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

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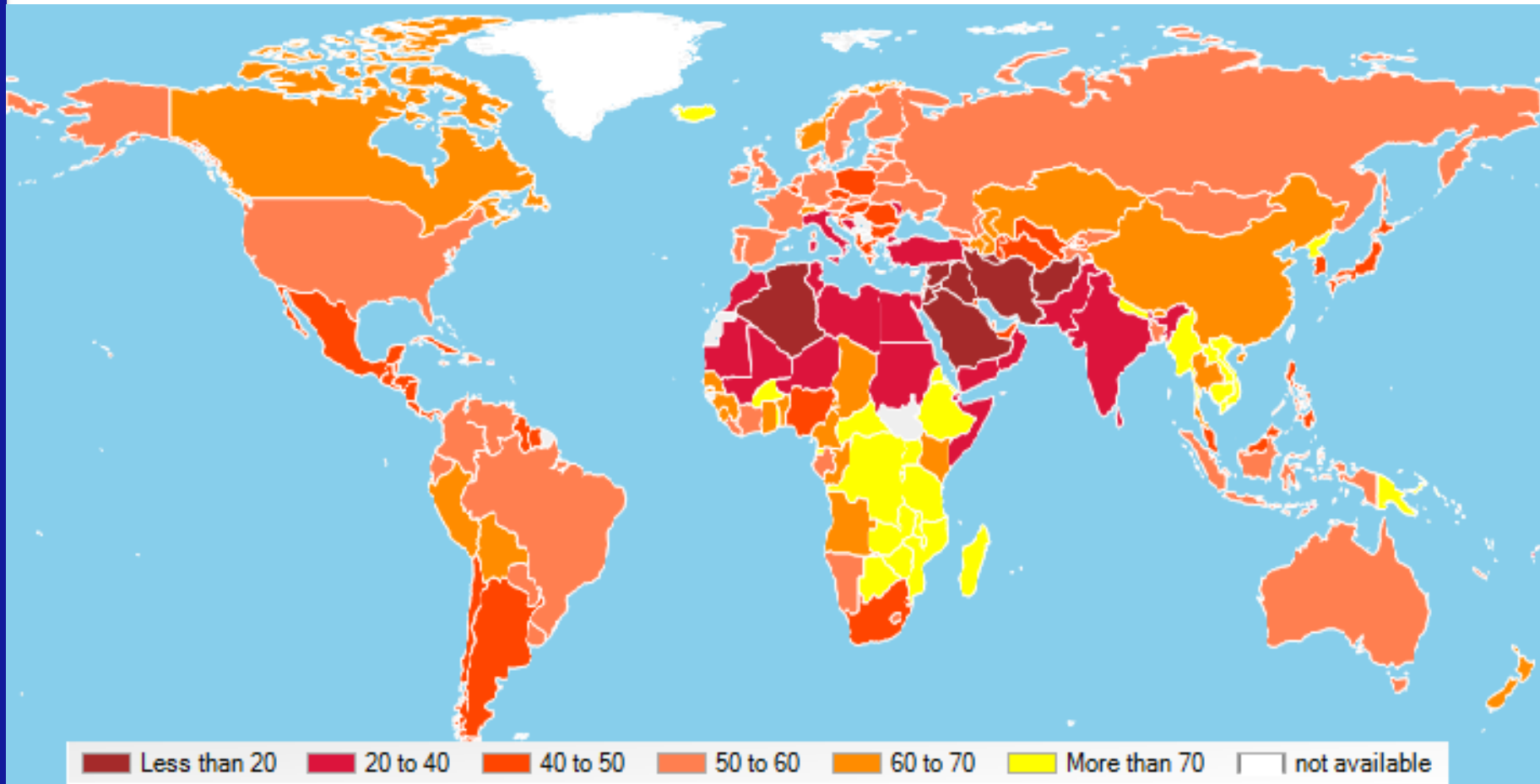
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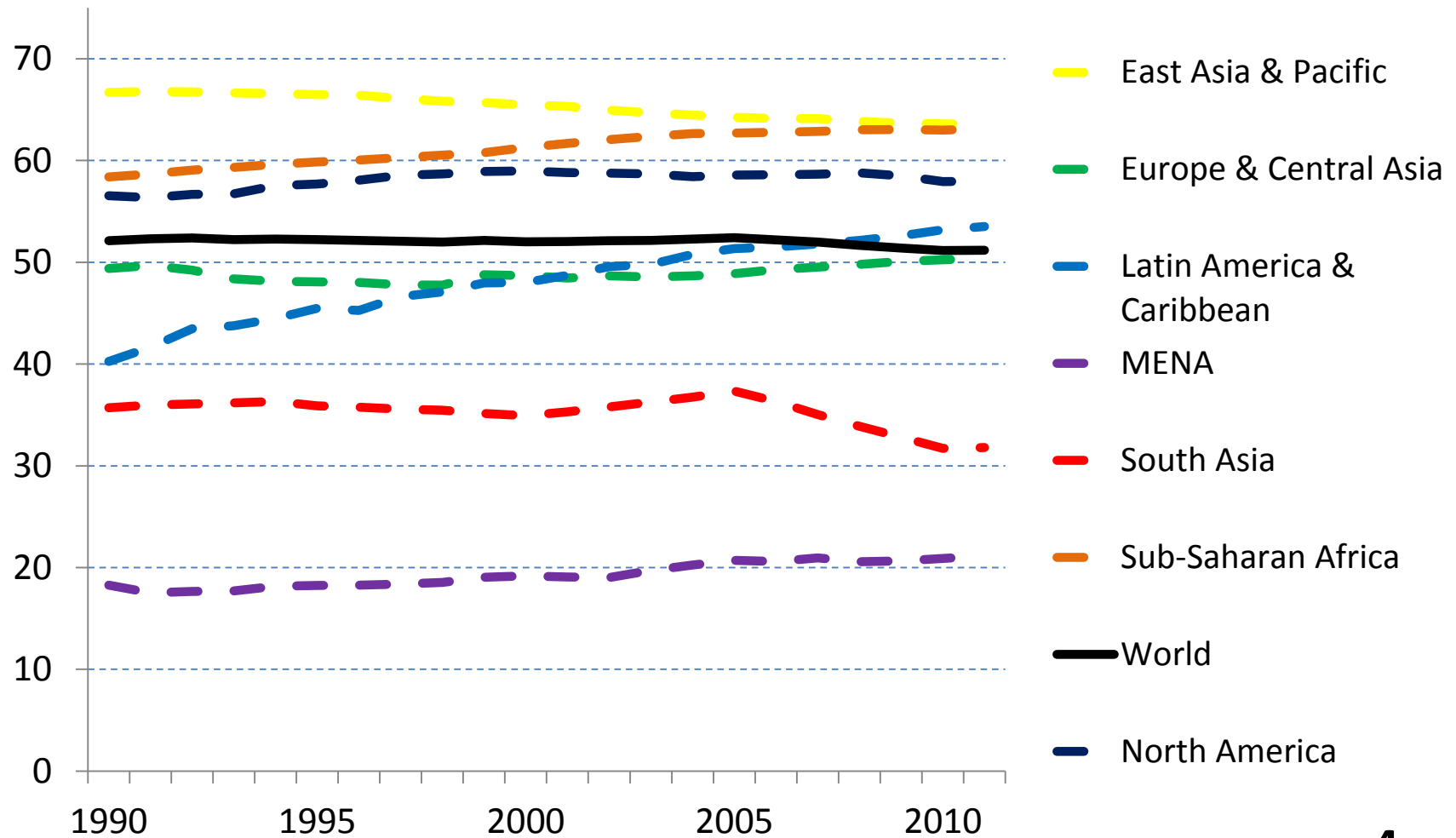
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# Female Labor Force Participation Rates are Low in Many Countries...



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

# ...and Stagnated at Low Levels Worldwide on Average.



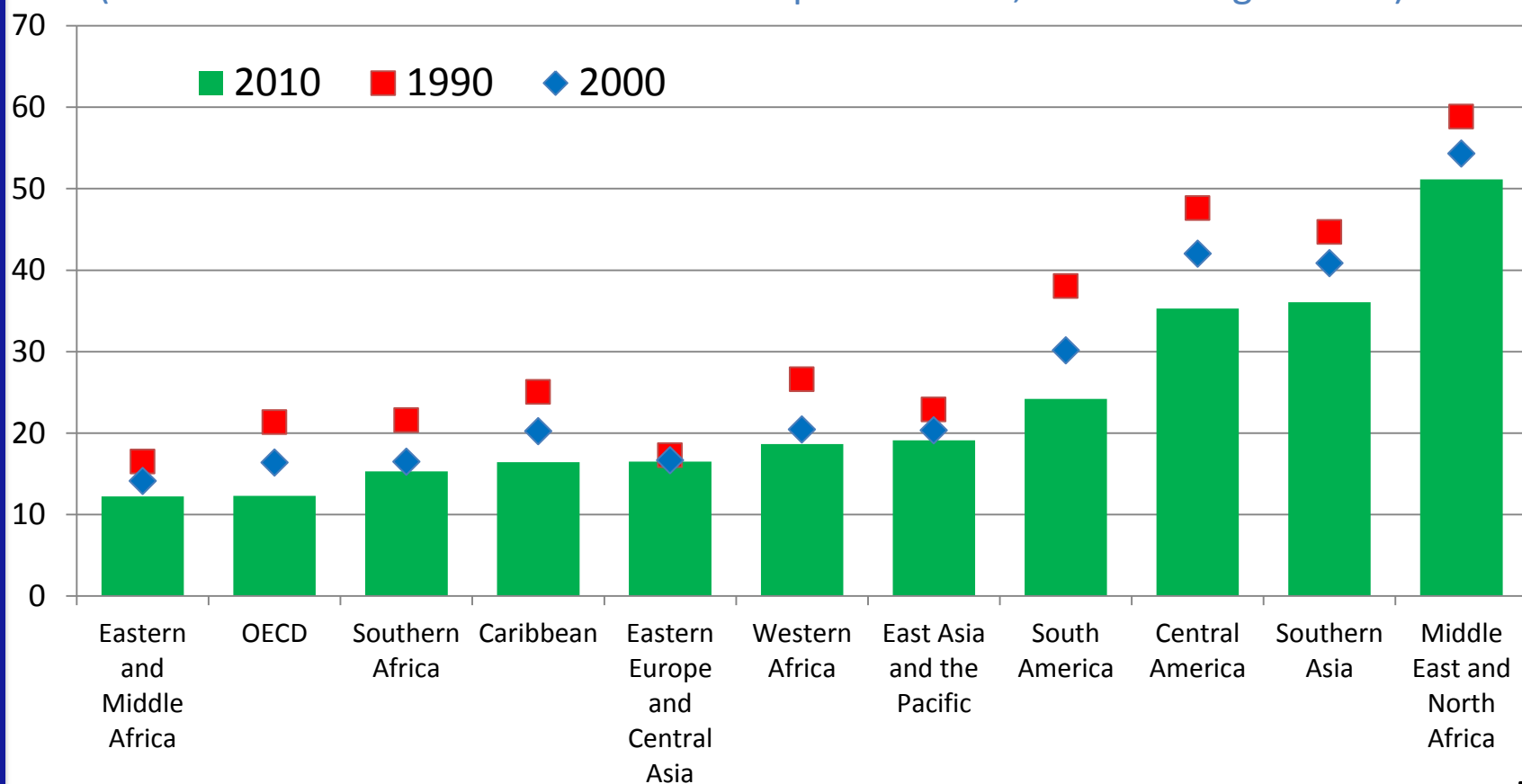
Source: World Bank, World Development Indicators, 2013;  
Key Indicators of the Labour Market (KILM), ILO.

# 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.



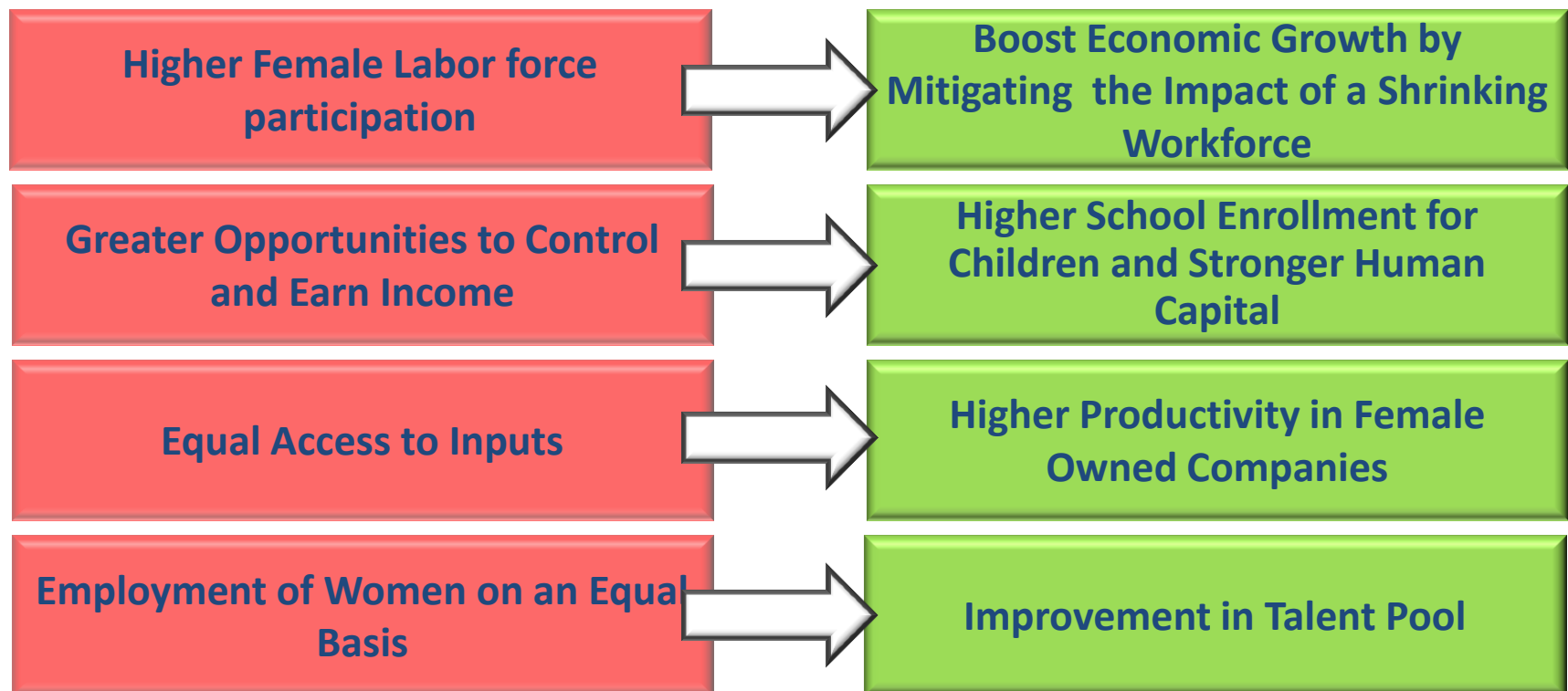
# Why is this an issue for the IMF?

1. **Women's participation in the labor market is part of the growth and stability equation**
2. **The Fund, in collaboration with other IFIs, can contribute to level the playing field through:**
  - **Fiscal advice** can take into account the potential gender-specific impact of measures
  - **Improvement of gender-disaggregated data** (with World Bank/OECD/ILO)

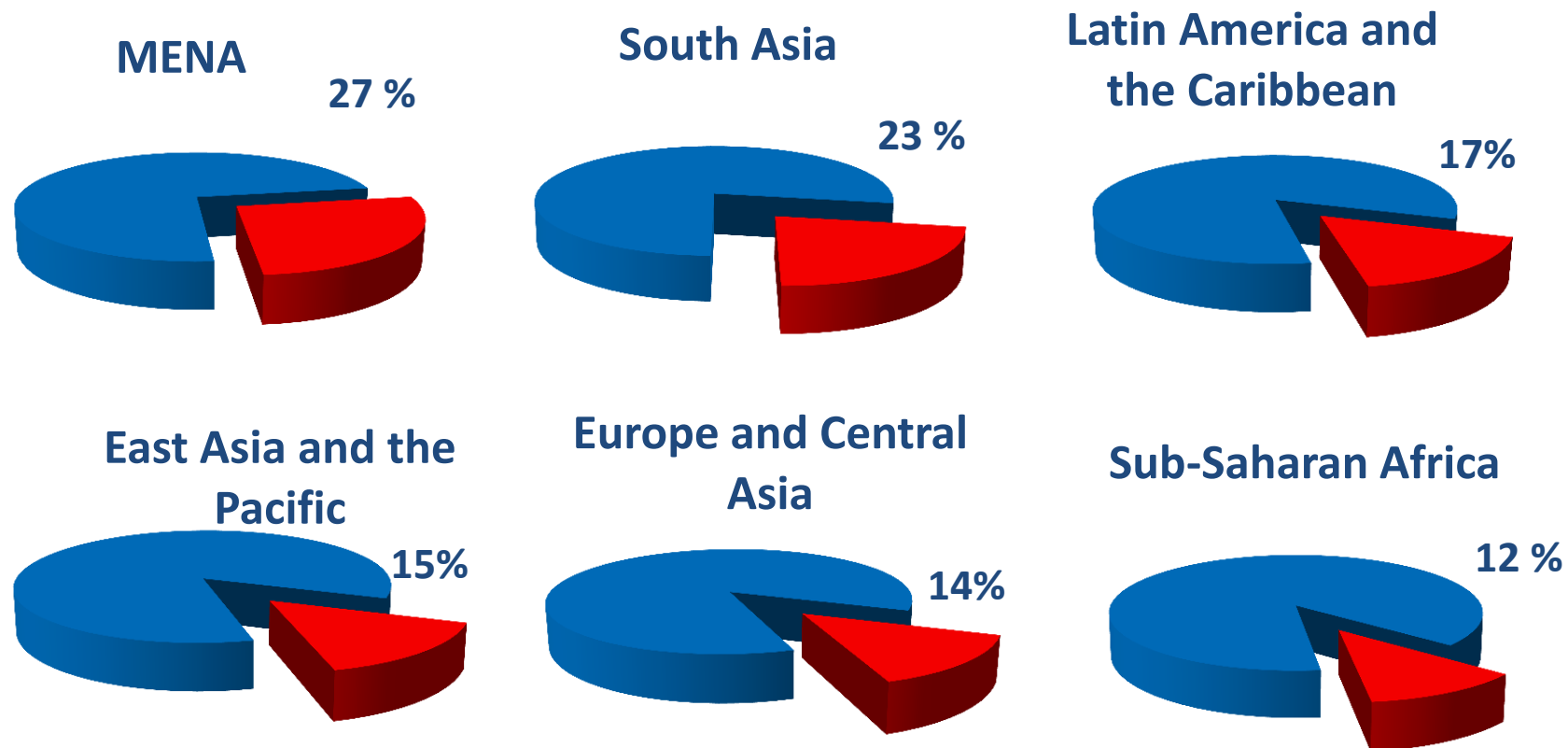
# The Macroeconomic Gains from Raising Female Labor Force Participation



**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



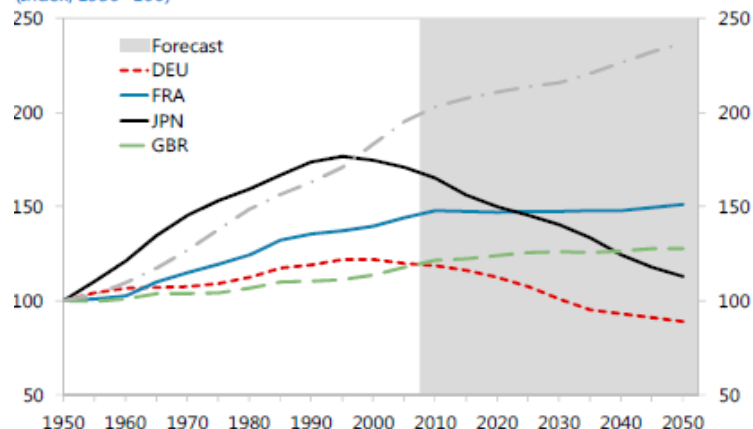
Source: Cuberes and Teignier (2012)

# The Macroeconomic Gains – Japan

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

**Working-age Population Change (1950-2050)**

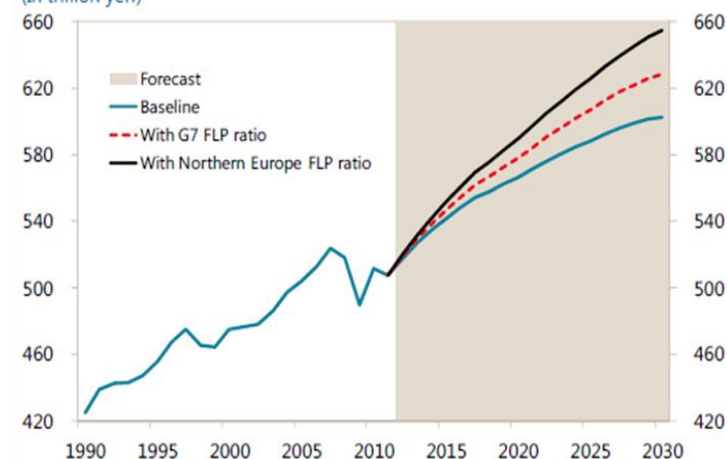
(Index, 1950=100)



Source: UN.

**Real GDP: Policy Scenario with Higher Female Participation**

(In trillion yen)



Source: WEO and IMF staff estimates.



# 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

# Policies to Increase Female Labor Force Participation



- An integrated set of policies is needed
- Focus of the presentation on one of the core area of expertise at the Fund: **Fiscal Policies**



# Tax Measures

## **Replacing family income with individual income taxation**

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

## **Tax credits or benefits for low-wage earners**

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



# Expenditure Measures

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



# Thank you!

