

Macroeconomic Policies and Employment Generation : Gender Dimensions

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Macroeconomics

- Looks at whole economies as systems of production and consumption
- Examines stocks and flows of goods, services and labour
- Is concerned with aggregate measures of output, consumption, savings, investment, employment and unemployment
- Conventionally presents economies as gender-neutral systems

Macroeconomic Policies

- Monetary policy
 - interest rate
 - exchange rate
- Fiscal policy
 - taxation
 - expenditure
- Trade policy

Macroeconomic policy objectives

- High rate of growth
- Low rate of inflation
- High levels of employment

Global labour market indicators

	Female		Male		Total	
	1993	2003	1993	2003	1993	2003
Labour 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
Labour 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, Global Employment Trends Model, 2003; see also ILO, *Global Employment Trends, 2004*, Technical note.

Gender Dimensions

- Men and women experience employment and unemployment differently
- Macroeconomic policy has different implications for men's and women's employment and unemployment
- The demand side of the labour market matters as well as the supply side

Employment, Poverty and Gender

- Nearly half of all paid workers do not earn enough to lift themselves and their families above \$2/day
- About one-fifth of all paid workers do not earn enough to lift themselves and their families above \$1/day
- Women are over-represented among the working poor

Sources: ILO, *Global Employment Trends*, 2006 and ILO, *Global Employment Trends for Women*, 2004.

Gendered Impact of Macroeconomic Policy

Study by Braunstein and Heintz (2006)

- 17 low and middle income countries in period 1970-2003
- Barbados, Brazil, Chile, Colombia, Costa Rica, India, Jamaica, Kenya, Malaysia, Mauritius, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, Trinidad and Tobago
- Examines impact of inflation reduction on ratio of women's to men's employment controlling for long run tendency for this ratio to rise

Findings of Braunstein and Heintz

- Two Forms of Inflation Reduction
 - *Contractionary inflation reduction*
 - employment falls relative to long run trend
 - *Expansionary inflation reduction*
 - employment rises relative to long run trend
- Raising real interest rates above long run trend is associated with contractionary inflation reduction

Gender Dimensions of Inflation Reduction

- During contractionary inflation reduction, women's employment disproportionately negatively affected
- In just over two-thirds of such episodes, ratio of women's to men's employment fell (relative to long run trends)
- In about half of expansionary inflation reduction episodes, ratio of women's to men's employment increased (relative to long run trends)

Gender Dimensions of Exchange Rate Policy

- Maintaining a competitive exchange rate in periods of contractionary inflation reduction offsets disproportionate negative effect on women's employment
- The one-third of episodes without a disproportionate negative effect had competitive exchange rates
- Caveat: this does not safeguard the quality of the employment, only the quantity

Possible Underlying Factors: Microlevel

- Preference of employers for male workers
 - Belief that men are more productive
 - Higher skills, lower absenteeism , lower turnover
 - Belief that men have more need of jobs as they are the primary breadwinners
 - Belief that women workers are more costly
 - Maternity leave
 - Time off to care for family members
- Preference for female workers only when ``nimble fingers` are required

Possible Underlying Factors: Macrolevel

- Externalisation of reproduction of labour force
- Macroeconomy is co-ordinated by markets
- But labour force reproduction requires unpaid as well as paid labour
- No system for signalling to employers or policy makers the economic value of unpaid care of children and adults

Do macroeconomic policy makers have any responsibility for gender bias in policy outcomes?

- No- the microlevel factors are responsible
 - Microlevel policies are required, such as antidiscrimination legislation, and more training for women
- Yes- the macrolevel factors are also responsible, they shape the preferences of employers.
 - Appropriate macropolicies can help to offset preferences for male employees. To promote gender equality in employment, avoid contractionary inflation reduction with uncompetitive exchange rates

Bibliography

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