

Introduction

This book examines the various ways in which economic outcomes differ for women and men and seeks to identify the reasons for these differences. The fact that economic activities differ by gender has traditionally been attributed—only partly correctly—to the advantages of a sexual division of labor. It has been argued that, because women perhaps have an advantage over men in looking after children when they are young, it has been beneficial for both men and women for the former to engage in paid employment while the latter concentrate on (unpaid) housework. But technology, fertility choices, market opportunities, and social norms have changed all of that in the past few decades. Women now have more freedom and more time available for education, for paid employment, and more generally for careers. Yet outcomes in the household and in the market are often markedly worse for them than for men with similar economic qualifications. In this book we seek to understand why this is so, why gender matters in the economic realm.¹ We shall see how small differences and relatively minor advantages (such as physical strength for men) can be magnified to produce striking differences in outcomes by gender. These have been translated into economic differences. But, as we shall also see, economics is by no means the sole reason for gender disparities. Socialization, culture, biology, history, and religion have played roles in bringing about gender inequities.

Although the subject matter of this book is extremely important, interest in it among mainstream economists has been surprisingly recent. Only in the past few decades have scholars in economics started addressing these issues

¹*Sex* and *gender*, of course, do not refer to the same thing. The sex of an individual refers to whether the person is male or female; the gender refers to the individual's masculinity or femininity. As in most of the economic literature, we use the terms *sex* and *gender* almost interchangeably in this book, though the contents apply more broadly to gender. The context makes it clear whether a particular discussion applies only to sex.

systematically. It is not the case that there was no interest at all prior to this. Powerful voices in the past brought attention to important gender issues. Ardent feminists such as Mary Wollstonecraft, Harriet Mill and her husband John Stuart Mill, Charlotte Perkins Gilman, Elizabeth Cady Stanton, and Susan B. Anthony, among many others, sought through their writings to level the gender playing field along many dimensions. But mainstream economists did not follow their cue. However, in recent decades—partly under the influence of feminist economists who have questioned male-centered presumptions in economics—the profession has seriously turned its attention to issues pertaining to gender.

As a result, the literature on gender and its role in economics has been transformed. In the early days of formal analysis in this area, the labor supply activity of women was in the foreground and occupied almost the entire scope of the field. Recently, however, many aspects of women's economic lives have been investigated, and it has become clear that their labor supply captures only one facet—though a very important one—of their economic well-being. Today the numerous topics pertaining to the economics of gender that are being investigated almost defy classification. Nevertheless, it is possible to organize the research in a manner that communicates the core factors that determine the well-being of women. Furthermore, although it is impossible to present a single overarching model that addresses all the diverse issues, it is possible to communicate the sort of models that are best suited to analyzing them. These, in fact, are the ultimate twin goals of this book.

The problems confronting women in the developed and the developing worlds can be quite different, and so this book treats the core concerns in both. To a certain extent, some of the problems of women in poor countries today are similar to those that were faced by women in the rich countries when those countries were at the corresponding stage of development. However, culture matters, and so does history. Therefore, the lessons learned from the rich countries cannot be directly applied to poor countries. Nevertheless, at a broad level there are some similarities. For eons, the lives of women the world over have been dominated by decisions made by men—by patriarchy, in other words. In the rich countries patriarchy has certainly been retreating for at least a century, though it has hardly vanished. In the poor countries today, the pace of retreat has been much slower. In this book we shall see how crucially important economic opportunities for women are in undermining patriarchy. However, although economic development certainly improves the condition of women, it cannot by itself eliminate the gender differences in outcomes.²

²See Duflo, E. (2012), “Women Empowerment and Economic Development,” *Journal of Economic Literature* 50, pp. 1051–1079.

This book is set out in four modules. In the first module (“Fundamental Matters,” comprising Chapters 2 and 3), we deal with core mechanisms—the economic, psychological, and social factors that determine gender differences in behavior. In the second (“Gender in Markets,” Chapters 4–6), we discuss how gender plays out in market activities. In the third (“Marriage and Fertility,” Chapters 7–9), we discuss gender issues pertaining to the economics of marriage and family. And finally, in the last module (“Empowering Women,” Chapters 10 and 11), we discuss what enhances the autonomy of women in their struggle for equality with men. In the rest of this chapter, I outline with a broad brush the sorts of issues that are dealt with in depth in the rest of this book.

When economic outcomes are different for women than for men, not all of these may be due to differences in the constraints they face, the skills they possess, or the discrimination they may encounter. It is conceivable that, in similar circumstances, the economic behavior of women may differ from that of men. For example, in the context of negotiations, Linda Babcock and Sara Laschever (2003) have documented the fact that women, in contrast to men, frequently receive less because they don’t ask for more.³ This can have serious long-term consequences. A lower starting salary would contribute to a substantial wage gap in a few decades even if salaries were to subsequently increase at the same rate. Whether women have different attitudes and behaviors in the economic realm and, if so, whether they respond to the way they are viewed and how this works to their disadvantage, is the subject matter of Chapter 2. In particular, we shall discuss the role of nature and nurture (including socialization) in determining behavior.

A large part of the gender gap in average wages is due to the fact that, across the world, the top executive positions are occupied mostly by men; relatively few women find their way to the top. See Figure 1.1 for the share of women on the boards of directors of publicly traded companies in the three dozen or so rich countries of the world, which belong to the Organisation for Economic Co-operation and Development (OECD).⁴ The OECD average, shown in black (as opposed to gray), is a mere 10%. Norway owes its relatively high proportion of women on boards to legislation that mandated a minimum proportion that is very high by OECD standards.

We would expect that these top positions would be determined by competition among potential candidates based on their past performance. If it turns out that women are averse to this sort of competition, they will stay out of the fray and, naturally, will not be chosen for these positions. If this is

³Babcock, L., and S. Laschever (2003), *Women Don’t Ask: Negotiation and the Gender Divide*, Princeton University Press, Princeton, NJ.

⁴The minimum sample size is 200 observations. The results for Austria, the Czech Republic, Estonia, Hungary, Iceland, the Slovak Republic, and Slovenia were dropped due to small sample sizes.

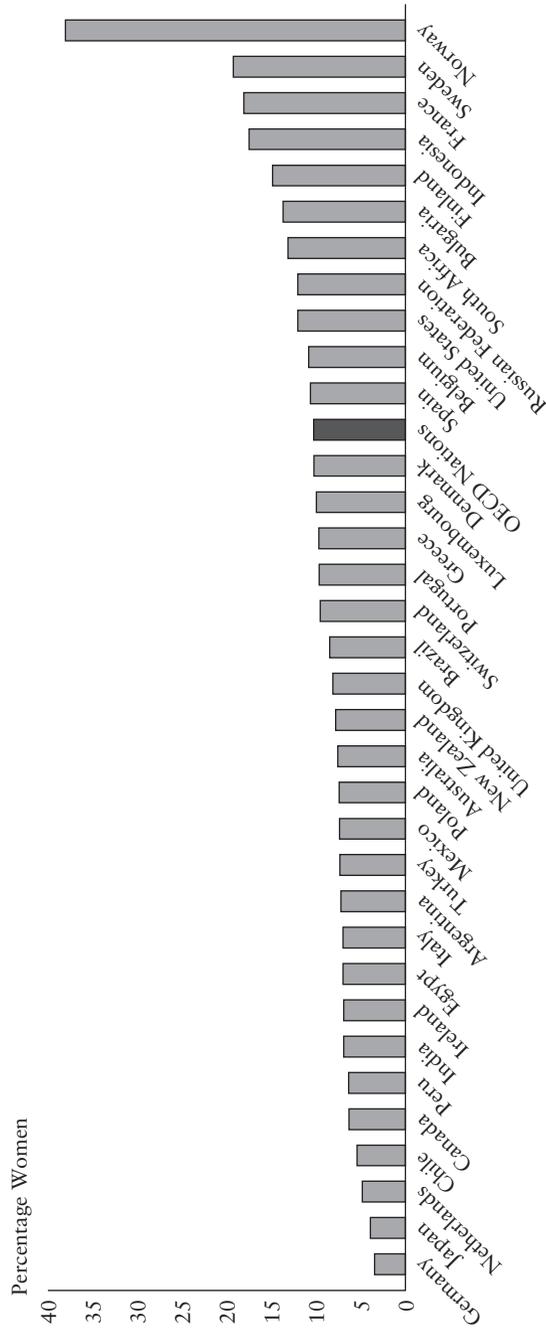


FIGURE 1.1 Proportion of women on the boards of publicly traded companies in the OECD countries, 2012 (percent)

Source: OECD (Organisation for Economic Co-operation and Development) (2012), *Closing the Gender Gap: Act Now*, OECD Publishing, <http://dx.doi.org/10.1787/9789264179370-en>, with permission.

the case, women may not make it to the top, not because they lack the skills, the drive, or the creativity but simply because they do not care for the means employed to select the winner. Is this true? In Chapter 2 we shall examine this issue and also survey the experimental evidence on questions of this nature. Furthermore, we shall examine gender differences in competitiveness or cooperativeness, both within single-sex groups and within mixed-sex groups. Interestingly, behavior (especially for women) can differ in the two scenarios and therefore lead to asymmetric economic outcomes.

A very important venue in women's struggle for gender equality is the household. Much of their time and energy are devoted to running their households. But how much say do they have in household decisions relative to their spouses? To what extent can they determine the goods and services on which their households' income should be spent? Can they single-handedly decide whether they should work in the labor market? And, if they do work outside their homes, how much control can they exercise over their earnings? How much control do they have (if any) over how many children they will have? Do they have any input into how much education their children should receive? Do they have the independence even to decide whether their children need to be taken to the doctor when they are unwell? The answers to some of these questions depend on whether the women in question live in developed countries or in developing ones. And the answers are quite sobering.

The core issue at the root of all of the questions raised in the paragraph above is this: what determines women's autonomy, independence, or status in their households? This is the subject matter of Chapter 3. The bargaining models used in economics are of great relevance to providing satisfactory answers. We shall first discuss the Nash bargaining model, which identifies the fundamental principle that women's status in marriage depends on how well they can do for themselves *outside* marriage.⁵ We shall examine why this is so. The chapter also discusses why it is that males have the dominant say in marriage in most societies and how the changing outside options of women have been mirrored by their changing status in their households in recent times. In other words, the chapter suggests how patriarchy arises, how it is perpetuated through culture, and how it is undermined. The insights of bargaining theory will be useful in understanding many of the phenomena discussed in this book.

The second module ("Gender in Markets") examines how gender interacts with markets. Since World War II, the participation of women in the labor market has steadily increased in the rich countries, and that of men

⁵Throughout this book we use the term *marriage* quite loosely. It is used not to refer to a formal ceremony in a church or temple or to registration in a civil court but rather in the sense that two people have decided to form a family unit, even if it means only cohabitation. When we speak of marriage in the formal sense, the context will make it apparent.

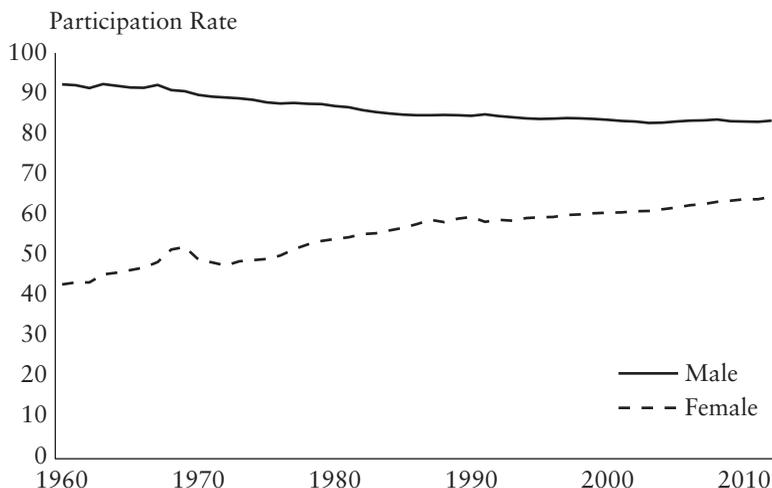


FIGURE 1.2 Labor force participation rates of women and men in the OECD countries, 1960–2010

Note: OECD, Organisation for Economic Co-operation and Development.

has decreased slightly.⁶ As a result, the gender gap in labor force participation (male minus female participation) has declined, though a gap still exists. The average trends in the OECD countries for the past five decades can be seen in Figure 1.2. There are many reasons that this gender gap in labor force participation has declined. Technological change has reduced the burden of housework and so has freed up the time of women (the traditional homemakers) to work in the labor market. Also, technology has opened up market opportunities for the sort of skills that women are more likely to possess than men.

Women have been having fewer children, so they have more time to work in paid employment. Divorce rates have been rising, so women have had to increasingly rely on their own earnings after divorce but also to engage in market work in anticipation of potential divorce. Another reason for the declining gender gap in labor force participation is that men have been gradually reducing their participation, partly because their spouses are earning more. For these and many more reasons, the participation of women in the labor market has increased in the developed world. In the poor countries, however, the decline in the participation gap is much gentler because women's participation rate has always been high (except in a few countries); poverty forces both spouses to generate labor income.

Despite the increasing labor force participation of women, it is nevertheless the case that their average earnings remain much lower than those

⁶By labor force participation we mean the proportion of able-bodied people in a group who are either working or actively looking for work.

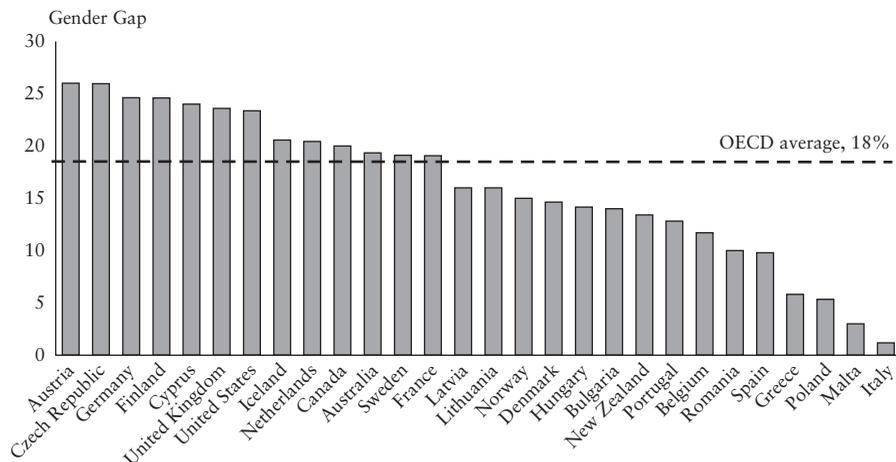


FIGURE 1.3 The gender gap in average earnings of full-time employees in OECD countries, 2009 or latest year available (percentage of gap)

Source: OECD (Organisation for Economic Co-operation and Development) (2012), OECD Family Database: Gender Gap in Average Earnings of Full-Time Employees [LMF1.5C], OECD, Paris, www.oecd.org/social/family/database, with permission.

of men. See Figure 1.3 for the gap in 2009 in the earnings of full-time employees in the OECD countries.⁷ Of course there are many reasons why, on average, men and women might have different earnings: they can have different levels of skills or education, they can work in occupations with different wages, they may have different degrees of flexibility in their work schedules, they can work for different numbers of hours, and so on. One possible reason is that the wage rates are lower for women because the labor market discriminates against them. By *discrimination* we mean that different treatment is meted out to women than to men even when their relevant work characteristics (e.g., education, experience, and ability) are identical.

In Chapter 4 we ask whether women are discriminated against in the labor market. We shall discuss two forms of discrimination, the first of which is a “taste for discrimination” or prejudice, which was first analyzed by Gary Becker (1957), who argued on theoretical grounds that prejudice can persist only in the absence of competition in the labor market.⁸ The second form of discrimination we shall discuss is called statistical discrimination and was first identified by Kenneth Arrow (1972) and independently identified by

⁷In Figure 1.3 the data for Estonia, Cyprus, the Slovak Republic, Latvia, Lithuania, Bulgaria, Luxembourg, Romania, Ireland, Slovenia, and Malta refer to all employees who work at least 15 hours per week. (Even though many of these countries are not displayed in the figure, their statistics have been used in computing the OECD average.)

⁸Becker, G. (1957), *The Economics of Discrimination*, University of Chicago Press, Chicago.

Edmund Phelps (1972).⁹ This occurs when people do not have full information about an individual's relevant work characteristics (such as how likely he or she is to remain in the job) and use group averages as a substitute. We shall also discuss the empirical evidence for or against each of these types of discrimination. We shall then try to understand why women often express the view that they need to be more able than men employed in the same job. We discuss a theoretical model that shows how such perceptions can arise and identify the conditions under which they are indeed correct.

One of the most noticeable aspects of gender differences in the economic sphere is in the realm of entrepreneurship. Entrepreneurs are people who see market opportunities and go into business to fill perceived niches in the market in order to earn a profit. They are identified as self-employed people or as owners of firms and, therefore, as employers rather than as employees. A far higher proportion of entrepreneurs is male than female. Table 1.1 shows the prevalence of various types of entrepreneurship in male and female populations in the age group 18–64 years.¹⁰ This table is derived from a survey of 42 countries around the world, divided into the three groups shown.¹¹ In the rich countries, entrepreneurship offers greater scope for increasing incomes and wealth than does salaried employment. Entrepreneurs comprise a much larger proportion of the wealthiest people in the United States, for example, than do salaried people.

It is usually the case that those who become entrepreneurs need access to credit. Relatively few people can start a business using entirely their own money. If access to credit differs by gender, this in itself may largely account for the gender gap in entrepreneurship. There are many reasons why credit may be less accessible by women, one of which is that, if they are less wealthy than men on average, they have fewer assets to offer as security (“collateral”) to creditors when they borrow. The need for collateral arises in credit markets because creditors require some security that the money they lend will be

⁹ Arrow, K. (1972), “Models of Job Discrimination,” in *Racial Discrimination in Economic Life*, ed. A. H. Pascal, Lexington Books, Lexington, MA, pp. 83–102, and Phelps, E. S. (1972), “The Statistical Theory of Racism and Sexism,” *American Economic Review* 62, pp. 659–661.

¹⁰ Early-stage entrepreneurs are defined by the Global Entrepreneurship Monitor (GEM) as those involved in owning and managing a nascent business or one that has been in operation for 42 months or less. By contrast, established entrepreneurs are those involved in owning and managing a business that has successfully survived in the market beyond 42 months. (The GEM is an international consortium, and this report was produced from data collected in and received from 41 economies in 2007. I thank the authors, national teams, researchers, funding bodies, and other contributors who have made this possible.)

¹¹ High-income countries and areas are Austria, Belgium, Denmark, Finland, France, Greece, Hong Kong, Iceland, Ireland, Israel, Italy, Japan, the Netherlands, Norway, Portugal, Puerto Rico, Slovenia, Spain, Sweden, Switzerland, the United Arab Emirates, the United Kingdom, and the United States; low- and middle-income countries in Europe and Asia are China, Croatia, Hungary, India, Kazakhstan, Latvia, Romania, Russia, Serbia, Thailand, and Turkey; and low- and middle-income countries in Latin America and the Caribbean are Argentina, Brazil, Chile, Colombia, the Dominican Republic, Peru, Uruguay, and Venezuela.

TABLE 1.1 Proportions of male and female populations aged 18–64 who are engaged in various levels of entrepreneurial activity, by region and income, 2007 (percent)

Region and income	Owners engaged in early-stage entrepreneurial activity (nascent + new)		Established business owners		Overall business owners (nascent + new + established)	
	Male	Female	Male	Female	Male	Female
Low- and middle-income countries, Europe and Asia	11.7	7.6	8.2	4.6	19.9	12.2
Low- and middle-income countries, Latin America and Caribbean	19.6	14.4	12.2	6.6	31.8	21.0
High-income countries	8.2	4.3	7.9	3.6	16.1	7.9

Source: Allen, I. E., A. Elam, N. Langowitz, and M. Dean (2007), *Global Entrepreneurship Monitor: 2007 Report on Women and Entrepreneurship*, Table 2, <http://www.gemconsortium.org/docs/download/281> (accessed July 4, 2013), with permission.

returned (with interest). So those without assets are disadvantaged in credit markets. Furthermore, it is conceivable that women may be discriminated against in credit markets, that is, they may be treated differently than men with the same economic characteristics. We address whether this is the case in Chapter 5.

In the past few decades there has been a sea change in the extent to which economies across the globe have become linked; they are now interconnected in myriad ways. This wave of globalization has had an effect on the well-being of women, mostly positive but sometimes negative. In Chapter 6 we examine two links through which globalization has impinged on the lives of women. The first is increased foreign trade. We shall ask how increased international trade has affected the well-being of women. Another effect of globalization on women works through foreign direct investment, in which multinationals from one country locate factories and subsidiaries in other countries for various reasons. We shall ask whether women are benefited or hurt by foreign direct investment. We shall also discuss some recent literature that has documented a very definite gender gap in attitudes toward trade liberalization: women are more protectionist toward the domestic economy than are men.

In Chapter 6 we shall discuss as well how globalization has contributed to undermining patriarchy in developing countries. By increasing employment opportunities for women, it has increased the bargaining power of women relative to men. Women, however, sometimes actively participate in protests against globalization. Why is this? Not all the effects of globalization on women are benign. One downside of globalization is that it has been accompanied by a substantial increase in the trafficking of women and children.

We discuss this phenomenon and the policy lessons that can be learned from the experiences of Scandinavian countries in attempting to curb this extreme form of exploitation of women and children.

We move on to the third module (“Marriage and Fertility”) in Chapter 7. Marriage is a universal institution. The social, psychological, and economic conditions of married people differ from those of unmarried people. We first outline and discuss the evidence for these differences. We then ask why marriage arises spontaneously between individuals, resulting in families. We discuss an economic and an evolutionary theory of this phenomenon. Both explain why marriage is a widespread and persistent institution.

Then we address a series of very interesting questions about marriage: What economic forces lead to monogamy as the preponderant marital arrangement in most countries? Why do we observe dowries (various forms of wealth that brides’ parents give their daughters when they marry) in some societies and bride prices (wealth that grooms’ parents offer to brides’ parents) in others? Are these related to the productivity of women in marriage relative to that of their husbands? What are the consequences of marriage in terms of the development of skills (known as human capital) that are useful in markets and in households? Married men are known to earn higher incomes than their unmarried counterparts with similar qualifications. Is marriage responsible for this income difference? Spousal violence occurs in most societies, and women are largely the victims. Why do men resort to physically assaulting their wives, and why do women remain in such abusive marriages? When marriages end in divorce, how do women fare afterward? These questions occupy us in Chapter 7.

The issue of fertility is naturally a matter of great importance to women, and not just for the obvious reason that it is women, not men, who give birth. A high fertility rate is one of the reasons that women’s options have been constrained for ages. All the developed countries of today have gone through a transition from long periods of high fertility and high death rates to low fertility and low death rates. The effect of this “fertility transition” has invariably been to reduce the rate of population growth. Numerous economic benefits have accompanied this decline in fertility and mortality: greater ability to save money and greater freedom for women to pursue careers (earn higher incomes) and work longer hours, among many other benefits. In Chapter 8 we analyze the issue of fertility decline in the light of economic theory and examine why this decline has occurred and what it has meant for women. In particular, we examine what role the autonomy of women (that is, the extent to which they can act of their own volition) plays in this phenomenon. Many developing countries, too, have been undergoing the fertility transition in recent decades. Table 1.2 shows the trends in various parts of the world during the past four decades in the total fertility rate (which is roughly the number of children a woman has during her reproductive life). Accompanying this transition has been an extremely disconcerting development: the ratio of

TABLE 1.2 Total fertility rates in various regions of the world, 1970, 1990, and 2011 (births per woman)

Region, country, or country group	1970	1990	2011
Least developed countries (UN classification)	6.75	5.95	4.19
Sub-Saharan Africa	6.69	6.25	4.88
Middle East and North Africa	6.62	4.85	2.65
South Asia	5.74	4.22	2.69
India	5.49	3.92	2.59
Latin America and Caribbean	5.30	3.21	2.18
East Asia and Pacific	5.17	2.50	1.75
China	5.51	2.34	1.58
Europe and Central Asia	2.82	2.33	1.80
OECD members	2.79	1.96	1.76
North America	2.46	2.06	1.87
United States	2.48	2.08	1.89
European Union	2.37	1.64	1.58

Source: World Bank (2013), Gender Statistics: (1) United Nations Population Division, World Population Prospects; (2) United Nations Statistical Division, Population and Vital Statistics Report (various years); (3) census reports and other statistical publications from national statistical offices; (4) Eurostat: Demographic Statistics; (5) Secretariat of the Pacific Community: Statistics and Demography Programme; and (6) U.S. Census Bureau: International Database, databank.worldbank.org/ (accessed July 8, 2013).

Note: OECD, Organisation for Economic Co-operation and Development.

male children to female children born has been increasing. See Table 1.3 for a snapshot of this ratio in 2011.

There is strong evidence that this increasing ratio of male to female births may be due to sex-selective abortion, among other things, because parents have a strong preference for male children. In countries where this preference is strong (for economic and cultural reasons), fertility decline may make it even more likely that, among the few children a couple now has, parents will think it is imperative that one or more be male. This discrimination against females is also pervasive after birth; they are often given less nutrition than their brothers, less education, and less frequent doctor visits in case of illness. As a result, in the population at large, the ratio of males to females is often much higher than in regions where such a preference for male children does not exist. This has led to the concept, coined by Amartya Sen, of “missing women,” that is, women who should have existed but actually do not because of this male bias.¹² In Chapter 8 we shall also discuss the economics of this gender bias in the sex composition of children and its pernicious effects.

¹² Sen, A. K. (1990), “More Than 100 Women Are Missing,” *New York Review of Books* 37, December 20.

TABLE 1.3 Sex ratios at birth for various regions of the world, 2011 (male births per 100 female births)

Region, country, or country group	Sex ratio
East Asia and Pacific	112.5
China	118.4
South Asia	107.2
India	108.0
Indonesia	105.0
Europe and Central Asia (developing countries only)	106.0
European Union	105.7
OECD members	105.4
Middle East and North Africa	105.1
North America	105.0
United States	104.9
Latin America and Caribbean	104.9
Sub-Saharan Africa	103.9
Least developed countries (UN classification)	103.8

Source: World Bank (2013), Gender Statistics: United Nations Population Division, World Population Prospects, databank.worldbank.org/ (accessed July 8, 2013).

Note: OECD, Organisation for Economic Co-operation and Development.

Technology has diverse effects on women's economic lives. The division of labor that we have witnessed for millennia across the globe whereby women were restricted either to housework or to work compatible with the raising of children was partly determined by biology—though the effect of socialization here cannot be overstated. What was feasible for women in the past was also constrained by the technology available to them. It has been only in recent times that technology, complemented by numerous social and economic developments, has afforded women the opportunities to have full-fledged careers at levels comparable to those of men. One of the most important technological breakthroughs from the point of view of affording flexibility for women was the contraceptive pill in the 1960s. This was accompanied by the institutional change of legal access to abortion. This change has given women far greater control over their bodies than before. In the United States, legal access to abortion began in most states with the landmark ruling of *Roe v. Wade* in 1973, and other developed countries have passed similar laws that have become increasingly liberal with regard to abortion. In Chapter 9 we study the effect of these birth control technologies on the lives of women in the developed and the developing worlds.

The impact of contraception on women in poor countries can be measured in a manner that is direct and compelling: by looking at maternal mortal-

ity (the deaths of mothers in pregnancy and childbirth). In some poor countries, the rate of maternal mortality is 20 times higher than that in the rich countries. Many of the pregnancies that result in maternal mortality are unwanted. So when contraception and abortion are made available, the incidence of maternal mortality declines substantially. This is an issue that we shall examine in Chapter 9.

One of the profound effects of contraception is that it has given women greater flexibility to choose when in their reproductive lives to have children. In the developed world, the choice of timing has enabled women to make greater investments in time-intensive professional degrees (like those in medicine or law) that give them opportunities for better careers. The ability to time the birth of children has also enabled women to acquire some work experience—which is a very important determinant of future salaries in their careers. Indeed, it has enabled women to have careers where previously they would have had none to speak of. Another far-reaching effect of the easy availability of contraception is that it has changed the bargaining power of women relative to their spouses. Women’s ability to have independent earnings and careers has improved their outside options. Not only has this had implications in terms of who does the unpaid housework in a household, it has also influenced the amount of time devoted to paid work in the market by the couple. Put differently, the shift in bargaining power has changed the amounts of leisure enjoyed by men and women in marriage. We shall discuss these issues in Chapter 9.

In Chapter 10 we come to the final module (“Empowering Women”), an important focus of this book. In the past few decades it has become increasingly apparent that a large number of economic outcomes hinge on women’s ability to exercise autonomy. One of the most fundamental steps toward achieving greater autonomy is acquiring the political right to vote. If women are denied this right, they are not even being recognized as independent persons whose opinions on governance and the allocation of public goods count. In most of the developed countries of today, the right to vote was acquired by women in the nineteenth and twentieth centuries. The acquisition of this right was hastened by women through activism and struggle, but the right was invariably won by peaceful means.

The attainment of women’s suffrage itself had economic underpinnings. What economic factors led men to see that it was in their own self-interest to pass the legislation that gave women the right to vote? And once women earned this right, did governments start responding to their concerns? If so, how did the nature of government expenditures change? There is evidence that a “political gender gap” has been developing in Western democracies in recent decades: women tend to be more “left-wing” politically than men, which in the economic realm translates into women’s desire for greater government participation in the economy than men. In terms of political

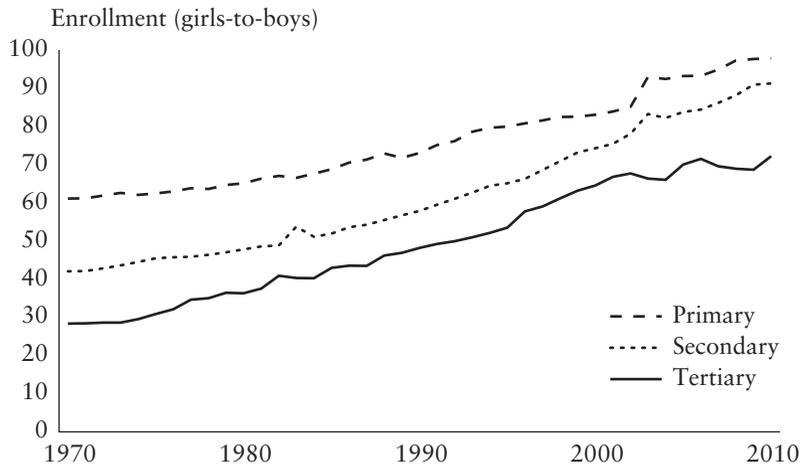


FIGURE 1.4 School enrollment ratios of girls to boys in South Asia, 1970–2010

Source: World Bank (2013), Education Statistics: United Nations Educational, Scientific, and Cultural Organization (UNESCO) Institute for Statistics, databank. worldbank.org/ (accessed June 18, 2013).

behavior, this makes women more likely than men to vote for liberal candidates. Indeed, this left-wing bias among women appears to be so strong that parents who have mostly daughters also tend to be more left-wing than parents who have mostly sons. In other words, parental concern for their children’s well-being appears to mirror their children’s (gendered) preferences. These issues pertaining to women’s empowerment through suffrage, their political preferences, the government’s response, and the economic consequences will preoccupy us in Chapter 10.

In Chapter 11, the final chapter, we shall consider the kind of policies that empower women and bring together the lessons we have learned earlier in the book. We shall also examine the evidence for these policies and lessons. One of the most powerful ways of empowering women is through education. In developing countries there is a substantial gap between the educational attainments of women and men. See Figure 1.4 for the school enrollment ratios of females to males (expressed as percentages) in South Asia for the past four decades in primary, secondary, and tertiary education.¹³ Although the trends over time have been in the right direction, the ratios are well below 100%, with the highest for primary education and the lowest for tertiary. Despite the inequity of this state of affairs, the benefits to society of having educated people are frequently higher for educated

¹³These are terms used by the International Standard Classification of Education. Loosely translated, *primary* refers to primary-school education, *secondary* covers middle and high school, and *tertiary* refers to education above the high school level.

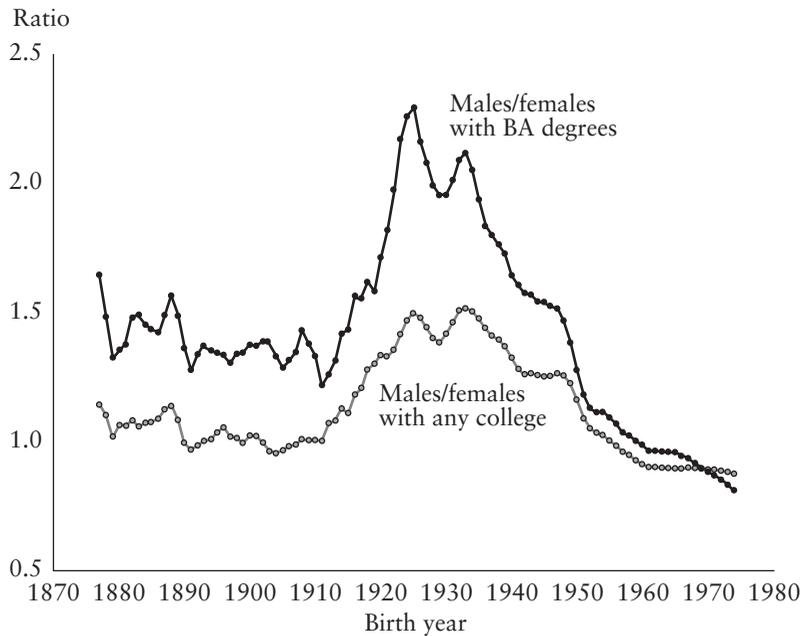


FIGURE 1.5 The ratio of male to female U.S. students who have any college and who have bachelor's degrees in cohorts born in 1876–1975

Source: Goldin, C., L. F. Katz, and I. Kuziemko (2006), “The Homecoming of American College Women: The Reversal of the College Gender Gap,” *Journal of Economic Perspectives* 20 (4), pp. 133–156, with permission.

women. For example, child mortality declines when women are educated. Also, fertility rates decline more rapidly when women are educated because they then perceive a higher opportunity cost to having children. There are sound economic reasons for attempting to close the gender gap in education in poor countries.

In the developed world, the gender gap in education is almost nonexistent in the present day. In fact, female enrollments are higher than male even for tertiary education. For the United States see Figure 1.5, which is drawn from Claudia Goldin, Lawrence Katz, and Ilyana Kuziemko (2006).¹⁴ It shows the ratio of males to females with any college at all and the ratio of those with B.A. degrees among the various cohorts born from 1870 through 1970. (This level of education would correspond to the tertiary level in the paragraph above.) This ratio was above 1 (and often well above 1) for those born before 1970; more males than females went to college. However, for those born after 1970, the ratio has fallen below 1; more women than men are going to college. This is also the trend in most of the OECD countries. This is largely

¹⁴Goldin, C., L. F. Katz, and I. Kuziemko (2006), “The Homecoming of American College Women: The Reversal of the College Gender Gap,” *Journal of Economic Perspectives* 20 (4), pp. 133–156.

because women's participation in the labor market has increased, and this has made investing in women's college education worthwhile. The overt discrimination against educating female children seen in developing countries is not observed in the developed world.

Even in the case of education, however, women may be handicapped by poor access to credit because, as we have mentioned, they lack the collateral needed to borrow money. Making more credit available to women has to be part of any endeavor to empower women. In Chapter 11, using the example of the well-known Grameen Bank, we shall discuss how this may be accomplished. In this context, we shall also address the question of what exactly empowers women when they do gain access to credit.

Because women have been disadvantaged for millennia, an important question is whether they can be empowered through affirmative action in the labor market. This has been tried in a few countries, and it is a contentious issue because affirmative action favoring women may come at the expense of discriminating against men. In Chapter 11 we shall discuss this debate and examine whether affirmative action does indeed discriminate against the majority. We shall do so especially in the context of the United States. We shall also allude to the experience of other countries, like India, with such a policy.

Another arena in which affirmative action is potentially useful is the political realm. Women are severely under-represented in politics (Table 1.4). India's experience provides an excellent example of what may be accomplished when affirmative action is implemented in politics. In the early 1990s, India amended its constitution to reserve, among other positions, that of "village chief" for women in a third of the villages. This has been shown to have had some beneficial effects in terms of investment in the sort of public goods that women prefer, such as piped water.¹⁵ In Chapter 11 we shall examine the evidence on the potential role of affirmative action in the political arena as a way of empowering women.

We shall also discuss the role of government expenditures on family-practice medicine and healthcare. These, we shall see, have a great impact on the well-being of women in developing countries by enabling the avoidance of unwanted pregnancies and the spacing of children, as well as facilitating investment in human capital. Finally, we shall discuss the effect of amending inequitable inheritance laws. Because inheritance provides assets that can be used as collateral, it can potentially increase the earning power of women. India's recent experiment with changing its inheritance laws to reduce discrimination against women in bequests provides a useful point of departure for analyzing such a policy. The experience also cautions us about the down-

¹⁵ See Chattopadhyay, R., and E. Duflo (2004), "Women as Policy Makers: Evidence from a Randomized Policy Experiment in India," *Econometrica* 72, pp. 1409–1443.

TABLE 1.4 Percentage of national parliamentary seats in a single or lower chamber held by women, by region, 2011

Region, country, or country group	Percentage of seats
European Union	24.9
OECD members	24.2
United Kingdom	22.3
France	18.9
Latin America and Caribbean (all income levels)	23.0
Mexico	26.2
Sub-Saharan Africa (all income levels)	20.5
Least developed countries (UN classification)	20.4
South Asia	20.3
India	11.0
Indonesia	18.2
North America	20.1
United States	16.8
East Asia and Pacific (all income levels)	17.7
China	21.3
Europe and Central Asia (developing countries only)	16.1
Middle East and North Africa (all income levels)	10.1
Egypt	2.0

Source: World Bank (2013), Gender Statistics: Inter-Parliamentary Union (IPU), databank worldbank.org/ (accessed July 8, 2013).

Note: OECD, Organisation for Economic Co-operation and Development.

side of changing policies without also implementing complementary policies to reduce the effects of a backlash. Recent research on the nature of property law, we shall see, shows that it even affects the prevalence of HIV among women in Sub-Saharan Africa.

These, then, are the sorts of issues this book deals with. Although the approach adopted is largely economic, I do not hesitate to draw on insights from other fields such as psychology, evolutionary psychology, political science, sociology, and gender studies. The subject matter of this book does not lend itself to a narrow perspective.

Before we launch into the first module, I should make clear that the partitioning of the book into modules is done purely for organizational convenience. There are substantial overlaps and interconnections between the modules. For example, what transpires in marriage (issues considered extensively in the third module) has important implications for what happens to women in markets (dealt with in the second module), and vice versa. Moreover, what happens in

households is determined to a significant extent by the bargaining strengths of the spouses (an issue examined in the first module). And women's bargaining strength, of course, depends on whether they possess the factors that enhance their autonomy (studied in the fourth module). The themes of the four modules are thus intricately interlaced. The arrangement of the topics and the exposition, however, are such that the analysis and discussion at a given point in the book can be understood with the tools and concepts introduced earlier.