

Solution Quiz#1

EE364 – Quiz#1 (8 September 2022)

(50 points = 5% of your total course grade)

1) (10 points) Women have an active role in the economy. Provide examples of the development of women's roles in a country anywhere in the world and explain the main reasons for the development of these roles. What are the barriers to the development of women's roles? Please give examples of research studies on this issue and provide a discussion on this issue.

- Answers – Chapter 1 & 2

2) (10 points) Provide a definition of the glass ceiling. What factors cause the glass ceiling? What is the reason for the increasing number of women in the board of directors (BOD)? On average, women comprise a smaller proportion than men in most countries. Give an example of a country that has a policy to encourage a high number of women on the BOD and provide examples of the policies used. Were these policies successful? If not, why not?

- Answers – Chapter 2 Lecture Note (Page 9-13)

3) (10 points) Explain the difference between the Motherhood Wage Penalty and the Fatherhood Wage Bonus. Describe the factors contributing to this situation. Give examples of a country that provides parents with welfare. Is there a relationship between welfare and the birth rate in the country? If not, why not?

- Answers – Paweenawat, S.W. and Liao, L. 2022. Parenthood Penalty and Gender Wage Gap: Recent Evidence from Thailand, *Journal of Asian Economics*, Volume 78, February 2022, 101435
- Paweenawat and Liao (2022) found that having a child negatively affects women's wages (motherhood wage penalty). Workers without children have a higher average wage than workers with children. This wage difference has continued to increase over the course of 30 years. After having a baby, women have to maintain a balance between their role as a worker in the economy and their role as a mother influences behavior in the labor market

and wages (Reduced working hours & Wages decreased due to lack of support for the rights of women with children)

- Thailand incurs fatherhood wage penalty, contrary to the results of studies in other countries where fatherhood wage bonus is found. Most studies found that having a child positively affects men's wages (fatherhood wage bonus), or male workers with children have a higher average wage than those without children. The behavior can explain this; after having children, men tend to work more because, in most societies, men are the breadwinner in the family, while women tend to be secondary earners.

4) (20 points) Using a household production analysis model, please draw a graph accompanied with an explanation of your analysis of Mrs. B's working behavior inside and outside the labor market before and after she received a government subsidy for childcare of 300 baht per day. Note that initially, Mrs. B stayed at home and raised her children, and Mr. A, her husband, gave her 500 baht a day to spend.

- Answers – Chapter 4 Lecture Note (Page 13-15)
 - Case 1 - Initially, workers stay home and take care of the children themselves. After there is a subsidy provided by state (government), workers will return to the labor market due to higher utility ($U_1 \rightarrow U_2$) (Explain step by step).