

Comments on Discussion Paper No. 2014-11

Values and Labor Force Participation in the Nordic Countries

By Axel Hall and Gylfi Zoega

The original idea underlying this paper is interesting, i.e. use a standard economic model to predict working hours in different countries, compare predictions with actual outcome, and attempt to relate the differences between predictions and outcomes to a set of measures of cultural values.

One general comment relates to the question of simultaneity versus causality, i.e. it would be interesting also to have information on when labor force participation among married women (with children) begins to differ between the countries relative to measures of value – somewhat difficult to see which way causality runs: are values adapted to actual changes or the other way round. This is probably not easy, but I think simultaneity should be touched upon in the text.

I suggest the Prescott should be used – with due reference – but not be gone through in details in the paper – if so, it should be clarified, e.g. why use an expectation operator in (3) in what appears as a deterministic model

In relation to Table 2, it would be nice to have a discussion of weekly hours which are in focus relative to annual number of hours, differences in paid vacations, sick leave, child sickness rules and further it seems that the average hours for men and women must be affected by cross country differences in part time and share of women in the labor force (assuming higher part time shares for women)

A challenge seems to be to convince readers that the Myrdal contributions in the inter war years are unique: other books/programs in other countries presenting the same ideas?? Sweden was no doubt a homogeneous country before WW 2 – but this is hardly the case any longer, so what makes the values robust to such a change?

Except for Germany, the introduction of religion dummies seem to contribute the same info as the country fixed effects?