



Macroeconomic Gains from Gender Equity

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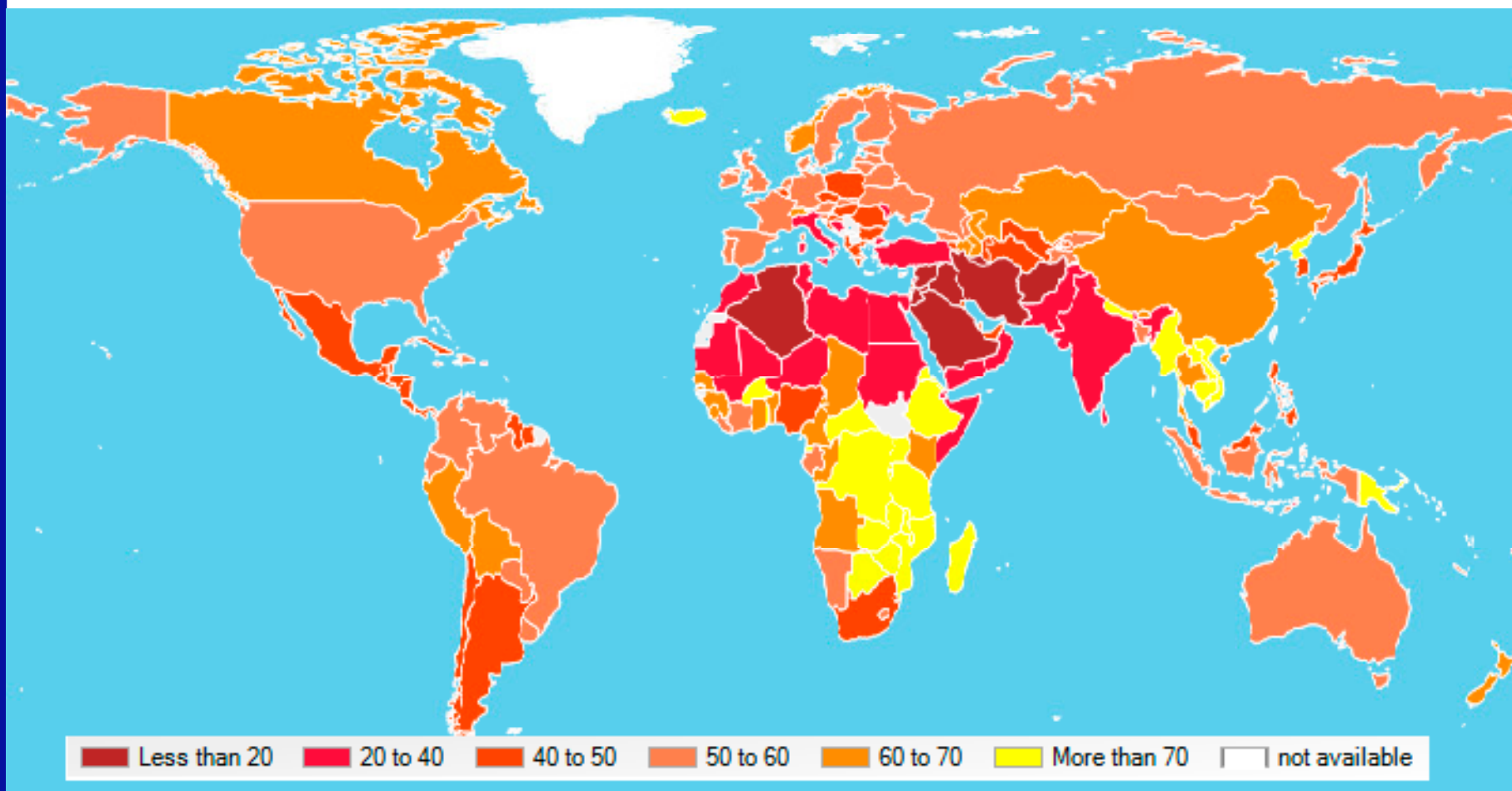
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Female Labor Force Participation Rates are Low in Many Countries, ...

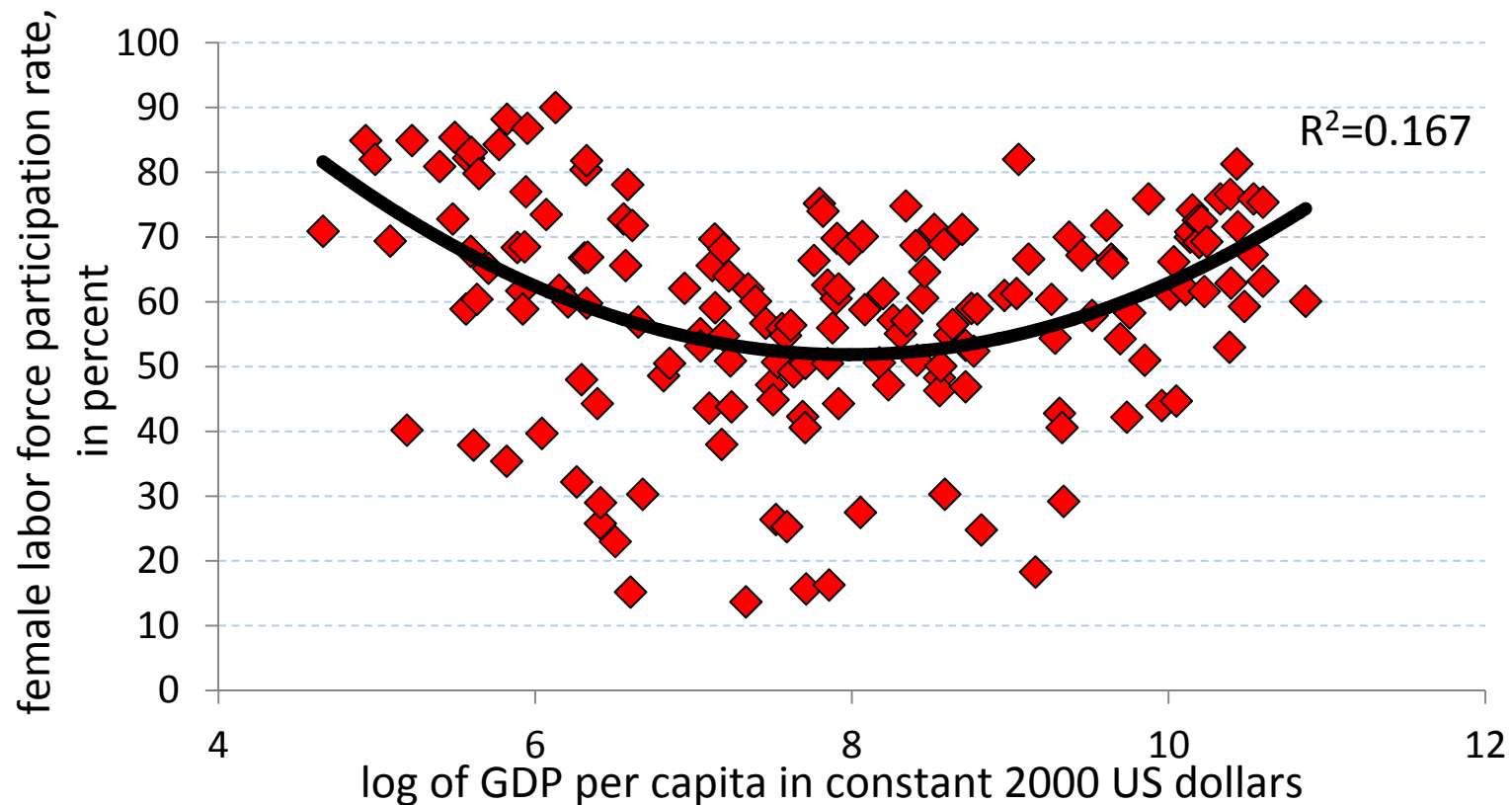


Source: World Bank, World Development Indicators, 2013;
Key Indicators of the Labour Market (KILM), ILO.

... but Vary with the Level of Development.



Female Labor Force Participation across Countries, 2010 (in Percent of Female Population Age 15+)

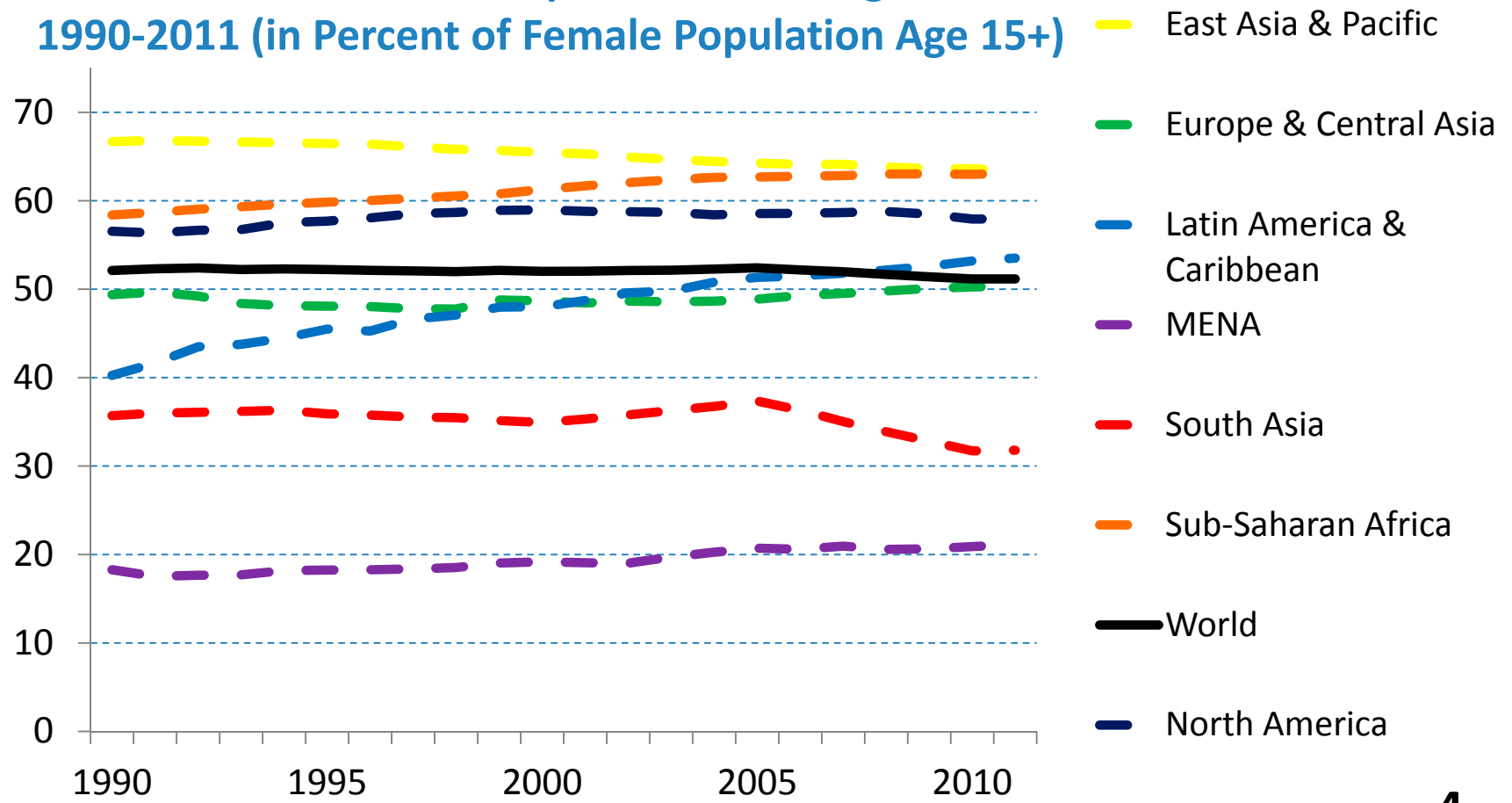


Source: World Bank, World Development Indicators, 2013;
Key Indicators of the Labour Market (KILM), ILO.

Progress Has on Average Stagnated over the Last 20 years, with few exceptions



Female Labor Force Participation across Regions, 1990-2011 (in Percent of Female Population Age 15+)

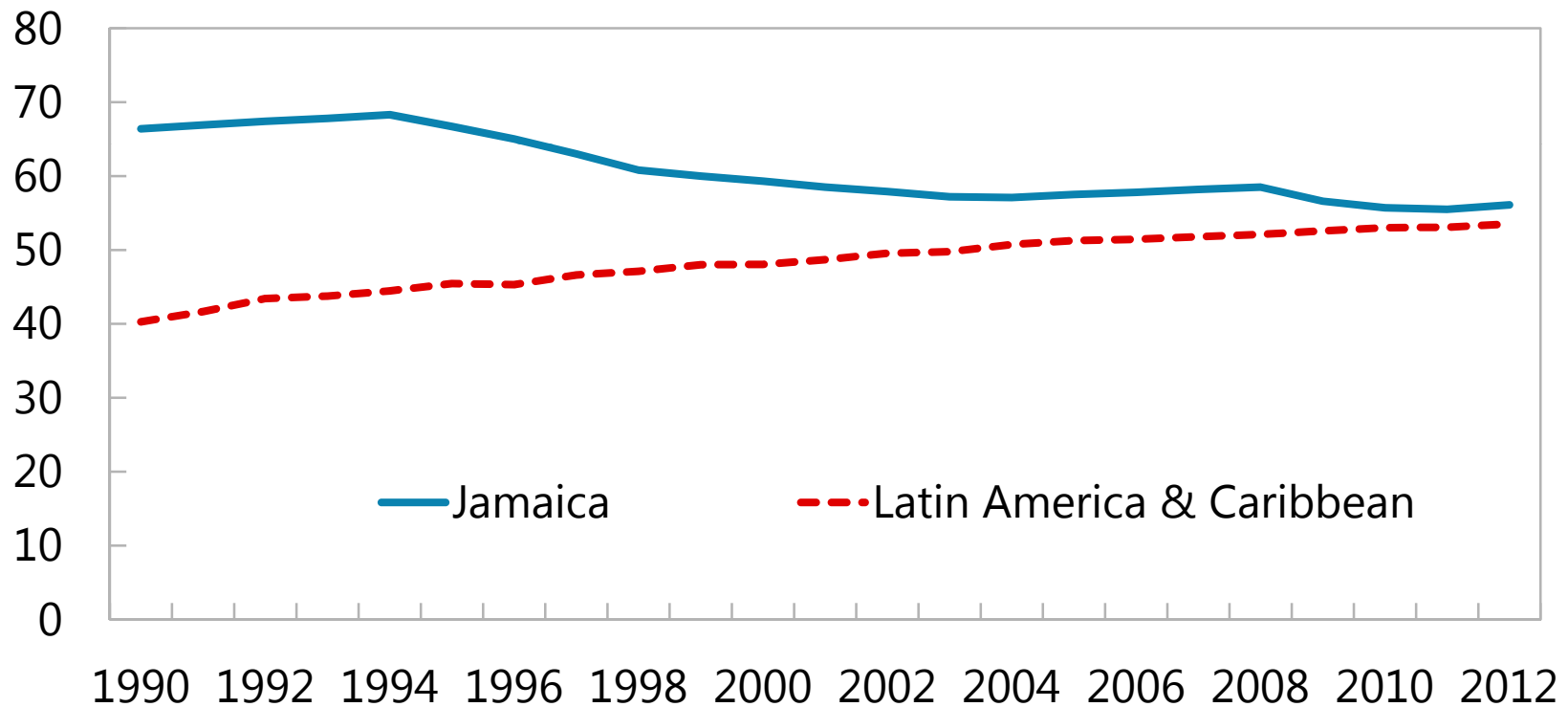


Source: World Bank, World Development Indicators, 2013; Key Indicators of the Labour Market (KILM), ILO.

Jamaica has been converging to the regional average.



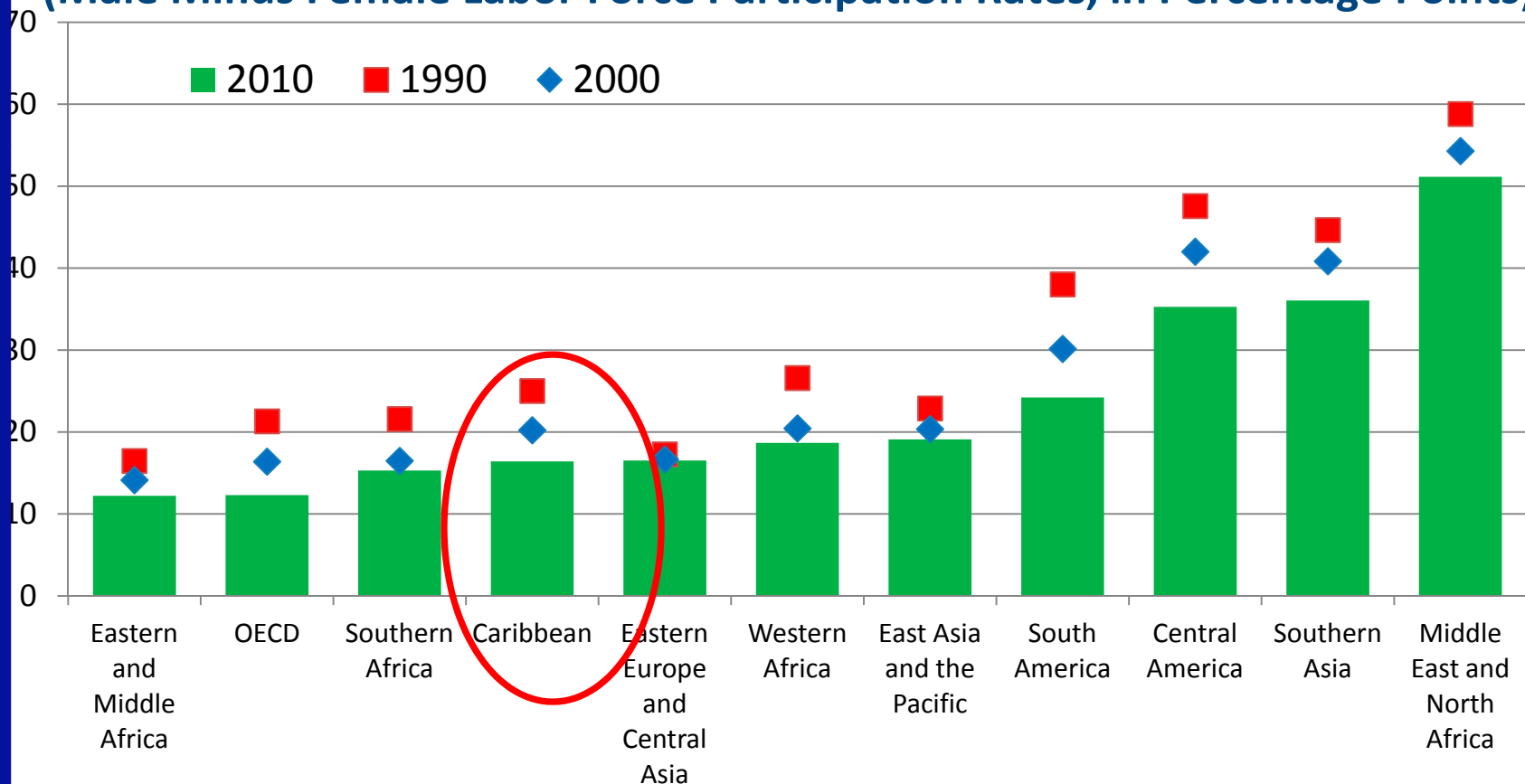
Female Labor Force Participation across Regions, 1990-2012
(in Percent of Female Population Age 15+)



Gender Gaps in Participation Rates Remain High,...



Gender Gap in Labor Force Participation, 1990 to 2010
(Male Minus Female Labor Force Participation Rates, in Percentage Points)

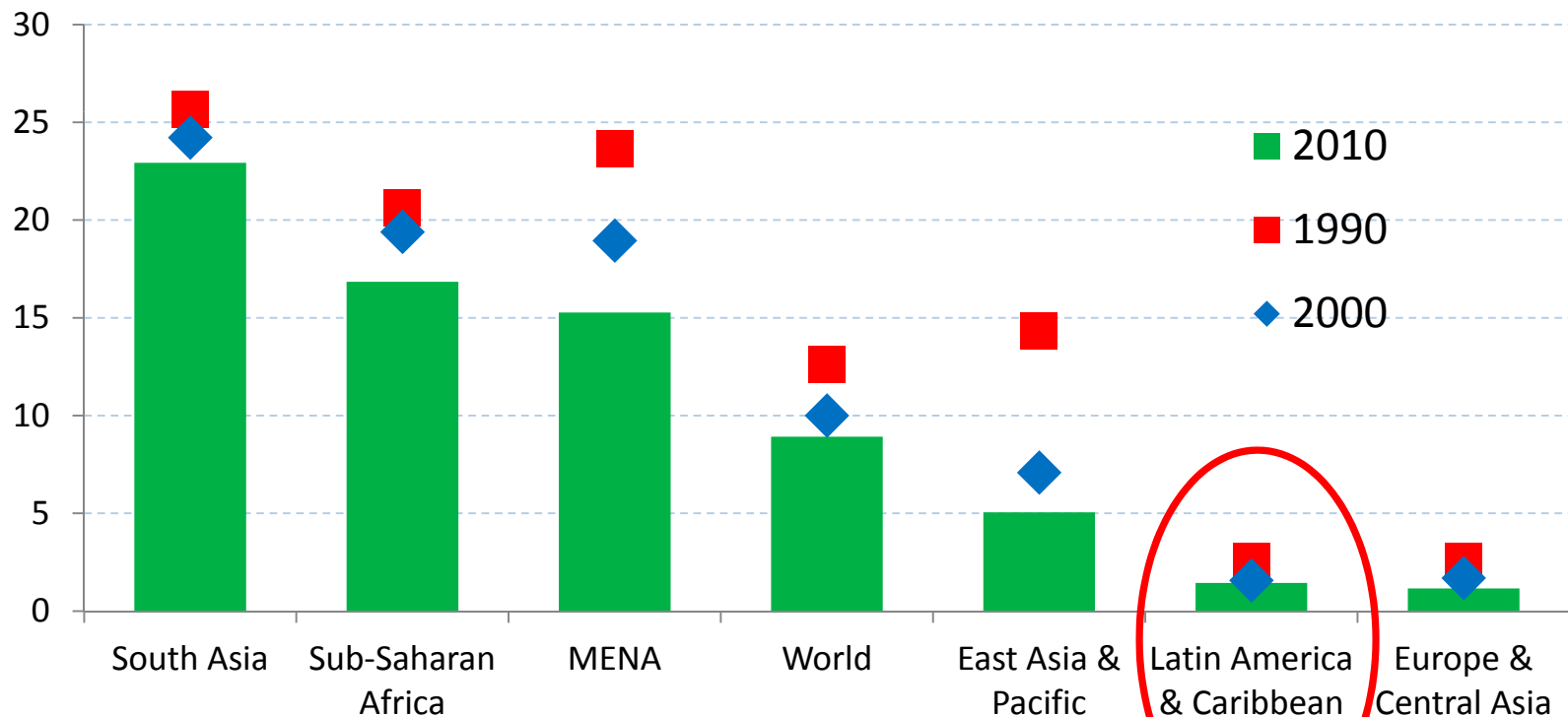


Source: Key Indicators of the Labour Market (KILM), ILO.
Country groups are based on UN Geoscheme and WB regional classification.

.... And Educational Gender Gaps Remain Significant.



Gender Literacy Gap, 1990-2010
(Male minus Female Literacy Rates in Percentage Points)

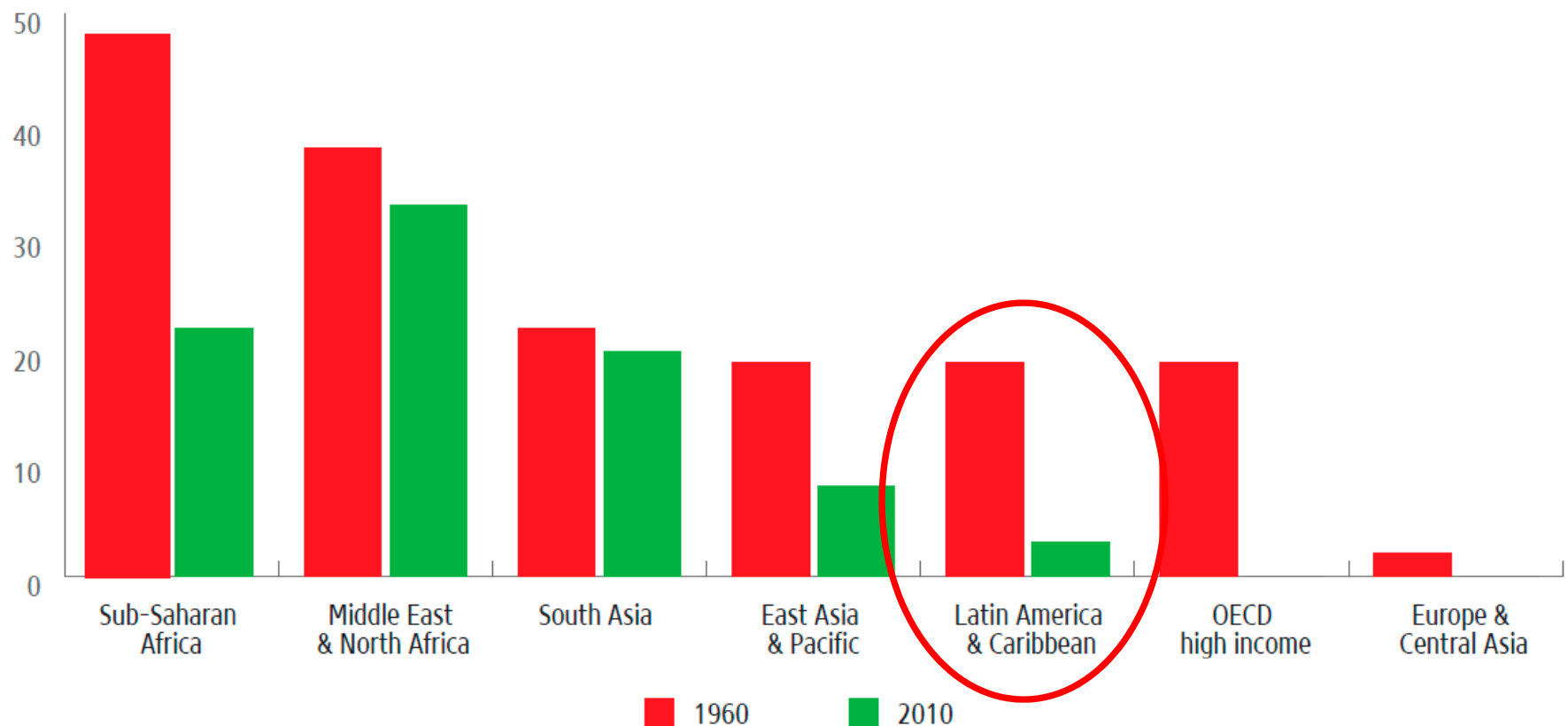


Source: World Bank, World Development Indicators, 2013.
UNESCO Institute for Statistics

Gender-Based Legal Restrictions are Decreasing, but Still Exist, ...



Share Gender-Based Restrictions by Region, 1960-2010
(in Percent of Total Restrictions Measured)

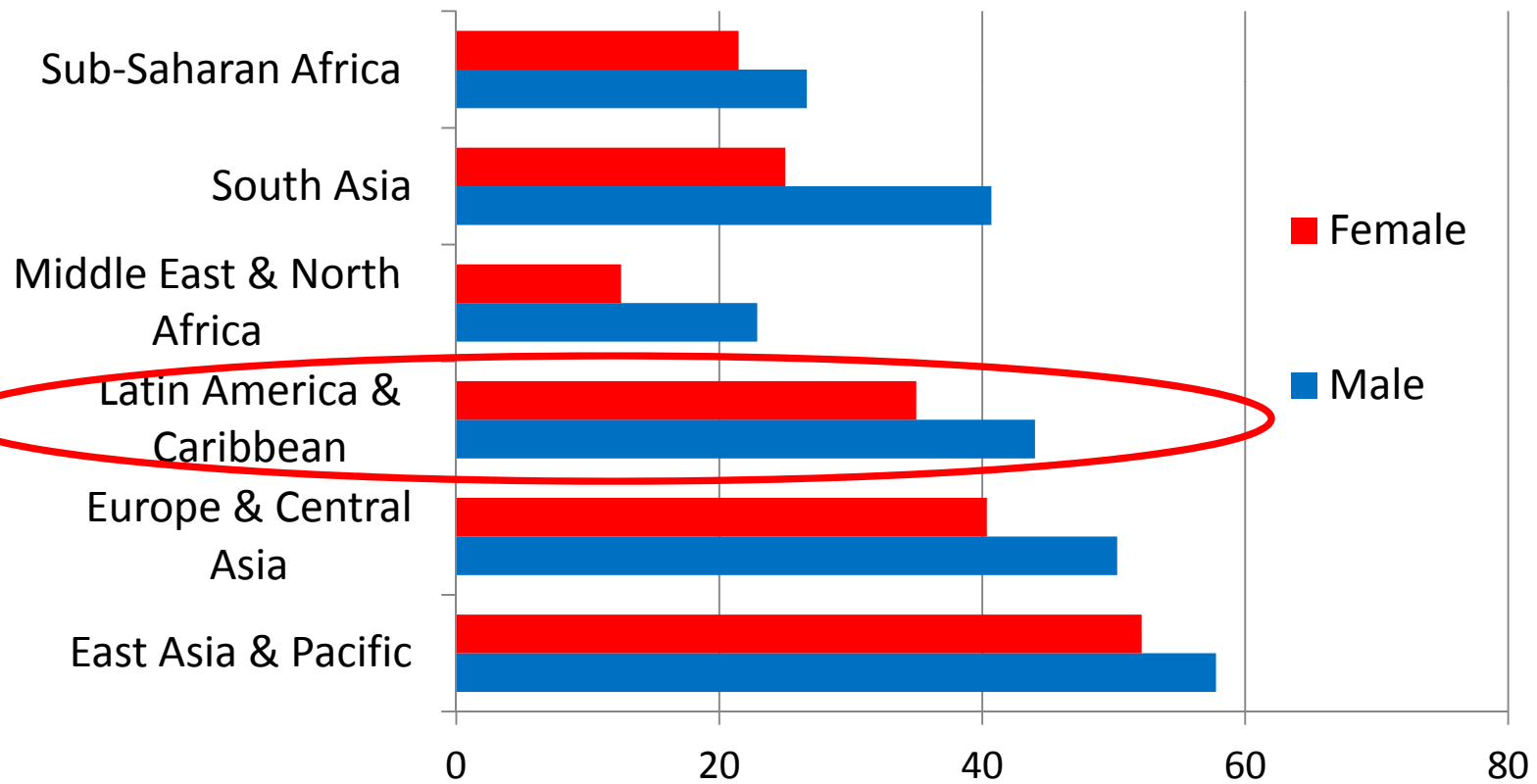


Source: Women, Business and the Law 2014

And Women are Less Financially Included.



Account at a Formal Financial Institution, 2011
(in Percent of Population, Age 15+)

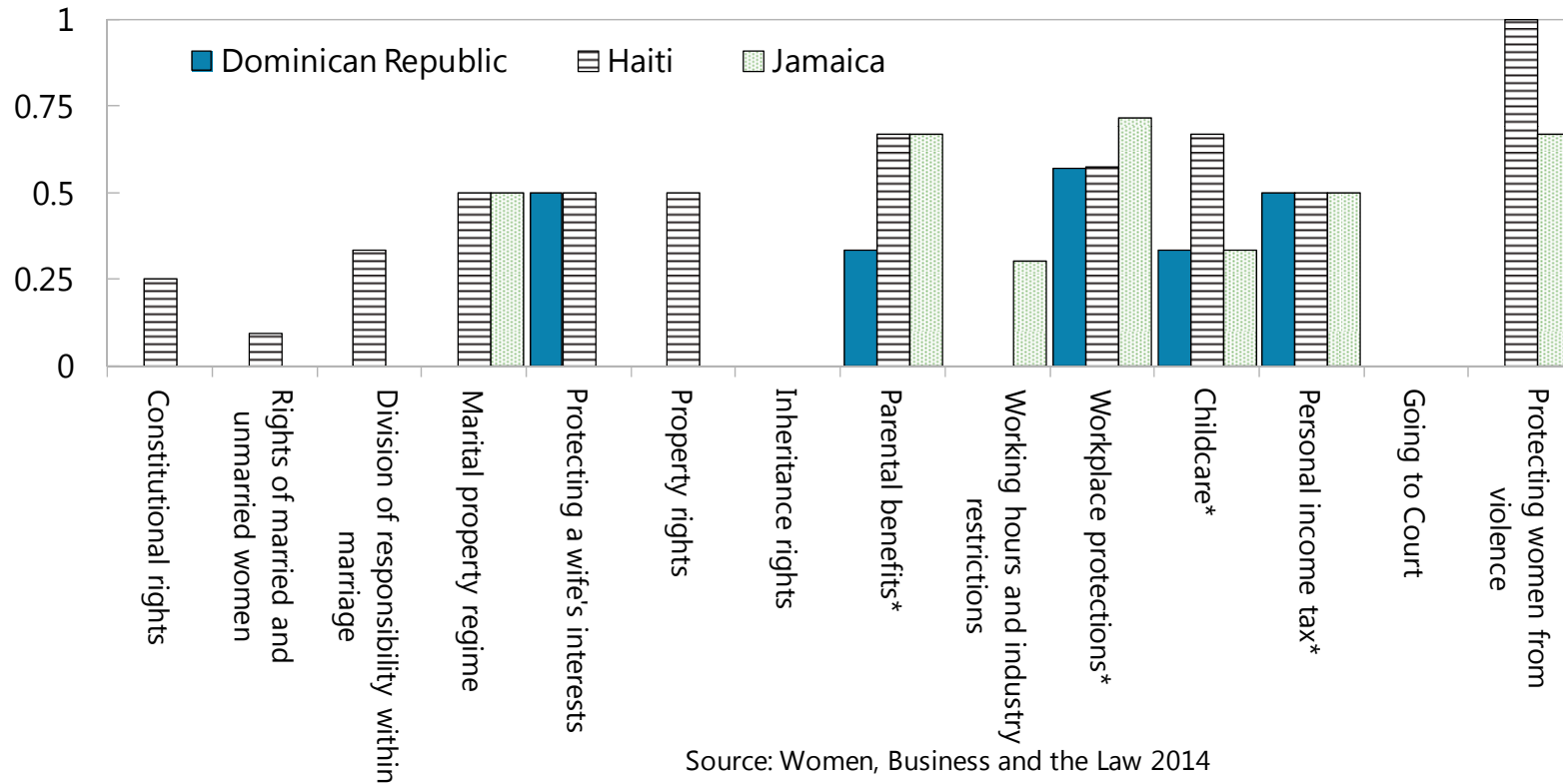


Legal Restrictions Vary Across the Region.



Gender-Based Legal Restrictions

(Share of total assessed restrictions)



* Protections/ benefits, the lack of which is taken to represent restrictions

Why do participation gaps persist?



Gaps typically explained by:

Education gaps

Fertility rates

Labor market policies such as family leave
and family allowances

Tax and expenditure policies

Other factors that cannot be measured such
as “social” policies

Korea: An illustration of the impact of more women-friendly policies

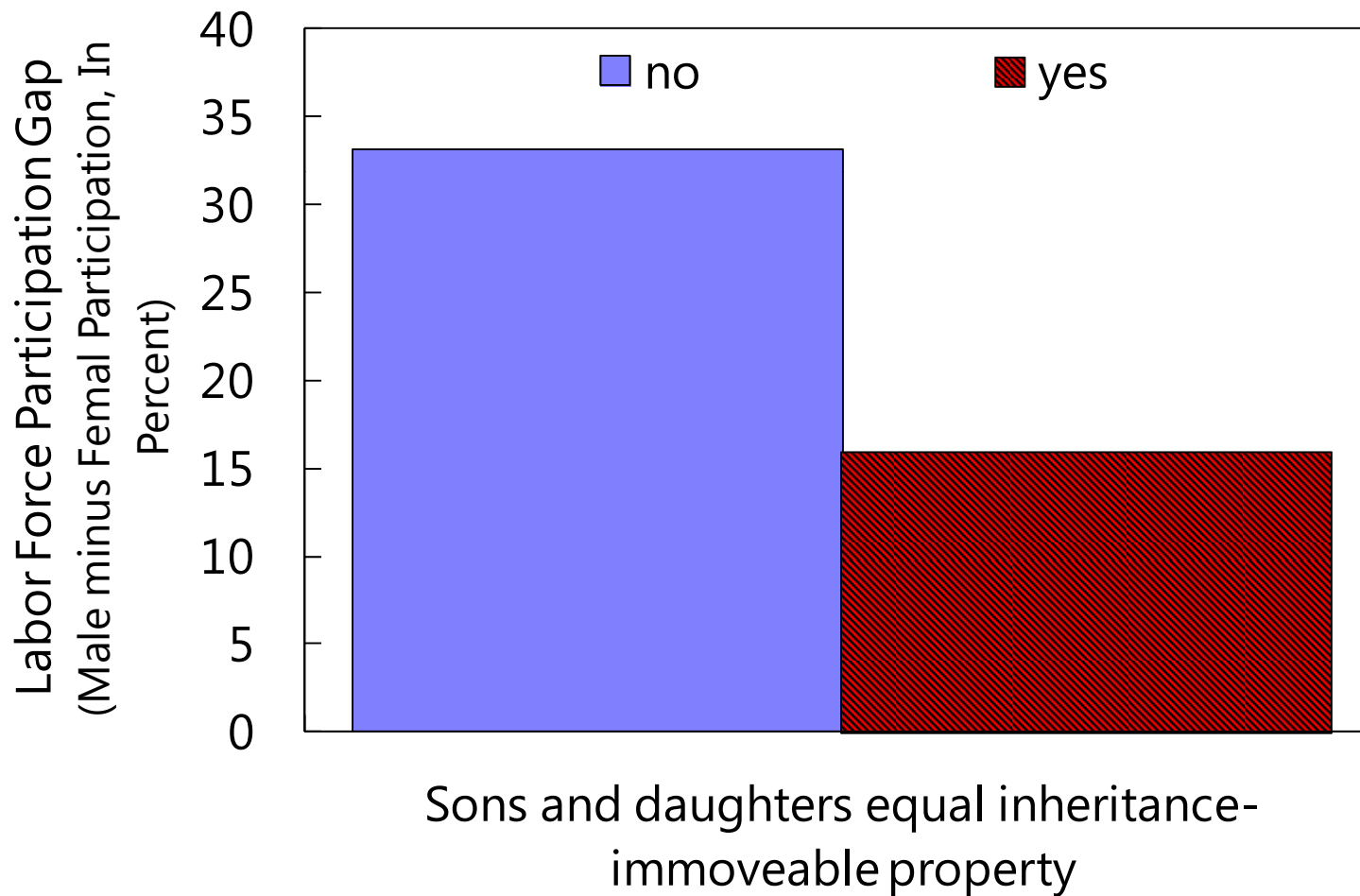


The Medium-term Effect of Reforms on Female Participation Rates (In percent)

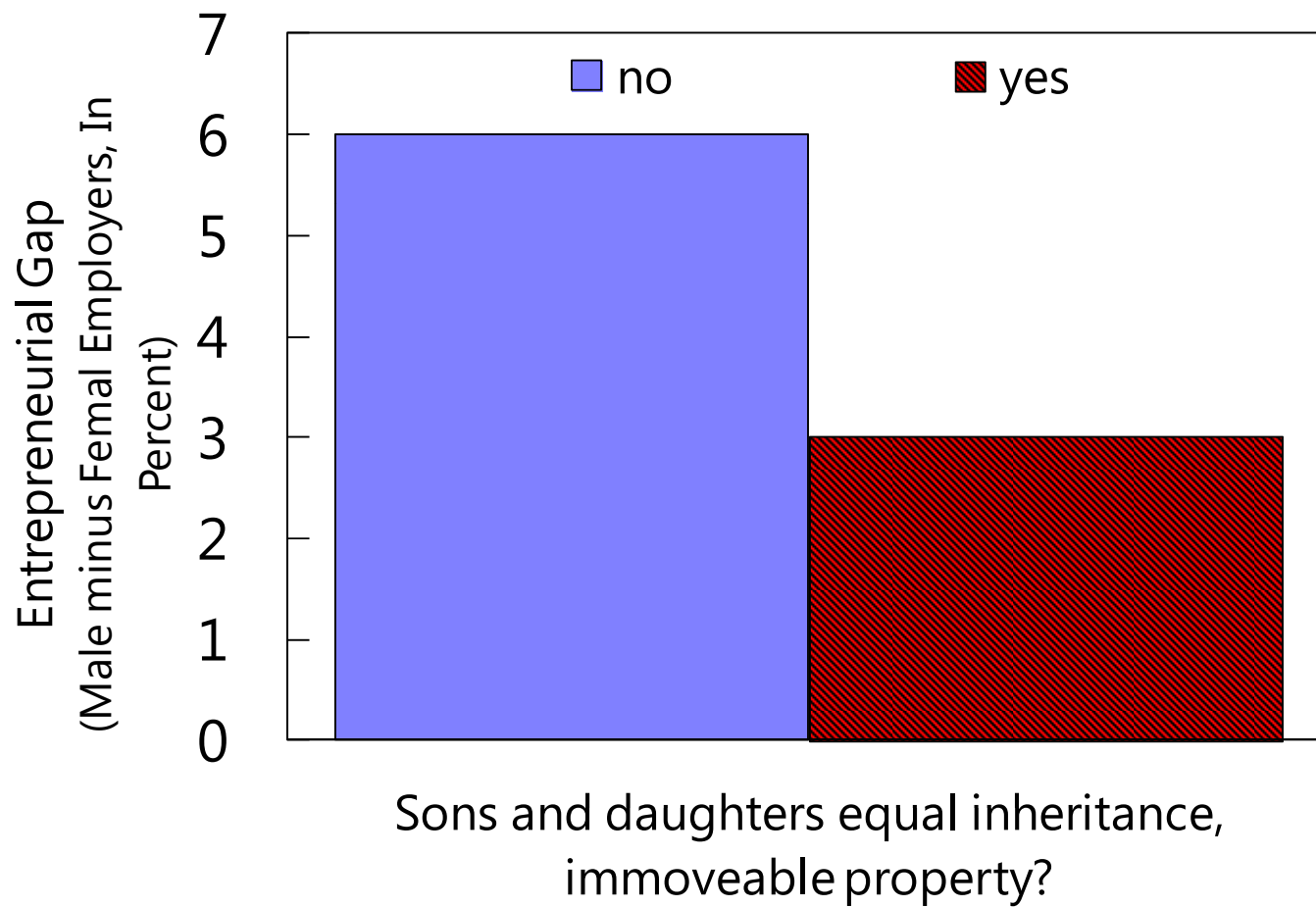


Source: IMF staff calculations.

Legal restrictions harm female labor force participation...



...and impede female entrepreneurship.



And this effect comes on top of previously identified determinants.



	(1)	(2)	(3)
Log (Fertility)	-6.675** (2.66)	-5.272** (2.44)	-7.055** (2.76)
Log (Education)	5.214*** (1.78)	5.306*** (1.64)	4.472** (1.80)
Spending	26.866 (21.30)		24.670 (23.14)
Guaranteed Equality	6.258*** (1.36)	6.234*** (5.54)	
Property Rights and Guaranteed Equality			3.431** (1.41)

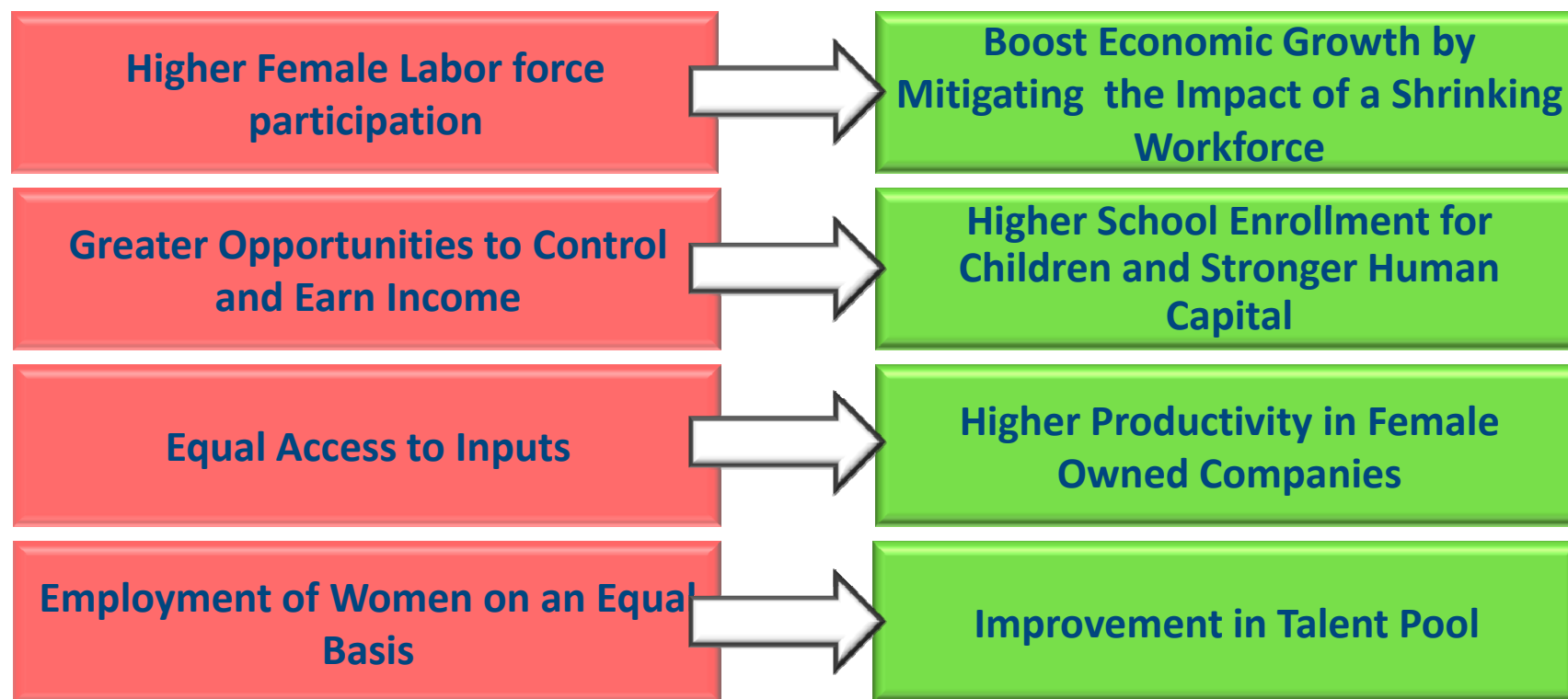
Clustered standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

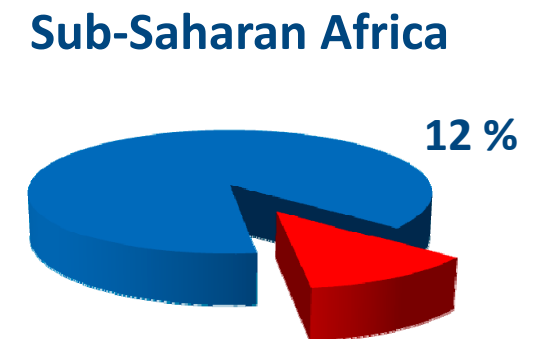
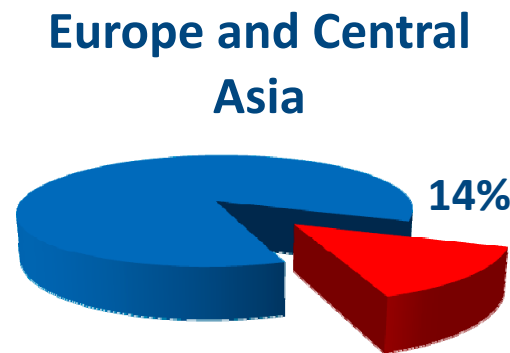
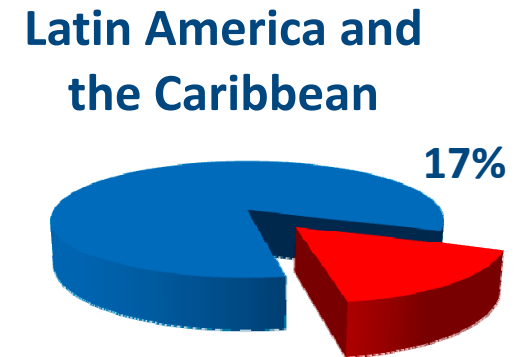
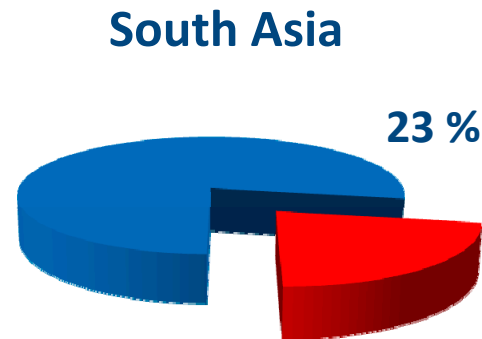
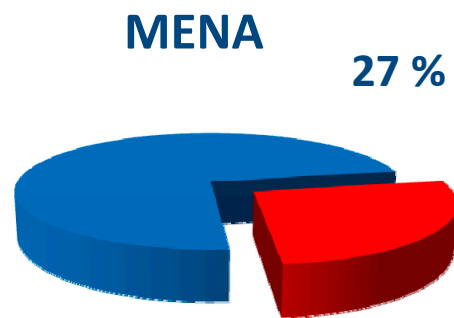


The Macroeconomic Gains from Raising Female Labor Force Participation

865 million women (Aguirre and others, 2012) have the potential to contribute more fully to national economies:



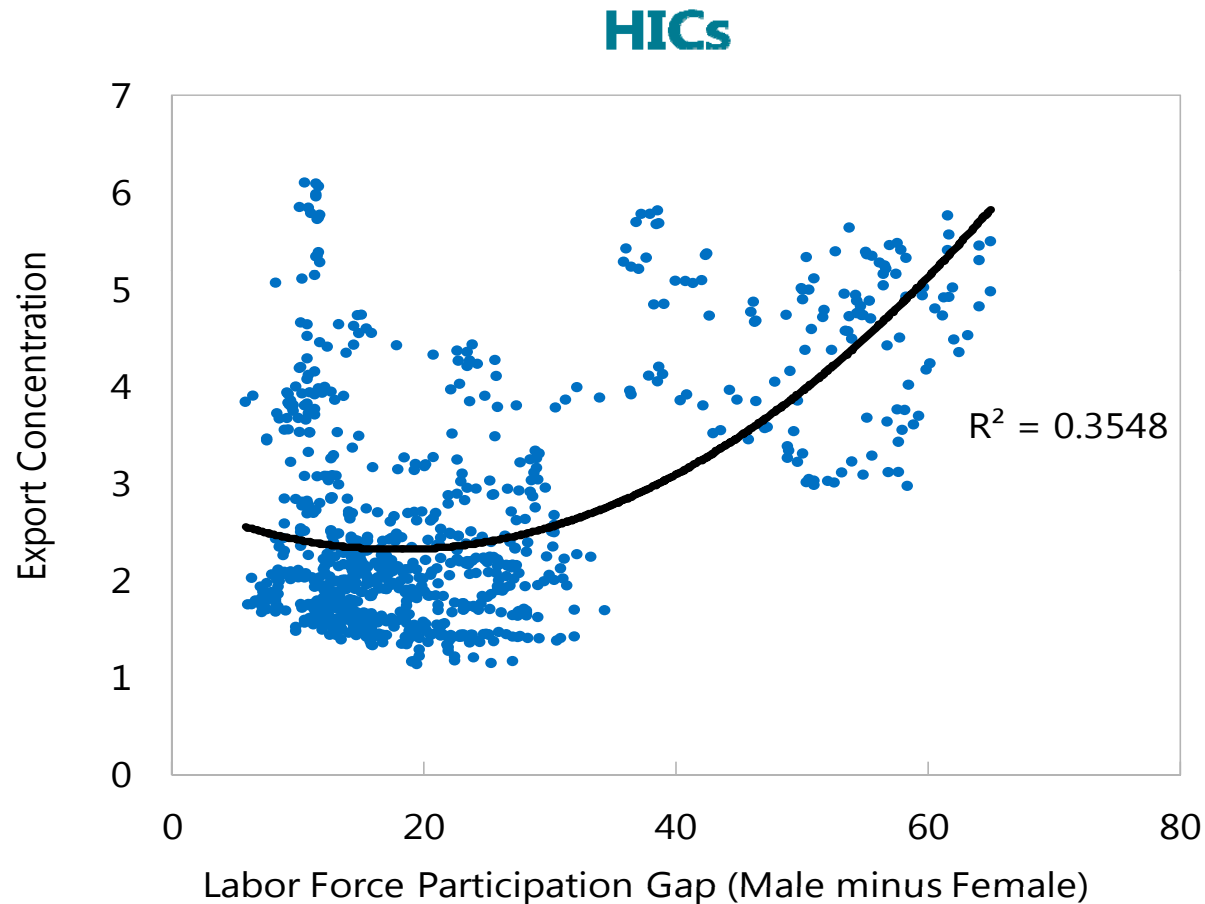
Income Losses Due to Gender Gap by Region, in Percent



Source: Cuberes and Teignier (2012)



Low female economic activity can hurt growth by reducing export diversification.

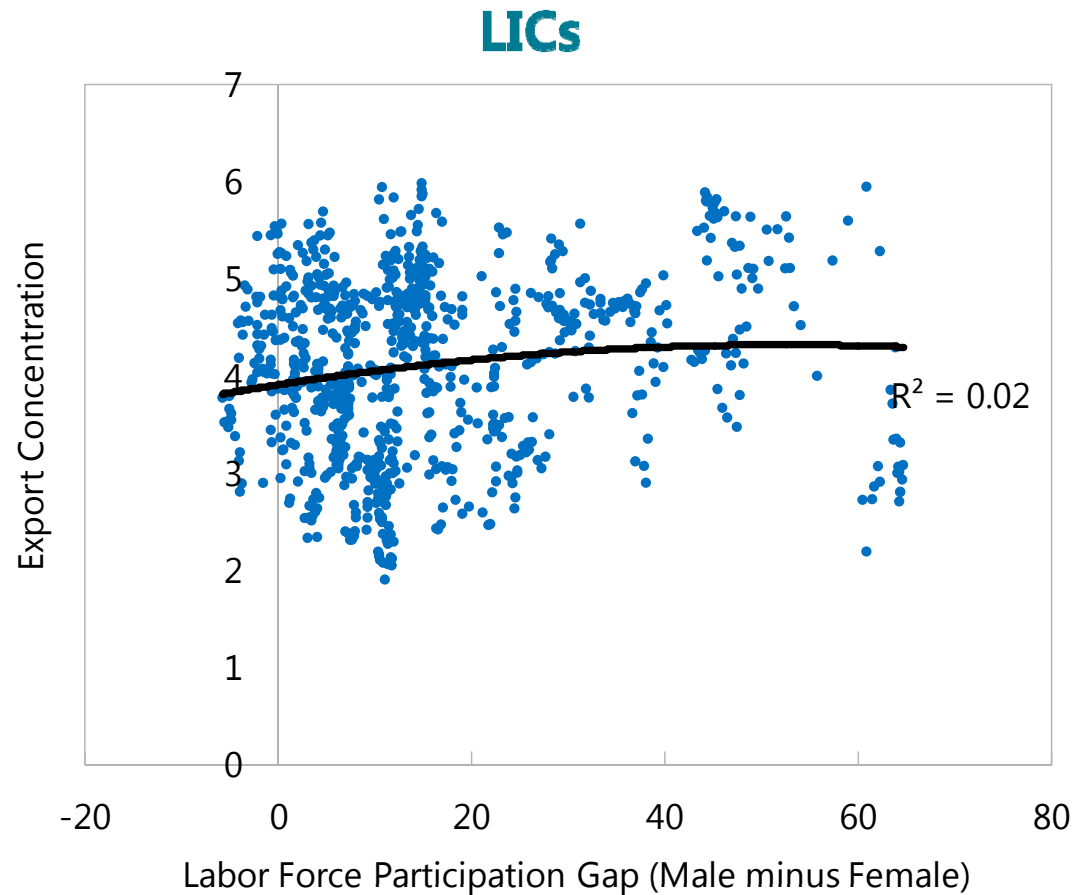


*Export Concentration is measured by the Theil Index: Higher Index = Less Diversification

Source: World Bank, WDI, 2013; IMF, Diversification Toolkit, 2014.



Low female economic activity can hurt growth by reducing export diversification.



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Source: World Bank, WDI, 2013; IMF, Diversification Toolkit, 2014.

How Does this Fit into the Funds Mandate?



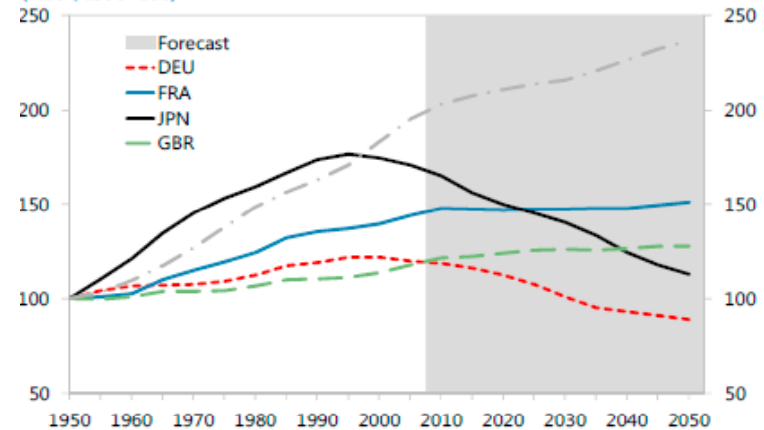
1. **Women's participation in the labor market is part of the growth and stability equation**
2. **The Fund, in collaboration with other IFIs, can contribute to level the playing field:**
 - **Fiscal advice** can take into account the potential gender-specific impact of measures
 - **Improvement of gender-disaggregated data** (with World Bank/OECD/ILO)
3. **Ongoing work:**
 - **Policy advice in Article IV reports** (two recent examples on next slides)
 - **Working papers (forthcoming):** role of legal restrictions in female economic activity and channels through which lower female participation impedes growth

The Macroeconomic Gains – Japan



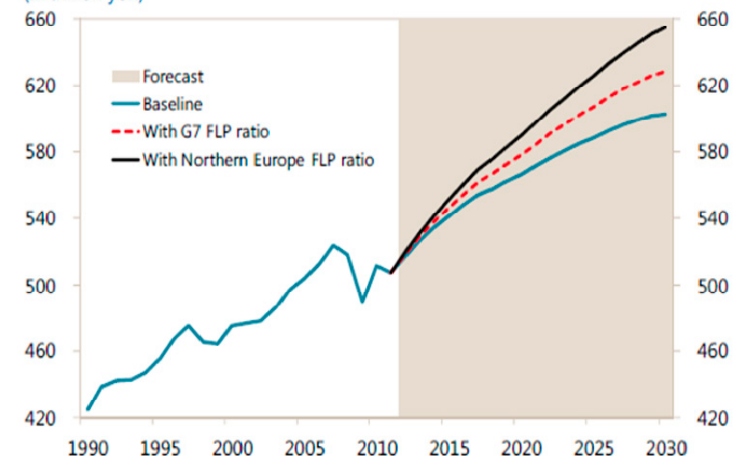
- With its population aging, Japan's potential growth is falling
- FLFP rates are well below OECD averages
- Raising FLFP to G7 level would yield 4 percent GDP per capita gain and increase potential growth rate by 0.2 percentage points

Working-age Population Change (1950-2050)
(Index, 1950=100)



Source: UN.

Real GDP: Policy Scenario with Higher Female Participation
(In trillion yen)



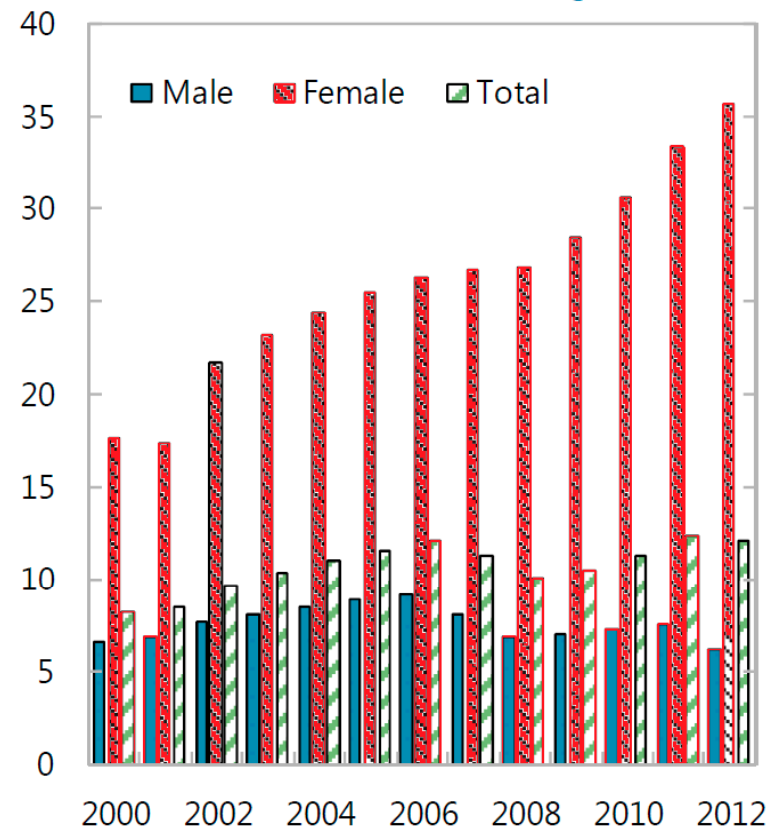
Source: WEO and IMF staff estimates.

The Macroeconomic Losses



- Female unemployment in Saudi Arabia is high (35 percent)
- Authorities target human capital improvement through large investments in higher education, but women with university degrees account for 70 percent of female unemployment
- Expanding opportunities for women would support a knowledge-based economy and increase the economy's productive potential

Unemployment Rate by Gender, 2000–12
(Percent of total labor force for each gender)



Policies to Increase Female Economic Participation



- Need to work on many margins
- **Employment , promotion, and wage policies**
 - Access to education
 - Access to credit
 - Legal and property rights
- **Policies to facilitate balancing family and work responsibilities**
 - Parental Leave
 - Child care
 - Flexible Work Arrangements

Tax Measures



Replacing family income with individual income taxation

- Secondary earners are mostly women
 - Female labor supply more responsive to taxation than male labor supply
- ⇒ Efficiency gains and better labor market outcomes

Tax credits or benefits for low-wage earners

- “In-work” credits reduce net tax liability
- ⇒ increase net income gain from accepting a job
- Phasing out with rise in individual income
- ⇒ encourage secondary earners to remain in the labor force

Expenditure Measures



- Publicly financed parental leave schemes
- Greater parity in paternity and maternity leave
- Improved access to comprehensive, affordable and high-quality child care
- Pensions: ensure that spells from maternity leave do not translate into lower pensions
- Higher spending on education of women
- Improvements in rural infrastructure

Thank you!

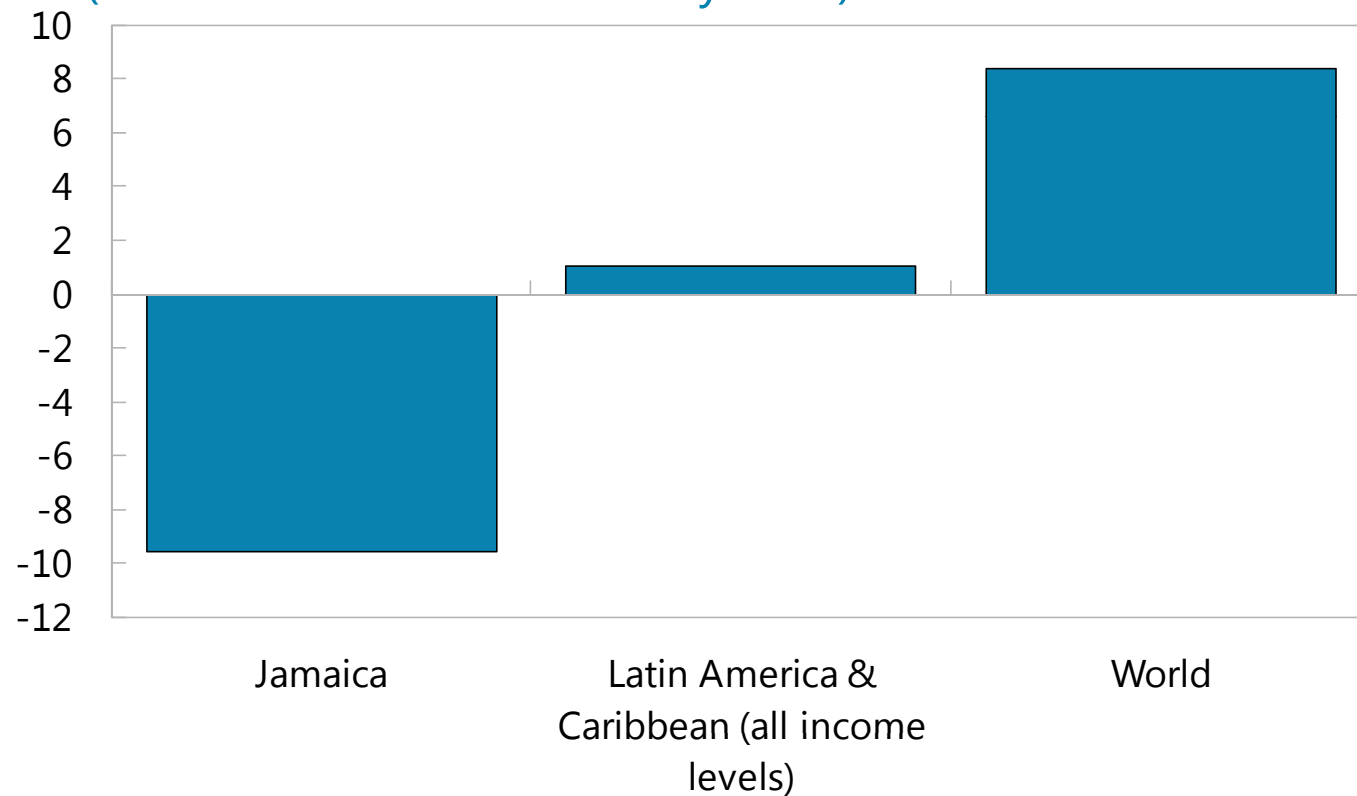


Background (if needed)

Stylized Facts



Literacy Gap, 2012 or Latest Available
(Male minus Female Literacy Rate)

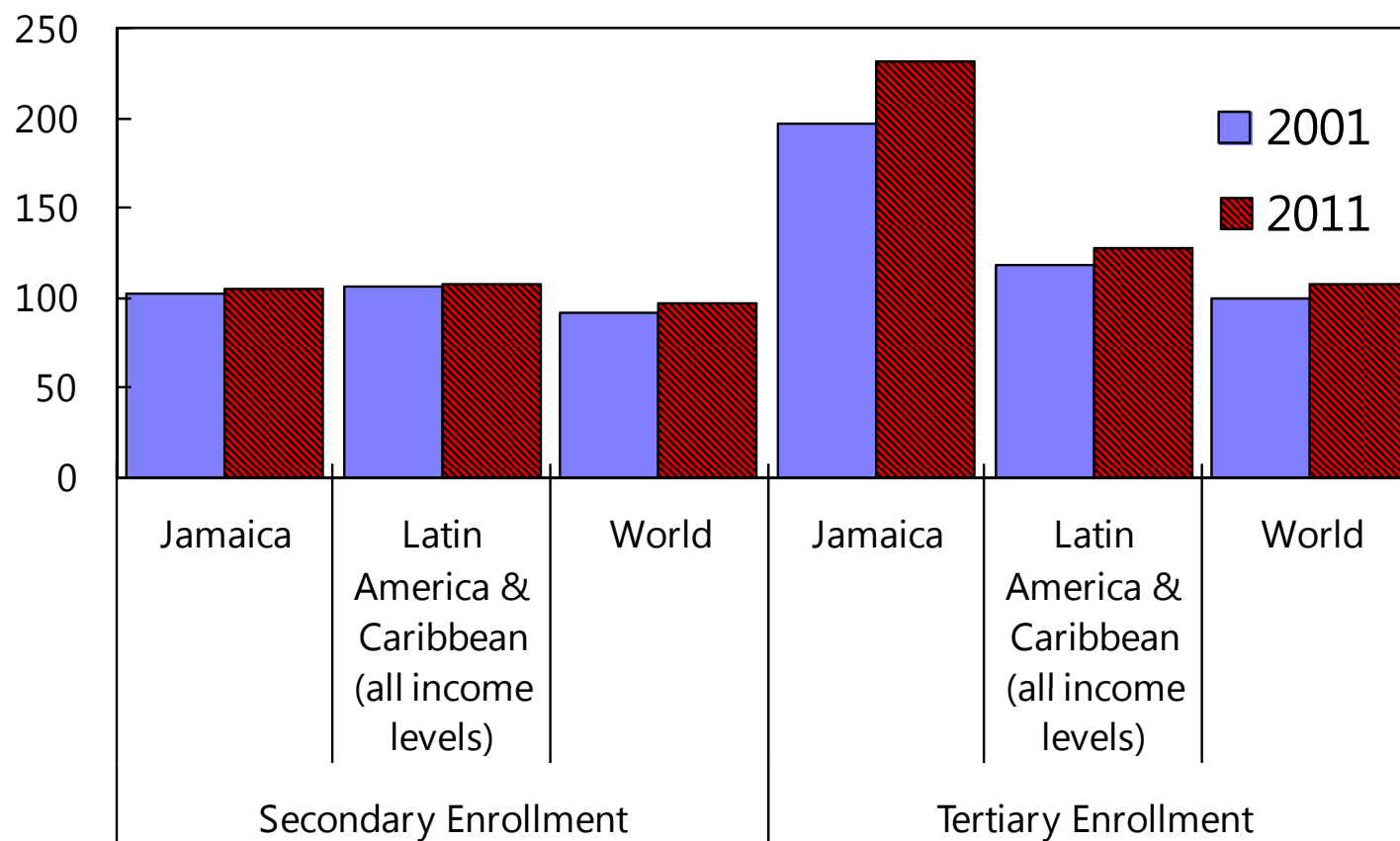


Source: WDI 2013, UNESCO Institute for Statistics.



Stylized Facts

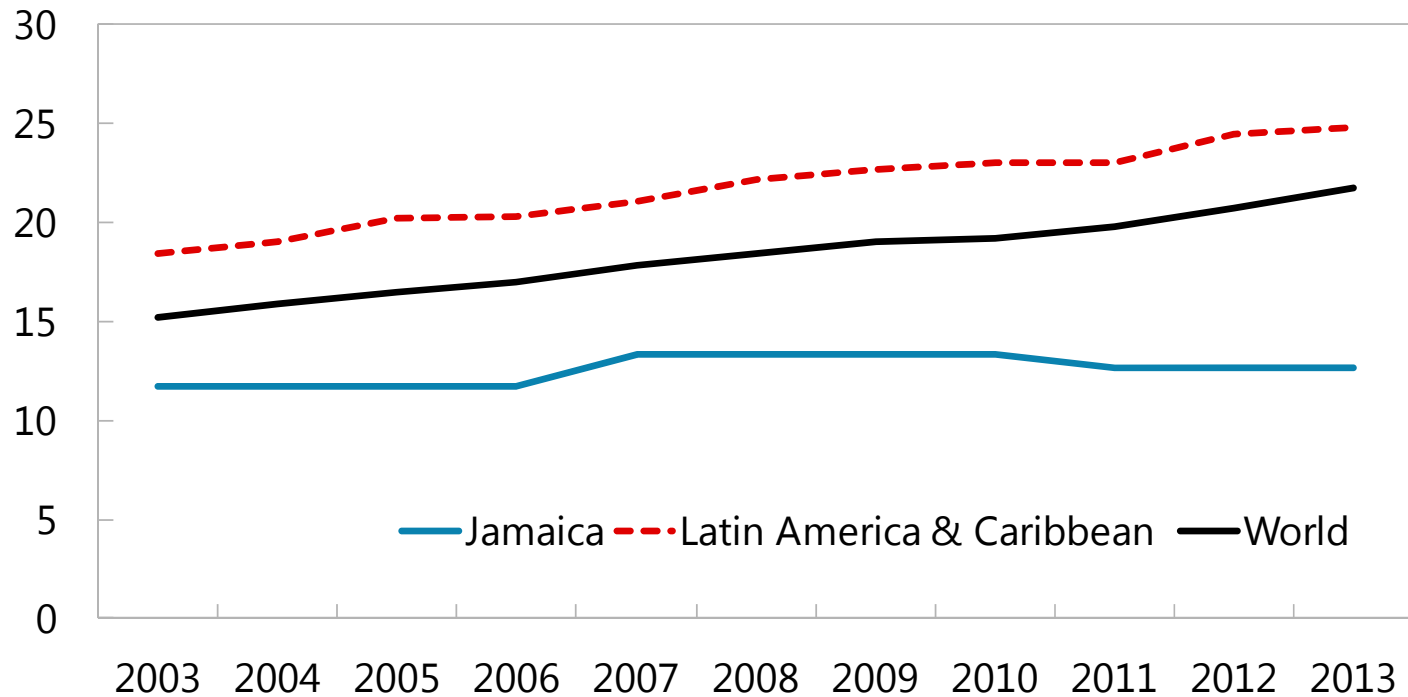
Ratio of Female to Male Enrollment Rates
(In Percent)



Stylized Facts



Proportion of Seats Held by Women in National Parliaments
(In Percent)



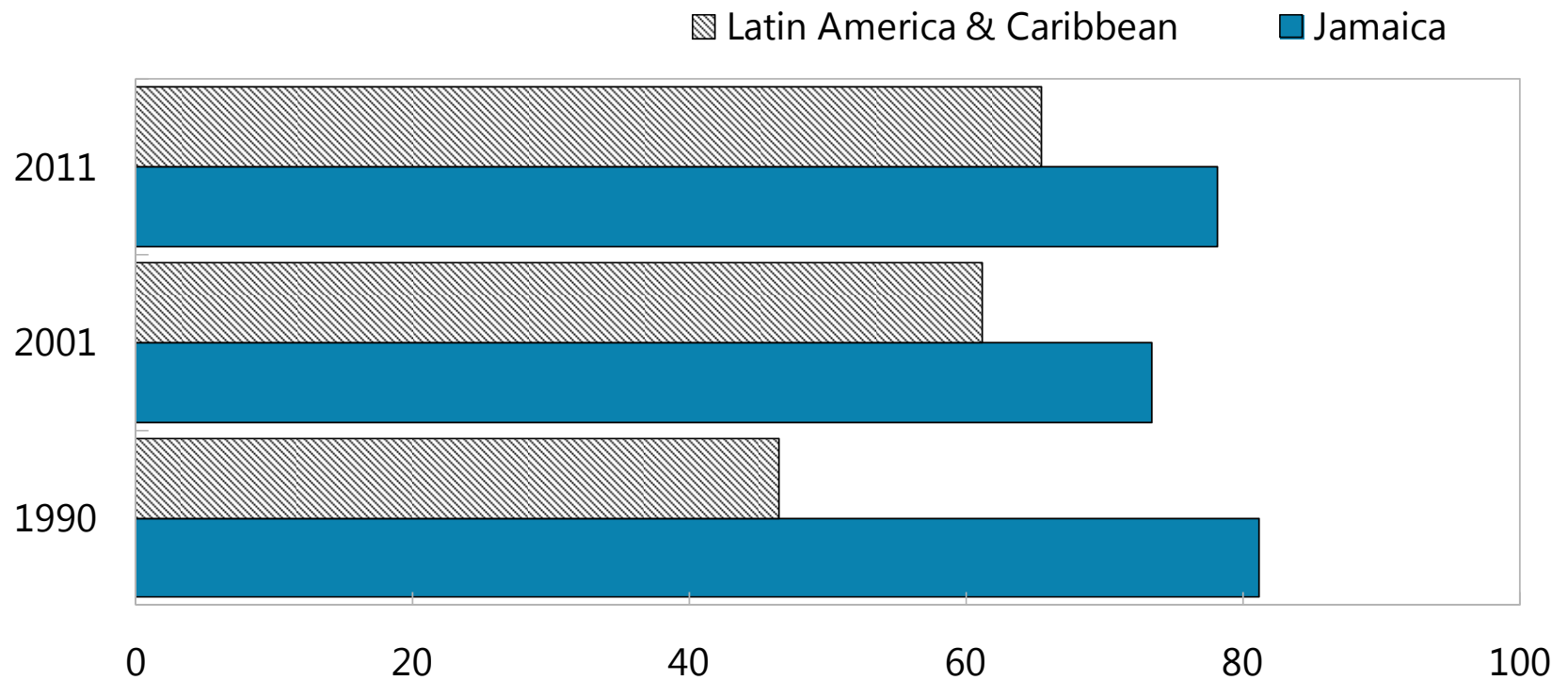
Sources: WDI 2013 and Inter-Parliamentary Union (IPU)

Stylized Facts



Ratio of Female to Male Labor Force Participation Rate

(In Percent, National Estimate)

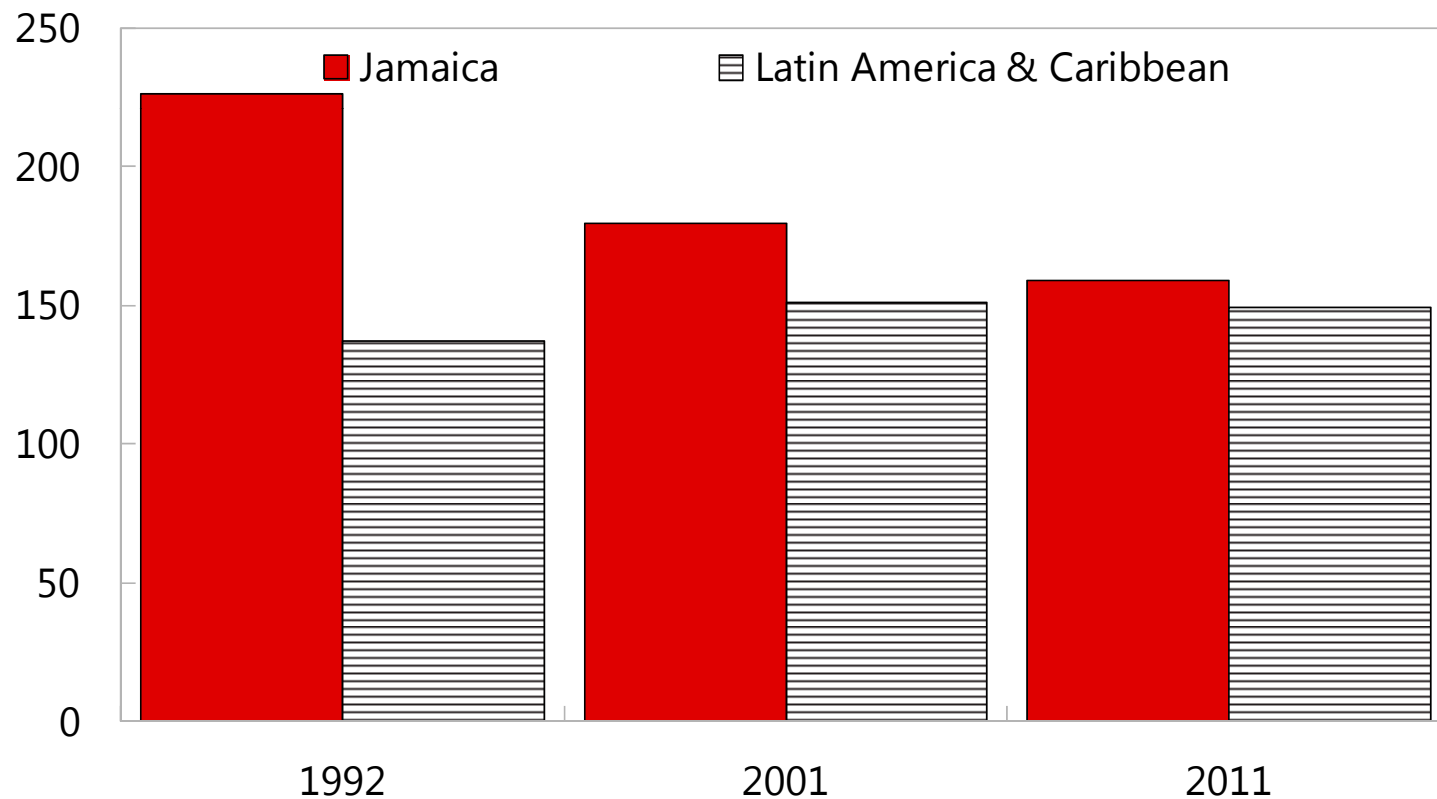


Sources: ILO KILM, WDI 2013

Stylized Facts



Ratio of Female to Male Youth Unemployment Rate
(In Percent, National Estimate)



Sources: ILO KILM, WDI 2013

Labor force participation and fertility



- **Higher participation by women is possible without adversely affecting the fertility rates, as seen in the Nordic countries**
- Evidence from the Nordic countries suggests that the birth rates may increase rather than decrease as women's labor force participation grows if the governments can develop public policies to support dual-income families and share the burden of childrearing (Kinoshita, 2014).
- The Nordic experiences suggest that family-friendly policies and better work-life balance can help mitigate the negative impact of having a family on a women's career and thus help encourage both more labor participation of women and more children.

Figure 1. Nordics and Japan: Gender Gap and FLFP, 2013



Source: World Economic Forum *The Global Gender Gap Report 2013*.

1/ The index measures the gap between men and women at the highest level of political decision making (e.g., women in parliament, women in ministerial positions, and years with female head of state).

Impact of tax reforms on female participation

