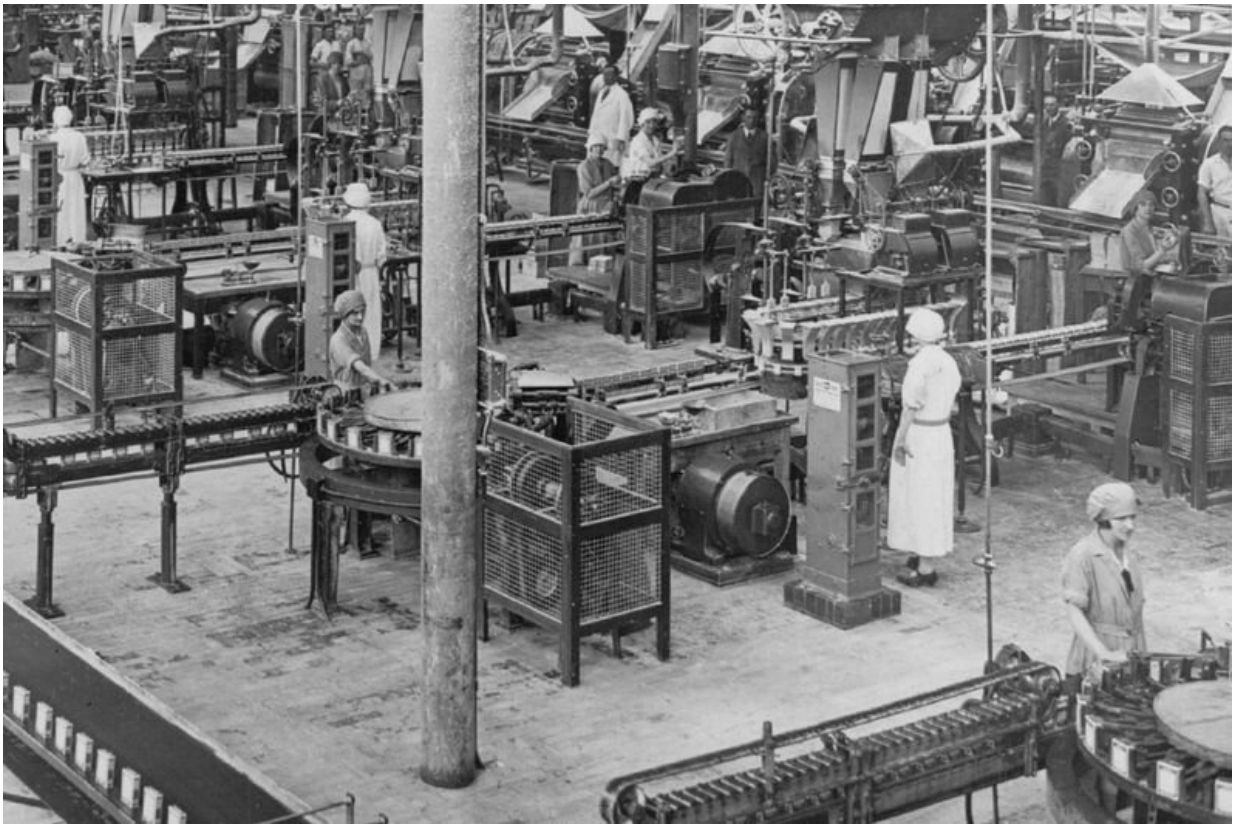


Women's labour force transformation dates back to the Great Depression

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Credit: University of Montreal

The Great Depression, which spanned the 10 years following the stock market crash of 1929, led to severe conditions in several developed countries at a time when there was no social safety net. This triggered a

massive entry of women into the labour force and, for the first time in history, many of them remained in their jobs after marriage in order to help put bread on their family's table.

More specifically, in 1960, 41 per cent of women aged 45 to 64 were working in the United States, compared to only 20 per cent in 1940. Until the 1920s, most women active in the workforce were young and unmarried.

"The 10-year [economic crisis](#) was extremely severe, with an [unemployment rate](#) of 25 per cent, and our research shows that it profoundly changed the [labour market](#) by leading an unprecedented number of women to join the workforce," said Andriana Bellou, a UdeM economics professor who co-authored the study with her colleague Emanuela Cardia.

Situation prior to World War II

Many studies have sought to understand the rise in women's participation in the labour force in the first part of the 20th century, and World War II is often identified as the starting point for this trend. Andriana Bellou and Emanuela Cardia are the first researchers to show that the increase in women's employment (across all age groups) actually happened earlier, between 1930 and 1940, a period that coincides with the start of the Great Depression.

The two researchers reached this conclusion after analyzing American census data from 1910 on, which gave them a picture of what was happening on the ground during and after the Great Depression. Their analysis suggests that men bore the brunt of the crisis and many of them gave up looking for employment and exited the labour market between 1930 and 1940. At the same time, women were entering the workforce to take up a variety of jobs in the service sector, manufacturing and

clerical field.

"It's hard to put a finger on the exact reason for this," pointed out Bellou. "But one thing that's certain is that it was cheaper to hire women than men, as female workers often earned only half as much. As a result, there was a decline in wages during and after the Depression, not only for men but also for women, who represented a readily available labour supply."

Why did women remain in the workforce?

Another question Bellou and Cardia set out to answer is why women stayed in the [labour force](#) even after the Depression, despite the fact that wages remained low. They suggest several hypotheses to explain this trend.

"One possibility is that women working in certain types of jobs had gained experience and seen their salary rise, leading them to decide to remain in the workforce once the economic crisis was over," explained Bellou. "But this can't be the main reason, because wages had declined overall."

A second hypothesis is that the Great Depression caused a structural change.

"Because the economic crisis lasted so long, it could be that some companies in the hardest-hit regions pulled up stakes and moved elsewhere, taking many qualified workers with them, thereby making recovery impossible and prolonging the crisis," she added.

According to a third hypothesis, people who were the most negatively affected by the Depression, which was followed by a financial crisis, likely had to work more to make up for what they had lost. "Often, these people had lost their life savings and their homes," Bellou pointed out.

More studies on the way

Bellou and Cardia are currently focusing their research on these hypotheses in order to gain further insight into the impact of the Great Depression on the labour market, the employment of women and women's fertility.

"One of the things we're looking at is the impact of the massive presence of these women on job opportunities for younger women and how that affected fertility," Bellou said.

The question is an interesting one considering the baby boom that started in 1946, immediately after the end of WWII, and that was followed by a precipitous drop in birth rates in industrialized countries such as the United States, Canada and several countries in Europe starting in 1960.

"Both of these trends can be linked to the presence of a large proportion of [women](#) in the [labour](#) market and their subsequent retirement," Bellou pointed out, adding that this is shown in a forthcoming study by the two researchers.

For the moment, Bellou and Cardia have focused their attention on the United States due to the accessibility of a vast harmonized database dating back to 1850. Their study is the first to examine the long-term economic impact of the Great Depression in the United States. For their future research projects, they want to expand their focus to Canada, which was also severely affected by the Great Depression.

More information: Bellou, Andriana & Cardia, Emanuela, 2018. "Great Depression and the Rise of Female Employment: A New Hypothesis," IZA Discussion Papers 12024, Institute for the Study of Labor (IZA). ideas.repec.org/p/iza/izadps/dp12024.html

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