



Is Economic Development Good for Gender Equality?

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Income Growth and Poverty

- Evidence from many countries shows that while economic growth has not eliminated poverty, the share of people who are poor has decreased where average incomes have grown.
- This does not imply that economic growth necessarily improves gender equality
- To the extent that economic growth better the lives of the poor - by increasing incomes and income earning opportunities or expanding the availability of such public services as schools, transportation, and health clinics - avenues for improving the well-being of girls and women and increase gender also open.

Economic Change and Gender

- Economic change affects women and men differently
- Economic development expands job opportunities and raises worker productivity in labor markets - and leads to the emergence of labor markets where none has existed (and increase the opportunity cost of unemployment)
- Economic growth is typically accompanied by more investments in infrastructure - for safe water, roads, transportation, and fuel sources. This can lighten women's non-market work and allow more opportunities for paid work and leisure, helping to break down rigid gender divisions of labor. Reducing the burden of housework also has potential benefits for women's health, for household income, and for girls' schooling.

Economic Change and Gender

- Higher household incomes relax tight budget constraints to investments in human capital. When household incomes rise, gender disparities in education, health, and nutrition tend to fall. Low income families that have been forced to ration spending on education, health care, and nutrition are likely to increase such spending. With this happens, gender disparities in human capital tend to decrease.
- When economic development increases the availability and quality of public services, such as health clinics, schools, and roads, it lowers the cost of investments in human capital for the household. If costs decline more for females than males - or if, as evidence from a range of countries suggests, investments in female are more sensitive to price changes than investments in males - females benefit more.

Gender Divisions of Labor Breakdown

- Economic development introduces incentives and opportunities that can break down entrenched gender roles in the economy
 - Lighter household work: as household income or wealth rises, women's work hours decline more than men's work hours
 - More labor market opportunities: development brings shifts in the structure of employment in and worker productivity - these labor shifts can impact men and women differently (as possess unequal skills, experience, assets, information, and social connections)
 - Men move to higher wage sectors
 - Men migrate to cities leaving women on the farms
 - Men take over small-scale crop production, traditionally the domain of women, after the crop becomes a major cash crop

Potential Gains for Women

- Rise of export-oriented industries (textile, footwear) resulting in increased wage opportunities for young women. Evidence has shown that these formal sector job opportunities has changed the view of women's economic sphere resulting in increased social prestige, control over their income and their decision-making power in the family.
- Women are moving into some areas traditionally male dominated (like gem-cutting in South India), as more opportunities open in other sectors for the men

Two important trends

- A subset of the informal sector - industry home-based work - is transforming the structure of employment, even in more industrial countries, with significant implications for women's participation.
 - Not beneficial if firms operate outside labor laws
- Increase in skill-intensive industries, particularly the more intensive use of computers by workers, raising productivity and wages
 - Leave behind those without appropriate skills, so could be notable gender disparities as gaps are compounded by differences between the poor and the non-poor and between urban and rural residents.

Incentives for Investments in Human Capital

- Lower costs of investments
 - Households make decisions toward investments based on price
 - Economic growth can lower the cost of investments (for example through higher taxes and also private sector alternatives)
- Higher perceived returns to investments
 - Factors that increase returns to these investments and improve the perceptions of those returns are important incentives for more equal investments across gender
 - Better markets improve information gaps and improve incentives

Incentives for Investments in Human Capital

- Higher household incomes: economic development can improve gender equality in investments through both supply and demand by
 - increasing service provision
 - raising the expected rates of return to human capital
 - expanding household resources
- Gender disparities are more pronounced in poorer households:
 - Underdeveloped capital markets prevent borrowing
 - Increases in household income can increase investments in human capital - especially among the poor. Poorer households invest more in sons, but as incomes rise daughters increase their share of investment

Reducing Discrimination through Competitive Markets

- Forces that widen access to basic knowledge in science, medicine, and engineering and engender freer cultural exchanges also tend to expand and open markets. This brings with it potential for economic gains as well as risks
- Potential gains:
 - Trade openness and gender differences in wages
 - Evidence shows reduction in gender differences in wages during times of trade liberalization (not a lot of data or studies)

Growth and Gender: Macro Studies

- Micro evidence on the households investments in human capital with rising household income, might suggest a link between economic growth and gender equality at the national level.
- What is the link between economic growth and gender equality?
 - Countries with higher per capital income have higher school enrollment rates for both girls and boys - greater life expectancy for males and females, and political participation
 - This does not mean one “causes” the other...there is a correlation
 - Today’s higher income countries might have had a more equalitarian tradition when development started
 - Things may not progress in a linear fashion

Development Paths: Europe/North America

- Industrial revolutions of Europe and North America demonstrated how new modes of production transform gender relations and outcomes.
- New jobs in factories as people moved out of agriculture.
- Although working conditions were oppressive, the expansion of factory jobs eventually led to urbanization, new goods and services, and later to higher schooling levels.
- The subsequent expansion of the service sector, where education could substitute for work experience, further increased women’s economic options.
- More schooling also had the effect of keeping children in school during the day, allowing more mothers to work
- Nordic countries have successfully combined private ownership and market competition with deliberate policies for achieving an egalitarian income distribution and consensus in political and economic life. This strategy, however, gives generous family support reducing the costs of non-market and care activities for women.

LDCs: Growth of Manufacturing and Service Sectors

- Growth of these sectors today has increased the demand for female labor - and slowly changes gender roles and relations in the process
 - Sub-Saharan African countries: adjustment too harsh, too fast?
 - Eastern Europe: too quick?
 - Others?
- New concerns for women: More families, now with two working parents, must balance work and home activities; working women face greater risk of violence, sexual harassment in the workplace and occupation-related health risks and stress

Growth and Crisis in East Asia

- From 1965 - 1990 the 23 economies of East Asia grew faster than did all others
- How did they do this?
 - Opening of markets with some government intervention
 - Export orientation (share of world exports grew from 8% in 1965 to 18% in 1990), with manufacturing goods the lead
 - Region's rapid economic growth was accompanied by declining income disparities and lower poverty rates than in other developing countries

Did Gender Inequality Fall in East Asia?

- Did gender inequality fall while growth accelerated?
- Did sound macroeconomic policy and getting prices “right” help achieve gender equality?
- Results:
 - Region eliminated gender gaps in schooling - through universal education, not targeting women
 - Sustained increase in demand for labor during the period of rapid growth drew large numbers of women into the labor force. (Key export industries as textiles and electronics relied heavily on the relatively unskilled, but generally literate, women.)
 - Faster growing demand for women’s labor supply increased women’s earnings relative to men’s, but at a slower rate than would have been expected given the relative gains in women’s education and experience levels (thus giving support for labor market discrimination).
 - Gender gaps not only found in wages, but also in working conditions. (Women fired because of marriage, pregnancy, or birth - with little rights to claim paid leave, vacation, etc.)

East Asia: Shifts in other measures of well-being

- Increases in life expectancy
- Because of more schooling and higher labor force participation, the transition period between schooling and marriage and parenthood lengthened, enabling more young women to earn income and enjoy some autonomy in many countries (evidence from Hong Kong and Indonesia)
 - Mixed evidence from China showing less autonomy as parents tightened their control of daughters and expected remittances as repayment for their investments in them.
 - Traditional division of labor in the home very strong creating a burden on women. A 1990 survey in Korea showed women working 5 hours per day on household chores and child care while men worked 37 minutes (on average).

East Asia: Effects of the Economic Crisis of the 1990s

- The crisis reversed some of the gains from the period of sustained growth. Some of the impacts on gender (although too soon to tell):
 - Thailand male employment was reduced more than female employment because the construction sector, dominated by men, lost the most workers. (Although note that the same gender division of labor that limited women's employment in the boom of the construction protected them in the downturn.)
 - In Indonesia the fall in real wages induced women who were in the informal sector to enter the formal sector
 - In Korea the crisis decreased the employment of men and women in formal sector jobs but increased women's employment as daily workers by 16 percent
 - In Indonesia enrollment in schools fell more for girls than boys
 - In Indonesia nutritional decline greater for girls than for boys

Structural Adjustments

- Structural adjustment typically refers to a set of economic policy reforms undertaken by countries beginning in the late 1970s and early 1980s to reverse economic decline or respond to external economic shocks. Such programs aim to stabilize the economy in the short run and put it on a steady growth path for the long run.
- Stabilization measures focus on bringing aggregate national demand in line with national product plus external financing. In most cases this means:
 - reducing the fiscal deficit by removing subsidies
 - introducing user fees for public services
 - downsizing the public sector.
 - Sometimes devaluating the currency
- Structural reforms have tended to focus on creating more appropriate incentives for sustained economic growth - deregulating trade and domestic good markets, privatizing government enterprises, and removing regulatory constraints to saving and investment.

Impact of Adjustments on Gender

- One of the most vigorous debates in the gender and development literature has focused on whether structural adjustment programs have harmed or benefited women and girls, especially in Latin America and Sub-Saharan Africa.
- A large literature argues that women bear the brunt of the costs of structural adjustment programs and are unable to reap many of the benefits from improved economic performance in the long run.
- Another set of evidence, however, indicates that these broad reforms have improved living conditions for both women and men.

How adjustment harms gender equality

- Cut-backs in public spending has reduced the availability of public services or raised the prices of those services through user fees has had the greatest impact on females' access to services and on their care activities
- Household investments in women's and girls' education, health, and nutrition appear to be more sensitive to policy-induced income shocks and prices changes than similar investments in men and boys.
- Macro-economic policies have also had an impact: In Sub-Saharan Africa, where women's activities are concentrated in non-tradable sectors (like food crop production) and men's work in tradable sectors (such as cash crops) - reforms that raise the price of tradables relative to nontradables would increase men's income relative to women's. Evidence from Chile suggests that following trade liberalization women were laid off first when business declined (although hired again as businesses expanded.)

How adjustment benefits gender inequality

- Adjustment can promote new patterns of growth that create new opportunities that break down established economic interests that traditionally discriminate on the basis of gender.
- Where adjustment has resulted in growth in export manufacturing, this has often led to substantial job growth for literate, often single women, frequently at wages above previously prevailing market levels.
- In Africa some evidence that movement into nonfarm employment helped reduce the incidence of poverty among female-headed households faster than among male-headed households.

Transition to a Market Economy

- The collapse of communist rule in Europe led to the emergence of 27 countries from the original 8 - how did this transformation impact gender?
- The first 5 years saw a severe drop in BDG, with sharp drops in the demand for labor and wages - for both men and women. But the economies are beginning to grow again.
- Evidence is mixed on the impact on gender. Short-run impacts have been different from longer-run impacts.
- Before the transition the central mandate of redirecting the family's energies and loyalties from the private to the public domain helped women achieve a level of parity with men. Women's rights were high on the social agenda and created the basis for women's empowerment. Education levels were high and equal for women and men. Women were expected to work full-time, and the state supported them with lengthy paid maternity leave and child care services.

Transition to a Market Economy

- Whether women or men have lost more in employment depends on the gender composition of the industrial sectors hit hardest by restructuring.
- Early studies of Eastern Europe show that administrative jobs, dominated by women, suffered more than production line jobs, usually held by men.
- Later studies showed that heavy industry lost the most jobs (held by men) so that men were laid off in larger numbers - although women's wages have declined relative to men's.
- Impacts also felt in the home with the reduction of child care services.
- Share of women in parliament has also fallen, but showing signs of increasing

Transition to a Market Economy: China

- Chinese economy has grown an impressive 8-9 percent a year for over a decade
- Evidence is mixed if women or men have equally gained.
- Some women seem to have lost ground: urban women appear to have been disproportionately laid off from jobs in the state-owned sector and average gender wage gaps have increased as employment has shifted away from the state to the collective and private sectors. At least in the early years of reform, women were left to work on farms while men gained access to newly created off-farm jobs.
- Gender gaps in education have narrowed
- Men and women talk explicitly about changing gender roles with men agreeing with women that relations within household have become more equal.