

Referee Report (MS 1477)

Summary of paper:

1. The paper investigates whether a critical mass of female members of parliament (MPs) has an effect on the expenditure on family allowance. This idea is novel and policy-relevant and the perspective from which the paper is written has not been sufficiently researched. The policy implications of the paper tie up well not only to the relevance of introducing gender quotas but also to the magnitude of these quotas.
2. The baseline identification strategy involves panel data estimation that addresses a number of concerns that have plagued earlier studies using OECD data. The empirical analysis is well-executed and robust to a series of robustness checks subject to the shortcoming listed in Comment #1. The merits of estimator of the baseline strategy are very-well articulated in relation to those of other empirical strategies.
3. The style of the paper is not very clear and the organization of the paper requires substantial restructuring and improvement to smooth the flow of the argument.
4. The empirical analysis suffers from one major shortcoming, listed in Comment #1, and other relatively minor ones, all of which in my view are potentially addressable. I address each of these issues in the comments section below and provide suggestions how to address them.

Comments:

1. The use of an arbitrarily chosen critical mass threshold (15 %, 20 %, 25 % and 30 %) that is not based on a formal test is unsatisfactory. You may consider performing a structural break analysis with an unknown threshold level to formally test for the critical mass argument. With respect to organization, it is advisable to consider including the structural break analysis as a separate section prior to the presentation of the baseline results, which would strengthen your main argument on the relationship between the critical mass of female MPs and the expenditure on family allowance.
2. The two forms of fractionalization, electoral and legislative, for which you control are arguably important factors. However, it is advisable to take into account the institutional structure of the parliamentary systems in exercising oversight over budgetary decisions. Parliamentary systems are typically characterized with strong party discipline and the presence of either a majority or a hung parliament. The literature that you refer to in Section 4: Empirical Robustness also explicitly distinguishes between majority and coalition governments. Given this institutional structure and the literature that you refer to, it is advisable to re-do your empirical analysis by only taking into account the share of female MPs in the caucus of the governing political party for the

subset of majority parliaments. For the subset of observations with a hung parliament, you may consider doing your empirical analysis for the caucuses of the governing political parties (if a formal coalition present) and those of all MPs (if not a formal coalition present).

3. The ideology of a governing political party over the expenditure on family allowance and the share of its nominated (and elected) female candidates might be correlated. It is advisable to isolate for this third factor by possibly including a control variable for the ideological affiliation of the MPs on the right-left political spectrum.
4. It is advisable to consider re-writing your introduction by clearly stating the question you are investigating in the opening paragraph and stating your main contribution(s) in the succeeding paragraphs relative to the existing literature. It is advisable to subordinate the current stand of the literature relative to your contribution as the exposition in its current form obscures the contribution(s) of your paper.
5. Section 3, which includes substantive and thorough discussion of the merits of and challenges posed by the empirical strategy, is inadequately organized. It is advisable to:
 - a) split Section 3 into three separate sections: data and descriptive statistics, baseline empirical strategy as well as baseline results and robustness checks;
 - b) relegate the discussion of the merits and drawbacks of estimators other than those of your baseline strategy to the robustness checks section;
 - c) expand the section on data and descriptive statistics and tie up the discussion in this section to the question you are investigating as well as to your empirical findings.
6. It is advisable to summarize and include the rationale(s) for including the listed control variables on page 9 that are commonly used in the literature.
7. It is not clear why "... the persistent under-representation of women in the OECD parliaments might still be an obstacle for their efficiency in policy decision making on public family allowances...". This final sentence of the paper introduces a normative perspective on the issue that has not addressed in the analysis of the paper.