

Macroeconomic Policy, Employment, Unemployment, and Gender Equality

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It is good to see the new emphasis on employment issues in international development analysis and strategies. An example is the recommendation in the 2006 report of the UN Secretary-General that a new employment target be used to track progress towards Millennium Development Goal 1 (Eradicate Extreme Poverty and Hunger). The target is “full and productive employment and decent work for all, including for women and young people” (UN 2006: 6).

It is important to consider the gender dimensions of employment and decent work because men and women experience both employment and unemployment differently; and macroeconomic policies have different impacts on men’s and women’s employment. Much of the research and policy development on gender equality in employment has been focused on measures to enable women to compete with men on an equal basis. These measures include both measures to improve women’s access to education and training, credit, land and other assets; and measures to reform the governance of markets to create a “level playing field” (see, for example, World Bank 2001; 2006). These measures are important, but they are not sufficient. To the extent that they are successful, they will simply redistribute some jobs from men to women. This will reduce gender gaps, but not in a way that provides “full and productive employment and decent work for all”. Most organizations campaigning for the goal of gender equality and women’s empowerment want to see this realized in ways that “equalize up”, rather than “equalize down”, in ways that improve the well-being of all. This requires an expansion of the number of decent jobs, as well as an improvement of women’s access to them.

However, employment has ceased to be a goal of macroeconomic policy. Instead, the focus is on financial variables, such as inflation, the fiscal deficit, and debt to GDP ratios. As is well known, rates of inflation have been brought down to much lower levels than in the 1980s, but in many regions, this has been at a huge sacrifice in public investment, economic growth and decent jobs (for evidence, see, for example, UNRISD

2005: 30). Macroeconomic policy has been increasingly characterized by “deflationary bias”, with governments cutting expenditure and raising interest rates, reducing aggregate demand and stifling the growth of decent employment in both public and private sectors. “Deflationary bias” is no more a sound policy than “inflationary bias”, as other chapters of this volume explain in more detail. Here we note that an environment with a deficiency of aggregate demand is not supportive of reductions in gender inequality combined with improvements in well-being (UN 1999: 46-54).

Feminist economics suggests that women are particularly likely to be disadvantaged by “deflationary bias” because it interacts with other biases, such as “male breadwinner bias”, the assumption that men are more deserving of decent jobs because they are the principal economic support of families, while women’s incomes are supplementary, and not essential to family well-being (Elson and Cagatay 2000: 1354-1356). In fact, many women provide the principal economic support for families, and in many other families, women’s earnings are critical for lifting families above the poverty line (see, for example, Moser 1997; Sethuraman 1998). Moreover, the right to work is equally a right of women and men, and non-discrimination in employment is one of the core labour standards set out in the ILO Declaration on Fundamental Principles and Rights at Work (June 1998). To ensure gender equality in productive employment and decent work, both deflationary bias and male breadwinner bias need to be addressed.

The issues noted above are explored in more detail in the rest of this chapter. The first section presents evidence on some key gender differences in work and unemployment, including unpaid work as well as paid work. The second section reviews some research findings on the neglected topic of gender differences in unemployment, paying particular attention to demand factors. The third section discusses a unique study that links gender differences in employment outcomes to macroeconomic policy instruments. The final section draws some conclusions for policy.

Gender Differences in Labour Force Participation, Employment, Unemployment and Unpaid Domestic Work

The ILO regularly publishes employment data that reveal the gender differences in labour force participation rates, employment to population ratios, and unemployment rates (see,

for instance, ILO 2004). Table 1 shows these differences for the global labour market. The labour force participation rate and employment to population ratio are higher for males than for females, but the unemployment rate is higher for females than males in both 1993 and 2003. In this decade, the gap in labour force participation rates narrowed slightly, as the rate rose for women and declined for men. Similarly, the gap in the employment to population ratio narrowed slightly, as the ratio rose slightly for women and declined slightly for men. The unemployment rate rose for both women and men, with the female rate remaining 0.3 percentage points higher than the male rate.

Table 1: Gender Differences in Employment and Unemployment

Global labour market indicators, 1993 and 2003

	Female		Male		Total	
	1993	2003	1993	2003	1993	2003
Labor Force (millions)	1.006	1.208	1.507	1.769	2.513	2.978
Employment (millions)	948	1.130	1.425	1.661	2.373	2.792
Unemployment (millions)	58,2	77,8	82,3	108,1	140,5	185,9
Labor Force Participation Rate (%)	53,5	53,9	80,5	79,4	67,0	66,6
Employment -to-Population Ratio (%)	50,4	50,5	76,1	74,5	63,3	62,5
Unemployment Rate (%)	5,8	6,4	5,5	6,1	5,6	6,2

Source: ILO 2004: Table 1.1

The global figures mask big regional differences. Table 2 shows male and female participation rates by region in 2003. While the gap between the male and female rates has decreased, it has not been eliminated in any region. The number of economically active females per 100 economically active males ranges from a high of 91 to a low of 36. The gap in participation rates is smallest in the formerly centrally planned Transition Economies; next comes East Asia; the Industrialized Economies are in third place. This reflects the fact that in the highest income countries, women spend more time in post-school education than they do in the rapidly growing economies of East Asia. The gap is widest in South Asia and the Middle East and North Africa, due to a combination of economic and cultural factors.

Table 2: Male and Female Labour Force Participation Rates (%) and the Gender Gap in Economically Active Females per 100 Males, 2003

	Male LFPR (%)	Female LFPR (%)	Gender Gap in Economically Active Females per 100 Males
World	79,4	53,9	68
Middle East and North Africa	76,8	28,2	36
South Asia	81,1	37,4	44
Latin America and the Caribbean	80,5	49,2	64
Industrialized Economies	70,3	50,5	76
Transition Economies	65,7	53,1	91
South-East Asia	82,9	60,5	75
Sub-Saharan Africa	85,3	63,2	77
East Asia	85,1	73,1	83

Source: ILO 2004: Table 2.1

There was an upward trend in female labour force participation in the last 40 years of the 20th century, especially pronounced in the 1980s. The upward trend in the global female labour force participation rate had come to an end by 2005, while the global male participation rate continued to decline (ILO 2006: 3). The trend in female labour force participation is the result of structural changes, including commercialization of agriculture, industrialization, and the replacement of unpaid provision of services by women in families and communities, with the paid provision of services by women employed in both the public sector and private firms. We should note that available statistics tend to exaggerate the extent of the changes in female labour force participation, because it is easier to measure the labour force in market-based production than in subsistence production. In addition, efforts have been made over the last twenty years to improve the extent to which censuses and surveys capture the real extent of women's labour force participation.

An exception to the general rising trend has been the fall in female participation rates in most formerly centrally planned economies over the 1990s. For instance, in

Eastern Europe, female labour force participation fell from an average of 60.9 per cent in 1980 to 51.8 per cent in 2000 (Heintz 2006: 16). This is related to the large-scale job loss that followed transition to the market (around one-third of jobs were lost) and the loss of services that facilitated combining paid employment with women's domestic responsibilities.

A reduction in the gap between male and female labour force participation is not the same as an increase in gender equality in the labour market. As the ILO points out, the labour force participation rate does not indicate anything about the likelihood of being employed, or of having decent work. In almost all regions, the female unemployment rate is higher than the male rates, occupations are sex-segregated and gender gaps persist in earnings (ILO 2004).

For many women, engagement in paid employment does not take them out of the home. Women seem to be much more likely than men to undertake paid work within homes (UN 2000: 123-124). Two types of paid employment of women take place within homes. Women may work in their own homes, as home-based workers (either in self-employment or as an employee under subcontract to a market-based enterprise). Women are often constrained to undertake this kind of employment because it is easier to combine with unpaid domestic work, especially in the absence of public sector provision of water, sanitation, electricity, child-care and care for frail elderly people. Women also work in other people's homes, as paid domestic workers (i.e., as maids, cleaners, cooks, housekeepers, and carers for children and elderly people, etc). It is not easy to get comprehensive statistics on such employment. Available evidence suggests that home-based work is on the increase around the world, in both high income and low income countries, and that home-based workers are much more likely to be women than men (UN 2000: 123-124; ILO 2002: 43-49). The employment of paid domestic workers, most of whom are women, also appears to be on the increase, especially in parts of the world, such as North America and Western Europe, where it had decreased in the middle decades of the 20th century (Young 2001).

Even if they engage in work outside the home, women tend to remain segregated in occupations that are extensions of women's unpaid domestic work in their own homes.

Women work primarily in the service sector, except in economies with large agricultural sectors such as sub-Saharan Africa and Southern Asia (UN 2000: 114). Women's work in agriculture is frequently bound up with their responsibilities for feeding their families; and a large proportion of their work is undertaken as 'unpaid family workers', without direct monetary remuneration, either because they produce for family consumption or because the monetary proceeds of selling the output go to the male members of the family (UNIFEM 2000: 87). In paid employment in the service sector, women are concentrated in community, social and personal services, whereas men are concentrated in financial and business services (ILO 2004: 12). In paid employment in industry, women are concentrated in food processing, and in textile and garment production.

Women's paid work outside the home is also more likely to be informal than that of men (ILO 2002: 8). Informal employment is work that is relatively unregulated and unprotected, typically lacking job security, fringe benefits, social insurance, and representation or voice. It is best thought of not as a separate sector of small enterprises, distinct from a formal sector of large enterprises, but as a type of employment status that can be found throughout the economy (ILO 2002: 8). It is difficult to capture fully the extent of this type of work, but available evidence suggests that it is significant and on the increase in both rich and poor countries (ILO 2002; Chen and others 2005; Heintz 2006). The conditions of informal employment perpetuate the financial dependency of women wage earners on male relatives and partners. Even though women are not completely dependent on men, they do not earn enough in informal employment to support themselves and any children they may have.

Women have made some gains in formal sector employment. For instance women's share of administrative and managerial positions increased in the 1980s and 1990s in every region of the world except South Asia, but everywhere this share is considerably lower than women's share of the total labour force (UN 2000: 130). Moreover, only a small percentage of women are in this category, even in the developed countries (UN 2000: 129). A somewhat larger proportion of women are professional and technical workers, but women's share of such jobs has increased only very slowly (UN 2000: 1129-1130). An ILO report calls progress "slow, uneven, and sometimes discouraging" (ILO 2005: 17). It points out that "in female-dominated sectors where there

are more women managers, a disproportionate number of men rise to the more senior positions, and in those professions normally reserved for men, women managers are few and far between” (ILO 2005: 18). The women manager has become very visible in the USA, where women hold about 44 per cent of administrative and managerial positions, but women’s share is considerably lower in most other developed countries, and lower still in developing countries (UNDP 2000: 165-166).

To summarize the global picture, women are relatively more concentrated than men in informal employment that lacks the characteristics of “decent work”. “Women are not only in different and more precarious types of employment than men, but within a given category women’s earnings are generally lower than men’s.” (Chen and others 2005: 46). Informal employment is much more likely to yield poverty wages than formal employment, and a high proportion of informally employed people are part of the working poor, employed, but living in households whose income is below the poverty line. It is estimated that of the approximately 2.8 billion employed people in the world in 2005, nearly half did not earn enough to lift their families above US\$2 a day, and almost a fifth did not earn enough to lift themselves and their families above US\$1 a day (ILO 2006: 11). It is important to recognize that the prevalence of low-paying informal employment is not only related to the supply side of the labour market, but also the demand side of the labour market. People are crowded into low-paying informal employment, not only because they lack much in the way of education and capital assets, but also because there is insufficient aggregate demand in the economies in which they work to support enough “decent jobs”.

Insufficient aggregate demand is also a key factor in explaining the prevalence of unemployment. It is true that in countries that lack unemployment insurance, unemployed people are frequently not among the poorest people, but are among the better educated, who can afford to be openly unemployed for a time, while poor people are forced to undertake low-paying informal jobs. Nevertheless, unemployment of those who wish to be employed signals a waste of human resources, with adverse consequences, both for the individuals who are unemployed and for the societies in which they live. The global unemployment rate has fluctuated in the period 1995-2005, but the trend has definitely been upward (ILO 2006: 1). The major increases in unemployment rates were in Latin

America and the Caribbean, and the Central and Eastern Europe and Commonwealth of Independent States (CIS) region. The only regions with significant decreases were the Developed Economies and the EU.

As noted in Table 1, at the global level, in 2003, the female unemployment rate was slightly higher than the male rate; however, this is not true in every region. For instance, in the Middle East and North Africa, and Latin America and the Caribbean, the female unemployment rate was higher than the male. However, in sub-Saharan Africa and East Asia the reverse was true (ILO 2004: 2). Within the OECD countries (in 1999), there is variation, with female rates much higher than male rates in some countries such as those around the Mediterranean, while in others, such as the English-speaking countries (except the USA), the male rate is higher than the female rate (Azmat, Guell and Manning 2006: 2).

In many countries, female unemployment rates are likely to underestimate the true extent of women's unemployment because of the "discouraged worker" effect. Discouraged workers are people who have sought employment in previous periods, but due to their failure to find jobs, cease to actively search for one, although they would like to have a job if one were available. Women are more likely than men to be discouraged workers because their responsibilities for unpaid domestic work constrain the time they have available to search for work, and also provide a sense of identity that men may lack, if they are without a job. A further factor, in countries that have social insurance for unemployed people, is that women are less likely to be eligible, and therefore have less incentive to demonstrate that they are actively looking for work (which is usually a condition for claiming unemployment benefits). A further complication is that women are more likely than men to respond to loss of formal employment, both their own and that of their spouses, by moving into informal employment, with lower productivity, lower pay, and shorter hours, than their formal employment. This is best characterized as "underemployment", but data is not collected on a regular basis on underemployment. The discouragement and underemployment of women appear to have been significant in the aftermath of the Asian financial crisis in 1997-1998. For instance, in South Korea, the rate of job loss for women was higher than for men, but subsequently, male unemployment rates appeared to be higher than female rates, while a higher proportion of

women than before were employed in various types of informal employment (UNRISD 2005: 42).

As well as paid work, both men and women undertake unpaid domestic work. This unpaid work includes the inter-personal work of caring for other household members; and in countries that lack sufficient infrastructure, the work of collecting water and fuel for household needs. Though men and boys do contribute to this work, a socially constructed division of labour assigns the major responsibility for this work to women and girls. Care work, in particular, is widely regarded as especially “feminine”, even though men do undertake some of this work, so that one may speak of “female carer bias”, as a parallel to “male breadwinner bias”. Just as male breadwinner bias assumes that men are bound to be the principal earners, with women’s earnings just “helping out a bit”, female carer bias assumes that women are bound to be the principal carers, with men’s participation in care merely “helping out a bit”.

It is not possible to refer to global or regional statistics on gender differences in unpaid domestic work since no UN agency is charged with collecting and publishing this data, and it is not a core activity in data collection by national statistical offices. An increasing number of countries, developing as well as developed, have carried out time use studies, which show how much time males and females spend in different kinds of unpaid domestic work, but there is no up-to-date international compilation of this data. Table 3 shows sex-disaggregated data for a selection of developing countries for various years in the early 21st century. While males do spend sometime carrying out unpaid domestic work, it is clear that females spend much more time doing this. The same is true in developed countries, as shown in table 4.

Table 3: Gender Division of Unpaid Domestic Work in Selected Developing Countries

Average Minutes per Day by Sex

Country	Male	Female	F-M	F+M
Mexico	228	330	102	558
South Africa	80	220	140	300
India	31	297	266	328
Benin	65	215	150	280

Madagascar	70	245	175	315
Mauritius	73	277	204	350

Sources: Mexico: Calculated from INEGI National Time Use Survey, 2002; South Africa: Budlender and Brathaug 2005: Table 2; India: Calculated from Chakraborty, 2005: Table 3.

Benin, Madagascar, Mauritius: Calculated from Charmes 2005: Table 13

Table 4: Gender Division and Unpaid Domestic Work in Selected Developed Countries

Country	Average Minutes per Day by Sex			
	Male	Female	F-M	F+M
Belgium	158	272	114	430
Germany	141	251	110	392
Estonia	168	302	134	470
France	142	270	128	412
Hungary	159	297	138	456
Slovenia	159	297	138	456
Finland	136	236	100	372
Sweden	149	222	73	371
UK	138	255	117	393
Norway	142	227	85	369

Source: EUROSTAT 2005: 5

The female–male gap seems to be smaller for the developed countries than for the developing, and men in developing countries seem to spend a lot less time on unpaid domestic work than men in developed countries (with the exception of Mexico, which is a middle income country). However, the total time spent does not seem to be lower in developed than in developing countries. Caution must be used in drawing firm conclusions since the data between the two tables is not strictly comparable, as the same definitions and methods were not used. But it seems likely that the total time spent on unpaid domestic work does not dramatically fall as per capita gross national product increases. Rather, the composition of the work changes, with the elimination of time spent collecting water and fuel (significant for poor females in poor countries) and an increase in time spent in child-care. Comparative conclusions can be drawn about the

European countries in table 4, as the data was produced using the Harmonized European Time Surveys.

The picture that emerges from both tables is that, on average, women are spending 3 to 4 hours a day on unpaid domestic work, as compared to 1 to 2 hours by men. This difference puts extra constraints on women's labour force participation and employment. It tends to reduce the demand for female labour, all other things being equal, as employers regard domestic responsibilities of employees as additions to their costs, and disregard the long run benefits produced by this work for the economy as a whole (Folbre 2001: 185). The difference between the domestic responsibilities of male and female workers is often invoked to justify a preference for male workers, so it is important to recognize that it can be reduced by appropriate public policies. It is noteworthy that the female-male gap is smallest in Sweden and Norway, which have extensive public provision of care services. The total time spent on unpaid domestic work is also lowest in these two countries.

In this section, we have discussed patterns of gender difference in different aspects of work. In the next section, we explore, in more detail, gender differences in unemployment, a topic that has been relatively neglected in comparison with gender differences in labour force participation and in earnings.

Explaining Gender Differences in Unemployment

Gender differences in unemployment cannot be attributed only to supply side factors, such as differences in education, skills, and reservation wages. Demand side factors also play a role. When there is a shortage of jobs in the economy, groups lower down the social hierarchy, or considered less deserving of employment, may be placed at the back of the job queue by employers. There is evidence that this is at the root of higher unemployment rates of African-Americans than White Americans (Shulman 1991). Seguino (2003) argues that, similarly, women may be placed at the back of the job queue in a society in which men are perceived to be the rightful breadwinners, with a stronger claim on jobs. She explores the role of this and other factors in determining why women are much more likely to be unemployed than men in Barbados, Jamaica and Trinidad and Tobago, using data for the period 1980-1999. In these three countries, as in much of the

Caribbean, the female unemployment rate is high and considerably higher than that of men, as shown in Table 5.

**Table 5: Selected Caribbean Countries,
Female and Male Unemployment Rates (%)**

	1980-99	2001 ^a
Barbados	Mean	
Females	20,6	11,7
Males	12,6	8,3
Ratio F/M	1,6	1,4
Jamaica		
Females	28,6	22,3
Males	12,2	10,2
Ratio F/M	2,3	2,2
Trinidad/Tobago		
Females	19,8	14,4
Males	14,3	8,6
Ratio F/M	1,4	1,7

Source: Seguinos calculations, Seguino 2003:
Table 1 and 3 Data are from ILO (various years)

Note: ^a Data for Jamaica are for 2000

Seguino finds that women's higher unemployment rate cannot be explained in terms of women being less educated than men, since women have a higher unemployment rate than men with the same education. For instance, in Barbados in 1999, university educated women were more likely than men to be unemployed, with an unemployment rate more than two percentage points higher than men with the same education. In Trinidad and Tobago, women with a secondary education had a higher rate of unemployment than men with any level of education, including those with no education. Nor was it simply a matter of women being concentrated in sectors or occupations experiencing slower rates of growth, since the probability of women being unemployed was higher than that of men being unemployed in every sector and occupational group in all three countries.

Seguino examines the impact of macroeconomic demand side factors through an investigation of how economic upturns and recessions affect gender differences in

unemployment, controlling for other factors' demand and supply side factors. Her independent variables are the female unemployment rate, the male unemployment rate and the ratio of female to male unemployment rates, and her explanatory variables are the deviation of the rate of GDP growth from its trend, a measure of foreign direct investment (since such investment is often argued to have a positive impact on the creation of jobs for women), a time trend (to allow for long run influences on male and female unemployment rates aside from the variable included in the model), and the change in the female share of the labour force (to control for the impact of changes in the relative size of the female labour supply). The analysis uses a pooled cross-sectional time series panel data set for 1980-1999, with a fixed effects model to allow for country-specific effects.

The analysis showed that both male and female unemployment rates fell in economic upturns, but the unemployment rate for women fell less than that for men, so that in the upturn, there was a rise in the ratio of the female to the male unemployment rate. Men benefited more than women from economic upturns, thus widening the gender gap in enjoyment of paid work. Over the period 1980-1999, both male and female unemployment declined at a statistically significant rate, but the ratio of the female to the male unemployment rates did not, indicating the persistence of gender inequality. Foreign direct investment had no significant effect on unemployment rates. A rise in the female share of the labour force was positively associated with a rise in the female to male unemployment ratio, consistent with the hypothesis that women and men are not full substitutes in the labour market, so that a relative increase in the female labour supply leads to crowding of women into a narrow range of job slots.

In an extension of the analysis, Seguino disaggregated the economy into four sectors – manufacturing, agriculture, industry and services. She found that expansion or recession in manufacturing and agriculture did not have any impact on the ratio of female to male unemployment rates. But increases in the output of services and industry were associated with an increase in the ratio of female to male unemployment rate. This was not surprising for industry, in which most employment is in male-dominated occupations, but was surprising for the service sector, in which women are relatively concentrated, and in which they have a high share of jobs.

Seguino's results are consistent with the hypothesis that women's higher unemployment rates may be related to employer preferences for male workers (due to both male breadwinner bias and female carer bias), as the econometric results show that male workers are the first to be hired in upturns, even in the female intensive service sector. Her study did not investigate the reasons for this, though she speculates that women's child care responsibilities lead employers to prefer men; and that women may be disadvantaged by systems of maternity leave in which all costs fall on the employer, rather than being met in whole or part from tax revenues. It is worth noting that there is a high prevalence of female-headed households in the three countries in the study, and many women are the de facto breadwinners for their households. Her conclusion is that policies to create more jobs by stimulating economic growth will not, by themselves, be enough to reduce the gender gap in unemployment. Not only deflationary bias, but also male breadwinner bias has to be addressed. Seguino's study appears to be the only cross-country study available on gender differences in unemployment in developing countries. One hindrance is the lack of sex-disaggregated time-series data on unemployment in developing countries.

Much more sex-disaggregated data on unemployment are available for developed countries. Even so, there has been relatively little research on gender differences in unemployment in developed countries. An exception is a study of the gender gap in employment rates in selected OECD countries (14 EU countries plus USA) by Azmat, Guell and Manning (2006), using micro-data sets from household surveys in the EU and the US Current Population Survey. (The size of the gap by country is shown in Table 6). The study covers the period 1994-1999, and focus on flows from employment to unemployment and from unemployment to employment, estimating the probability that an individual will make these transitions, controlling for characteristics of the individuals and the jobs they do. The study examines both supply side and demand side factors.

Table 6: Gender Gaps in Unemployment Rates Among Selected OECD Countries

Country	All Working Age (15-64)			
	Male	Female	Difference	Ratio
Spain	11	22,91	11,91	2,08
Greece	7,56	17,92	10,36	2,37

Italy	8,67	15,71	7,04	1,81
France	9,66	12,96	3,3	1,34
Netherlands	2,74	4,49	1,75	1,64
Luxembourg	1,77	2,68	0,91	1,51
Germany	8,15	9,22	1,07	1,13
Denmark	4,69	6,54	1,85	1,39
Portugal	3,84	5,05	1,21	1,32
Finland	9,58	10,73	1,15	1,12
Sweden	7,5	6,76	-0,74	.9
United States	4,05	4,33	0,28	1,07
Austria	3,69	3,85	0,16	1,04
Ireland	5,9	5,5	-0,4	0,93
United Kingdom	6,75	5,07	-1,68	0,75

Source: Azmat Guell and Manning (2006: Table 1)

It finds that domestic responsibilities do not play a large direct role in explaining why employed women become unemployed, and are no more significant in countries with a high gender gap than in those with a low (or negative) gender gap. What is significant are the characteristics of the jobs that men and women occupy. The key factor that differentiates the high and low gap countries is the degree to which employers make use of temporary contracts, in which women workers are over-represented. It is easier to fire women workers than men workers, if the former are more concentrated in jobs with temporary contracts and the latter in jobs with permanent contracts. Some of the high gap countries, such as France and Spain, do have two-tier labour markets of this kind. The study finds no support for the hypothesis that women in high gap countries who are unemployed are not as serious in their job search as men who are unemployed, or are more selective about the jobs they will take. Again, the key factors lie on the demand side.

Differences in the costs employers face in employing women in different countries as a result of differences in maternity leave costs were not found to be important. The Nordic countries, which have generous maternity leave provisions, have smaller gender gaps in unemployment than other countries in the sample. Using data from the 1996 Eurobarometer Attitude Survey, support was found for the hypothesis that gender gaps are highest in countries in which more people believe that “When jobs are

scarce, men should have more right to a job than women”. Azmat, Guell and Manning (2006: 31) suggest that employers are influenced by such social norms when labour markets are slack: “putting prejudices into practice is easier when unemployment is high and there are long queues for jobs, as has been the situation in most of the high gap countries in the 1980s and 1990s”. They test this by examining the impact on the gender gap in unemployment of the interaction of the male unemployment rate with the attitudinal variable, and find it positive and significantly different from zero.

The study reviewed here of gender differences in unemployment rates in selected OECD countries provides indirect support for the hypothesis that deflationary bias in macroeconomic policies interacts with existing forms of gender bias to intensify gender gaps in unemployment, though it does not directly investigate a link with specific macroeconomic policies. The study of gender differences in unemployment rates in selected Caribbean countries provides indirect support for the hypothesis that policies to promote growth of GDP will not necessarily be sufficient to overcome gaps in unemployment, though it does not directly investigate a link with specific macroeconomic policies. In the next section, we discuss the only available study that does directly link gender inequality in the labour market with macroeconomic policies.

Gender Inequality in Employment and Macroeconomic Policies

As noted in the introduction, achievement of full employment has ceased to be an objective of macroeconomic policies. Instead, the objectives have been financial. For instance, reducing the rate of inflation and keeping it very low has become the most important objective of monetary policy (as noted by Epstein in this volume). Policies of raising interest rates and reducing the money supply have been used in many countries to achieve this. In a pioneering and unique study, Braunstein and Heintz (2006) have investigated the link between these policies and gender equality in employment in 17 low and middle income countries in the period 1970-2003. The countries are Barbados, Brazil, Chile, Colombia, Costa Rica, India, Jamaica, Kenya, Malaysia, Mauritius, the Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and Trinidad & Tobago. The choice of countries was restricted by the availability of time-series sex-disaggregated data on employment. The employment data used (from the ILO

LABOURSTA on-line data base) are likely to cover formal employment much better than informal employment, but because of this, are better indicators of decent and productive work than more comprehensive data would be.

The first step in the analysis was to identify inflation reduction episodes in these countries in the time period selected, and to examine employment trends in these periods. Fifty-one such periods were identified, and it was found that in thirty-six of them, the growth of employment fell below its long run trend; these are therefore labelled “contractionary inflation reduction episodes”. In the remaining fifteen episodes, employment expanded faster than the long run trend in employment growth; these episodes are therefore labelled “expansionary inflation reduction episodes”. Since governments often use increases in positive real interest rates as an inflation reduction tool, Braunstein and Heintz examined the trends in long run positive real interest rates in relation to inflation reduction episodes in which real interest rates were positive. They found that in almost all the expansionary inflation reduction episodes, real interest rates were, on average, kept below their long-run trend. However, in most contractionary inflation reduction episodes, real interest rates were, on average, kept above their long run trend. (The presence of real interest rates above the long-run trend is often used an indicator of deflationary bias). Their results are consistent with the hypothesis that reducing inflation by increasing positive real interest rates above their long-run trend tends to sacrifice employment for inflation reduction. They also investigated inflation reduction episodes in which real interest rates were negative. In the majority of these cases, they found that negative interest rates were kept below the long run average, but nevertheless, employment grew more slowly than its long run trend. They conclude that this suggests that keeping interest rates negative and below the long run trend cannot be relied upon to increase employment. Braunstein and Heintz also investigated the relation between the real money supply and inflation reduction episodes. They found that in 67 per cent of the contractionary episodes for which data were available, the average annual growth rate of real money supply fell below its long-run trend; while in 60 per cent of the expansionary episodes, real money supply grew faster than its long-run trend. Thus, policies of raising positive real interest rates (relative to long run trend) and tightening real money supply (relative to long run trend) were more likely to be associated with

contractionary inflation reduction episodes, in which inflation reduction was achieved at the expense of employment growth.

Braunstein and Heintz investigated whether these policies have gender-differentiated effects by disaggregating employment by sex and examining the behaviour of the female to male employment ratio in relation to its long run trend. They found that in 67 per cent of the contractionary inflation reduction episodes, the female to male employment ratio fell below its long run trend, indicating that women were disproportionately affected by the slowdown in employment. However, in expansionary inflation reduction episodes, there was no clear disproportionate affect on either women or men. The female to male employment ratio increased faster than trend in 53 per cent of cases, and at or below trend in 47 per cent of cases. Braunstein and Heintz conclude that a policy of responding to inflationary pressures by raising positive real interest rates above their long run trend, and reducing real money supply below its long run trend tended to be associated with a greater loss in female than in male employment (relative to long run trends in both).

They noted that in 33 per cent of cases, women's employment was not disproportionately affected by deflationary policies, and investigated whether there is a link between this and the behaviour of the real exchange rate. If women's employment is growing fastest in export sectors (as has been the case in many industrializing developing countries), then avoiding an appreciation of the real exchange rate may offer some protection to the growth of women's employment. They found that in the 33 per cent of contractionary inflation reduction episodes in which women's employment improved relative to its long run trend, the real exchange rate either depreciated or remained at its long run trend. They conclude that "maintaining a competitive exchange rate may offset some of the gender bias observed during contractionary inflation-reduction" (Braunstein and Heintz 2006: 12).

This a pioneering study because of the way that it makes a direct link between gender differences in employment outcomes and macroeconomic policies. It would be interesting to know what happened to unpaid work during the episodes of inflation reduction. Were these episodes accompanied by cuts in public expenditure that added to women's unpaid work more than to men's? If this happened, then even if women did not

suffer a disproportionate loss of employment, they would have suffered a disproportionate increase in unpaid work, and their overall well-being may have declined, as their total hours of work increased. Unfortunately, the lack of time-series sex disaggregated data on time spent in unpaid domestic work means that it is not possible to provide a definitive answer.

Conclusions

The evidence reviewed in this chapter supports the view that women are particularly disadvantaged by deflationary bias in macroeconomic policy if this intersects with gender biases, such as male breadwinner bias and female carer bias. To realize “full and productive employment and decent work for all, including for women and young people” requires a combination of employment-focused macroeconomic policies that avoid deflationary bias; public investment in infrastructure and care services that reduce women’s unpaid domestic work; and specific measures to counteract female carer bias and male breadwinner bias, such as parental leave for both mothers and fathers, funded by general taxation; and rigorously enforced legislation on equal opportunities and equal pay for work of equal worth.

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