the child's home.

Data on the participation of very young children (under 3 years) in formal day-care services have been taken from different sources.

Source: OECD Family database www.oecd.org/social/family/database

Relative marginal tax rates on second earners (as in Jaumotte 2004):

Definition: ratio of the marginal tax rate on the second earner to the tax wedge for a single-earner couple with two children earning 100% of AW earnings. The marginal tax rate on the second earner is in turn defined as the share of his/her earnings which goes into paying additional household taxes:

The tax rate on the second earner is so defined as the share of his/her earnings which goes into paying additional household taxes and is calculated as follows:

$$\text{Tax second earner} = 1 - \frac{(\text{Household net Income})_B - (\text{Household Net Income})_A}{(\text{Household Gross Income})_B - (\text{Household Gross Income})_A}$$

¹ Data on cash transfers for Australia, Ireland, New Zealand and the United Kingdom include spending on categorical income support benefits for lone-parent families. Other countries also support lone-parent families in need, but through general social assistance type payments.

where A denotes the situation in which the woman does not earn any income and B denotes the situation in which the woman's gross earnings are a certain percentage of the average wage (AW). Two different tax rates are calculated, depending on whether the woman is assumed to work full-time ($X = 67\%$) or part-time ($X = 33\%$). In all cases it is assumed that the man earns 100% of AW and that the couple has two children. The difference between gross and net income includes income taxes, employee's social security contribution, and universal cash benefits. Means-tested benefits based on household income are not included (apart from some child benefits that vary with income) due to lack of time-series information. However, such benefits are usually less relevant at levels of household income above 100% of AW.

Source: OECD calculations based on OECD "tax models", *Taxing wages*, OECD Publishing.

Tax incentives to part-time

The incentives to share market work between spouses are measured by the increase in household disposable income between a situation where the man earns the entire household income (133% of APW), and a situation where both partners share earnings (100% and 33% of APW respectively). The couple is assumed to have two children. Denoting the first scenario by A, and the second by B, the calculation is simply:

$$\frac{(\text{Household net Income})_B - (\text{Household Net Income})_A}{(\text{Household Net Income})_A}$$

Source: OECD calculations based on OECD "tax models". *Taxing wages*, OECD Publishing.