



Women, Work, and the Economy: Macroeconomic Gains from Gender Equity

Kalpana Kochhar

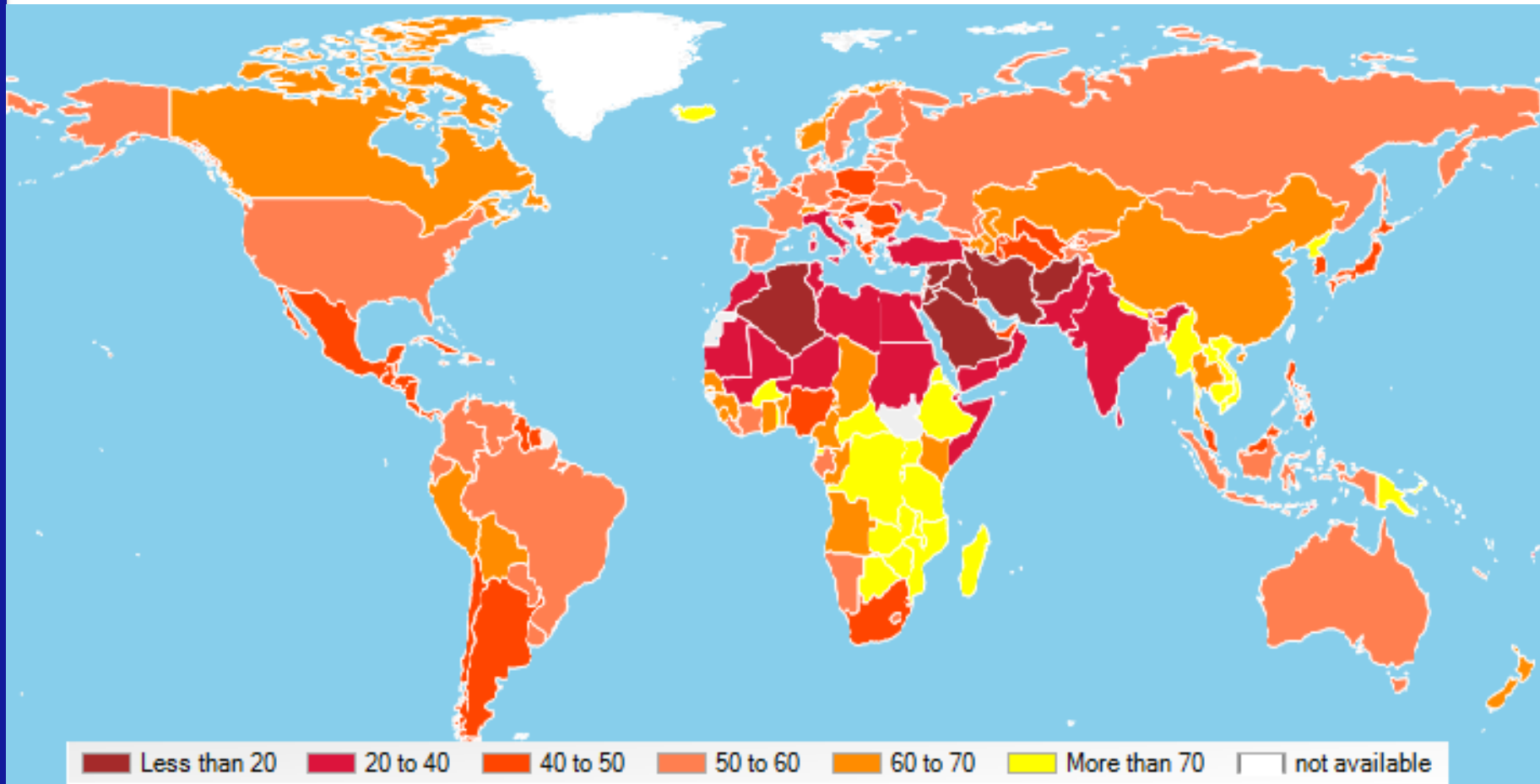
Deputy Director

Strategy, Policy, and Review Department, IMF

June 12, 2014

The views expressed in this presentation are those of the authors and should not be attributed to the International Monetary Fund, its Executive Board, or its management.

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

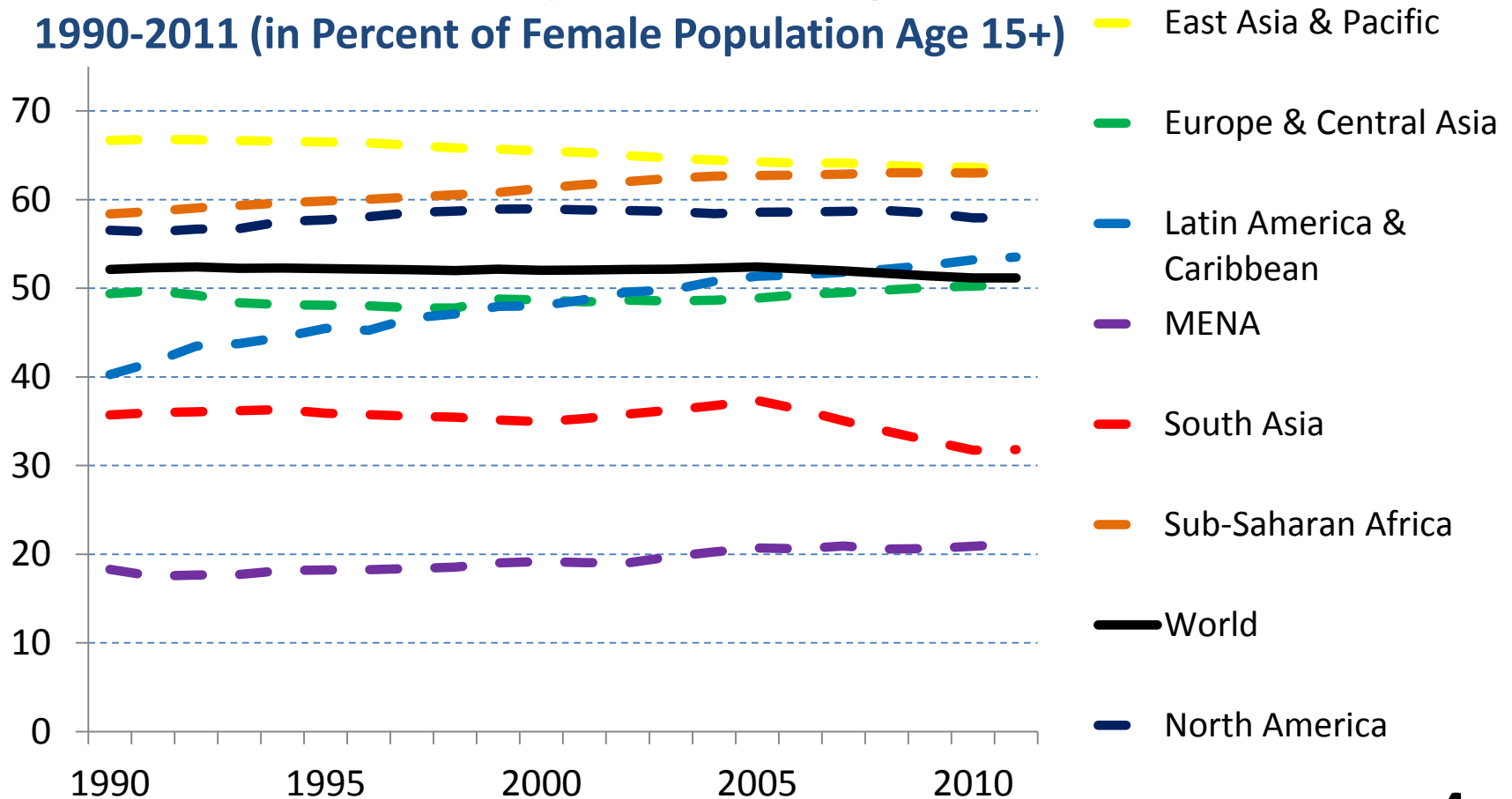


Source: World Bank, World Development Indicators, 2013;
Key Indicators of the Labour Market (KILM), ILO.

Progress Has on Average Stagnated over the Last 20 years.



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

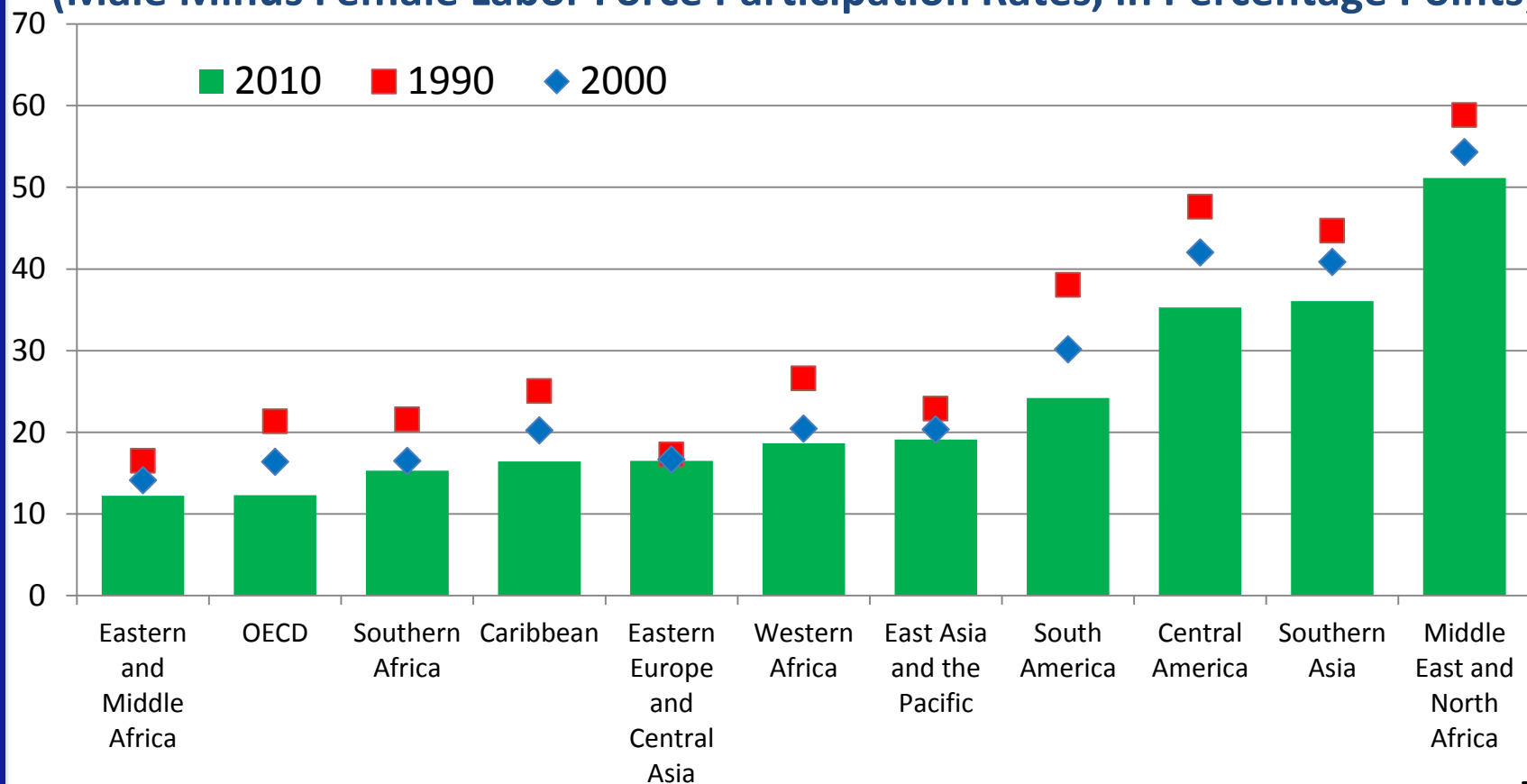


Source: World Bank, World Development Indicators, 2013; Key Indicators of the Labour Market (KILM), ILO.

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)

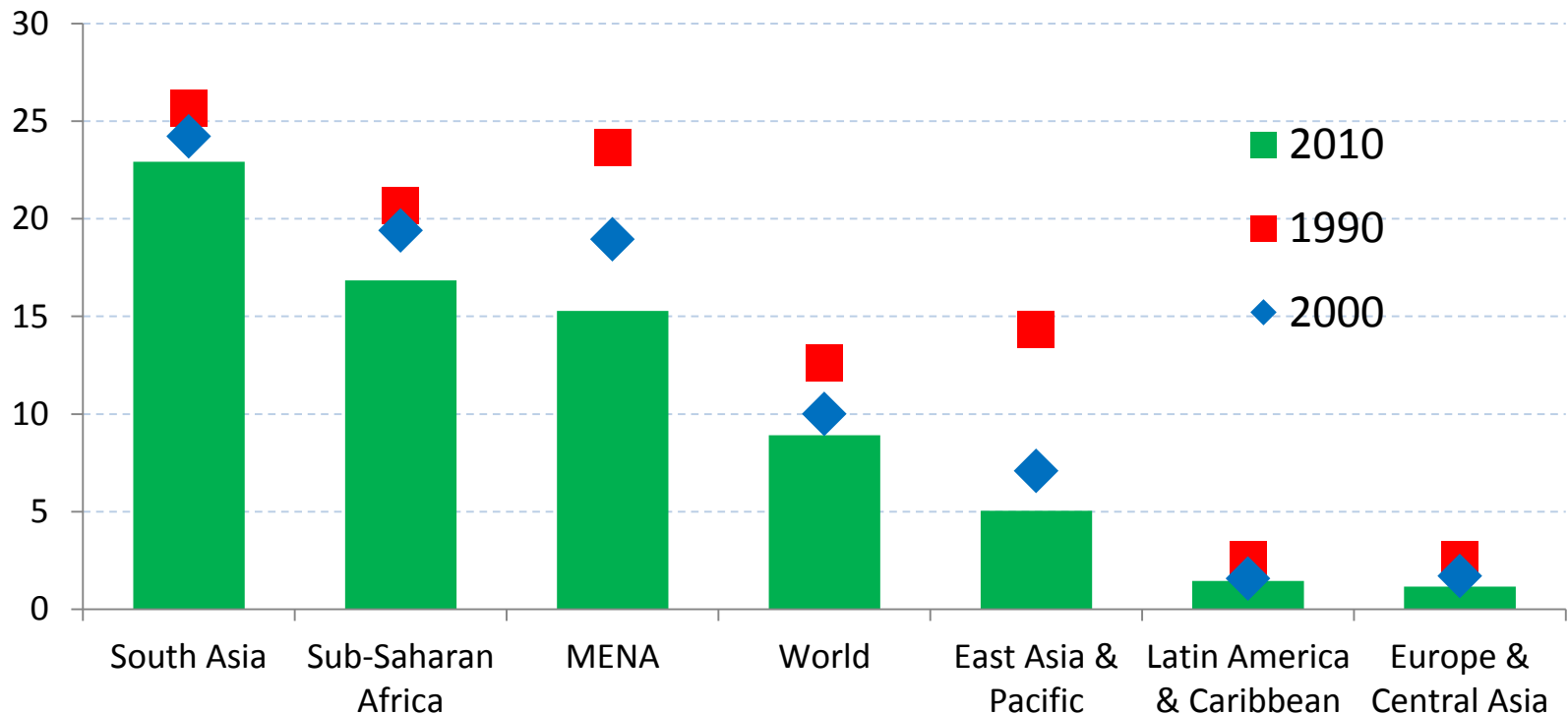


Source: Key Indicators of the Labour Market (KILM), ILO.
Country groups are based on UN Geoscheme and WB regional classification.

Gender Gaps in Education Remain Significant.



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



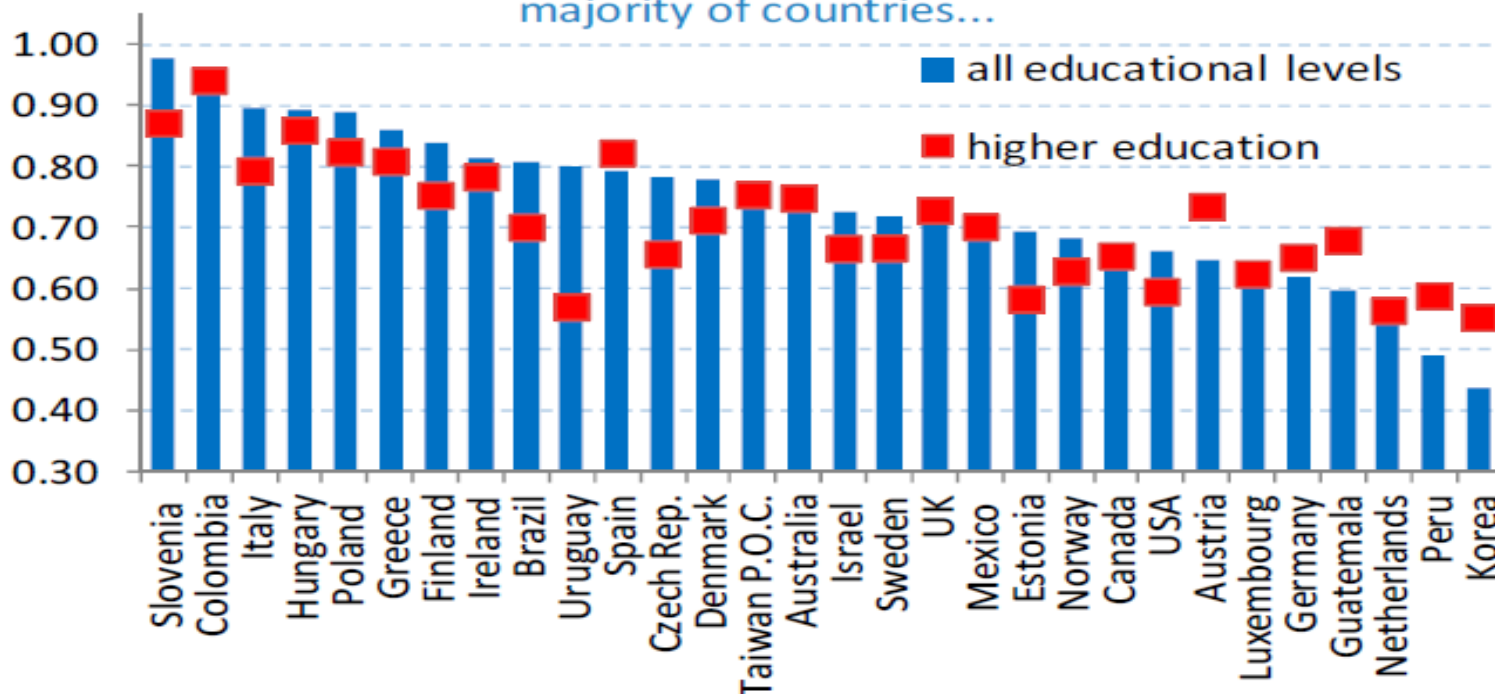
Source: World Bank, World Development Indicators, 2013.
UNESCO Institute for Statistics



But even for similar education levels, gender wages gaps are sizable.

Annual Earnings Ratio, Female to Male, 2006*

However, the earnings gap is still significant in the majority of countries...



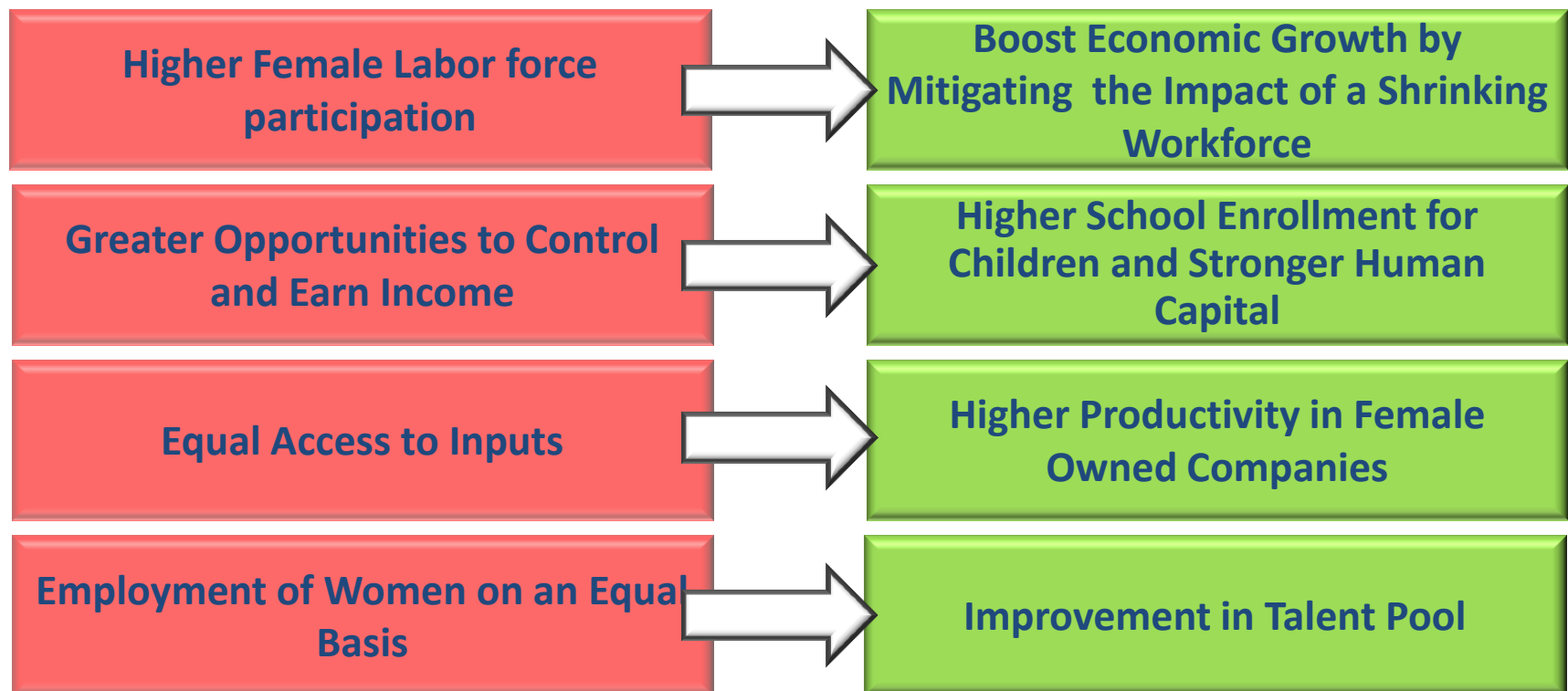
Source: Cross National Data Center in Luxembourg, Key Figures (Wave VI)

*Or latest available

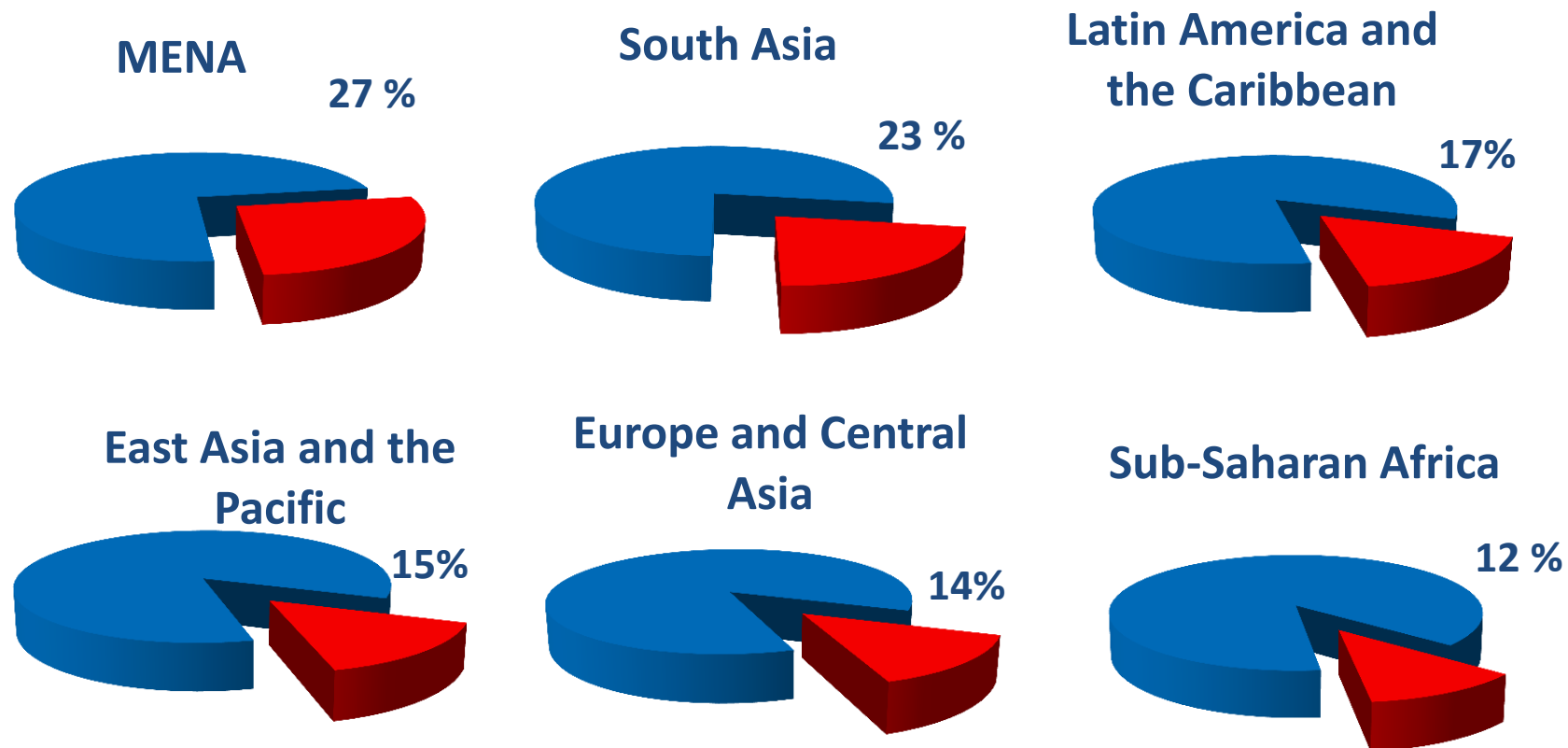
The Macroeconomic Gains from Raising Female Labor Force Participation



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

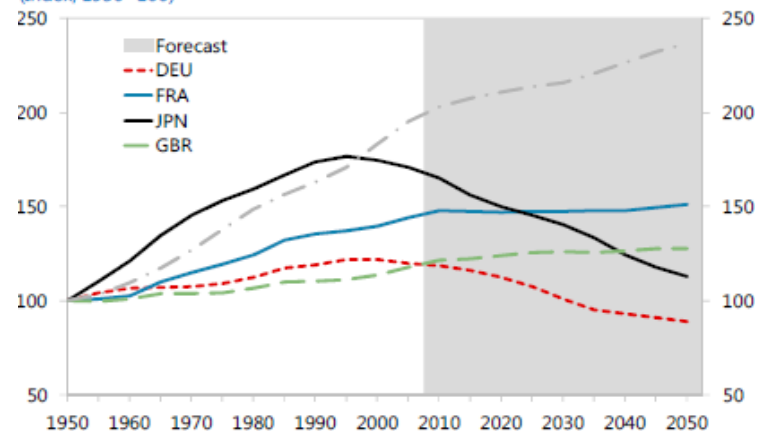


Source: Cuberes and Teignier (2012)

Japan: Potential for higher growth

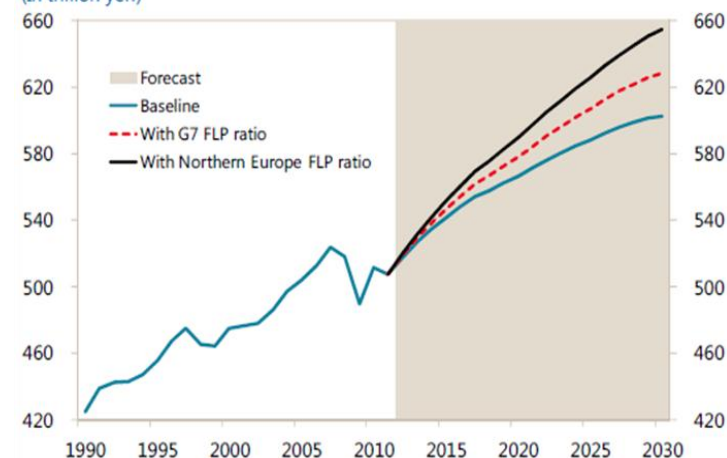
- With its population aging, Japan's potential growth is falling
- FLFP rates are well below OECD averages
- Raising FLFP to G7 level would yield 4 percent GDP per capita gain and increase potential growth rate by 0.2 percentage points

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



Source: UN.

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

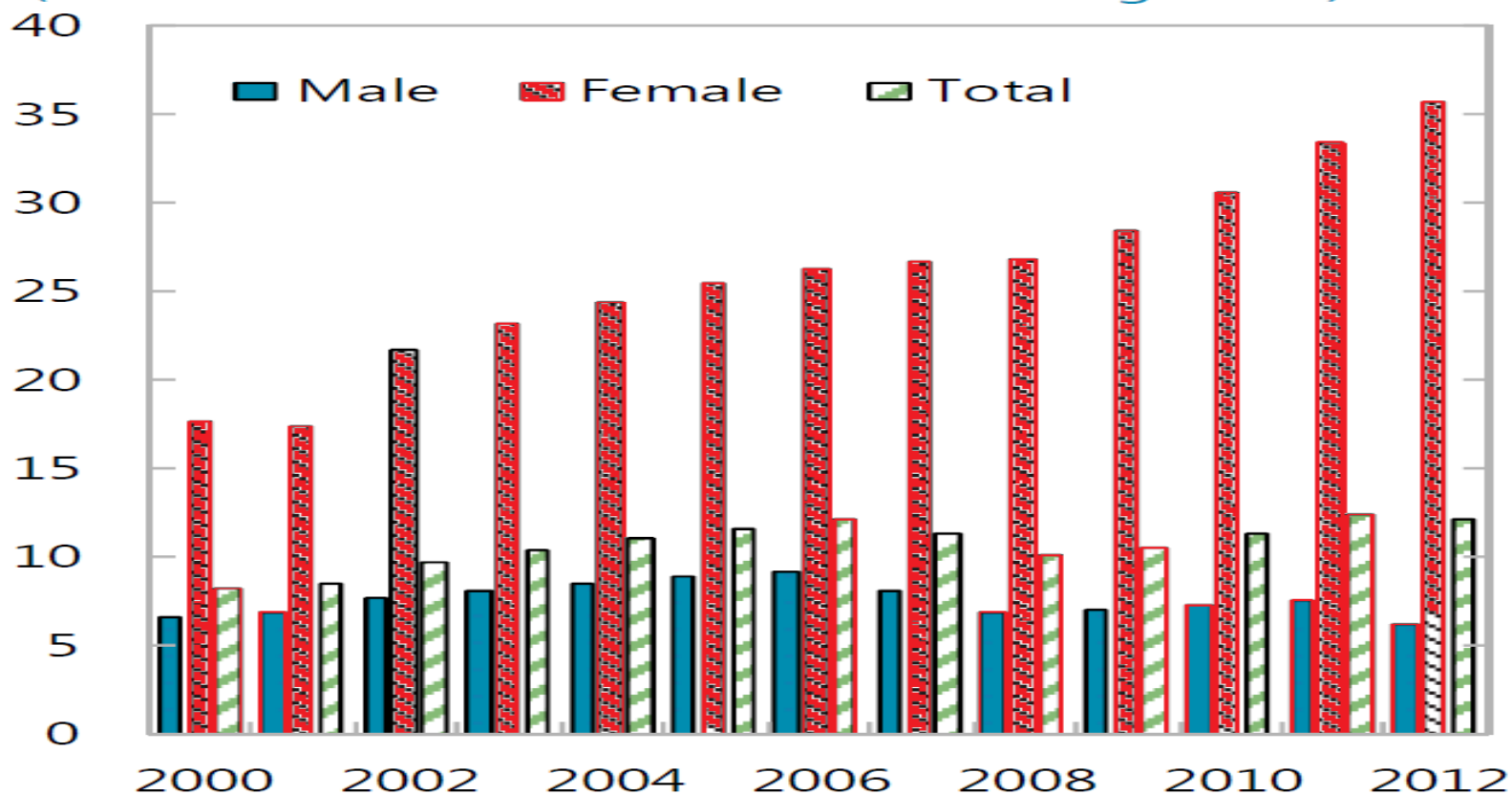


Source: WEO and IMF staff estimates.



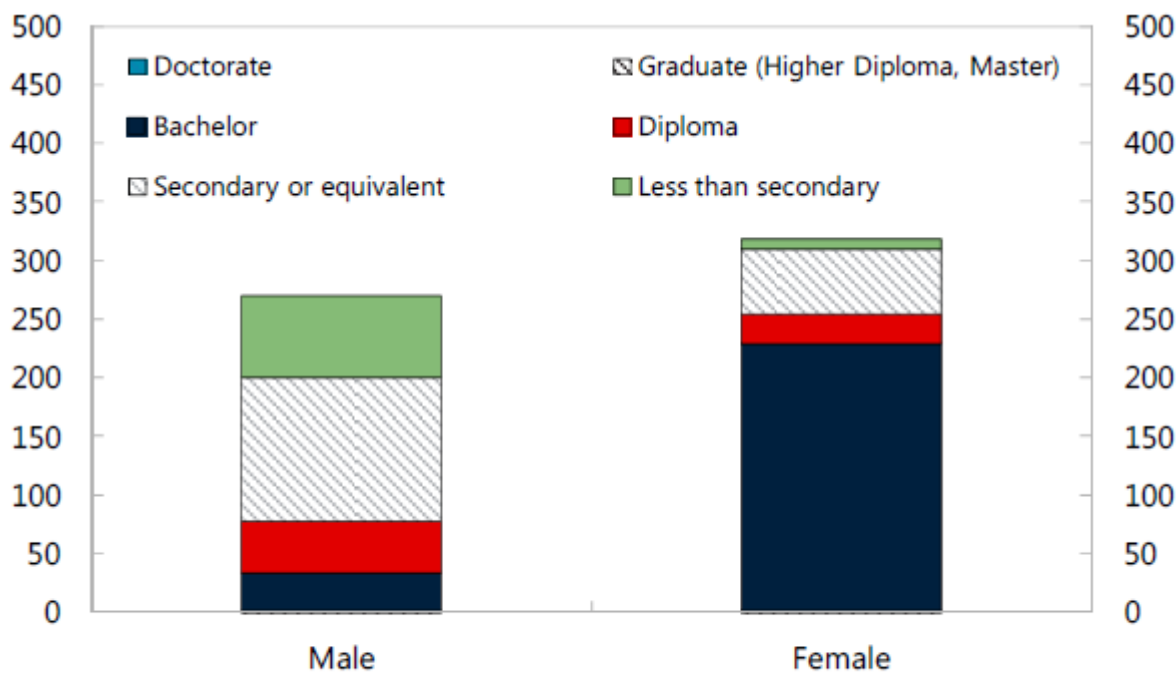
Saudi Arabia: Wasted Opportunities

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



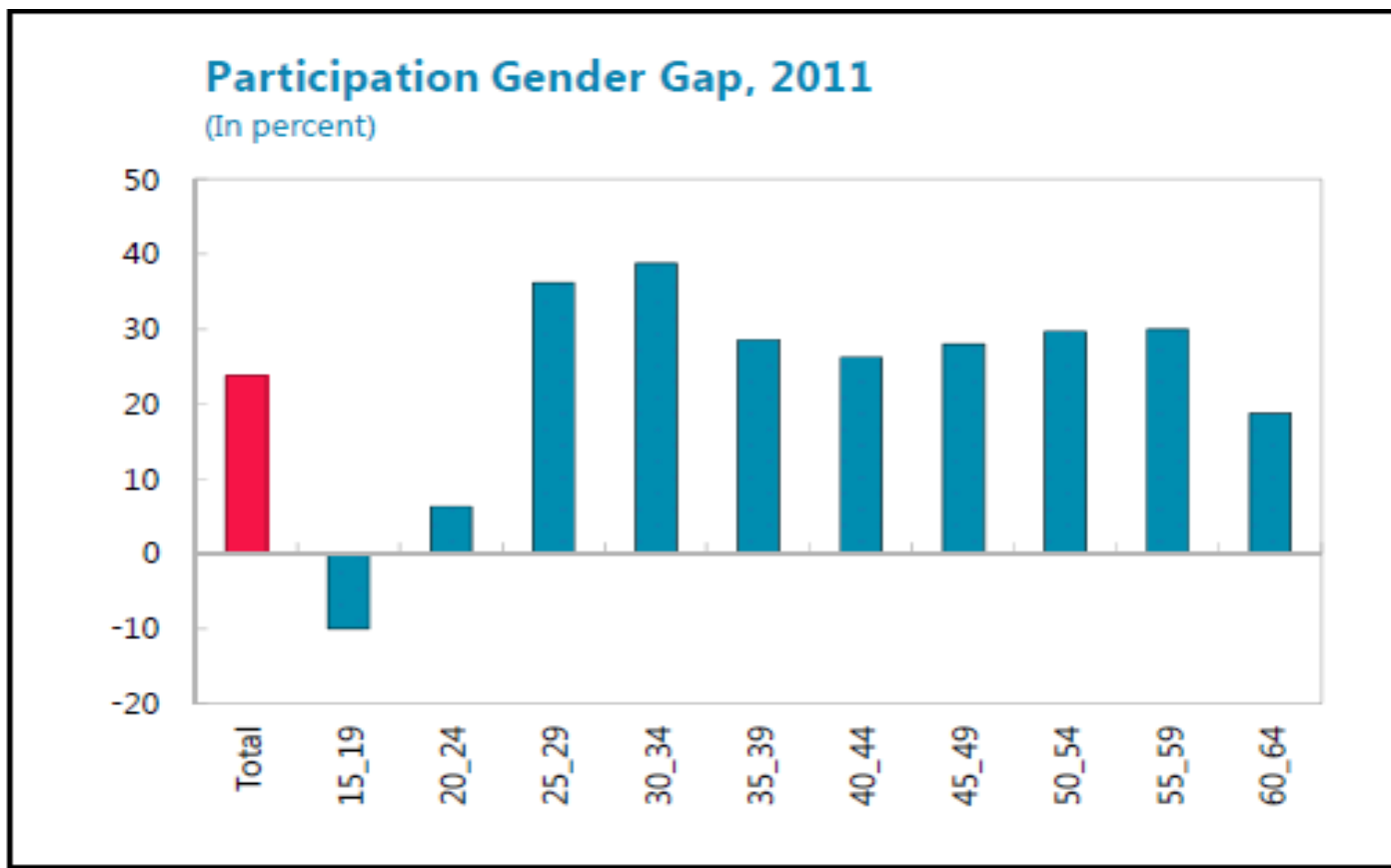


Seventy percent of unemployed women in Saudi have university degrees



Source: Central Department of Statistics and Information.

Korea: Missed opportunities



Policies to Increase Female Labor Force 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

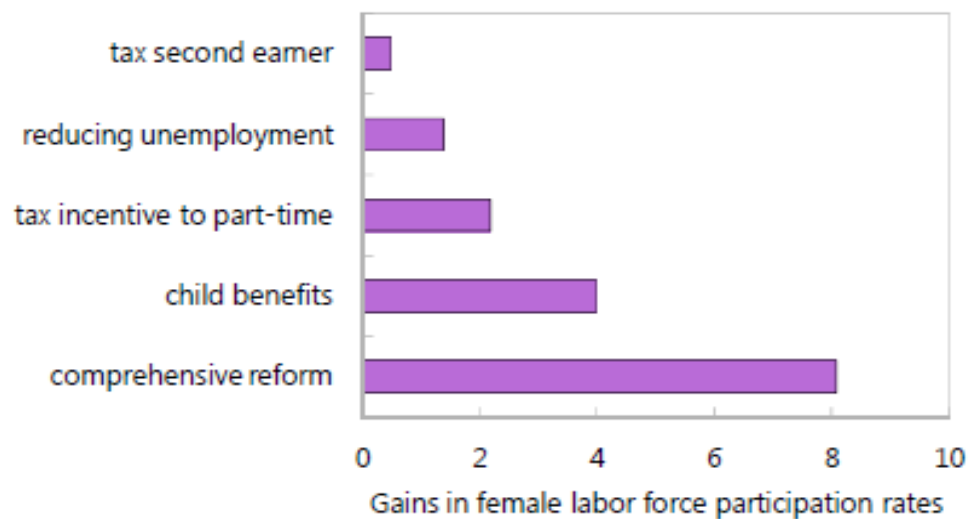


- Publicly financed parental leave schemes
- Greater parity in paternity and maternity leave
- Improved access to comprehensive, affordable and high-quality child care
- Pensions: ensure that spells from maternity leave do not translate into lower pensions
- Higher spending on education of women
- Improvements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



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.



Thank you!

