

## Assessment on:

Axel Hall and Gylfi Zoega (2014). Values and Labor Force Participation in the Nordic Countries. Economics Discussion Papers, No 2014-11, Kiel Institute for the World Economy. <http://www.economics-ejournal.org/economics/discussionpapers/2014-11>

The paper deals with a very interesting topic: the effect of values on individual behaviour. In particular, the authors apply this type of analysis to explain why the female participation rate in the Scandinavian labour market is higher than elsewhere. While I am extremely sympathetic with the authors' approach, I have some major concerns about their paper.

1. The paper is a bit too long and is not well organised.
  - a. In the first section, the authors present a review of the economics literature on the impact of values on several economic outcomes. On the one hand, this review is a bit out of the focus of the paper, and, since this is rather long, it could be useful to shorten it. On the other hand, the literature reviewed has significant omissions. In particular, since the authors write about gender differences in labour market participation, papers that deal with this could be useful for better framing the authors' work. For example, the authors could highlight that men and women have different preferences related to the domain of work (Croson and Gneezy, 2009). Relevant works on social policies and labour market are also omitted; for example O'Connor et al. (1999) and Crook and Childs (2010).
  - b. The authors do not refer to a strand of the economics literature on the effects of historical values. I think that Tabellini (2010) and Greif and Tabellini (2010) might help the authors to better discuss and present their results.
  - c. Section 8 should be moved before the presentation of the theoretical model. This is part of the discussion about values and economics outcomes and is therefore part of the introductory conceptual framework of the paper.
2. The choice of the theoretical model is unclear. Why have the authors chosen this instead of another? Without clear and convincing motivations, the choice seems led by convenience: the authors selected a model that is instrumental to the goals of their paper. Moreover, after showing that this model fails in predicting the labour supply, the authors conclude that taxation can not explain labour supply and, therefore, there must be cultural explanations. This logic nexus is too simplistic. There might be several reasons other than culture and taxation that explain labour market participation. For instance, the literature on the provision of childcare and on the regulation of maternal leave presents good reasons (see for example Del Boca et al., 2009 and Pronzato,

2009). Apparently, the authors have written a paper that is outside their usual research fields, as they do not know relevant essential works on the topic.

3. The section devoted to comment the econometric analysis is too short and it is confined to the very end of the paper, after long speculations about the role of culture and religion. Also, the authors should spend some more words on the econometric technique and the model specification.
4. The authors claim that religious values may have shaped social policies and individual attitudes. In particular, they refer to the Lutheran ethics that promote the role of the woman in the society with respect to what the Catholic ethics do. In my view this reasoning is vitiated by endogeneity. Are the authors sure that the current Protestant culture is the offspring of Luther and Calvin? Or are not Luther and Calvin the sons of an ancestral culture that, in the end, overthrew the Roman Catholic ethics and gave birth to the Protestant ethics? In other words: are religions the fruit of culture or vice-versa? Again, the authors present just their personal speculations, and do not refer to the vast sociological literature on the topic. This is not exactly the way to conduct scientific research.
5. The authors find differences in reported attitudes between Norwegians and the other Scandinavian nationalities. However, the authors do not comment on this and do not attempt to explain this phenomenon. This is however problematic. If the labour market participation grounds on culture, why are Norwegians culturally different, but equally committed in the labour market?
6. In Table 6 the authors present results for “Roman Catholics” and for “Protestants” that are “not at all religious”. This is very surprising. How can people who report to be “not at all religious” be either Roman Catholic or Protestant? In addition, it would be interesting and useful to know whether the figures presented in the table are statistically different from each other.
7. There are some minor points that I would like to raise:
  - a. At page 18 the authors mention “English-speaking nations of Canada”. Does this mean that the authors have excluded Québec and Nunavut from the sample? Are there different (and how many? And how defined?) English-speaking nations in Canada?
  - b. God should start with capital “G”.
  - c. Page 23: which is the link between marriage being a sacrament and the labour supply of women?
  - d. In the list of references the authors list Guiso et al. (2006) twice, first as published article and then as working paper. This should be corrected.

In conclusion, I would encourage the authors to work more on their paper, as the topic and the type of analysis are of interest for the current debate on cultural values and economic outcomes. However, I have to say that the paper in the current version is far from meeting the quality standards that would render it publishable in an international journal.

## References

- Crook, Mora Lena and Sarah Childs (2010). *Women, Gender and Politics*, Oxford: Oxford University Press.
- Croson, Rachel and Uri Gneezy (2009). "Gender Differences in Preferences" *Journal of Economic Literature*, 47(2): 1 – 27.
- Del Boca, Daniela, Silvia Pasqua and Chiara D. Pronzato (2009). "Motherhood and Market Work Decisions in Institutional Context: a European Perspective" *Oxford Economic Papers*, 61(s1): i147 – i171.
- Greif, Avner and Guido Tabellini (2010). "Cultural and Institutional Bifurcation: China and Europe Compared" *The American Economic Review*, 100(2): 135 – 140.
- O'Connor, Julia S., Ann Shola and Sheila Shaver (1999). *States, Markets, Families: Gender, Liberalism and Social Policy in Australia, Canada, Great Britain and the United States*, Cambridge (MA): Cambridge University Press.
- Pronzato, Chiara D. (2009). "Return to Work after Childbirth: Does Parental Leave Matter in Europe?" *Review of Economics of the Household*, 7(4): 341 – 360.
- Tabellini, Guido (2010). "Culture and Institutions: Economic Development in the Regions of Europe" *Journal of the European Economic Association*, 8(4): 677 – 716.