

**FEMINIST →**

**ACTION NEXUS**

for Economic and Climate Justice

**ADVOCACY BRIEF**

# The role of macroeconomic policy in gender outcomes in labor markets in the Global South

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# INTRODUCTION

Since the 1990s, the trends in women's educational achievements as well as labor force participation rates across the Global South indicate a reduction in constraints to women's employment, known as supply-side constraints.<sup>1</sup> Despite these advancements, gender disparity in employment outcomes persists, characterized by considerably lower rates of women's employment and earnings compared to men, and increased gender job segregation. As many Global South countries fully embraced globalization policies, women have been crowded into low-paying jobs within industries subject to competitive pressures and firms with the ability to relocate in search of cheap labor.<sup>2</sup> This can be explained, in part, by the dynamics on the demand side<sup>3</sup> of the labor market that determine availability of and access to high quality employment.

As countries move from agriculture to industry, more high-quality jobs become available. Globalization can intensify that effect by increasing the pace of structural transformation and increasing exposure to global shocks and development. Increased inequality within and between countries, together with global economic and natural crises, has dampened aggregate demand, circumscribing the growth of high-quality jobs relative to labor supply. Alongside policies that bolster the influence of capital and capital owners, these developments have collectively contributed to a decline in workers' bargaining power and increase in job competition. Amidst these dynamics, it is imperative to acknowledge the role that gender bias and stereotypes may play in perpetuating men's preferential access to employment, especially high-quality employment. **Macroeconomic structures and policies interact with the gendered nature of different institutions, including the labor market, to create differential impacts on men and women.**

This brief illustrates structural barriers to women's employment, starting with a discussion of gender division of care work as both a supply- and demand-side constraint. It shines a light on macroeconomic structural constraints and policies that affect demand for labor and workers' bargaining power, and how these interact with gender segregation and stereotypes to create less favorable outcomes for women in the labor market. The brief examines the effects of macroeconomic policies including trade liberalization, monetary policy including interest rates and low-inflation bias, and fiscal policy including the role of austerity measures. It also outlines potential gender impacts of climate change adaptation strategies, which are increasingly becoming a part of national development plans. Blending micro- and macro-level analysis, the brief concludes with policy recommendations towards a more gender aware and equitable macroeconomic policy environment.

The context for this brief is the commitment of feminist movements who are part of the ***Feminist Action Nexus for Economic and Climate Justice ("Action Nexus")*** to develop more resources and

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- <sup>1</sup> Supply-side constraints in the labor market refer to constraints to supply of workers or workers' time. E.g., improved educational outcomes increase supply of skilled labor, reduction of childcare burden increasing parents' time available for paid work, etc.
  - <sup>2</sup> Borrowman, M. and Klasen, S. 2020. "Drivers of gender sectoral and occupational segregation in developing countries. *Feminist Economics*, 26(2); Arora, D., et al. 2023. "A macro analysis of gender segregation and job quality in Latin America." *World Development*, 164.
  - <sup>3</sup> Demand-side constraints in the labor market refer to the constraints related to demand for labor, which depends on the level of economic activity and employers' hiring practices.

materials for popular education and legal advocacy that advance a comprehensive feminist agenda. This feminist agenda is not a separate or new initiative, but a well-articulated one that draws on the work of feminist movements over generations. Our 2021 **Blueprint for Feminist Economic Justice**, a central piece that anchors the Action Nexus, acknowledges how our work mutually reinforces and reaffirms feminist agendas of over five decades and connects movements—including, but not limited to, trade justice, debt justice, and a **Feminist Decolonial Global Green New Deal**. More resources as well as the summary seven key demands of our work can be found on the [Action Nexus webpage](#).

## GENDER DIVISION OF CARE WORK

Time-use studies from across the Global South document women's disproportionate burden of care work and lower proportion of the day spent in paid activities as compared to men.<sup>4</sup> The gender division of labor is at the heart of this inequality. Patriarchal norms that create gender roles of male *breadwinner* and female *caretaker* form the basis of this gender inequality, which has not changed much, even though women are incorporated in the economic sphere. Instead, women face 'double,' and in some cases, 'triple' roles, which increase women's incidence of time poverty. **Lack of monetary resources, combined with inadequate state provisioning of social infrastructure, further intensify the experience of time poverty among women.** To cope with competing claims on their time, some women respond by withdrawing from paid work or reducing work hours or opting for jobs that allow combining unpaid work with paid work, such as self-employment or home-based work in informal activities.<sup>5</sup>

In this way, the burden of care work constitutes an important factor influencing men's and women's labor market opportunities and outcomes. For instance, in China, women's time spent in unpaid work is much greater than men's and is associated with women's lower earnings in the labor market.<sup>6</sup> Evidence from the Chilean labor market shows that the birth of a first child is associated with increased probability of employed mothers having an informal sector job—and that these effects persist over time and are stronger among less educated and unskilled women workers.<sup>7</sup>

In the analysis of women's access to employment and gender wage gap, care work is primarily seen as a supply-side factor constraining female participation in paid work. However, the unequal burden of care work affects not just women's decisions to work or not, but also employers' views about women's attachment to the labor force and their productivity. Employers may see women with kids as less productive and needing more flexibility. In that sense, it constitutes a demand-side constraint where demand for women's labor is affected by gender stereotypes and roles as well as state provision of care. Feminist scholars have long argued that care work contributes to the economy. Therefore, it is not

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4 Campaña, Juan and Giménez-Nadal, José Ignacio and Molina Chueca, Jose Alberto, Gender Differences in the Distribution of Total Work-Time of Latin-American Families: The Importance of Social Norms. IZA Discussion Paper No. 8933; Arora, D. 2015. Gender differences in unpaid work in Northern Mozambique. *Review of Social Economics*.

5 Ingrid Palmer has called this a reproduction tax arising from women's unequal burden of unpaid work.

6 Qi, L. and dong, X. 2016. "Unpaid care work's interference with paid work and gender earnings gap in China." *Feminist Economics*. 22(2).

7 Berniell, I., et al. 2023. "Gender gaps in labor informality: The motherhood effect." *Journal of Development Economics*. 150.

just an issue of households in the private sphere, but it has implications for the macroeconomy. Care work helps raise the next generation of labor force. Therefore, the time and resources spent in provision of care form the cost of future labor force. Those who provide care in households and families aren't paid for their labor. In this way, *unpaid care work subsidizes public-sector provisioning of goods and services*. From this perspective, policy decisions that restrict government spending on social policies and programs will have adverse impact on women's employment. This is discussed further under fiscal policy.

## MACROECONOMIC STRUCTURE AND POLICY

### TRADE LIBERALIZATION, CAPITAL MOBILITY AND TECHNOLOGICAL PROGRESS

According to proponents of free markets, trade and financial liberalization (or reduction of barriers to trade and capital mobility between countries) is a certain path to economic development and poverty reduction, by allowing countries to specialize in activities in which they have comparative advantage. By this logic, in low-income countries, the vast supplies of unskilled labor, in the overcrowded and low productive agricultural sector, offers comparative advantage in labor intensive manufacturing activities. Labor costs constitute a major share of total costs of production in labor-intensive manufacturing. The surplus army of unskilled labor with little to no bargaining power therefore allows firms to increase their global competitiveness by paying low wages, which in most cases, offer a better livelihood than informal employment in agriculture or services.

Exploiting the comparative advantage a step further, firms can lower their labor costs even more by hiring female workers whose wages tend to be lower than that of men, and who are perceived as more productive due to their "nimble fingers" and docility.<sup>8</sup> In that sense, the gender wage gap creates comparative advantage for firms engaging in international trade.<sup>9</sup> Gender discrimination is therefore a potential tool for increasing global competitiveness, which rests on women's lower bargaining power *vis-à-vis* men.<sup>10</sup>

In semi-industrialized countries, **trade liberalization is associated with increased women's employment, particularly in the manufacturing sector**, a phenomenon also known as the *feminization*

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8 Elbeshbishi (2009) reviews the evidence of export-oriented firms' preference for female workers in Mexico because of their willingness to accept lower wages and work under poor working conditions. Kabeer (2004) discusses export-oriented firms' preference for female workers in Bangladesh because of their docility that comes with lower bargaining power than that of male workers. Elbeshbishi, A. 2009. *A bird cannot fly with just one wing: Towards a gender balanced trading system*. ATPC 74. African Trade Policy Center, Economic Commission for Africa.

9 Seguino, S. 1997. "Gender Wage Inequality and Export-led Growth in South Korea." *Journal of Development Studies*. 34(2); Busse M. and Spielman, C. 2005. Gender Inequality and Trade. Hamburgisches Welt-Wirtschafts-Archiv. HWWA Discussion Paper 308, Hamburg Institute of International Economics.

10 Darity, W. & Williams, R. 1985. "Peddlers Forever? Culture, Competition, and Discrimination," *American Economic Review* 75(2): 256-261.

of manufacturing employment.<sup>11</sup> There are different reasons for this. Tariff cuts on imports of capital goods and technology can increase women's employment in manufacturing through lowering the physical demands of industrial production through technology, and increasing production efficiencies in female-dominated sectors such as textiles and food-processing.<sup>12</sup> For instance, in Indonesia, reduction in import tariffs on tradable inputs (making them cheaper) was associated with an increase in women's employment and work hours—and therefore increased domestic firm competitiveness of female-intensive sectors.<sup>13</sup> In Mexico, the reduction in export tariffs resulted in an increase in women's employment in blue-collar (industry) jobs, because these export tariff cuts introduced computerized production process and lowered the need for physical skills.<sup>14</sup>

A common theme in these examples is the pattern of gender roles and stereotypes, discussion of which is often overlooked in studies documenting the benefits of trade liberalization for women's employment. When women are brought into jobs in traditionally male-dominated sectors such as manufacturing, they are segregated at the low end of the production chain, in tasks seen more appropriate for women such as sewing, repetitive sorting, etc., and in low-productive and low-value industries such as textiles, food-processing, etc. As a result, gender segregation in the labor market is reinforced and perpetuated.

In other sectors, **there is evidence that shows trade liberalization is hurting women's employment. In economies heavily dependent on agriculture, for example, tariff reductions on labor-intensive imports such as food crops have resulted in higher job losses for women than for men.**<sup>15</sup> In sub-Saharan Africa, reduction in export barriers in mining and cash crops have tended to benefit men.<sup>16</sup> The type of trade liberalization reform, pattern of trade and degree of gender segregation determine whether women gain or lose.

Increased access to employment is only beneficial when it translates into fair wages and decent working conditions for women. There is mixed evidence on this aspect of trade liberalization, as well. In case of economies heavily dependent on agriculture, such as those in sub-Saharan Africa, trade-induced growth in exports of cash crops has had limited benefits for women's income. This is due to 1) the gender division of labor in agriculture, whereby women are responsible for food crops while men specialize in production of cash crops such as coffee, vanilla, etc., more suited for taking

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<sup>11</sup> Berik, G., Rodgers, Y. and Seguino, S. 2009. "Feminist economics of inequality, development and growth." *Feminist Economics*, 15(3); Standing 1999, For Colombia: Ederington 2009; for Brazil: Gaddis, I., & Pieters, J. 2017. "The gendered labor market impacts of trade liberalization evidence from Brazil." *Journal of Human Resources*, 52(2), 457–490.; for Indonesia: Kis-Katos, K., Pieters, J., & Sparrow, R. 2018. "Globalization and social change: Gender-specific effects of trade liberalization in Indonesia." *IMF Economic Review*, 66(4), 763–793.

<sup>12</sup> Arora, D., et al. 2023. "A macro analysis of gender segregation and job quality in Latin America." *World Development*, 164.

<sup>13</sup> Kis-Katos, K., Pieters, J., & Sparrow, R. 2018. "Globalization and social change: Gender-specific effects of trade liberalization in Indonesia." *IMF Economic Review*, 66(4), 763–793.

<sup>14</sup> Juhn, C., Ujhelyi, G., & Villegas-Sanchez, C. 2014. "Men, w. women, and machines: How trade impacts gender inequality." *Journal of Development Economics*, 106, 179–193.

<sup>15</sup> In primarily agricultural economies, women's work constitutes the base of food production, which tends to be import-competing and small-scale. Cheap imports of staples can displace women's livelihoods.

<sup>16</sup> Wamboye, E. and Seguino, S. 2015. "Gender effects of trade openness in sub-Saharan Africa." *Feminist Economics*, 21(3).

advantage of export opportunities<sup>17</sup>; and 2) the gender division of resources—men controlling the majority of agricultural income.<sup>18</sup> In case of export-oriented manufacturing, the evidence from country case studies shows positive effects for some countries during certain periods and negative effects for others.

For instance, in the export processing zones of Madagascar, Honduras and Bangladesh, trade liberalization was associated with higher female wages.<sup>19</sup> Firms in export processing zones in Central America pay higher wages than employers outside the zone, and many female workers prefer jobs in maquiladoras over work as domestic workers.<sup>20</sup> This evidence suggests that trade liberalization has been beneficial for women's employment, especially in contexts where unskilled female labor had no source of independent income or alternative livelihood sources were in informal sector in agriculture or services. This is an important caveat. Some women may have experienced empowerment through their increased access to factory jobs and earnings. However, women's attractiveness as workers is related to their lack of bargaining power, which is a result of gender norms that relegate them as secondary earners (not needing wages to support families) and capitalistic accumulation promoting search for cheap labor by exploiting gender power relations and hierarchies.

Such exploitation becomes easier in the current global regime of unregulated capital flows. When labor costs rise as workers seek to improve their conditions, firms combine several strategies to avoid higher costs: automating or using new technologies, suppressing worker demands, moving to other countries with lower labor costs, or establishing subcontracting networks. In general, the capital owners have greater power than labor due to lack of regulation on capital mobility. Adding the layer of unequal gender power, female workers, especially low-income and "unskilled," are least equipped to negotiate with employers who threaten to flee if labor costs rise. **As countries become more industrialized and upgrade their production technology, continued pressure to gain global market share by lowering labor costs has negatively affected women's employment and wages in sectors exposed to reduced trade and financial mobility barriers.**<sup>21</sup>

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- <sup>17</sup> Bussolo, M., De Hoyos, R. and Wodon, Q. 2009. "Higher prices of export crops, intrahousehold inequality and human capital accumulation in Senegal," in eds. Bussolo, M. and De Hoyos, R. *Gender aspects of trade and poverty nexus: A macro-micro approach*. The World Bank; Golan, J. and Lay, J. 2009. "More coffee and more cigarettes? Coffee market liberalization, gender and bargaining in Uganda." in eds. Bussolo, M. and De Hoyos, R. *Gender aspects of trade and poverty nexus: A macro-micro approach*. The World Bank; Fontana 2007.
- <sup>18</sup> See Katz (1995) and Deere (2005) for evidence from Guatemala; Dolan and Sorby (2003) for evidence from Uganda and Kenya. Deere, C. 2005. *The Feminization of Agriculture, Economic Restructuring in Latin America*. Occasional Paper 1. Geneva: United Nations Research Institute for Social Development; Dolan, S. and Sorby, K. 2003. *Gender and Employment in High- Value Agriculture Industries*. Agriculture and Rural Development Working Paper 7. Washington D.C.: World Bank; Katz, E. 1995, "Gender and Trade within the Household: Observations from Rural Guatemala." *World Development*, 23(2).
- <sup>19</sup> Glick and Roubaud (2006) for Madagascar; Kabeer (2004) for Bangladesh.
- <sup>20</sup> Robertson R and Trigueros-Argüello A (2009). The effects of globalization on working conditions: El Salvador, 1995–2005. In: Robertson R, Brown D, Pierre G and Sanchez-Puerta ML, eds. *Globalization, Wages, and the Quality of Jobs, Five Country Studies*. World Bank. Washington, DC.; Marcouiller D and Robertson R (2009). *Globalization and working conditions: Evidence from Honduras*. In: Robertson R, Brown D, Pierre G and Sanchez-Puerta ML, eds. *Globalization, Wages, and the Quality of Jobs, Five Country Studies*. World Bank. Washington, DC.
- <sup>21</sup> Seguino, S. and Grown, C. 2006. "Gender Equity and Globalization: Macroeconomic Policy for Developing Countries," *Journal of International Development* 18(8): 1081-1104; Kucera, D. and Sheba T. 2014. "Feminization, Defeminization, and Structural Change in Manufacturing," *World Development* 64: 569-582; Tejani, S., & Milberg, W. 2016. "Global Defeminization? Industrial Upgrading, Occupational Segmentation and Manufacturing Employment in Middle-Income Countries." *Feminist Economics*, 22(2), 24–54.

For instance, in Mexico, there has been de-feminization of the maquiladora labor force. As production became more technologically sophisticated, companies switched to hiring mainly men in many maquiladoras. From being about 80 percent of Mexico's total maquiladora labor force during the 1980s, women constituted 58.8 percent of this labor force by 2006.<sup>22</sup> Several studies have shown that in later stages of industrialization, the gender wage gap has either persisted or increased due to trade liberalization. In South Korea, increased export competition was associated with a larger gender gap in wages.<sup>23</sup> Similar results were reported for India's manufacturing sector.<sup>24</sup> In Taiwan, the gender wage gap widened with increase in foreign direct investment (FDI), which reflects increased capital mobility.<sup>25</sup>

The evidence on women's working conditions in these jobs paints a more abhorrent picture. Several academic studies and large body of non-academic, mainly journalistic evidence show that jobs in export-oriented firms in developing countries are characterized by long hours of work, lack of flexibility to combine childcare with paid work, insecure job arrangements, unhealthy working conditions, sexual harassment and gender discrimination—such as using pregnancy tests in hiring.<sup>26</sup> For instance, in Mexico's maquiladoras, it is not uncommon for women to work more than 12 hours a day with overtime on weekends.<sup>27</sup>

Overall, these results are in line with the theory that firms competing for a share in the global market benefit from gender discrimination.<sup>28</sup> Trade liberalization stimulates a 'race to the bottom' for labor costs or a search for cheap and flexible source of labor. Women are preferred by firms looking to reduce costs because they lack bargaining power. However, when firms can reduce costs by adopting capital-intensive technology, they shift to hiring male workers.<sup>29</sup> This latter phenomenon has been puzzling, given that women's educational attainment has increased relative to men's. This association could be driven by gender norms that designate more highly productive and technical work as "masculine". Another explanation is that firms prefer to invest in training for male workers, consistent with the view that men deserve the more secure employment and are less likely to leave paid work to fulfill domestic responsibilities.<sup>30</sup>

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22 Domínguez, E. et al. 2010. "Women Workers in the Maquiladoras and the Debate on Global Labor Standards." *Feminist Economics*, 16:4, 185-209.

23 Berik, G., van der Meulen Rodgers, Y., & Zveglic, J. E. (2004). "International trade and gender wage discrimination. Evidence from East Asia." *Review of Development Economics*, 8(2), 237-254.

24 Menon, N. & Rodgers, Y. 2009. "International Trade and the Gender Wage Gap: New Evidence from India's Manufacturing Sector." *World Development*, 37 (5), 965-981.

25 Seguino, S. 2000. "The Effects of Structural Change and Economic Liberalization on Gender Wage Differentials in South Korea and Taiwan." *Cambridge Journal of Economics*. 24(4).

26 Kaber 2004. "Globalization, Labor Standards, and Women's Rights: Dilemmas of Collective (In)action in an Interdependent World," *Feminist Economics* 10 (1): 3-35; Human Rights Watch. 1996. No Guarantees: Sex discrimination in Mexico's maquiladora sector. <https://www.hrw.org/legacy/summaries/s.mexico968.html>

27 Domínguez, E. et al. 2010. Women Workers in the Maquiladoras and the Debate on Global Labor Standards, *Feminist Economics*, 16:4, 185-209

28 Seguino, S. 1997. "Gender Wage Inequality and Export-led Growth in South Korea." *Journal of Development Studies*. 34(2); Seguino, S. 2000. "The Effects of Structural Change and Economic Liberalization on Gender Wage Differentials in South Korea and Taiwan." *Cambridge Journal of Economics*. 24(4); Darity, W. & Williams, R. 1985. "Peddlers Forever? Culture, Competition, and Discrimination," *American Economic Review* 75(2): 256-261.

29 Seguino and Braunstein. 2019; Tejani, S., & Milberg, W. 2016. "Global Defeminization? Industrial Upgrading, Occupational Segmentation and Manufacturing Employment in Middle-Income Countries." *Feminist Economics*, 22(2), 24-54.

30 Arora, D., et al. 2023. "A macro analysis of gender segregation and job quality in Latin America." *World Development*, 164; Tejani, S., & Milberg, W. 2016. "Global Defeminization? Industrial Upgrading, Occupational Segmentation and Manufacturing Employment in Middle-Income Countries." *Feminist Economics*, 22(2), 24-54.



## MONETARY POLICY: INFLATION REDUCTION AND INTEREST RATES

Neoliberal monetary policy applied in the Global South primarily aims to maintain low levels of inflation, utilizing key tools managed by central banks, including interest rates, exchange rates, and money supply. These monetary policies often prioritize economic growth over addressing gender equality concerns.<sup>31</sup> For example, nations that have embraced financial liberalization often feel compelled to maintain low inflation rates as a strategy to attract capital flows and foreign direct investment (FDI). High inflation can adversely affect the real rate of return for affluent individuals, prompting the adoption of contractionary monetary policies, characterized by elevated short-term interest rates. This, in turn, can exert a detrimental influence on job growth.<sup>32</sup>

The ramification of inflation-targeting or contractionary monetary policy is differentiated along gender lines, due to the segregation of men and women across different sectors of the labor market. The outcomes, whether positive or negative, depend on the sectors that are particularly sensitive to alterations in these monetary policy tools. For instance, the pursuit of low inflation through interest rate hikes can have adverse effects on private investment, business activity, and, ultimately, employment opportunities.<sup>33</sup> Sectors highly responsive to changes in interest rates are more likely to reduce their demand for labor. If women are predominantly concentrated in these sectors, it may result in a more significant impact on female employment compared to men's employment.

The available evidence regarding the gender-specific repercussions of contractionary monetary policies remains limited. A pivotal study delving into this subject matter analyzed 51 instances of inflation-reduction measures spanning the period from 1971 to 2002, encompassing 17 Global South countries. **The findings underscore that in 67% of these instances, the economic deceleration resulting from hikes in interest rates had a disproportionate impact on women's employment.** Notably, countries that responded to inflationary pressures by elevating real interest rates above the long-term trend (i.e., opting for interest rate hikes) exhibited a greater propensity towards deceleration in employment growth, compared to countries that maintained interest rates at or below the long-term trend. This divergence in monetary policy response corresponded with a significantly more pronounced decline in women's employment relative to their male counterparts.<sup>34</sup> The empirical evidence aligns with the perspective articulated by feminist macroeconomists, who contend that monetary policy in the global North and South carries a deflationary bias (i.e., geared towards keeping inflation low and not inherently gender-neutral in its implications).<sup>35</sup>

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<sup>31</sup> Elson, D. and Cagatay, N. (2000) 'The Social Content of Macroeconomic Policies', *World Development*, 28(7), pp. 1347–1364.

<sup>32</sup> Seguino, S. (2020). Engendering Macroeconomic Theory and Policy. *Feminist Economics*, 26(2), 27–61.

<sup>33</sup> Braunstein and Heintz (2006) studied 51 inflation reduction episodes. About 71 per cent were accompanied by a contraction of total employment and 29 percent with an expansion of employment.

<sup>34</sup> Braunstein, E. 2012. "Neoliberal Development Macroeconomics: A Consideration of its Gendered Employment Effects." UNRISD Research Paper, United Nations Research Institute for Social Development; Braunstein, E. and Heintz, J. 2006. 'Gender bias and central bank policy: employment and inflation reduction'. *International Review of Applied Economics* 22(2): 173–186.

<sup>35</sup> Elson, D. and Cagatay, N. 2000. 'The Social Content of Macroeconomic Policies', *World Development*, 28(7), pp. 1347–1364; Ruiters, M. 2008. "Gender and inflation targeting in South Africa." *Agenda: Empowering women for gender equity*, 78, pp. 4–12.

## FISCAL POLICY: GOVERNMENT SOCIAL SPENDING

Fiscal policy pertains to the administration of government revenue generated through taxation and borrowing, as well as government expenditures. It serves as a crucial instrument for the management of inflation and the handling of current account deficits. **Empirical observations of the implementation of structural adjustment policies (SAPs) in the Global South and fiscal austerity measures during the financial crises of 2008-09 and post-pandemic recovery underscore that fiscal policy is not inherently gender neutral.** Under the umbrella of SAPs, the World Bank and IMF encouraged a deliberate reduction in government spending, particularly in social sectors, with the primary aim of curbing budget deficits. Simultaneously, efforts to promote a more efficient private sector presence resulted in a decrease in public sector employment and the privatization of essential services.<sup>36</sup>

Contrary to the belief that fiscal policy is gender neutral, the evidence from cross-country studies shows strong association between government spending and women's employment.<sup>37</sup> For instance, in a panel of 15 Latin American countries, government social spending is positively and significantly related to women's access to high quality employment.<sup>38</sup> **There are two principal channels through which government spending can impact women's employment: expenditures on physical infrastructure, and social outlays in critical sectors such as education, healthcare, and childcare.** These outlays can exert influence on women's employment through their effects on both the labor supply and demand for the labor.<sup>39</sup>

Supply-side<sup>40</sup> investments in social spending, particularly in maternal healthcare and educational initiatives, can enhance women's health and educational attainment. Other social spending programs, such as those focused on early childhood education or long-term care services, play a pivotal role in alleviating the demands of caregiving responsibilities by providing direct care for dependents. In Chile, free after-school care to school-aged children increased the probability of mothers working at least one month per year by 3.4 percentage points.<sup>41</sup> In Kenya, women, who were offered vouchers for free childcare for children ages 1 to 3 years old were 8.5 percentage points more likely to be employed, on average. In addition, access to childcare allowed single mothers to move away from informal jobs that are more compatible with simultaneous childcare to jobs with fixed hours and higher pay.<sup>42</sup> Additionally, investments in sanitation, energy, and transport infrastructure can ease the burden of the provision of unpaid care responsibilities. For instance, in South Africa, electrification in low-income areas led to 9-9.5% increase in women's employment over a five-year period.<sup>43</sup>

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<sup>36</sup> Cagatay, N. 2003. "Gender budgets and Beyond: Feminist fiscal policy in the context of globalization." *Gender and Development*, 11(1). Elson and Seguino 2006.

<sup>37</sup> Braunstein, E., & Seguino, S. (2018). The Impact of Economic Policy and Structural Change on Gender Employment Inequality in Latin America, 1990–2010. *Review of Keynesian Economics*, 6(3), 307–332.

<sup>38</sup> Arora, D. et al. 2023.

<sup>39</sup> Arora, D. et al. 2023; Seguino, S. 2020.

<sup>40</sup> Supply-side of the labor market pertains to the factors that affect labor supply.

<sup>41</sup> Martínez, C., and Perticará, M. 2017. "Childcare Effects on Maternal Employment: Evidence from Chile." *Journal of Development Economics* 126: 127–137.

<sup>42</sup> Clark, S., Kabiru, C. Laszlo, S. and Muthuri, S. 2019. "The Impact of Childcare on Poor Urban Women's Economic Empowerment in Africa." *Demography* 56, no. 4: 1247–1272.

<sup>43</sup> Dinkelman, T. 2011. "The Effects of Rural Electrification on Employment: New Evidence from South Africa." *American Economic Review* 101 (7): 3078–108.

On the demand side of the labor market,<sup>44</sup> heightened social spending is likely to result in an expansion of employment opportunities within social services sectors, notably in healthcare and education sectors. Historically, these sectors have represented significant sources of employment for women. Furthermore, jobs in the healthcare and education sectors tend to be formal service-oriented positions that often offer higher pay compared to other service-sector employment in most Global South countries.<sup>45</sup>

## **POLICIES TOWARDS A GENDER JUST TRANSITION?**

Climate change mitigation and adaptation have become a crucial aspect of national policy in most countries. In the last decade, several Global South countries have set national climate plans and strategies, including efforts to reduce greenhouse gas emissions, programs for climate resilient agriculture, and green jobs initiatives such as those adopted by Mexico and Argentina. Like any macroeconomic structure and policy, neither the effects of climate change nor the adaptation to its effects are gender neutral.

The International Labor Organization (ILO) estimates that taking proactive measures to limit global warming to 2°C through the implementation of “green economy” initiatives has the potential to generate approximately 24 million new jobs worldwide by 2030. Notably, this figure exceeds the projected job losses of USD 6 million in non-renewable energy sectors. Several countries have already embarked on environmentally friendly endeavors, such as China’s transition towards electric automotive industry and Brazil’s sector-specific policies aimed at boosting the utilization of renewable energy, primarily through the encouragement of ethanol-powered automobile production.<sup>46</sup> How these initiatives would affect gender labor market outcomes will depend on gender segregation.

The existing data on sectoral segregation reveals a marked underrepresentation of women in these emerging green sectors. In Latin America, for instance, a substantial 72% of employed women are primarily concentrated in the service (42.1%) and commerce (29.9%) sectors, with notably low representation in fields such as electricity, gas, water, construction, and transport. In contrast, men tend to exhibit a more balanced distribution across various sectors of the economy. **The evidence from simulation exercises shows that if the current patterns of occupational segregation persist, women are at risk of having limited access to the job opportunities created by decarbonization and green job initiatives.**<sup>47</sup>

The transition to new technologies and industries, therefore, necessitates a concerted effort to provide training and skills development, with a specific focus on meeting the labor market demands. This effort must also encompass challenging and altering prevailing stereotypes that impede the recruitment of women in these sectors. For instance, South Africa’s Working for Water program provided tailored training for women and prioritized the selection of female and young workers to fill newly created positions.<sup>48</sup>

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<sup>44</sup> Demand-side of the labor market pertains to the factors that affect employers’ demand for labor.

<sup>45</sup> Arora, D. et al. 2023.

<sup>46</sup> ILO. 2023. *Global Employment Policy Review*. Geneva: ILO.

<sup>47</sup> ILO & ECLAC. 2023. *Green jobs, an opportunity for women in Latin America*.

<sup>48</sup> UNDP. 2013. *Green jobs for women and youth: What can local government do?*



# RECOMMENDATIONS

## GENDER-EQUITABLE INTERNATIONAL TRADE POLICY

The large body of evidence on gender and trade liberalization has set the stage for incorporating gender concerns into mainstream trade policies. There is greater acknowledgment of the gendered impacts of trade, both at national and international level.<sup>49</sup> Yet, more specific actions are required as part of gender-equitable international trade, to will help promote women's access to resources, employment rights and decision-making on trade issues. This would include:

- > Redressing the unfavorable working conditions for women in the export-oriented industries by applying and enforcing national labor laws, and modifying labor laws and practices to ensure that women's specific needs are adequately addressed.
- > Enforcing equal-pay legislation and applying effective equal-opportunity legislation.
- > Promoting actions that will strengthen bargaining power of workers, including through reforming global rules for trade and capital mobility.<sup>50</sup>
- > Increasing participation of women workers and gender experts in trade policy design and negotiation processes, which should be promoted at both national and international level.

## ENDING FISCAL AUSTERITY AND PROMOTING SOCIAL INFRASTRUCTURE & INVESTMENT POLICIES

Care work is one of the major constraints for women's employment potential. As discussed earlier, it is not only a supply-side constraint, but also a demand-side constraint to women's employment. Policies that influence the provision of care can have a dual impact on the labor market, concurrently increasing women's labor force participation and challenging gender stereotypes on the employers' side, dispelling notions that women are less committed or require more flexibility due to caregiving responsibilities. Moreover, recognizing that care work nurtures the future labor force, it is imperative to support those engaged in unpaid care work, as their efforts are pivotal for the sustained and harmonious functioning of economic processes over the long term. Hence, it is essential to evaluate fiscal policy decisions from a gender lens.

After years of austerity and its detrimental effect on gender gaps in the labor market and women's well-being, feminist economists have argued for expansionary public investment-led fiscal policies, as such policies that will not only be effective in reducing women's burden of care work, but also contribute to long-term economic growth through increased women's employment. Specific examples

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<sup>49</sup> World Bank. 2020. *Women and trade: Role of trade in promoting gender equality*. Washington D.C.: The World Bank and World Trade Organization.

<sup>50</sup> While many countries have labor standards, regulations and protections for worker's rights, export processing zones (EPZs) are exempted from such legislations, making it harder to protect workers in export-oriented industries. Any actions by workers to demand higher wages or better working conditions are countered by factories threatening to shut down and leave in search for cheaper labor. Unfettered capital mobility is instrumental in reducing worker's bargaining power.

of expansion of fiscal space could include public investments in universal social protection, enabling the transition to decent work, the building of social infrastructure to address care work deficits, and the provision of basic infrastructure and transport services to the working classes.

## SECTORAL POLICIES

Considering the persistent issue of gender-segregation, it is imperative to implement sectoral policies specifically designed to enhance women's employment outcomes and provide a protective buffer during times of economic and natural crises. For instance, during the pandemic-induced economic crisis, public sector subsidies in the agricultural sector in countries such as Uganda and South Africa particularly helped women as they dominate employment in this sector. In Bangladesh and Jamaica, public sector subsidies directed towards female-dominated tourism and hospitality sectors, which benefitted women's employment during the pandemic.<sup>51</sup>

In conclusion, macroeconomic policy plays an important role in promoting an environment that encourages an improvement in the quality and quantity of jobs available. Understanding and incorporating the role of gender in macro policy can help create gender-equitable outcomes in the labor market. Therefore, macro policies must go beyond the goal of economic growth and promote inclusive development, focusing on increasing availability of jobs with decent wages, the ability of people to combine paid and unpaid work, and creating equitable distribution between men and women of paid work opportunities and unpaid work responsibilities.

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<sup>51</sup> ILO. 2023. *Global Employment Policy Review*. Geneva: ILO.