Population economics is about one's own life. Issues such as: optimal age at motherhood, career planning, birth-timing, marriage and divorce are questions that every individual has to decide on. All these private decisions are both influenced by the economic situation and have economic consequences. Therefore economics of the family contributes both on the micro level for individuals making decisions and on the macro level for governments worrying for example about aging of the population. Because institutional arrangements differ between countries intercountry comparisons can explain behavior.

Prof. dr. S.S. Gustafsson (Stockholm 1943) is since 1980 professor of Population and gender economics at the University of Amsterdam.
Why Is the Netherlands the Best Country?
Why Is the Netherlands the Best Country?

*On Country Comparisons regarding the Economics of the Family*

Lecture to be delivered on February 1, 2008, at 14:00 in the aula upon her departure from the University of Amsterdam as the Professor of Population and Gender Economics 1989-2008

by

Siv Gustafsson
To my husband Valentin Seveus
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1. Introduction

Many times during the 18 years that I lived and worked in Amsterdam and travelled between Stockholm and Amsterdam I was asked this question: Are there any differences between Sweden and the Netherlands?

I have my heart and my home in both cities, in both cultures, in both languages. When in the Netherlands, I watch the Dutch eight o’clock news. There is seldom anything about Sweden. When Dutch people think or talk about foreign countries (het buitenland), it is mostly Belgium, France, Germany or England, in that order. The Dutch TV weather reporters Erwin Krol or Marjon de Hond often put their finger somewhere on the map of northern Sweden and say with a mixture of relief and fascination that in the far north (het hoge Noorden), it is already freezing. When I’m in Amsterdam, I read Ons Amsterdam, a magazine about the city, its past and present. I have become an Amsterdam expert, and I love telling American visitors that the ‘New Church’ was built around 1400 and the old church is at least from 1300 (Carasso-Kok (ed.), 2004). I skated on the canals in the 1990s when there was natural ice in Holland. I bike on the dike, I greet the spring at Keukenhof, I wave the Dutch flag on Liberation day (the 5th of May). I have greeted returning Dutch Olympic athletics with Valentin in the Binnenhof in The Hague. I stood along the crowd lining the streets of Amsterdam to watch the golden coach at the wedding of Máxima and Willem-Alexander on February 2, 2002.

There are other Swedes in the Netherlands. At least three Swedish ambassadors have come and gone during my time here and invited me to the Swedish Embassy on the Lange Voorhout in The Hague for nice lunches, receptions and dinners. There is a Swedish club that organizes Swedish gatherings on the King’s birthday, Midsummer and Lucia. I never went to any of these events to meet with Swedes who live their Swedish lives in the Netherlands. I wanted to lead my Dutch life when I’m in Amsterdam.

When I’m in Stockholm, I lead my Swedish life, and I do not know what happens here. Yes, I know that one can watch Swedish news on the Internet from Amsterdam and vice versa, that is not the point. There are opportunity costs of time also for TV viewing. Swedish media are as silent about the Netherlands as Dutch media are about Sweden. Even more silent. I never saw a Swedish weather reporter put a finger on the map of the Netherlands saying: “And here in the Netherlands it is raining.” On a recent November morning on the Dutch radio, the
traffic reporter warned: “The sun is shining and that has already caused some car accidents.” In Sweden, European countries south of our Nordic neighbors are referred to vaguely as “Europe”, and the weather map is cut off south of Denmark.

My first visit to the Netherlands was in June 1987 for the very first meeting of the European Society for Population Economics (ESPE), which was organized by Jo Ritzen, at that time a Professor of Economics at the University of Rotterdam, later the Minister of Education in Wim Kok’s government. I have a group photo from that meeting where two UvA professors can be identified: Bernard van Praag and Frans van Winden. I had no idea that two years later I would be their colleague as a professor at Amsterdam University and live in a 17th-century house on the Keizersgracht. I have attended almost all ESPE meetings, and I organized the 12th annual meeting with Henriëtte Maassen van den Brink in 1998 in de Rode Hoed here in Amsterdam. I was the president of the society for 1999. Sara de la Rica is the current secretary of the ESPE. I wanted Sara to become involved in the ESPE from our first encounter at a conference of the National Bureau for Economic Research (NBER) in Boston back in 1992.

I feel like a different person when I am in Amsterdam than when I am in Stockholm, therefore everything is different between Sweden and the Netherlands. When I came to Amsterdam in September 1989, I was alone. Arne, my husband of 23 years, had recently died from an accident while hanggliding on one of the Canary Islands, Lanzarote. My two sons Magnus and Börje, aged 23 and 19 at the time, were embarking on their own independent adult lives. Amsterdam welcomed me. At work, there was a team ready for me: Henriëtte Maassen van den Brink, the late Marga Bruyn-Hundt, Kea Tijdens, Hettie Pott-Buter, Jolande Sap and Han de Vrijer. Hettie Pott-Buter (1993) and Henriëtte Maassen van den Brink (1994) successfully took their doctor’s degrees, and later I supervised with success the dissertations of Cecile Wetzels (1999), Louise Grogan (2000), Susan van Velzen (2001), Edith Kuiper (2001), Eiko Kenjoh (2004) and Seble Worku (2007). I would never have come here if I had not met Joop Hartog at a conference organized by Richard Layard and Jacob Mincer in England in 1983, because Joop invited me to apply for the professorship which I was granted in 1989. My work on research, teaching and more than 90 research publications would not have been possible without the secretarial help and friendliness of Robert Helmink, Loes Lotze, Sebastiene Postma, Jolanda Vroons and my husband Valentin Seveus, who has cared for my Stockholm home office. My research publications would not have been what they are without
my coauthors and their inspiration. My life in Amsterdam would have been poor without my Dutch friends.

In 2005 I married Valentin after 8 years of living apart together and cohabitation in Stockholm. Fifteen of my Dutch friends made it to Stockholm, and my two worlds came together.


I arrived in Amsterdam during a period of peak interest in the Swedish model by Dutch social scientists and politicians. A book published in 1990 (Buitendam, Du- mas and Glebbeek, eds.) discussed whether the Swedish model was suitable for Dutch import, and the leader of the Social Democratic Party, Wim Kok, concluded his election campaign by declaring that he intended to introduce the Swedish model in the Netherlands. The key-words of interest to Wim Kok were full employment and active labor market policies.

I remember finding it shocking to hear Dutch politicians say openly that if the many Dutch housewives were going to look for jobs, it would only increase the already high unemployment rate of the country. Feminism, in the Netherlands called “women’s emancipation”, was seen only as a problematic increase of trouble for an already troubled country and not as a way to increase the utilization of the country’s human resources. I remember arguing at a conference in the Beurs van Berlage that when women do not work, it is a waste of human capital, and the Dutch male conference participants agreed in principle. Men who are in principle supportive of gender equality are not necessarily supportive in practice.

Until 1991, the Swedish Christian Democratic party had never received the minimum of 5 percent of the votes required for a seat in the parliament, “The Riksdag”. Since September 2006 the Swedish Christian Democratic party has been in the government for the first time in history. The current Swedish coalition government of Premier Fredrik Reinfeldt of “moderaterna”, which is similar to the Dutch VVD, in addition to the “kristdemokraterna” includes the “centerpartiet” and the ‘folkpartiet’. In the past the Swedish Christian Democratic party argued for mothers at home, against free abortion and was critical to subsidized daycare for children. With such policies the party was unable to attract many votes in Sweden.
Here in the Netherlands the Christian Democratic Alliance (CDA) is much more. It is the political centre between the left of the Social Democrats (PvdA) and the right of the Liberal party (VVD). The VVD at this moment in 2007 is falling apart in fractions. The CDA has been the biggest party and delivered the premier for most of the 20th century. Other political parties are either to the left of the PvdA, like the Green Party (GroenLinks) and the Socialist Party (SP), or to the right of the Liberal party, like a number of Christian parties, one of which still does not allow female members and representatives in 2007. One of the smaller Christian parties (De Christenunie) is a current (2007) coalition partner of the government led by the CDA Premier Balkenende, includes the Social Democrats (PvdA), the second largest political party.

The big Dutch CDA party has similar family policies to the small Swedish Christian Democratic party. It is still not interested enough in the opportunities for women to combine work and family. I thought it was a good thing when Wim Kok formed the purple coalition and launched the ‘Polder Model’ as a description of Dutch political approaches. The first Wim Kok government was very successful and enjoyed the Dutch Miracle, which is the title of a book published in 1997 (Visser and Hemerijk, 1997). The key word of the Dutch Miracle is flexicurity. This combination of flexibility with job security is a Dutch invention.

The Swedish Minister of Finance in 1998, Erik Åsbrink, telephoned me personally at my office in Amsterdam to ask me to participate in a seminar during the “politicians’ week” in Visby in July 1998. I spoke about Dutch flexicurity, decreased taxes and increased employment. My presentation in Sweden of the polder model, inspired by the work of Visser and Hemerijk (1997) and Hartog (1998), resulted in Swedish media attention, but the labor union reaction to the polder model was hostile because most of the increased employment in the Netherlands involved the part-time employment of women. Many Swedish women wanted to increase their work hours from part-time to full-time work in order to be able to support themselves (84). During the Swedish economic crisis of the early 1990s, there was a decrease in employment, and work in the health care sector was organized as part-time jobs, which frustrated women looking for full-time jobs. This is one difference between the Netherlands and Sweden. Part-time work among Swedish women is 31 percent, while in the Netherlands it is 74 percent (statistical appendix Table 1).

The almost universal full-time work in Sweden is also one of the points that Esping-Andersen makes about the Swedish welfare state in his famous 1990 book
which aims to explain why institutions differ between the liberal United States, the conservative West Germany and the social-democratic Sweden. While economists focus on explaining behavior given economic incentives, political scientists aim to explain why the institutions differ between countries. In my work I have also aspired to explain differences in institutions because they create economic incentives. I applied Esping-Andersen’s theories on explaining differences in institutional arrangements to the two-earner family, comparing Sweden, the Netherlands and the United States. My work with Frank Stafford on daycare subsidies and labour supply in Sweden (53) was extended to international comparisons by incorporating Esping-Andersen’s theories (57, 61, 66, 68). I remember Frank commenting in 1991 that Esping-Andersen’s 1990 book is the work most cited by social scientists, only economists do not read it. In the early 1990s I was asked to edit and write for political science volumes (56, 28), the most important one being the book edited by Diane Sainsbury (1994), Gendering Welfare States. An important theme among the various contributions of Sainsbury’s book is a criticism of Esping-Andersen’s 1990 work for not taking gender perspectives into account (see also Sainsbury 1996). Completely accidentally, I happened to meet Gøsta Esping-Andersen with Richard Freeman of the US National Bureau of Economic Research at breakfast in an Antwerp hotel in 1994, when the Sainsbury book had just been published. We were at different conferences in Antwerp but staying in the same hotel. I asked Gøsta if he knew the Sainsbury book and what he thought about it. Most scholars who are attacked like Esping-Andersen is in the Sainsbury book would defend themselves, but Gøsta simply said: “I think you are completely right. I ignored gender aspects in my 1990 book.” His later publications have included gender aspects (Esping-Andersen 1999).

3. Far from Half the Glory

I can look back at four decades of research, of which my most productive period has been as a professor at the University of Amsterdam. I delivered my inaugural lecture on May 30, 1990, here in the aula of the University of Amsterdam, which is the old Lutheran Church.

My inauguration lecture was titled: “Half the Power, Half the Incomes and Half the Glory. The use of Microeconomic Theory in Women’s Emancipation Research.”
The title gives an indication of the goal for political action on the position of women at work and in society. At the turn of the millennium, I was interviewed by one of the most important newspapers in the Netherlands, the NRC, with the question: How far will women’s emancipation be in the year 2030? I answered: “Then it will be solved.” The journalist was quite surprised that I was so optimistic. Now in 2008 I am less optimistic. I think we are too far from half the glory with only 11 female professors of economics in 2006 in the Netherlands (Stichting de Beauvoir, 2006), which is 4 percent, and only 5 female professors of economics in Sweden, which is 6 percent. Including associate and assistant professors in Sweden, there are 39 women out of 209 academic economists, which is 16 percent (Jonung and Ståhlberg, 2007).

Today, 18 years after my inauguration, it is time to ask whether I have done what I promised to do. My inaugural lecture resulted in three publications. First, the original text in English was published by the 150-years year-old Dutch economics journal De Economist (51). Second, I presented the main reasoning to a German conference, and my text was translated into German and published as ‘Neoklassische Ökonomische Theorien und die Lage der Frau: Ansätze und Ergebnisse zu Arbeitsmarkt, Haushalt und Geburt von Kindern’ (29). This German publication emphasized the economic theory of the family to an audience of sociologists and labor economists for whom the theories of Gary Becker and Jacob Mincer were new (e.g. Becker 1981, Mincer 1974).

My third publication based on my inaugural lecture was rewritten in Swedish. The title translates to “Economic Theory for the Two-Earner Family” (21). It was published in the journal Ekonomisk Debatt which aims to convey results from economic research to a broader audience. It is widely read by professional academic economists, who want to get a feeling for how economics is developing in other subfields than their own. My article angered some of my Swedish male economist colleagues because they found it easier to believe that women have other tastes than men, rather than believing that women have other restrictions of time and money.

All three of my inaugural lecture versions emphasize economic rationality and the idea that people will not choose a money-losing strategy in the long run.

When Gary Becker received the Nobel Prize in 1992, two full-page articles with my supportive views and intellectual gratitude towards Gary Becker appeared in the Svenska Dagbladet, the second largest Stockholm newspaper. The Swedish economics professors were pleased, and the feminists were surprised.
The conclusion of my inaugural lecture was:

“It is my view that we can gain a lot in understanding by cross-country comparisons because economic incentives differ between countries. My working hypothesis is that women in Germany and the Netherlands are as eager as Swedish women to combine economic independence with having a family, but that there are simply different costs.”

My research agenda has been to analyze how economic incentives influence behavior in the family economics area. My hypothesis of rationality has been formed by my research visits to Jacob Mincer and Gary Becker (see Gary Becker’s Nobel lecture 1992 and Grossbard Shechtman (2004) book about Jacob Mincer). An individual will in the long run chose an alternative which is more economic. This basic assumption of rationality is equal for men and women, Dutch and Swedish, but the costs differ; individuals have different budget sets. This is why it is necessary to analyze institutional arrangements like the organization and costs of income taxation, daycare for children, and parental leave. During the past two decades I have carried out the research agenda that I suggested in my inaugural lecture (see appendix B and C).

4. The Reference Country

My research agenda is controversial for at least two reasons. First, which country is the reference country? And second, “Are country differences in women’s labor supply and related behavior due to different restrictions, institutions and budgets which causes differences in costs? Or do Dutch women have other preferences or a different culture than Swedish women? Is it costs or culture that cause differences in behavior?

One example from my teaching of Population Economics of the costs or culture question is about Spanish young people who remain longer in their parental home than Swedish and Dutch ones do. Spanish students of Population Economics in Amsterdam have often suggested that Spanish parents are more altruistic towards their adult children than other people which would be a difference in culture

I mentioned this to a large audience at the Ministry of Finance in Madrid in May 2007. They laughed. I interpret this laughter as an indication that my audience
disagreed with my young Spanish students and believed that costs are an important explanation.

The challenge in international comparisons is to explain institutional arrangements and the economic incentives created by them in a way that is experienced as reasonably true by native social scientists from the country described. Many times during my 18 and a half years here I have not recognized Sweden when it has occasionally been referred to in the Dutch debate. In Paris in the mid-1980s, a French colleague asked me: “How is this organized in the reference country?” He made me aware that my reference country is Sweden. Joop Hartog and I taught a joint undergraduate course in the early 1990s comparing the Dutch and Swedish welfare states, and I organized a study trip for our students to Stockholm where we met with economists of various organizations. One of the organizations was the Swedish Confederation of Labor Unions (the LO). At that time I knew Swedish economists in different organizations because they had been my fellow students. Now they have been substituted by the next generation, and I only know a smaller number of Swedish economists, namely those who do research in population economics. The LO economists whom Joop and I met along with 15 of our students in Stockholm presented a ranking of European countries according to active labor market policies. I remember Joop asking: “Which is the second best country? There is no need to tell us which country is the best one, that is obviously Sweden.”

There are definitely differences in behavior among young mothers in different European countries. Those differences are accompanied by different ideas about what constitutes good behavior. In the Netherlands, a woman is a terrible mother if she does not pick up her child after school. In Sweden, everyone uses after school care, which is organized in school. On the other hand, Dutch career women can leave their 3-month-old baby for 2-3 days a week at a crèche. In Sweden, no child goes to childcare before the age of 18 months. There are simply no spaces for younger babies, and paid parental leaves are 18 months to be shared between the father and the mother. Eighteen months is a long career break if the mother takes it all, which very often happens in Sweden. With the Netherlands or France as the reference country where a career woman must return after 3 months or else lose her job, the Swedish system does not appear attractive.

I ran a European Commission-funded international project in 2001-2004, the MOCHO, together with Danièle Meulders and other partners. One part of the
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MOCHO Study compares and makes an index of the preferability of family policies from the point of view of combining work and family. The MOCHO index for maternity leave is higher for the Netherlands (71) than for Sweden (64), although the parental leave is much more generous in Sweden (see Table 1). In the Netherlands, there are 16 weeks of maternity leave, of which 6-8 have to be taken before delivery, so that the mother may be back at work when her baby is 3 months old but only part-time because there is a legislated six months’ part-time leave. The Dutch labor unions have had better maternity and parental leaves on their bargaining agendas for a long time, and some parts of the labor market like the public sector have six months’ paid parental leaves. The young French woman Helène Pervier, who had a baby during the MOCHO project and returned to work after 3 months, simply found the Swedish 18 months to be against women’s interests and put a low score for Sweden in her MOCHO work, making the Netherlands’ score better than Sweden. But Swedes do not think that their 18-month parental leave should be shortened. There is no political force to shorten parental leave. It is seen as good for the children, and employers know the rules. But there is a debate to make the parental leave personal so that the 18 months are shared equally between the father and the mother. During the 2007 party congress of the Swedish Social Democrats, a large group of delegates looking to the interests of career mothers campaigned that the mother should get 9 months and the father the remaining 9 months. “Why should one give away parental leave time? One does not transfer vacation to the spouse.” This idea lost during the Social Democratic Party Conference mostly because a large group of women, who do not have career ambitions and live in areas where there is little employment, like the 18 months’ parental leave for themselves. Their husbands would not mind sharing. Individual parental leaves were not adopted as the policy of the Social Democrats.

5. Preferences for Part-time Feminism

When I was younger, I was very often annoyed by the sex-biased opinions of my male colleagues. For example, their complaints about their own workload that compelled them to work overtime every evening. They had wives who took care of their children, cooked and cleaned and made a nice home for them, and they had the luxury of staying on at work as long as they wished, and they complained!
I had to put down work at five o’clock sharp every day to rush home, plan dinner in the commuter train, get the kids, do the cooking, do the dishes, put the children to bed, plan their next day, what goes in their backpack, gym clothes, excursion fruits? My husband Arne played with the children and provided driving from the commuter train station to the childcare and home. He also took good care of the children when I was away on conferences and visiting scholarships, often with the help of their grandmother. That was much more than my overtime working colleagues did for their wives and children.

Last spring (2007) a delegation of representatives from the OECD and the Dutch Ministry of Economics, six gentlemen in black suits and white shirts, came to interview economics professors at the University of Amsterdam about the Dutch economy. The Danish OECD official said that there seemed to be a shortage of labor supply for the Dutch economy, particularly women, and he asked the panel consisting of me, Joop Hartog and Wim Groot if there were any policy initiatives being taken to increase the labor supply? He was immediately interrupted by my two colleagues, Wim Groot and Joop Hartog, who both held the opinion that: “This is not a problem. Dutch women prefer to work less, they prefer to look after their children themselves and have no careers.” I felt the anger and frustration of my younger years and when I told Hettie Pott about this meeting, she shared my frustration, knowing about the struggle of her daughter and daughters-in-law to find suitable childcare for their children. All three do part-time work far under their educational level, and they regularly have to rely on their children’s grandparents for childcare.

What research is there to support the view that Dutch women have different preferences rather than higher costs, as I had put it in my inaugural lecture? Is it enough to refer to the fact that such a large share of Dutch women vote for the Christian Democrats?

Although labor force participation among Dutch women has risen greatly since 1989, the majority of women work part-time, 73 percent in 2003, whereas in Sweden the proportion of women working part-time has decreased and was 31 percent in 2003 (Statistical Appendix, Table 1).

Educational differences in the labor force participation of women with children are large in the Netherlands and small in Sweden, as is shown by computations carried out on Dutch and Swedish microdata by Eiko Kenjoh (Table 1).
Heleen Mees is a column writer in *NRC Handelsblad*, an economist, law scholar and journalist, and she lives in New York since 2000. She recently gathered her columns from the *NRC* in a book with the title: "Weg met het deeltijdfeminisme" “Away with part-time feminism!” For Heleen Mees the Netherlands is the reference country, and the United States is the comparison country. In her first chapter titled ‘Lazy women’ (Luie vrouwen), she notes citing an article by Richard Freeman and Ronald Schettkat (2005) on the marketization of household work: American women save 10 hours of household work per week by buying services in comparison to Dutch women. American women eat out, they send their laundry to be done, their grocery shopping is delivered to the door, and they use child minders to look after their children.

Esping-Andersen (1999) calculated that in the mid-1990s having one man’s shirt cleaned and ironed cost $5.20 in Denmark compared with $1.50 in the United States. The reasons are wider wage gaps between high- and low-skilled workers in the United States (Blau and Kahn, 1995; 23), lower taxes in the United States on value added on services, on the employer’s wage bill and on income (see 62, and Ehrenberg and Smith, 2003, 8th edition).

In Sweden, both professional, highly educated women and other women can afford good quality childcare, but other services are not affordable. A new initiative by the Swedish Reinfelt government has made the cost of buying household services deductible from income tax starting in 2008. The purpose of this policy is to increase the marketization of household services and avoid the strong incentives for black market work in this sector.

The most important service to the two-earner family is affordable, high-quality daycare for children. In the Netherlands, childcare is paid by the hour or by each half-day (dagdeel) that the child attends childcare. This creates an incentive to save on the time the child spends in childcare. Together with the legislated half-time parental leave of six months, the economic incentives for part-time feminism are indeed strong in the Netherlands. In Sweden, childcare is paid per month, and parents have no incentives to economize on the time the child spends in childcare. Tax subsidies for childcare are also larger than in the Netherlands.

During a lunch conversation at a conference in Dublin around 1994, a British social scientist said: “American professional women do not even wash their hair themselves.” Since then I have gone every week to my hairdresser Bert Koggin on the
Prinsengracht. It is easy to buy hair care, but more difficult to buy house cleaning, and both time uses have the same opportunity cost, my time for work or relaxing. Therefore, I have cleaned my house without help all these years at the Keizersgracht.

When Heleen Mees complains about Dutch part-time feminism and lazy women who spend too few hours on their careers, she is aware of the differences in the budget sets. She thinks that a good feminist action would be to change the budget sets in the Netherlands to make them more equal to those of the United States. Then there would be full-time feminism also in the Netherlands and more than six percent women among the economics professors, to mention an example close to my heart.

6. Costs or Culture? Budget Sets or Preferences?

Are my male colleagues at the meeting with the OECD right when they propose that Dutch women have other preferences and are more part-time and less career oriented than women in the United States or Sweden? Is Heleen Mees right when she proposes that Dutch women have a preference for part-time feminism and that they are too lazy to make a career? There are three types of studies which can shed light on this issue: First, country comparisons of labor supply estimates; second, country comparisons of time use studies; and third, comparing budget sets directly by means of microsimulations. There are many studies of labor supply elasticities, and there are also some reviews of the findings. Studies that use results from a number of previous studies as observations in a new study are often called meta-studies. One such meta-study is by Evers, De Mooij and Van Vuren (2005). Labor supply elasticities estimated in 239 studies are the data points of the dependent variable in their analysis, with the explanatory variables being gender, country of study, and type of study. There are two types of studies, those that distinguish between a) the increase in labor force participation and b) hours of work of labour force participants and those that do not. Further if simulation is used and some other methodical differences are singled out. Their main conclusion is that there are substantial gender differences between the female labor supply, which is rather elastic, and the male labor supply, which is relatively inelastic. There are rather small country differences, which implies small differences in preferences. This re-
search evidence runs counter to the conclusion that Dutch women have preferences for part-time feminism rather than full-time feminism. Even if there had been country differences of lower labour supply elasticities for Dutch than Swedish women, I would not be ready to conclude that Dutch women have a taste for more household work because such a conclusion assumes that there are no differences in the budget sets, for example, that daycare costs are the same across the countries.

These studies of labor supply elasticities type 1 studies do not take into account the household production theory first proposed by Becker (1965) and Mincer (1962). (For a textbook treatment, see ch. 7 in Ehrenberg and Smith, 9th edition, 2006). Studies that do consider the household production theory and employ time use data I will call type 2 studies. While type 1 studies have only two time uses market work and non-market work type 2 studies distinguish at least three types of time use. The elasticity of substitution between household work and market work can be rather large. Buying bread at the bakery becomes a cheaper option than baking the bread at home when market wages increase. The elasticity of substitution between market work and leisure, on the other hand, can be very small, particularly for someone who is already working full-time. These type 2 kind of studies require time-use data (see Juster and Stafford 1991, Gronau 1997).

The work by Richard Freeman and Ronald Schettkat (2005) employs the household production theory by analyzing the substitutions between household work and market work, and emphasizes differences between countries in the marketization of household services as the main explanation for country differences in hours of household work and hours of market work. Their work therefore stresses the differences in the budget sets between American and European women. In particular, there is little marketization of household services in Germany in comparison to the United States.

A third type of study is to compare budget sets directly across countries. I will call such studies type 3 studies. I published such a study in 1992, comparing married women’s labor force participation in Germany and Sweden (54), studying the effects of the differences in income taxation between the two countries.

The first step is to program the main characteristics of the German and the Swedish income tax system. The second step is to estimate how labor force participation affects women’s net wages and their husbands’ net incomes using the tax system of their own country and estimating logits of labor force participation on net wages and incomes. The third step is to predict labor force participation using
the estimated coefficients but giving the couples in the data their after-tax-wages and incomes which would result if the tax system of the other country applied. The results of this study showed that the joint family taxation of Germany would cause Swedish married women in the sample to decrease their labor force participation from 80% to 60%, and the Swedish individual family taxation would cause German women to increase their labor force participation from 50% to 60% (54).

The reason for this effect is that with joint family taxation, the smaller income of a part-time working wife is added on top of the larger income of her full-time working husband and taxed at his marginal tax rate, which can be rather high if there is progressive income taxation. With individual taxation, each income is taxed at a low rate if it is a rather small income, as is often the case for a part-time worker. I published this study in 1992, but Germany still has joint family taxation, the “Split tungstariff”, while Sweden was the first country to adopt individual taxation in 1971. Other European countries have followed suit, including the Netherlands in 1991. I presented these results in Madrid in 2005 because in Spain there is still joint taxation of the incomes of husband and wife.

Holly Sutherland and co-authors have run an EU-funded project to model income taxes and family support systems with the intention to allow micro-simulations of the type I did in my 1992 paper but considering many more aspects of the systems and including several European countries (see e.g. O’Donoghue and Sutherland 1999, Levy, Lietz and Sutherland 2005, Gallen and Sutherland 1997, and Sutherland 1997).

7. Divorces and Happiness

Population economics is about one’s own life. Issues such as optimal age at motherhood (74), career planning, birth timing and the effects thereof on lifetime earnings (82, 84) are questions that every individual has to decide on. This is why I have always had highly motivated students for my courses on Population Economics, Welfare States, Labor Economics and Economics of the Family. As one student of my last group of Population Economics said: “All the other courses I take are about firms. This is the only course that is about people and families.”

Inspiration for research issues in population economics comes from private lives. For example, Cecile Wetzel told me last spring about the experience of a Dutch
woman, a friend of hers, while living for three years with her husband and two young children in Malmö of South Sweden. About highly educated Dutch and Swedish people aged 35-45, Cecile observes: “Dutch people have no children or only one. While Swedish people have two or more children. But there are so many divorces among Swedish people, and because you only divorce if you are unhappy, Swedish people must be unhappier than Dutch people.” Last summer, the film and theater director Ingmar Bergman died at age 92 in his Fårö home, and there were many reviews on TV about his life and work. Perhaps Ingmar Bergman was the most important proposer of the worried, unhappy Swede.

Swedish people, according to Cecile’s story, do a lot to make life pleasant for their children, but they do not do anything for themselves other than going to the gym, but that is more maintenance than personal development. A highly educated Dutch person is so well paid that he/she can choose to work 3 days a week and can find time to go to a museum with a friend. Swedish people do not have this choice. They all work full-time and do not have time to develop themselves.

This story includes many questions for country comparative work. Are Swedes less happy than Dutch people? Do highly educated Swedes have more children? Are there more divorces among highly educated Swedes?

The country comparative work that I did with Cecile Wetzels and Eiko Kenjoh (82) gives some answers to the fertility questions. Yes, there is more childlessness among highly educated Dutch than Swedish women. We estimated childlessness at age 36 to be 26 percent among highly educated Dutch women and 15 percent among Swedish highly educated women (Table 2, Statistical Appendix) (82).

There are also more divorces among Swedes than among Dutch people. The total divorce rate in 2005 is estimated by Statistics Netherlands to be 33 percent in the Netherlands and by Statistics Sweden to be 45 percent in Sweden (Statistical Appendix, Table 2). The definition of the Total Divorce Rate (TDR) is similar to that of the Total Fertility Rate (TFR), that is one uses divorces by duration of marriage in a particular year to predict what would happen during the remaining lifetime of a marriage if the year-specific divorce rates prevailed. The interpretation of the TDR is the proportion of marriages that will end in divorce. For the Netherlands this is one in every three marriages. For Sweden it is higher.

Because Swedish couples have more children and there are more divorces, we would expect more Swedish than Dutch children to have divorced parents. Statistics Sweden computes the number of parents’ separations per 100 children. The
statistics show that in 2005 the percent of children aged 0-17 years who experienced their parents’ separation during that year was 2.4 percent for married parents and double that, 4.8 percent, for parents cohabiting without being married. The combined percentage for married parents and cohabiting parents was 3.1 percent divorces in a year. The trends are steadily decreasing both for married and unmarried parents from 1999 to 2005, for which years the statistics have been computed. If the 3.1 percent would persist from age 0 to age 17, then by age 17, more than half of all children (17 * 31 = 52.7) would have experienced their parents’ divorce. Population economics research, most of which is done in the United States, shows that divorces are less frequent among couples with small children and among highly educated parents. Gary Becker called the couple’s joint children marital-specific capital to emphasize that the mother’s enjoyment of the child does not decrease the father’s enjoyment of the child as long as the couple is living together (Becker 1974, Becker, Landes and Michael 1977). Men’s education increases marital stability. More highly educated men have more to offer to a relationship because their earnings are higher. More highly educated women are a good catch on the marriage market and on the other hand have a higher value for the alternative lifestyle as a single person (Ermisch 2003, Ch. 7). Therefore, the education level of the woman has an ambiguous effect on divorce (Burgess, Propper and Aassve 2003) decreasing the risk because she is a good catch and increasing the risk because her alternative living as a single is better. We also know that highly educated women are likely to be married to highly educated men (Blossfeld and Timm, eds. 2003, 87, 88), and using the educational achievement of both spouses as an explanation for how long the marriage will last therefore often cancels the effect of education of one of the spouses, usually the wife, because women’s income effects of education are smaller than for men.

In all the country comparative work I have published with Frank Stafford, Cecile Wetzels, Eiko Kenjoh and Seble Worku, educational differences in behavior are smaller in Sweden than in the Netherlands, Britain, Germany and the United States, which are the other comparison countries. Oláh (2001) compares the divorce risks of the first parental union between Sweden and Hungary. She finds that the divorce risks are smaller for more highly educated Swedish women and men in comparison to less well educated people. Interestingly, the divorce risks do not decrease as much with education among Hungarian women as among Swedish women. Liu (2002) analyzes the divorce risk of Swedish women depending on whether there are premarital children, children from previous marriages or stepchildren in
the current marriage. He finds that the lowest divorce risk is among couples with still very young joint children and if the couple was already married and not too young at the birth of the child. These studies show that Swedish divorces follow a similar pattern to research from the United States cited above. I do not know of a similar study for the Netherlands or a country comparative study involving Sweden and the Netherlands.

This short review of the economics of divorce studies shows that findings on the risks of divorce for Sweden follow a pattern predicted by theory and earlier research. But what is the relationship between happiness and divorce risks?

Are Swedish people less happy than Dutch people?

There is a field of the economics of happiness, and the University of Amsterdam has contributed to it through work by Bernard van Praag, Paul Frijters and Ada Ferrer-i-Carbonell (e.g. Van Praag 1971, Frijters and Ferrer-i-Carbonell 2005). However, to my knowledge they have not made a comparative study between Sweden and the Netherlands. Veenhoven at the Erasmus University Rotterdam runs a world database of happiness which includes country-specific studies for 95 countries (Veenhoven 2006). This study shows that happiness for life as a whole for 1995-2005 was on average 7.5 for the Netherlands and 7.7 for Sweden on a 10-point scale. This number is based on 3 Dutch studies and 6 Swedish studies. If anything, Swedes appear to be a little happier than Dutch people. They have more children, divorce more often and yet are happier than Dutch people.

8. Conclusion

I think you have guessed my answer to the question: Why is the Netherlands the best country? It is because you live and work here. Thank you all for having made my 18-year long stay at the Universiteit van Amsterdam such a wonderful experience. The Netherlands is simply the best country because of you, and it is only rivaled by Sweden when I am there. It is time for me to finish, and thank you for all you gave me, and thank you for your attention. Dutch academic talks end with the expression: “I made my point”. I will end this talk in style:

“Ik heb gezegd”. 
Notes

1. Gustafsson’s complete publication list is appended to this departure lecture. References to her own work are by a number only, while other references are by name and year, as is customary.

2. We held the meetings in the Rode Hoed (The Red Hat), which is one of the hidden churches from the 17th century. The name of the building refers to the fact that the entrance to the church was by a hatter’s shop. In 1999 I delivered the presidential address to the ESPE in Torino, Italy. The next president of the society was Daniela del Boca, the organizer of the 1999 ESPE meeting in Torino.

3. The Lutherans were allowed to build a new beautiful church in the 17th century, unlike the Catholics and some other beliefs, who could only have hidden churches in the 17th century. Sweden was important for the Dutch merchants of the 17th century because there they could buy iron, wood and grain and sell them at a good profit in the Netherlands and elsewhere on the European continent. There is a house on the Keizersgracht which has the inscription De Zweedse Koning, that is Gustaf II Adolf, the hero king who died in Lützen in 1632, while fighting the Catholics. In the same year the University of Amsterdam was inaugurated. Gustaf Adolf had a Dutch mistress, Margaretha Cabeljouw, with whom he had a son, Gustaf Gustafsson, who is buried in the Riddarholms church in Stockholm like all members of the Swedish royal family until 1950.

4. I had become acquainted with these theories by first attending Jacob Mincer’s lectures in Stockholm in 1971, then making intensive use of them in my doctoral dissertation (5) and then upon invitation by Jacob Mincer, being a visiting scholar with him at Colombia University in 1979, where I also first met Gary Becker. Gary Becker received the Economics Nobel Prize in 1992, and I was there in Stockholm. I spent several periods at the University of Columbia, New York, at Chicago University and at Wissenschaftszentrum Berlin before I came to Amsterdam.

5. Publications with Wetzels 63, 64, 67, 72; with Wetzels and Kenjoh 73, 76, 77, 81, 82, 83, 84; with Kenjoh 85, 92.
References


Callan, Tim and Sutherland, Holly, 1997, the Impact of Comparative Policies in European Countries: Microsimulation Approaches, European Economic Review, 41, 627-633.


Grogan, Louise, 2000, Labour Market Transitions of Individuals in Eastern and Western Europe, Tinbergen Institute, Research Series no. 244, Universiteit van Amsterdam, diss.
Kuiper, Edith, 2001, The Most Valuable of all Capital, A Gender Reading of Economic Texts, Tinbergen Institute, Research Series no. 244, Universiteit van Amsterdam, diss.
Mees, Heleen, 2007, Weg met het deeltijdsfeminisme! Nieuw Amsterdam Uitgevers.


Statistics Sweden, 2005, Parental Separations, 1999-2005 by child’s sex and parents’ form of cohabitation. Children aged 0-17, number and number of separations per 100 children.


Velzen, Susan van, 2001, Supplements to the Economics of Household Behavior, Tinbergen Institute, Research Series no. 242, Universiteit van Amsterdam, diss.


Appendix A. Statistical Appendix

Table 1. Women’s Employment and Institutional Arrangements in the Netherlands and Sweden

<table>
<thead>
<tr>
<th>Employment’</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment rate of married and cohabitating women with a child aged 6 or less in 1999$^a$</td>
<td>62.3</td>
<td>77.8</td>
</tr>
<tr>
<td>Employment rate of all women, percent$^b$</td>
<td>1990 52 90</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2003 74 82</td>
<td></td>
</tr>
<tr>
<td>Part-time percent$^b$</td>
<td>2003 73 31</td>
<td></td>
</tr>
<tr>
<td>Female labor supply elasticities based on a meta-study of 112 observations$^f$</td>
<td>0.52</td>
<td>0.54</td>
</tr>
<tr>
<td>Male labor supply elasticities based on a meta-study of 119 observations$^f$</td>
<td>0.07</td>
<td>0.12</td>
</tr>
<tr>
<td>Full-time equivalents of female employment$^b$</td>
<td>2003 47 73</td>
<td></td>
</tr>
<tr>
<td>Probability of mother not working when oldest child is 3 according to education$^c$</td>
<td>high 22 35</td>
<td></td>
</tr>
<tr>
<td></td>
<td>medium 39 38</td>
<td></td>
</tr>
<tr>
<td></td>
<td>low 54 34</td>
<td></td>
</tr>
</tbody>
</table>

Childcare and parental leaves$^b$

| Proportion with a space allocation in childcare in 2002 aged 0-3 3-6 | 2.3 66 |
| Maternity leave (weeks) | 16 |
| Parental leave (months) | 6 |
| Indexes from MOCHO |  |
| Childcare | 28 69 |
| Birth Parental leaves | 71 64 |
| Cash benefits | 30 28 |

$^d$ Happiness

| Life as a whole 0-10 | 7.5 7.7 |
| Average ranking 1995-2005 | 15-16 6-8 |
| No. of studies | 3 6 |

1. The female employment rate in 2006 according to the EU labor force survey is 67.7 for NL and 70.7 for SE, and the part-time percentage is: 74.2 for NL and 38.6 for SE. However, national statistics show stability for Sweden between 2003 and 2006 and increasing employment in part-time work and decreasing employment in full-time work for the Netherlands.
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Sources.
a) Kenjoh (2004): OECD 2001b: 144 Table 4.7
b) MOCHO, Final Report, EU Research on Social Sciences and Humanities, “The Rationale of Motherhood Choices: Influence and Employment conditions of Public Policies”
c) Gustafsson and Kenjoh, 2007 forthcoming, Table 6.9 based on Kenjoh (2004). The levels on not working cannot be compared across Sweden and the Netherlands because the definitions differ. The Dutch data refer to not employed, that is women who are on parental leave are considered to be employed. The Swedish data refer to not at work. Women on parental leave are thus not working.
f) Evers, De Mooij and Van Vuuren (2005), column 1, Table 3.3
Table 2. Demographic indicators in the Netherlands and Sweden.

<table>
<thead>
<tr>
<th></th>
<th>Netherlands</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>TFR&lt;sup&gt;a)&lt;/sup&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>1.62</td>
<td>2.13</td>
</tr>
<tr>
<td>2000</td>
<td>1.72</td>
<td>1.54</td>
</tr>
<tr>
<td>2003</td>
<td>1.75</td>
<td>1.71</td>
</tr>
<tr>
<td>2006</td>
<td>1.85</td>
<td></td>
</tr>
<tr>
<td>CFR women born in 1965&lt;sup&gt;b)&lt;/sup&gt;</td>
<td>1.77</td>
<td>1.97</td>
</tr>
<tr>
<td>Age of the mother at first birth in 2000 by education&lt;sup&gt;b)&lt;/sup&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>high</td>
<td>30.7</td>
<td>29.8</td>
</tr>
<tr>
<td>medium</td>
<td>28.0</td>
<td>26.1</td>
</tr>
<tr>
<td>low</td>
<td>26.6</td>
<td>25.5</td>
</tr>
<tr>
<td>Proportion childless of women born 1955-1969 at age 36 by education&lt;sup&gt;c)&lt;/sup&gt;</td>
<td>high</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>medium</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>low</td>
<td>12</td>
</tr>
</tbody>
</table>

**Marriage and divorce**

| Total female first marriage rate below age 50, percent<sup>d)</sup> | 1960 | 95 |
|                                                                    | 1990 | 55 |
|                                                                    | 1999 | 46 |
| Total divorce rate, percent<sup>e)</sup>                           | 2005 | 33<sup>ε)</sup> |
| Divorces per 100 marriages<sup>ğ)</sup>                             | 2006 | 39.3 |
| Women's age at marriage<sup>a)</sup> average                       | 1991-1997 | 28 | 31 |
| Percent births out of wedlock average<sup>b)</sup>                 | 1994-1998 | 9 | 55 |
|                                                                      | 2005 | 54<sup>ğ)</sup> |

1. **Total divorce rate:** the percentage of marriages that will end in divorce if the same duration-specific death and divorce risks apply in the future as in the year under review.

**Sources:**

a) Gustafsson and Kenjoh (2007) forthcoming; primary source Council of Europe
b) Gustafsson and Kalwij (eds. 2006), Ch. 1., primary source Council of Europe
c) Kaplan-Meyer estimates based on computations from Kenjoh (2004) and also presented as Table 6.8 in Gustafsson and Kenjoh (2007, forthcoming)
d) Council of Europe 2000, Demographic Developments
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e) Statistics Netherlands, 2005
f) Statistics Sweden, 2005
g) www.nationmaster.com, OECD
h) Brien and Sheran (2003); The Worlds Women 2000: Trends and Statistics, also as Table 6.6 in Gustafsson and Kenjoh, forthcoming
Appendix B. Overview of Research Programs of Siv Gustafsson.

1. Male-female wage differentials. (5, 90, 23, 39, 49)
2. Income tax regimes and married women’s labor force participation. (25, 30, 52, 54, 62)
3. Subsidized childcare and female labour supply. (24, 34, 38, 53, 56, 57)
4. Welfare state regimes and family policies. (43, 56, 68)
5. Labour force transitions around first birth. (63, 81, 85)
6. Single motherhood, marriage markets and timing of maternity. (47, 59, 72, 74, 86-90)

The numbers in the parentheses refer to numbers in appendix C and include the most important publications from each research programme.
Appendix C. Complete list of publications by Siv Sofia Gustafsson, numbered.

1. Research in Swedish
   (title translated into English in parentheses)

1. Gustafsson, Siv S., 1971, Svensk Industri under 70 talet med utblick mot 80 talet (Swedish Industry in the 70’s with a view of the 80’s) by Lars Nabseth et al., chapters 3 and 6.
10. Gustafsson, Siv S., Lindvall, Jan, 1978, Kunskapsöverföring genom personalomsättning från flygindustriell till annan verksamhet (Human Capital Transfer by Labor Mobility from Aircraft Industry to Other Industries), a study for the Committee on the Aircraft Industry (FÖ 1978:01), Stockholm.
11. Gustafsson, Siv S., 1978, Är det fortfarande antingen eller? (Is it still either or?), in Personal, människor och arbete, no. 3.


Gustafsson, Siv S., Kazamaki, Eugenia and Sepällä, Eeva., 1982, Regionala kostnader och löner, en statistisk analys med speciell hänsyn till Målareförbundets förhållanden (Regional Costs and Wages, a Statistical Analysis with Special References to the Conditions for Painters), Arbetslivscentrum, Stockholm.

Gustafsson, Siv S., 1983, Kvinnors låga löner Kunskapskapital eller diskriminering (Women’s Low Wages, Are They Due to Discrimination or Lack of Human Capital?) in Mats Lundahl and Inga Persson Tanimura (eds.), Kvinnan i ekonomin, Tillämpad samhällesekonomi no. 7 (The Woman in the Economy, Applied Economics no. 7), Liber.


Gustafsson, Siv S., 1985, Arbete och löner. Ekonomiska teorier och fakta kring skillnader mellan kvinnor och män (Wages and Work Economic Theories and Facts about Sex Differentials), The Industrial Institute for Economic and Social Research and Arbetslivscentrum, Stockholm, 1985. First half of chapter 4 reproduced in Den könsuppdelade arbetsmarknaden. Exempel från kvinnoforskningen vid arbetslivscentrum,
Why Is the Netherlands the Best Country?


2. Research in other languages than English or Swedish

(titles translated into English in parentheses)

Siv Gustafson


37. Gustafsson, Siv S., 2005, Impacto de género de los impuestos sobre la renta. Desincentivos al trabajo de las mujeres casadas producidos por la tributación conjunta, in Maria Pazos Morán (ed.), Política fiscal y género, Instituto de Estudios Fiscales, Madrid.

3. Research in English


Why Is the Netherlands the Best Country?

-Behavior, Sweden and the United States, The Industrial Institute for Economic and Social Research, Conference Reports, Stockholm.


Why Is the Netherlands the Best Country?


72. Gustafsson, Siv S., Wetzels, Cecile M.M.P., 2000, Optimal Age for First Birth: Germany, Great Britain, the Netherlands and Sweden in Gustafsson Siv S. and Meulders,
Siv Gustafsson


Siv Gustafsson


