

FEMINIST ECONOMICS OF INEQUALITY, DEVELOPMENT, AND GROWTH

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ABSTRACT

This study examines connections between intergroup inequality and macroeconomic outcomes, considering various channels through which gender, growth, and development interact. It upholds the salience not only of equality in opportunities but also equality in outcomes. The contribution argues that inequalities based on gender, race, ethnicity, and class undermine the ability to provision and expand capabilities, and it examines the macroeconomic policies that are likely to promote broadly shared development. It explores how the macroeconomy acts as a structure of constraint in achieving gender equality and in turn how gender relations in areas like education and wage gaps can have macro-level impacts. Further, it underscores that the interaction of the macroeconomy and gender relations depends on the structure of the economy, the nature of job segregation, the particular measure of gender inequality, and a country's international relations. Finally, it outlines policies for promoting gender equality as both an intrinsic goal and a step toward improving well-being.

KEYWORDS

Development, growth, inequality, gender, macroeconomic policy, feminist economics

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INTRODUCTION

Increased global economic integration, the adoption of market-oriented reforms, and a circumscribed role for the state in managing economies over the last few decades has caused income and wealth inequality to expand both within and between countries (Branko Milanovic 2005; International Labour Organization [ILO] 2008).² This trend is consistent with research findings in feminist economics, which has demonstrated that such policy reforms have worked against development and have generated intergroup inequality in gender, race/ethnicity, and class terms (Diane Elson and Nilüfer Çağatay 2000; Günseli Berik and Yana van der Meulen

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Rodgers 2008). Nation-states have attempted to avert rising inequality through a variety of policies (including labor market, social, and fiscal policies). However, much more research is needed to understand the appropriate balance of government regulation and market liberalization to set the stage for growth that reduces intergroup inequality (hereafter, inequality).

In this contribution, we reflect on linkages between inequality, development, and growth from a feminist economics perspective. We examine both the effect of macroeconomic policies and economic growth on inequalities in material resources and well-being and the effects of inequality on economic growth in an effort to identify policies that promote broadly shared development.

We argue that macroeconomic theory and policy should be constructed within the broader framework of human well-being, rather than being solely concerned with how economies function and the achievement of macroeconomic fundamentals such as price stability and robust growth rates. Human well-being requires at a minimum adequate provisioning (through interconnected paid labor and unpaid care activities and entitlements from the state or community); capabilities (the ability to do or be, based on provisioning); and agency (the ability to participate in decision making so as to shape the world we live in). This definition of well-being is consistent with that envisioned by the capabilities approach (Amartya Sen 1999; Martha Nussbaum 2003). This evaluative framework draws on the argument that social conditions and policies should be assessed according to the extent to which people have the capabilities to lead the kind of lives they want to lead and to be the person they want to be, such as the ability to be healthy and to seek education. Accordingly, development – what we refer to as broadly shared development – is synonymous with expansion of capabilities. In this framework, income inequality constrains the achievement of human well-being because it translates into unequal political and social power. This power differential inhibits not only equality of opportunities in access to education and health, but also agency and voice, which are constrained by the social and political institutions that emerge to justify material imbalances.

These linkages make clear why we argue not only for equality of opportunities but also equality of outcomes. By outcomes we refer not only to capabilities but also to income, wealth, and other assets. The quest for equality of outcomes in the case of incomes and other measures of resource control does not refer to the goal of attaining equality across all individuals. Rather, we envision equality of outcomes as a condition of similar group distributions, such that no one group is systematically disadvantaged even though within-group inequality may exist. In the case of capabilities, we interpret the goal of equality of outcomes to be one of expanding capabilities of all without, however, the pursuit of equality through downward

harmonization. For example, in countries where women live longer than men or have higher completion rates in education, we do not seek a process that reduces women's well-being in order to achieve equality of outcomes.

While feminist economists emphasize the gender-equitable achievement of an adequate level of provisioning and the expansion of capabilities, many feminist economists are also concerned with other types of inequality that may intersect with gender inequality (Lourdes Benería and Gita Sen 1982; Marilyn Power 2004). This broader concern with inequality is based on the premise that women and men are not homogeneous groups and that any systemic form of stratification based on invidious group characteristics inhibits the ability of the subordinate group to provision, with multiple forms of inequality compounding these disadvantages.³

We view economic growth as a means for expanding capabilities, especially in very low-income economies. Growth can add to the entitlements that one's labor and asset ownership, governments, and community-based arrangements make available for provisioning. In low-income countries, high-growth is more conducive to institutionalize and implement equitable policies that require a larger allocation of funds. In high-income countries, however, policies that focus on redistribution rather than economic growth will provide more scope for achieving expansion of capabilities (Hülya Dağdeviren, Rolph van der Hoeven, and John Weeks 2004).⁴ In either case, however, achieving an equitable expansion of capabilities depends crucially on how countries achieve growth and how they utilize the proceeds of growth.⁵ Growth is not sufficient to ensure expansion of capabilities because policies enhancing equality are likely to generate distributional conflict and resistance from groups who benefit from the status quo distribution. For example, dominant groups could point to added costs as a basis for resisting policies designed to strengthen social protection and to create jobs that would enable adequate provisioning.

In this contribution we build upon research in feminist economics that has sought to integrate gender into macroeconomic theory and develop gender-equitable macroeconomic policy recommendations. Since the early 1980s this body of research has examined the links between gender equality and macroeconomic aggregates such as trade, investment, and economic growth, and it has established that macroeconomic policies have gendered effects. In this contribution we provide further insight into the connections between inequality related to gender, class, and ethnicity on the one hand, and macroeconomic outcomes on the other. Our goal is to examine more closely than previous studies the multifaceted linkages between inequality, development, and growth, and to integrate insights from this volume's studies to show the relevance of gendered analysis of macroeconomics.

We begin with a consideration of contrasting notions of equality that shape differing policy agendas, and we argue for the salience of equality of

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outcomes in the pursuit of broad-based development. Our examination of the impacts of macroeconomic policies on inequalities in light of contributions in this volume adds new evidence to earlier conclusions on the inimical effects of market reforms on human well-being. We also present a clear case that gender inequality in alternative measures can hinder as well as promote economic growth. In view of this analysis we aim to identify macroeconomic policies that can promote gender equality in its various dimensions and to delineate the appropriate roles for the state and market in helping to achieve broadly shared development.

FEMINIST AND MAINSTREAM PERSPECTIVES ON INEQUALITY AND MACROECONOMICS

Distinct differences in the approaches of feminist and mainstream economists have emerged in the burgeoning research on the interrelationship of inequality and growth. Contrasting views are apparent at the outset as evidenced in the framing of the inequality problem. We consider first the perspective of mainstream economics that underlies the influential policy documents of the World Bank, including the 2006 *World Development Report* (hereafter *WDR* 2006) evaluated by Diane Elson (2009) in this volume. This perspective, which is also embodied in standard economics textbooks and thinking, does not fully reflect the growing sophistication of mainstream economics, but it does have a heavy influence in policy and the market reforms spearheaded by the World Bank and the International Monetary Fund (IMF) in developing economies.

The mainstream perspective emphasizes equality of opportunity, in the sense of formal, legal equality but is reluctant to promote equality of outcomes based on the argument that it would undermine efficiency. As Elson's (2009) textual analysis of *WDR* 2006 indicates, the mainstream perspective argues that promoting equality of opportunity can achieve economic efficiency (or "prosperity," as it is put throughout *WDR* 2006). Inequality of opportunity, in turn, is linked to poorly functioning markets that must be fixed by fostering greater competition. This approach has led to policy prescriptions that privilege market competition through liberalization and privatization. The notion of competition underlying the *WDR* 2006 and similar documents envisions an idealized society of small producers as the economic agents who will spur economic growth, a far cry from actual economies in which unequal bargaining power between corporations and wage workers abounds. Moreover, the mainstream concept of competition does not recognize the social embeddedness of markets and that their operation reproduces the power inequalities and social norms that are inscribed within these institutions.

Further underlying the mainstream perspective is a vision of modernization that sees inequality as a holdover of past unequal opportunities (see,

for example, James R. Kluegel and Eliot R. Smith [2007]). As Elson (2009) describes, the *WDR* 2006 reflects a particularly narrow variant of this notion: inequality is a characteristic of traditional (preindustrial) societies where concentration of power creates self-reinforcing “inequality traps,” a term frequently used in the *WDR* 2006. And the locus of gender inequality, according to the *WDR* 2006, is rural South Asia and inequalities between men and women in the ownership of assets. Thus, the *WDR* 2006 does not view gender inequality as a feature of industrial societies or high-growth East Asian economies.⁶ Moreover, despite widely accepted microeconomic analysis in which women’s unpaid labor constrains their labor market participation and contributes to occupational segregation and gender wage inequality, the *WDR* 2006 gives scant attention to both labor market inequality and women’s burden of unpaid labor.⁷ Consistent with the mainstream perspective, however, *WDR* 2006 views removing legal barriers to women’s participation in labor markets and access to land rights as sufficient for achieving gender equity.⁸

In contrast to the mainstream perspective, most feminist economists seek equality of outcomes, broadly understood to encompass occupations, activities, and resources, including income and assets. We see equality of opportunity and equality of outcomes as closely related, such that systemic inequality in outcomes contributes to unequal power and, as a result, unequal opportunities.⁹ Likewise, promoting equal opportunity will not be sufficient to ensure equality of outcomes, given the disadvantages that may arise from past history and present social arrangements. Market processes, far from alleviating the inequality problem, can exacerbate it. Gender norms are embedded in labor markets, and fostering competition can perpetuate gender inequality. For example, when women enter the labor market, they are often paid less than men on the assumption that they are dependent on men. Assigning men the role of breadwinner also provides a rationale for hiring men into jobs with upward mobility. Women, in turn, are slotted into low-wage, insecure jobs considered to be fitting for their assumed role as secondary wage earner. Further, in the absence of policy to address women’s unpaid housework and caring responsibilities or paid work arrangements that accommodate caring labor, competition in labor markets is stacked against women who have difficulty maintaining labor force attachment levels equal to those of men. These barriers, in turn, lead to persistent gender disparities in occupational outcomes and wages.

Feminist economists’ analyses of the interrelationship between inequality, development, and growth underscore that the macroeconomy provides the structural conditions under which equality is sought. In addition, gendered assumptions are embedded in models that guide macroeconomic policies. In this framework, individuals seek to provision for themselves and their families in the context of the macroeconomy. No matter how hard individuals work, how many sacrifices they make, and how much schooling

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they seek for themselves and their children, their families' ability to provision will depend on the structure and functioning of the aggregate economy. Macroeconomic events can present hurdles for individuals and families in a number of contexts, including a recession; a structural change and thus a mismatch between the individual's skills and those in demand in labor markets; international agreements that have opened a country to trade competition and financial volatility, leading to instability in prices, interest rates, asset prices, and exchange rates, with consequent effects on employment; and liberalization of foreign direct investment (FDI) that gives employers the potential to bargain down wages. These examples indicate that the macroeconomy acts as a structure of constraint in the achievement of broadly shared well-being and may contribute to inequality.

Further, the macroeconomy is itself a gendered structure, as evidenced by differences in women's and men's employment distribution and reservation wages, the latter due to variations in responsibility for unpaid caring labor. In addition, erroneous or unrealistic gendered assumptions are embedded in models that guide macroeconomic policies (for example, assumptions that men are breadwinners and that labor is an unreproduced commodity), and as a result, those policies can worsen gender equality.

This understanding provides the framework for a large body of feminist economics research that critiques market-oriented policies for generating inequality and setbacks in achieving development. These policies, adopted *en masse* by developing and industrialized economies since the early 1980s, have accelerated their integration into the international economy and reduced government regulation over the domestic economy. Macroeconomic stabilization policies have sought to reduce inflation, budget deficits, and balance-of-payments deficits through restrictive monetary and fiscal policies and currency devaluation. Longer-term reforms in the area of trade liberalization, capital account liberalization, deregulation of government controls, and the privatization of public services and state-owned enterprises have become key components of structural adjustment programs. These stabilization policies and reforms have subsequently become normalized as "sound" macroeconomic policies.

A series of financial crises in East Asia, South America, and Russia, and most recently the global financial crisis that started in 2008, have brought widespread critique in policy and scholarly circles of the neoliberal policy agenda, with calls for a new international financial architecture and a move away from unfettered deregulation and liberalization (Barry Eichengreen 1999; Narcis Serra and Joseph Stiglitz 2008). Yet well before this clamor for change, feminist economists had critiqued the mainstream policy agenda for its uneven distributional consequences across gender, ethnicity, and class (Lourdes Benería and Shelley Feldman 1992; Pamela Sparr 1994; Nilüfer Çağatay, Diane Elson, and Caren Grown 1995). Feminist economists have argued that the deflationary bias and the commodification

bias of these macroeconomic policies result in entitlement failures for low-income groups and more generally domestic groups that are not internationally mobile (Elson and Çağatay 2000). Budget cuts in basic public services along with privatization of these services and social protection increase livelihood insecurity and shift the burden of social reproduction onto these groups. Women in low-income groups, in particular, have to not only search for paid work in economies that generate, at best, weak employment growth but also put in more time and effort to provision with non-market substitutes to make ends meet. Further, the costs of increased vulnerability to global financial crises brought on by financial liberalization are borne by the same domestically locked-in groups who are least able to bear them. Thus, low inflation targets, budget surpluses, and efficiency are achieved by shifting costs and risks away from financial interests and wealthy domestic groups. Feminist economists have not only questioned the soundness of these macroeconomic policies but also made theoretical contributions to macroeconomic theories that recognize the implications of inequality (Berik and Rodgers 2008). We discuss our interpretations of this literature and this volume's contributions in the following two sections.

IMPACT OF MACROECONOMIC POLICIES ON INEQUALITY

Developing countries have adopted remarkably similar macroeconomic policies since the 1980s, in large part due to the influence of the World Bank and IMF. Those policies have included a reduced role for the state in directing investment, fiscal austerity, inflation-targeting, coupled with trade, investment, and financial liberalization. This set of policies has had mixed effects on women's employment. In some countries, women have experienced increased access to employment in export-oriented labor-intensive manufacturing (Guy Standing 1999). These gains in employment have been accompanied by precarious working conditions, however, due to labor deregulation and deflationary macroeconomic policies. In other developing countries, trade liberalization has resulted in the demise of domestic industries and loss of formal employment. Strapped by IMF and World Bank conditionality, which is even more stringent than the World Trade Organization (WTO) regulatory structure, governments continue to have fewer policy options to implement active industrial policies to generate employment (Shahrukh Rafi Khan 2007). These policy constraints have led to the rapid expansion of a range of informal jobs that lack basic legal and social protections and are not subject to formal economic regulations. In manufacturing, jobs are often dead-end with no opportunity to move up the job ladder to higher-wage, skilled jobs or to supervisory positions. Firms have increasingly turned to flexible and informal work arrangements that are temporary, seasonal, or casual, with women slotted for those jobs (Radhika Balakrishnan 2001).

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The increasing informalization of the global workforce has brought a growing tendency of final-goods producers to subcontract toward smaller-scale, home-based operations (Marilyn Carr, Martha Alter Chen, and Jane Tate 2000). Home-based workers are predominantly women who work for lower pay (often on a piece-rate basis), receive few if any fringe benefits, pay their own utility costs, work long hours, and remain uncovered by most national labor laws. Many women resort to this type of work if they have lost formal-sector jobs or if they need to combine paid work with childcare obligations (Lourdes Benería 2007).

Given the fairly widespread nature of home-based work as an inherent structure in many developing economies, an interesting question is how macroeconomic policy reforms have affected the home-based work decisions of women and men. Uma Rani and Jeemol Unni (2009), in this volume, use both household survey data and macroeconomic data to tackle this question in the case of India's trade and industrial policy liberalization of the 1990s. Like many developing countries after World War II, India had utilized an import substitution industrialization strategy as a basis for development planning. However, in the early 1990s, a series of external, political, and macroeconomic shocks precipitated a financial crisis to which the Indian government responded by requesting stand-by assistance from the IMF. In exchange for IMF aid, the government agreed to a fairly standard policy prescription of stabilization and structural adjustment policies, including a major reduction in tariff rates across the board. Additional waves of trade and industrial policy reforms followed.

In exploring how India's trade and investment liberalization affected home-based workers, Rani and Unni (2009) find more of an impact on men. The authors argue that home-based work was already a prominent feature of the female labor market in India before the reforms, and that cultural norms and socioeconomic status more so than macroeconomic policy reforms determined women's home-based work. However, a relatively small proportion of men had engaged in home-based work before the liberalization. Men's labor proved more responsive to the increased employment opportunities in home-based work that followed the reforms. The increase in men's home-based work was especially pronounced in import-competing industries producing machinery. Since this activity was generally considered heavy work, it was socially more acceptable for men to engage in this work. When reforms led to outsourcing, firms preferred male workers even when the activity was home-based. Caste also played a role, with men in lower-status castes being more likely to participate in low-paid home-based jobs, since men in higher-status castes had more employment options outside the home. Hence liberalization policies in India brought men closer to women in the incidence of home-based work, resulting in downward harmonization of pay and work conditions, which is not a viable approach to achieving

gender equality. Rani and Unni's (2009) study is unique for its use of micro and macro data to examine the effect of macroeconomic policies on the relative composition of visible work in the market economy and of invisible home-based work.

More broadly, the informal economy is a vitally important structure that permeates the various links between gender and the macroeconomy. To the extent that women are overrepresented in informal work, macroeconomic reforms to boost aggregate demand can lead to employment gains that disproportionately favor men. In this volume, Bernadette Mukhwana Wanjala and Maureen Were (2009) conduct a multiplier analysis using a Social Accounting Matrix (SAM) for Kenya to examine how domestic investment strategies targeting sectors with high linkages affect employment and pay. They show that women workers in Kenya benefit relatively less from new domestic investment in manufacturing since they predominantly work in sectors where the stimulus package creates low-paid, unskilled jobs. The authors conclude that financing for development by promoting domestic investment must support women's skills acquisition, primarily through higher education and training opportunities, so that they have improved access to formal and skilled jobs.

Just as gender-neutral policy reforms to stimulate domestic investment can have gendered effects due to women's concentration in the informal economy, public sector downsizing may be gender-neutral in intent but have differential effects in practice. Public sector employment retrenchment, an integral part of broader economic reform strategies, is motivated by the need to trim government budget deficits, correct staffing and skill imbalances in public enterprises, improve efficiency of public sector operations, and refocus the priorities of national governments. Downsizing often involves lay-offs for employees, particularly women, who have lower levels of tenure, less education, and lower status positions. As Jieyu Liu (2007) argues, during China's public sector retrenchment in the late 1990s, women experienced disproportionate job losses primarily due to the nature of gendered job segregation (that is, women's concentration in less-skilled jobs), which also constrained women's post-lay off job prospects.

Sai Ding, Xiao-yuan Dong, and Shi Li (2009), in this volume, examine how changes in the employment and earnings of married women in China affected overall income inequality from 1988 to 2002, a period of profound economic reforms and substantial public sector retrenchment. They argue that when women generate monetary incomes in the paid labor market, their earnings contribute to the household's purchasing power and potentially to a lessening in overall income inequality if their spouses are in low-paid jobs. The authors use a decomposition procedure involving the coefficient of variation of total household income and find that the disproportionate job losses of women during the retrenchment contributed to rising overall inequality in urban China, which worked against the

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otherwise equalizing effect that their earnings would have had on inequality. These results provide valuable new evidence that a market-oriented reform strategy may be ostensibly gender-neutral but in practice may contribute to greater gender disparity in employment rates. This distorts the otherwise equalizing effect of women's labor force participation and worsens overall income inequality.

Building social provisioning criteria into macroeconomic models constitutes an important step toward examining the gender implications of macroeconomic policies. Such efforts have precedents in the theoretical models of William Darity (1995) and Korkut Ertürk and Nilüfer Çağatay (1995), along with a small but growing number of studies that add women's unpaid work and gendered power relations to Computable General Equilibrium (CGE) models. CGE analysis, which has a fairly long history as a planning tool in scholarly and policy discourse, can be used to demonstrate that macroeconomic policies and shocks affect men and women differently through multiple sectoral linkages in the economy. In this volume, Rizwana Siddiqui (2009) constructs a gendered CGE model for Pakistan and conducts a series of simulations involving the liberalization of trade policy. The model incorporates several innovations, including social reproduction activities, labor disaggregated by gender, and male- and female-headed households. Siddiqui's results indicate that trade reforms led to a higher gender gap in domestic workloads, literacy rates, and infant mortality rates among poor households. Because overall welfare was reduced, Siddiqui concludes that poverty reduction and income redistribution policies need to accompany trade liberalization.

Jeanne E. Koopman (2009) provides the only analysis in this volume of the impact of macroeconomic policies on an agrarian economy. In an historical account of the modernization of agriculture in the Senegal River Valley since the 1970s, she explains how the implementation of market-oriented reforms from 1985 onward undercut a fledgling labor- and capital-intensive farming system that was supposed to promote food security. The construction of dams and irrigation schemes to support modern agriculture contributed to Senegal's unsustainable debt burden, which was followed by the country's structural adjustment program. These policies increased the cost of farming by cutting credit and subsidies to smallholders. Consistent with the outcomes of agricultural trade liberalization in other countries in Sub-Saharan Africa and in Latin America in the 1990s (Mamerto Perez, Sergio Schlesinger, and Timothy A. Wise 2008), family farmers in Senegal were further squeezed by falling prices for their output when trade liberalization exposed them to import competition, and the government eliminated its program to purchase the output of farmers.

A decline in caste inequality accompanied the shift from traditional to modern irrigated farming in the Senegal River Valley, as the government distributed equal-sized plots to all heads of household. Men's migration, to

make up for the elimination of government support for farming, also contributed to the decline in caste-based income inequality, as migrants were disproportionately from artisan and ex-slave castes. However, the government's model of irrigated plot distribution left gender inequality in access to land unchanged, as only a small proportion of women could obtain land rights as household heads. Unlike other parts of Africa, married women in Senegal did not have customary land-use rights nor did they have substantial gender-specific food provisioning responsibilities. As the labor-intensive farming was phased in and men's migration increased, women were called upon to work on male-controlled household plots. Based on time-use survey data from 1958 and 1991–2, Koopman documents the shift in agricultural work burden from men to women and children. Surprisingly, this shift in burden was accompanied by a decline in the absolute amount of time devoted to farming, which according to Koopman is symptomatic of policy failure. As of 2008, rice farming and migration are no longer viable, and these smallholders, who make up half the population in Senegal, are faced with rising food insecurity. Koopman's village case study shows that the farm income generated by women on small garden plots is vital for household livelihoods. Yet, both their insecure land rights and competition from subsidized European food imports constrain women's attempts to grow vegetables for the market and household subsistence.

Also in this volume, Ajit Zacharias and Melissa Mahoney (2009) explore the gender implications of the shift in power relations in the US from 1982 to 1997 that led to an increase in profitability. This phenomenon was contemporaneous with structural change in the economy as evidenced by the growing share of labor-intensive jobs, primarily in services. The authors investigate the impact of the feminization of employment on the profit rate during the "leaden age," as it is denoted in the post-Keynesian literature, due to the combination of economic growth with downward pressure on wages.¹⁰ Surprisingly, the driving factor in rising profitability was not the incorporation of women into the economy at lower wages than men's. Rather, declines in unionization and the liberalization of FDI and trade contributed to declining employment and wages in primarily male-dominated, blue collar manufacturing jobs. One result was that men's wages fell, accounting for three-quarters of the increase in the gender wage ratio during this period. Hence, as Rani and Unni (2009) also demonstrate, macro-level policies had a gender inequitable effect in a way that disadvantaged men more than women. And, as other contributions to this volume underscore, gender job segregation shaped the gendered effects of macroeconomic policy. While feminist economics research in recent years has produced a good deal of evidence that women's livelihoods have been made more precarious by the shift to policies that promote market and trade liberalization and a reduced role for the state, clearly there are countries in which men have been disproportionately negatively affected.

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Yelena Takhtamanova and Eva Sierminski (2009), in this volume, offer another study on a developed economy, with an investigation of the gendered employment impact of contractionary monetary policy on member countries of the Organisation for Economic Cooperation and Development (OECD). In contrast to recent empirical evidence from developing countries indicating that the costs of reducing inflation are disproportionately borne by women (Elissa Braunstein and James Heintz 2008), Takhtamanova and Sierminski do not find any statistically significant employment effects by gender for nine OECD countries for the period 1980–2004. The results, based on both single equation estimation and vector autoregression (VAR) techniques, indicate that there is no statistically significant difference in male and female employment elasticities in response to a change in short-term interest rates. The authors' VAR results, however, do show statistically significant negative employment effects of monetary policy shocks on men and women for most countries in the sample. The absence of a gendered effect could be attributable to women's concentration in sectors that are less susceptible to disruption during cyclical fluctuations. In the US, one of the countries in their analysis, a body of evidence indicates that men and women in subordinate ethnic groups bear the burden of joblessness in response to contractionary monetary policy, suggesting that sometimes ethnic inequality can substitute for gender inequality (John D. Abell 1991; Willem Thorbecke 2001; Seth B. Carpenter and William M. Rodgers, III 2004). Unfortunately, sparse or nonexistent racially disaggregated employment data in other OECD countries hampers the possibilities for determining whether the costs of monetary shocks are similarly distributed to subaltern groups in those countries.

Consistent with emerging standards in the field of feminist economics, this volume's studies utilize a diverse set of methodologies to analyze inequality. While large-scale surveys are a key source of evidence, several studies rely on methodologies that go beyond econometric analysis to provide valuable descriptions of changes in inequality. On one end is Koopman's (2009) historical study that draws upon large-scale survey data on time use by gender and age and a recent village sample survey on women's income contribution to the household. At another point along the spectrum, Ding, Dong, and Li (2009), as well as Zacharias and Mahoney (2009), rely on decomposition techniques to identify the sources of changes in inequality. We also see a variety of regression techniques applied to country-specific data, such as logit regressions of work decisions (Rani and Unni [2009]), and vector autoregressions and ordinary least squares regressions of monetary policy effects on employment (Takhtamanova and Sierminski [2009]). Likewise, the unit of analysis ranges from a region within a country or a village that yields rich insights on process (Koopman [2009]), to all households or a set of macroeconomic aggregates within a country (Siddiqui [2009]), to a large set of countries (exemplified by

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Stephan Klasen and Francesca Lamanna's [2009] and Matthias Busse and Peter Nunnenkamp's [2009] contributions discussed in the next section).

The volume also includes gendered applications of multi-sector planning models similar to those used by governments and international agencies to simulate the outcomes of macroeconomic reforms through multiple channels in the economy (Wanjala and Were [2009]; Siddiqui [2009]). While other types of gendered macro models follow an economy-wide approach and link aspects of the monetary economy with those of the household economy, they do not allow for connections with detailed sectors (Marzia Fontana and Yana van der Meulen Rodgers 2005). An engendered CGE approach fills this gap with the simultaneous analysis of all individual sectors of the monetary economy, the relations among them, and the linkages and feedback effects between the monetary economy and the household economy. Yet SAM- and CGE-based techniques are still evolving, and readers need to be careful to assess the underlying assumptions and parameter choices that help to determine the simulation results.¹¹ That said, analyses by Wanjala and Were (2009) and Siddiqui (2009) shed light on important gender-related reallocation mechanisms through which macroeconomic reforms might operate, mechanisms that conventional analyses fail to capture.

IMPLICATIONS OF INEQUALITY FOR GROWTH

The formulation of efficacious policies to promote societal development and raise living standards requires a clear understanding of how gender relations can affect progress toward those goals. Moreover, we want to know how gender and the macroeconomy interact so as to devise policies that enable gender equality to be compatible with economic growth. An emerging body of research, with considerable policy relevance, explores the implications of the gender distribution of capabilities, income, and other resources for economic growth (Janet Saltzman Chafetz 1989; Stephan Klasen 2002; Stephanie Seguino 2008b).

In this research, scholars have theoretically traced out the channels through which gender affects macroeconomic outcomes, with a number of cross-country studies that have empirically tested the theories. The evidence thus far suggests that macroeconomic effects of gender inequality can be contradictory: gender inequality may stimulate some macroeconomic aggregates while having negative effects in other areas (Janet Stotsky 2006; Berik and Rodgers 2008; and Elissa Braunstein 2008). These contradictory findings, which reflect differences in theoretical frameworks, have given rise to an important debate on whether the net effect of gender inequality is a stimulus or a drag on growth.¹²

One group of scholars emphasizes the long-run determinants of productivity growth. This research generally assumes full employment

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and well-functioning labor markets, thus placing less emphasis on short-run outcomes.¹³ The second group, encompassing heterodox approaches (including Keynesianism) highlights the potential for demand-side disturbances in the short run that can lead to excess capacity and bargaining power differentials, the latter resulting in wages diverging from productivity. The emerging debate also shows that the relationship between growth and gender depends on which measure of gender inequality, and thus which transmission mechanism, is under consideration. Some measures of gender inequality (such as gender wage gaps) are fast acting variables, influencing aggregate demand, employment, and output in the short run. The effects of others are slower to manifest. For example, the macroeconomic effect of differential investments in girls and boys today may not be visible until sometime in the future. Gender effects also differ according to the structure of the economies under consideration (post-industrial, industrial, or agricultural). The gender division of labor varies with economic structure and will therefore influence the transmission mechanisms by which gender affects growth.

The compelling body of work offering evidence that gender inequality slows the long-run rate of economic growth uses gender gaps in education, life expectancy, and employment as explanatory variables (M. Anne Hill and Elizabeth King 1995; David Dollar and Roberta Gatti 1999; Klasen 2002; Stephen Knowles, Paula Lorgelly, and P. Dorian Owen 2002; Berta Esteve-Volart 2004). Influenced by neoclassical theories, these studies do not consider the implications of short-run macroeconomic fluctuations. For the most part, by relying on cross-country regressions, this research implicitly assumes that the role of gender inequality is similar across countries; that is, that we can make universal claims about the effect of gender inequality on economic growth. This research strategy also does not evaluate the effect of differences in economic structure among countries.¹⁴

Gender relations affect macroeconomic outcomes through several channels in this body of work. Educational gender gaps, for example, are linked to higher rates of fertility and lower saving rates. Rising fertility can reduce investment in children's education and health. Moreover, educational inequality can contribute to women's unequal household bargaining power, affecting the distribution of household resources, given women's greater tendency to allocate spending to children's needs (Lawrence Haddad, John Hoddinott, and Harold Alderman 1997; Rae Lesser Blumberg 2004). By lowering the resources invested in children, inequality is theorized to lower the quality of the future labor supply and long-run productivity growth.

In addition to micro-level effects, scholars such as Anne Boschini (2003) have noted that systematic differences in investments in girls' and boys' education can be inefficient due to selection distortion. Overinvesting in less talented men while underinvesting in able women, reduces the average

skill level in the economy with negative effects for aggregate productivity. Educational investments may be distorted due to gender norms and stereotypes that slot men and women into gendered occupations. Unequal educational outcomes and the resulting occupational segregation do not need to be based on discrimination to have a negative effect. Boschini (2003) finds that internalized norms may influence gender-specific educational choices, which may result in a suboptimal allocation of ability. She presents evidence based on a cross-country sample from 1970 to 1988 that the presence of gender stereotypes lowers the rate of skill acquisition in the economy, the rate of technological change, and the rate of economic growth.

Using an updated data set on educational attainment, Klasen and Lamanna (2009), in this volume, confirm the substantial negative effect of educational gaps on growth previously reported in the literature (Hill and King 1995; Klasen 2002; Knowles, Lorgelly, and Owen 2002). They trace both direct and indirect effects (the latter including the mediating variables of investment, population, and labor force growth) and explore the effects of employment inequality on growth, using labor force participation rates as a proxy due to data limitations.¹⁵ Their analysis, which covers ninety-three countries over the period 1960 to 2000, finds that countries with wider gender differences in labor force participation rates grow more slowly, with simulations suggesting that growth in the Middle East and Northern Africa (MENA) and South Asia regions is reduced due to this effect.¹⁶

A second body of research in the gender and macroeconomics literature emphasizes the demand-side effects of inequality in wages and employment in both the short and long run (Ertürk and Çağatay 1995; Robert Blecker and Stephanie Seguino 2002; Stephanie Seguino and Mark Setterfield 2009).¹⁷ This research is further differentiated from the supply-side literature by its attention to structural features of economies that influence how gender interacts with macroeconomic aggregates. In this kind of research, a country's economic structure combined with the gender division of labor is an important factor in determining the nature of the interaction between gender inequality and growth. Feminist economics research on semi-industrialized economies finds evidence that gender wage inequality can stimulate two important macroeconomic aggregates: investment and exports (Stephanie Seguino 2000a, 2000b). Developing countries are heavily reliant on exports to finance imported intermediate and capital goods in order to relieve a balance of payments constraint to growth (A.P. Thirlwall 1979; Mark Setterfield 2006). Since the 1970s, women's labor has become a primary source of foreign exchange earnings that has helped relieve this constraint in many semi-industrialized economies (Stephanie Seguino 2008a). Women's low wages, due to women's job segregation in export industries that are subject to intense

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price competition and downward pressure on wages (especially in garments, textiles, and electronics), have been key in the “feminization of foreign currency earnings” (Vidyamali Samarasinghe 1998). While the concentration of women in export manufacturing has received the most attention, even in some agricultural economies, women’s seasonal or daily wage labor on farms has proven critical to keeping costs low and export demand high.

In agricultural economies, however, the effect of gender on growth prospects is linked to the gender division of labor within the agricultural sector, and gender inequality in land ownership and loan access (C. Mark Blackden and Chitra Bhanu 1999; Cheryl Doss and Michael L. Morris 2000). In this structure the salient measures of gender inequality will differ as well, with the relatively greater importance of primary educational gaps, gender differences in loan access, and land rights. Therefore, gender equality in access to land and technology, rather than gender inequality in wages, may hold the key to increasing productivity in food production. Consistent with such an argument, Koopman (2009) argues that tiny plots and tenuous land rights for women in the Senegal River Valley constrain food output and marketable surpluses.

Also in this volume, Busse and Nunnenkamp (2009) explore the effect of gender educational gaps on FDI. As much of the development literature has shown, robust investment is an important driver in stimulating growth, and countries are in competition to attract FDI to make up for the shortfall in domestic investment. Based on cross-country regressions using an unprecedented large dataset (seventy-seven developing host countries and twenty-eight source countries), Busse and Nunnenkamp find that foreign firms responded positively to gender equality in education over the 1980–2005 period. This positive and statistically significant effect is confined to middle-income, developing host countries and developed source countries for FDI. The effect of educational inequality on FDI in low-income, developing countries and on the FDI emanating from developing host countries is statistically insignificant. The authors interpret the disparity in results for low- and middle-income countries in terms of differences in the nature of FDI, which is related to diversity in economic structure. In low-income countries, FDI is resource seeking (concentrated in extractive industries), and the availability of skilled labor does not figure strongly into investment. Likewise, the authors interpret the non-responsiveness of developing source country FDI to educational inequality in terms of the nature of FDI from these countries: efficiency-seeking (that is, low labor-cost searching) FDI relies less on skilled labor in developing host countries.

Busse and Nunnenkamp’s (2009) main finding is robust and points to the complementarity between the equality and growth goals for countries that strive to reduce gender education gaps. Greater equality in education will not only boost FDI by expanding the pool of skilled labor but also

enhance growth, since FDI-related spillovers are contingent on the presence of qualified labor. They also indicate that if developing countries do not take educational equality seriously they could end up stuck in a low-wage, low-labor-productivity, footloose FDI trap. Moving up the industrial ladder, however, takes more than educational equality. Boosting the skilled labor supply would have to complement a set of selective credit, subsidy, and import protection policies that target specific industries.

Busse and Nunnenkamp (2009) cautiously point out that their findings do not rule out the possibility that gender wage inequality might be an added attraction for FDI that flows to middle-income developing countries. More education for women contributes to higher labor productivity, and this could explain the positive effect on FDI, but the key nexus here might be the impact of the combination of gender wage inequality and educational equality on foreign firms' profitability. The two combine to lower unit labor costs below what would have been the case if women had greater bargaining power to negotiate for wage levels that fully reflected their productivity. The lower unit labor costs, in turn, stimulate profits and product demand. Busse and Nunnenkamp note that wage data constraints do not allow them to differentiate among the productivity and wage effects that are proxied by the gender educational inequality variable. Likewise, they are also unable to sort the effects of gender inequality on different types of FDI in a cross-country regression analysis. Analogously, while Klasen and Lamanna (2009) find that gender equality in labor force participation stimulates growth, their research does not address whether higher growth is due to the stimulus to profits and thus investment resulting from women's low wages, which are examined by Ertürk and Çağatay (1995) and Korkut Ertürk and William Darity, Jr. (2000).¹⁸

A comprehensive analysis of the growth effects of educational equality requires an assessment of whether women are able to capture the full extent of their increased productivity in the form of higher wages. Women's ability to do so will depend on structural features of the economy, labor market institutions such as labor unions, and rules on capital flows, including FDI. If women are concentrated in industries in which the mobility of FDI limits their bargaining position in wage setting, women could benefit from one form of greater equality – education – without any assurance that gender wage equality will ensue. This constraint suggests that efforts to promote gender equality must also pay attention to the ability of women to translate increased skills into commensurate remuneration.

Global evidence on trends in gender wage gaps is mixed. Some evidence that gaps are closing has been found, in part due to narrowing educational gaps. For several developing countries, including several in Asia, however, the discriminatory portion of gender wage gaps has increased (Günseli Berik, Yana van der Meulen Rodgers, and Joseph Zveglich 2004; Doris Weichselbaumer and Roger Winter-Ebmer 2005; Nidhiya Menon and Yana

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van der Meulen Rodgers 2009). In addition, Remco Oostendorp (2009) finds evidence that FDI net inflows contribute to wider gender wage gaps in high-skill occupations in poorer economies.

Despite the contributions of cross-country regression analyses, as shown by the Klasen and Lamanna (2009) and Busse and Nunnenkamp (2009) studies in this volume, this methodology is unable to identify country-specific factors that may influence outcomes. There is growing recognition that cross-country regressions must be coupled with local case studies to determine the context that underlies the association between dependent variables and structural forces (Francisco Rodríguez and Dani Rodrik 2001; Joseph E. Stiglitz 2005).¹⁹ Exceptional cases are also sources of insight in helping countries determine policies that they could either adapt or avoid (John A. Donaldson 2008). Indeed, Busse and Nunnenkamp identify country case studies as a useful methodology to sort out questions about the unobservable transmission mechanisms between gender educational equality and FDI. This move toward methodological complementarity is consistent with feminist economists' interest in understanding process and agency as well as outcomes.²⁰

Apart from methodological caveats, the supply-side analyses on inequality in education, labor force participation, and employment have made a convincing case that not only women but society as a whole could benefit from greater gender equality. If gender-equitable change will promote both efficiency and fairness, then why is there resistance to change? As suggested by the demand-side perspectives, the efforts that enable women to raise their wages may lead to economic contraction due to negative effects on profitability, investment, and export sales. This short-run disturbance in demand could cause not only a fall in men's employment and output but also make it difficult to achieve long-run growth. Thus even if gender equality could produce positive supply-side effects on labor force quality in the long run, in the short run, gender equality might induce shocks that drive economies off their long-run growth paths. This argument is contrary to the view of some growth theorists that such shocks result only in transitory departures from trend normal output growth, where output growth is assumed to be fully determined by supply side factors (Amitava Dutt and Jaime Ros 2007). In this way, the macroeconomy acts as a constraint on gender equality. However, as we will discuss in the next section, policy changes can serve to make gender wage equality compatible with short-run growth.

Feminist economists have also attributed the perpetuation of gender inequality to rent-seeking behavior on the part of men who have an incentive to maintain structures underpinning their privileged economic position (Amartya K. Sen 1990; Bina Agarwal 1997; Dipankar Purkayastha 1999; and Braunstein 2008). Through collective action men may create and perpetuate social norms and rules that benefit them but are socially costly.

Thus, male workers might resist gendered job integration that could increase women's bargaining power vis-à-vis employers and reduce the persistent gender wage gaps. This potential for within-class distributional strife would have to be addressed in order to advance the goal of gender equality.

POLICIES TOWARD EQUITABLE DEVELOPMENT

Given the new evidence on the interlinkages between equality and growth, we next draw attention to the challenge of determining the policies required to ensure equality with growth. This argument implies that post-1980 policies that sought market liberalization with a reduced role for the state in managing the development process must be redesigned with the goal of promoting the compatibility of equality and growth. New feminist economics research in this volume provides additional insights into policies to consider for promoting gender equality as both an intrinsic goal and a step in the process to facilitate broadly shared development.

Achieving equitable development requires full employment, jobs at decent wages, the ability of people to combine paid with unpaid work, and the equitable distribution between men and women of paid work opportunities and unpaid work responsibilities.²¹ In some countries, this goal implies a need to increase labor's share of income by turning profit-led economies, in which corporations possess substantial power because of the threat effect that comes from firm mobility, into wage-led economies (Stephanie Seguino 2007). Industrial policy that increases the incentives to shift to higher productivity and higher wage production processes is one tool (Stephanie Seguino and Caren Grown 2006). Skill- and capital-intensive goods and services tend to be more income elastic and less price elastic, both of which make higher wages less contractionary. Developmental banking, credit subsidies, and investment performance requirements to move the economy up the industrial ladder are important components of such a strategy (Robert Wade 2003; Helen Shapiro 2007). In addition, regulation of FDI can slow the mobility of firms, which could then benefit from efficiency wage effects of higher female wages. These approaches can promote growth and thereby reduce the resistance to implementing equitable policies among dominant groups of workers (in particular, men or privileged ethnic groups).

Industrial policy that raises labor productivity would also help resolve the potential distributional strife between employers and workers and make possible improvements in working conditions (Seguino 2008b; Günseli Berik and Yana van der Meulen Rodgers, forthcoming). In addition, affirmative action and training programs that could reduce gender job segregation would help to boost productivity and skills acquisition. Women's movement into higher-skilled jobs could thus potentially alleviate the

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pressures of higher relative female wages on short-run disturbances to growth. In turn, higher and gender-equitable pay, improved health and safety in the workplace, and union rights are the means to improve livelihoods and counter the widening class and gender income inequalities engendered by the expansion of global production systems.

However, the pursuit of industrial policies to move economies to a higher productivity path requires policy space at the country level, especially in developing countries. This policy space is currently narrowed by both the WTO rules and the IMF and World Bank conditionality. This bottleneck to achieving a more equitable society calls for reforms of the global rules for trade and capital mobility. Moving away from the current global regime of unregulated capital flows would release the deflationary bias of fiscal and monetary policies by reducing the ability of footloose financial interests and rentier groups to threaten to flee (Elson and Çağatay 2000). Changing the WTO's mission from maximizing the global volume of trade to reducing global poverty would be a major step (Dani Rodrik 2007). This shift would enable countries to pursue growth strategies tailored to the needs and conditions of the domestic economy to reduce poverty. Likewise, if the IMF and the World Bank could replace their standard conditionality with the promotion of basic political freedoms, the chances of promoting equitable development would be greatly enhanced. While Rodrik's (2007) suggestion for reform is based on the strong association between economy-wide (household) equality and participatory democracy, the same argument could be made for reducing intergroup inequality as well.

Koopman's (2009) contribution on Senegal also illustrates the urgent need to reform global trade rules. While Koopman argues that strengthening women's land rights and access to technology is a key part of the solution to the current food crisis in the Senegal River Valley, she also recognizes that providing land rights for women is not an adequate strategy.²² Koopman's study offers an indictment of both foreign-directed, large-scale agricultural modernization projects and agricultural trade liberalization in generating vulnerability, undermining sustainable rural livelihoods, and unleashing migration. It is urgent to reform trade rules so as to allow policy space for developing countries to regulate imports that compete with local food crops that are key to subsistence (Perez, Schlesinger, and Wise 2008). Also crucial are efforts to bring back state support for small farmers by reorienting local food security.

Promoting broadly shared development also requires a reorientation of central bank policies away from inflation targeting. Inflationary pressures are diverse in their causes, but inflation targeting primarily aims at controlling inflation by reducing aggregate demand and can contribute to employment declines and downward pressure on wages. As Takhtamanova and Sierminska (2009) show, tight monetary policies have imposed costs on

workers in the form of job losses in their OECD sample: job shortages produce competition for the scarce supply of remaining jobs. This competition is often gendered and racialized with dominant groups asserting their right to a job when jobs are scarce. These costs underscore the importance of searching for alternative approaches to assuring price stability without losing sight of the primary macroeconomic goal of ensuring that individuals are able to provision for themselves and their families. There is a growing critique of inflation targeting, with concerns about its effectiveness in promoting price stability relative to approaches that may be less costly in terms of employment (Gerald Epstein and Erinç Yeldan 2008). Further, several scholars have provided evidence that annual inflation rates of up to 15 percent are not harmful to growth (Michael Bruno and William Easterly 1996; Robert Pollin and Andong Zhu 2006).²³ These critiques suggest the importance of developing a more refined context-specific approach to controlling inflation that also provides space for government to pursue the goal of employment creation.

In developing countries, many of the problems of inflation result from supply side bottlenecks – high food production costs, poor transportation networks, and high labor costs due to pervasive poor health. Public investment, not tight money policy, can best tackle these problems. Directing public spending to extension services, subsidized agricultural inputs, and credit for resource-constrained women farmers can address high food costs in places such as Sub-Saharan Africa. Evidence from this region shows that by equalizing women's access to necessary inputs and credit, agricultural productivity could rise by 10 to 20 percent (Katrine Saito, Hailu Mekonnen, and Daphne Spurling 1994; Christopher Udry 1996). Further, women's low yields in Ghana, for example, have been linked to insecure land tenure rights (Markus Goldstein and Christopher Udry 2008). These findings suggest that efforts to reduce inflation linked to high food prices require gender equalizing public investment in farming and changes to the legal code that give women secure land rights, as also argued by Koopman in this volume. Inflation targeting may not be the appropriate tool to achieve these goals, and indeed, by lowering output and employment, it could reduce public sector revenues that could be used to alleviate inflationary pressures.²⁴

An alternative approach, adopted by Sweden, combines inflation targeting with labor market policies and has achieved very low unemployment rates. The approach includes a centralized and coordinated wage bargaining system that promotes full employment while fostering moderation of wage demands during economic expansions and the implementation of countercyclical active labor market policies to enhance employment opportunities during downturns (Dominique Anxo and Harald Niklasson 2008). Other developed economies might adopt similar approaches, with the understanding that such policies reduce not only gender but also ethnic competition over jobs.

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Busse and Nunnenkamp (2009) and Klasen and Lamanna (2009), in this volume, make apparent the societal benefits to closing gender gaps in education. The volume's case studies of China, Pakistan, and Kenya also show the need for policy measures that build women's educational qualifications and strengthen the social safety net to support women in the adjustment process. Education goals include not only gender equality at all levels of education but also better access for women to vocational education. This may be especially useful for women who are home-based workers or who lose their jobs as a result of increased trade competition. Strengthening the social safety net supports provisioning and thus fosters equitable development together with growth. But, as Elson (2009) points out in this volume, systems of social protection and labor market regulation need to be redesigned to recognize the positive contribution of unpaid work to the monetized economy.

Indeed, we argue that recognition of women's disproportionate responsibility for unpaid domestic labor is a prerequisite for tackling persistent gender inequalities in the labor market. Results on closing employment gaps in Klasen and Lamanna (2009) suggest the need for parental leave policies and other public measures to solve the childcare problem for working parents and to enforce anti-discrimination legislation. While policies that enhance women's employment and earnings capacities are an enormous step in the right direction, they do not speak to women's domestic responsibilities and other structural impediments. Public provision of daycare services for young children and after-school care will help to relieve the time and budgetary constraints that women workers, in particular, experience. Stronger enforcement of equal pay and equal opportunity legislation will reduce discriminatory pay and employment practices that contribute to the gendered impacts of macro policy reforms. These policies can help women translate greater education and labor market participation into fair wages and jobs that utilize women's skills and establish good working conditions.

Several contributions in this volume conclude that gender equality of education and labor force participation (as a proxy for employment) are a stimulus to FDI and growth. These measures of gender gaps are not, however, adequate to capture well-being, and indeed, we cannot be sure they do not inadvertently capture exploitation. Educational improvements do not always translate into higher wages. Being in the labor force does not always equate with a decent job with stable earnings and benefits. This ambiguity is a reflection of data inadequacies that all researchers exploring the relationship between gender equality and growth face. The data needs for accurately estimating overall income, hence gauging women's access to resources, are enormous (Seguino 2008b).²⁵ In this sense, although the evidence in this volume suggests that educational and employment equality are good for growth, there remains a possibility that this does not ensure

equality in other dimensions of material well-being, including wages and security of income stream. We thus have a long way to go in fleshing out a macroeconomics policy agenda that is both good for growth and good for gender equality. Such a framework, we argue, would also require, more generally, a strategy that results in broadly shared development by class and ethnicity as well.

ISSUES FOR FUTURE RESEARCH

In this study, we have presented the feminist conceptual framework linking inequality and growth, examined new evidence on how macroeconomic policies affect inequality, explored the implications of gender inequality for economic growth, and presented an agenda for gender-equitable policy alternatives. We have argued that a gender-aware lens on macroeconomic policies shows that gender inequality may be used to stimulate growth, that macroeconomic policies have gender-differentiated effects, and that these policies may exacerbate gender inequality. Our study has also highlighted the reciprocal relationship between inequality and growth. That is, while macroeconomic policies may exacerbate gender inequality and other forms of inequality, inequality also has macroeconomic effects. We close with suggestions for new research in three areas related to macroeconomic aggregates and gendered well-being.

First, more empirical work is needed to show how privatization, liberalization, and economic crises affect the ability of men and women to provision for their families. For example, measures of children's nutritional status such as stunting and wasting can indicate illness or nutritional deprivation due to catastrophic events and major economic shocks. With the wide availability of developing country health survey data, it would be quite feasible to examine how children's nutritional status varies during a period of structural adjustment and macroeconomic reform. This work would also build on a large body of micro-based analyses demonstrating that educating girls also has a functional importance in terms of benefits for the next generation, as the socioeconomic status and actions of more educated mothers during pregnancy and child rearing can have a large impact on children's nutritional status, health, and well-being (David Pelletier 1998, Paul Glewwe 1999; Michael Boyle, Yvonne Racine, Katholiki Georgiades, Dana Snelling, Sungjin Hong, Walter Omariba, Patricia Hurley, and Purnima Rao-Melacini 2006). A woman's education can also give her autonomy and bargaining power within the household and affect her children's nutritional status. However, little is known about how the increased burdens associated with macroeconomic adjustment policies affect the power of mothers within the household to make choices about their children's food and healthcare that increase their children's chances for optimal physical and social development.

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Second, we argue for a renewed focus on how macroeconomic policies can affect gender equality in autonomy, access to resources, and sexual rights. Understanding the associations between individual-level decision making and the macroeconomic environment can lead to important insights into the spread of HIV/AIDS and the effectiveness of policy interventions. As Cecilia Conrad and Cheryl R. Doss (2008) discuss, an array of macroeconomic variables can affect individual decisions related to the spread of HIV/AIDS, including income-generating opportunities for individuals and communities, the availability of imported medical goods, and structural-adjustment-type programs. And, the gender discrimination and social structures that inhibit gender equality and women's rights are instrumental in the feminization of HIV/AIDS in the developing world, particularly in Africa. For example, India's macroeconomic policy reforms, which contributed to an increase in home-based work as discussed in this volume by Rani and Unni (2009), also made women more susceptible to HIV/AIDS infection (Ushma D. Upadhyay 2000). Because the reforms cut agricultural subsidies, women shifted to jobs in the urban, informal sector, including sex work, which increased their risk of becoming infected with HIV. Decision-making power for women is closely related to their access to schooling and remunerative employment, their relations with their partners, and their reproductive rights. Understanding women's empowerment can shed new light on the particularly rapid spread of HIV/AIDS among women, since their ability to practice safe sex and seek treatment depends on their bargaining power.

Third, in the absence of widely available alternative measures, feminist empirical analyses of growth have used GDP per capita, which has been the subject of longstanding feminist critique (Lourdes Benería 1981; Marilyn Waring 1988). As a tally of the monetary transactions, GDP not only leaves out the contributions of unpaid care activities and services of the environment to human well-being, it also disregards the nature of the growth generated, the composition of goods produced, and the depletion of resources in the course of growth. Thus feminist economists have engaged with mainstream economists on their turf, using this flawed measure, which generally overestimates well-being due to its lack of a debit side to account for the costs generated by the output expansion. While feminist economists have critically assessed the nature of growth, their critique has largely focused on low-level equilibrium traps generated by labor-intensive, low-technology growth strategies, for example, in export manufacturing. The next step in feminist economics analyses of inequality, growth, and development is to problematize the nature of growth more broadly by using the principle of sustainability as the yardstick and goal in the pursuit of equality.²⁶

Finally, our argument for the development of policies that promote adequate livelihoods and equality implies a useful collaboration between feminist economists, heterodox macroeconomists, whose primary focus has

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been on class inequality, and economists concerned with racial and ethnic inequality. Indeed, many of the policies that we have highlighted – such as industrial policies and social protection policies – are beneficial not only to women but also more broadly to all those at the bottom of the distribution whose well-being has been compromised by an excessive reliance on liberalized markets to promote growth since the early 1980s.

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NOTES

¹ Authors are listed in alphabetical order. Each author contributed equally to this project.

² Some scholars have reservations about the statistical significance of the results and argue that it is too early to confirm this trend (Sudhir Anand and Paul Segal 2008).

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The World Bank (2006), which distinguishes among three types of inequality, concurs that inter-country inequality has risen since 1980 but reports that global inequality (assessed for the 1993–2000 period only) has not changed much, and international inequality (taking country population size, and therefore the rise in average incomes in China and India, into account) has declined.

³ Thus, we share the methodological premises of the emerging social provisioning perspective in feminist economics (Power 2004). This perspective broadens the longstanding concern of feminist economists with gender inequality to include attention to multiple forms of inequality. It also emphasizes attention to unpaid domestic and caring work as integral parts of the economic system and insists on judging the success of economic policies by their ability to promote human well-being. As such, the focus of economic analysis changes from individual pursuit of financial gains and competition toward social provisioning through cooperation.

⁴ Using simulation exercises, Dağdeviren, van der Hoeven, and Weeks (2004) show that redistribution of current income rather than distribution-neutral economic growth is the most effective means for poverty reduction in all but the very low-income economies. Redistribution with growth is the second best alternative.

⁵ Our interest in the nature of growth includes both the composition of output and the technologies of production. We believe that in both low- and high-income countries environmental sustainability should be integral to the goal of expanding availabilities. We are concerned about the pursuit of growth at any cost through dismantling, or not putting in place, environmental regulations since this strategy undermines livelihoods and capabilities.

⁶ Elson (2009) points out that the *WDR* 2006 downplays gender wage inequality as a problem, as it views the expansion of women's employment opportunities in export manufacturing as a solution to gender inequality.

⁷ While human capital theory integrates unpaid work into its analysis of labor market inequalities, it regards women's care responsibilities as a matter of choice. See Michael Levin (1984) for an argument that dismisses the feminist concern with unequal labor market outcomes on this basis and rules out any policy measures beyond creating the legal equal opportunity for employment.

⁸ Elson (2009) contends that while *WDR* 2006 argues in favor of gender equity, its analysis of the persistence of inequality of opportunity and therefore its solution to gender inequality is flawed. Specifically, she argues that it fails to acknowledge women's unpaid work as a constraint on equality of opportunity and does not recognize that gender inequality often underpins economic growth. Moreover, she demonstrates that the *WDR* 2006 is not an entirely coherent document. Even as it continues to advocate liberalization and privatization, it acknowledges that in many countries powerful groups have controlled the course and reaped the benefits of liberalization and privatization – the so-called “elite capture” gaining attention in the literature – which has become a source of inequality.

⁹ Anne Phillips (2004) argues that equality of outcome should be considered as a reasonable test for whether equality of opportunity is available.

¹⁰ This period of stagnation stands in contrast to the “golden age of capitalism” that extended from 1945 to 1973, an era of rapid growth, low unemployment, and rising real wages in the industrial economies of Europe and North America.

¹¹ For example, the restrictive assumption of fixed prices in Wanjala and Were (2009) prevents them from incorporating relative price effects into the multiplier analysis of the stimulus package. And the closure rules in Siddiqui's (2009) CGE model prevent a complete representation of the various channels by which trade liberalization affects the economy.

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- ¹² Scholarship in this area has focused almost exclusively on economic growth as the macroeconomic variable of interest. The research has not yet systematically explored the developmental impact of gender wage inequality on capabilities (for example, on societal health outcomes and education).
- ¹³ The long run and the short run do not refer to specific lengths of time, but rather are distinguished by the flexibility decision makers have. In the short run, some inputs are fixed while at least one can be varied. The long run is a period of time in which the quantities of all inputs can be varied. With regard to gender variables, the productivity of the labor supply is a variable that can lead to change in the long run, via more education or increased investments in children, but is fixed in the short run.
- ¹⁴ A number of empirical analyses do include dummy variables to capture regional differences in relationships between gender and macro outcomes. However, the authors emphasize cultural differences between regions more than economic structure as a motivation for the inclusion of regional dummies (Dollar and Gatti 1999; Klasen 2002).
- ¹⁵ However, labor force participation is a poor proxy for employment. For example, we know that in a number of countries, in the Caribbean in particular, labor force participation may not correlate well with employment since women have higher unemployment rates than men.
- ¹⁶ These results are consistent with Esteve-Volart's (2004) study investigating the impact of the share of women among managers and workers across Indian states. She found that the average productivity of workers and talent of managers was smaller in cases of employment discrimination (manifested as occupational segregation), with negative implications for innovation, technology adoption, and growth.
- ¹⁷ In addition, see Elissa Braunstein (2000); Stephanie Seguino (2000a, 2000b); Matthias Busse and Christian Spielmann (2006); and Shaianne Osterreich (2007).
- ¹⁸ The stimulus to profits results from the discriminatory portion of the gender wage gap, that is, the portion unaccounted for by productivity differentials between men and women.
- ¹⁹ One proposed solution is to apply a growth diagnostics method that helps the researcher to identify binding constraints to growth at the country level such that when a constraint is relaxed, there is a payoff in terms of higher growth (Ricardo Hausmann and Dani Rodrik 2005).
- ²⁰ Feminist economists' interest in examining how an outcome came about renders case studies invaluable. To convey insights about process, a single researcher may use complementary methodologies or draw upon case study evidence produced by others in interpreting cross-country regression results.
- ²¹ The concepts of "decent wages" and "decent work" are part of the ILO's decent work agenda, which calls for productive work that ensures fair pay, workplace security, support for families, opportunities for personal growth, freedom to associate and organize, and no discrimination along with employment generation, promotion of social protection, and social dialogue.
- ²² Koopman's argument is consistent with the literature that is critical of the disproportionate attention given to women's legal rights to land in the context of liberalization. For example, Shahra Razavi (2007) points out the contradictions in the stance of some advocates for women's land rights. She indicates that they do not pay as much attention to gender inequalities in access to complementary inputs and technology, and they tend to overlook the fact that the promotion of land titling and land markets has reduced women's access to land in the course of liberalization in Africa. Razavi also takes issue with the argument that rectifying gender inequality in land rights is a win-win scenario for promoting efficiency, gender equality, and poverty reduction. She argues that not only is the empirical basis of the efficiency argument weak, but also

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- the efficiency of small farms is often achieved on the basis of distress and intensification of women's labor, either as unpaid family workers or own account workers.
- ²³ Moreover, Ben Bernanke, Thomas Laubach, Frederic Mishkin, and Adam Posen (1999) find that inflation targeting is less successful in reducing the "sacrifice ratio" compared to other methods of controlling inflation. In the macroeconomics literature, sacrifice ratio refers to the output cost of reducing inflation.
- ²⁴ Inflation targeting in Africa is pursued along with import liberalization, which together aim to solve the supply-side bottlenecks by making lower-priced food imports available. The policy mostly benefits urban consumers at the expense of local small farmers who, as Koopman (2009) argues, cannot compete with imported food produced by capital-intensive and often heavily subsidized agricultural systems. Agricultural trade liberalization also contributes to trade deficits and exacerbates the debt burden.
- ²⁵ Labor force participation may not correlate well with employment if women have substantially higher unemployment rates than men. Further, employment data do not tell us about the quality of the job, wages, benefits, and gender differences in the volatility of earnings associated with the positions that women and men hold. The level of income is also dependent on hours of reproductive labor, leisure, and recuperation and on cash transfers from the state.
- ²⁶ While Human Development Index (HDI) and Gender-related Development Index (GDI), which were developed by the Human Development project, emphasize the expansion of human capabilities as the goal of development, they incorporate GDP per capita (as proxy for the means for expanded capabilities) and thus do not address the question of nature of growth. Genuine Progress Indicator (GPI) is a more promising alternative that addresses several shortcomings of GDP per capita including feminist critiques (John Talberth, Clifford Cobb, and Noah Slattery 2007). While GPI estimates have been calculated recently for several industrial economies and several states within the US, it has not yet achieved the status of an internationally comparable measure.

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