Scandinavian Systems Stifling Women's Opportunities

When searching for reforms to promote gender equality the world often turns north. The Scandinavian countries have more equality between men and women than most other societies. Women in Sweden, Norway, Finland, and Denmark were early in entering the labor market and have the highest political representation in the world. In Sweden, women hold close to half of the seats and Finland is headed by a female president.

Of course, societies do not have blueprints for others to copy; gender roles depend as much on culture and history as on economic policy. Furthermore, the results of the policies followed by the Scandinavian welfare states are not as clear-cut as many believe. It seems that rather than improving gender equality, the welfare state simply transfers women's positions between sectors in society.

The success of women in the public sector is brought about at the cost of lagging behind in the private sector. When it comes to female managers, entrepreneurs and high achieving professionals Scandinavia has not matched the impressive new trends in the United States. For example, the percentage of managers in the private sector that are women is between 11–18 percent for the Scandinavian nations, compared to 38 percent in the United States.

It is more common for Scandinavian women to participate in the labor market compared to American women. The high tax burden in Scandinavia creates a situation where few families can rely on a single income. However, the difference is due to the large number of women working part time. The percentage of women actually working full time is the same or somewhat higher in the United States. The probability of having a successful private sector career is, as may surprise many both in Scandinavia and in the United States, markedly higher in the United States than in the Nordic countries.

In major metropolitan areas in the United States, such as New York, Los Angeles, Dallas and Chicago, young women have not only broken the glass ceiling, but in fact outearn men by up to 20 percent in average salary. One third of American women in the workforce outearn their husbands. Amongst unmarried people without kids above the age of 40, women earn considerably more then men.

Such successes are not evident in Scandinavian nations, since a great share of women active in the labor market tend to work for the public sector. The possibilities for career development are limited in public-sector jobs compared to the private sector. Also, wages are considerably lower. The dependence in public-sector employment stifles women's opportunities, not least for those with a higher degree of education.

The OECD calculates the net present value of obtaining a tertiary degree of education level in various countries. In the United States this value is 75,000 U.S. dollars for the average woman. In Sweden it is only 5,000 U.S. dollars — the lowest amongst the industrial nations included in the study. Government monopolies also stifle entrepreneurship. As a consequence, Scandinavian nations, especially Sweden and Denmark, are among the bottom countries when it comes to women's share of entrepreneurs.

The funding of large public sectors has led to exorbitant tax wedges on services, up to 75 percent. Thus, it is difficult for professional women to buy household services and free up time for careers. Another effect of tax-and-transfer programs is that both the need and the ability to accumulate personal savings are reduced. This helps explain why Scandinavian women have far smaller savings than their American counterparts, both in absolute terms and as share of national assets.

Policy makers in Nordic countries have for years attempted to increase the number of managers and female entrepreneurs in the private sector, with relatively little success. In Sweden, the share of companies run by women has in fact decreased during the past 20 years. Recently the Norwegian government decided to force publicly listed firms to have at least 40 percent female board members or face liquidation.

The 40 percent goal has been hailed in international media as a success, but few have reported on the problems created for Norwegian companies. In part because the welfare system reduced the number of career women in the private sector, it has not proven easy to fill the board seats. Desperately, Norwegian firms attempt to find female board members, going so far as actively recruiting women from neighboring countries to fill the quotas.
Perhaps even more disturbing is the fact that the law in many cases resulted in firms filling their seats with politicians, in many cases those very politicians who pushed the quota legislation to begin with. There is no tangible evidence that the board quotas have had any beneficial effects for Norwegian women in general.

Scandinavian cultures have long been famous for their general egalitarianism and for their equality between the sexes. But it is becoming increasingly clear that the opportunities of women in the private business sector are stifled by welfare policies and government monopolies.

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