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Macroeconomic Policy and Employment Generation: Gender Dimensions

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Gender Dimensions

- Men and women experience employment and unemployment differently
- Macroeconomic policy has different implications for men's and women's employment and unemployment

Gender Differences in Employment and Unemployment

Global labor 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, Global Employment Trends Model, 2003; see also ILO, *Global Employment Trends*, 2004, Technical note.

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Regional Unemployment by Gender

- Only in East Asia and sub-Saharan Africa does male unemployment rate exceed the female rate
- Unemployment rates tend to underestimate female unemployment more than male unemployment
- Discouraged worker effect

Source: ILO, *Global Development Trends for Women 2004*.

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.

Unequal Division of Unpaid Work

Average Minutes per Day by Sex

	Male	Female	F-M
Mexico	228	330	102
South Africa	80	220	140
India	31	297	266

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.

Impact of Macroeconomic Policy

- Policy-induced falls in level of aggregate demand can have gender-differentiated effects
 - labor market norms within formal employment often mean women are last hired, first fired
 - women are crowded into informal employment with low earnings and no social protection

Inflation Reduction, Employment and Gender

- Study by Braunstein and Heintz (2005)
- 17 low and middle income countries
- Period 1970-2003
- Examines impact on ratio of women's to men's employment controlling for long run tendency for this ratio to rise

Key Findings (1)

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

Key Findings (2)

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)

Key Findings (3)

- Maintaining a competitive exchange rate in periods of contractionary inflation reduction offsets disproportionate negative effect on women
- The one-third of episodes without a disproportionate negative effect had competitive exchange rates

Conclusions (1)

- Design of macroeconomic policy has gender-differentiated effects
- To promote gender equality in employment, avoid contractionary inflation reduction with uncompetitive exchange rates

Conclusions (2)

- Appropriate macroeconomic policy necessary, but not sufficient
- Introduce policies to eliminate discrimination against women in labor markets
- Introduce policies to promote reconciliation of paid work and unpaid work

Bibliography

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