Gender Equality Is Smart Economics, Expert Says

October 1, 2015

Economic growth and gender equality frequently go hand in hand, but this positive relationship isn't guaranteed. In fact, macroeconomic policies that are widely considered sound and sensible "are often less so when viewed through a gendered lens," said Yana Rodgers, professor in the Women's and Gender Studies department at Rutgers University, during a talk at the Atlanta Fed.

Rodgers, whose work largely focuses on the experiences of women in developing economies, explored some of the channels through which the macroeconomy and gender inequality affect each other. These pathways include trade liberalization, fiscal and monetary policies, and privatization.

Equal opportunity isn't enough

Mainstream economic thought tends to focus on equality of opportunity, relying on efficient markets to level the playing field. Yet from a "gender-aware" perspective, equality of *outcomes* is just as important, Rodgers noted.

Although policies related to trade and financial liberalization, government spending, and privatization can boost economic growth, these same policies may also affect men and women differently. "What we need to look at is the extent to which these policies integrate social objectives into their goals," she said.

For example, in recent decades, many developing countries have downsized their public sectors, forcing workers to seek new jobs in the private sector. An increase in the gender wage gap is often the result, Rodgers noted. That's mostly because public-sector jobs tend to be higher paying and more secure, yet women face more challenges finding comparable employment in the private sector, she explained.

Women also bear the brunt of fiscal austerity measures, research has found. That's partly because women often fill the gaps left by cuts to social services and subsidies—for instance, by caring for elderly family members or young children. What's more, higher fees for education and health programs may adversely affect women's well-being because their demand for such services are more sensitive to price and income changes, Rodgers said.

Gender equality is good for growth

The relationship between growth and gender equality cuts both ways. Economic growth can help advance women's standing by improving their health, education, and access to jobs, among other benefits. At the same time, a number of constraints —including unpaid work burdens at home, biased policies, and lingering social norms—can prevent women from fully benefiting from economic growth, Rodgers noted.

Greater gender equality contributes to growth through many channels, including investments in human capital, more efficient resource allocation, higher productivity, and improved governance in business and politics.

Rodgers gave several examples of gender-aware policies, which she said help promote equity and long-run growth. They include prioritizing investment that creates jobs for women and other vulnerable groups, using positive trade incentives to improve working conditions in developing countries, and spending on physical and social infrastructures such as roads, transportation, and education. "These investments will pay for themselves because they tend to raise productivity, income, and tax revenues," she noted.

Lela Somoza
Staff writer for *Economy Matters*