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Women’s empowerment and its link to sustainable development

INTERACTIVE EXPERT PANEL
Key strategies for gender-responsive implementation of the 2030 Agenda

Rethinking Macroeconomic Policy for Gender Equality and Sustainable Development: Towards the Implementation of Agenda 2030

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* The views expressed in this paper are those of the author and do not necessarily represent those of the United Nations.
1. Agenda 2030 calls for a global commitment to advancing gender equality. There is inherent value to gender equality, deeply rooted in ideas of social justice. Yet, the importance of gender equality extends beyond Sustainable Development Goal 5. It has implications for the sustainability of our societies, opportunities for decent work, inequalities in income and wealth, the production of human capabilities, and the ability of our economies to improve lives. Moving towards greater gender equality requires a coordinated approach across policy areas and countries. Macroeconomic policies represent one element of an overall strategy to eliminate gender inequalities.

2. Agenda 2030 and the Sustainable Development Goals stress substantive gender equality, including equality of outcomes and the rights men and women enjoy. In this respect, they represent an advancement over the earlier Millennium Development Goals. Gender parity in primary school enrollment is an important indicator. Yet it does not guarantee equality in educational attainment, the quality of education, access to employment opportunities, and earnings potential. The unequal burden of unpaid household work – caring for children, providing services in the home, and carrying water – represents a critical structural source of inequality, one that is frequently ignored. The successful implementation of Agenda 2030 requires a broader approach to gender equality, one that cuts across the Sustainable Development Goals.

3. Gender equality and gender inequalities affect traditional indicators of economic performance, such as GDP growth. There is evidence that greater gender equality in educational attainment and labor force participation is associated with faster growth. However, the relationship between gender inequality and growth depends on the indicators used. In some cases, gender wage gaps have been shown to contribute to export competitiveness and overall growth, when women constitute a low-cost source of labor. Women’s unpaid care work supports long-run growth. If women did not do this work, the cost of providing these services would have to be absorbed elsewhere in the economy, with potentially significant implications for economic performance.

4. The link between gender equality and growth is important. Yet it is important to keep in mind that growth does not constitute an end in itself. The success of economic policies should be evaluated with regard to their impact on people’s lives – what people can do, what they can become, and the choices that are available to them. Growth is only important if it translates into better health, higher educational attainment, a clean environment, meaningful opportunities for decent employment, and reductions in violence and vulnerabilities. There is no guarantee that faster growth will automatically support these outcomes. The type of growth matters.

5. Macroeconomic policies have the potential to contribute to an enabling environment for improving gender equality. It is important to recognize that on their own macroeconomic policies cannot eliminate gender inequalities. They need to be combined with complementary policies, including social protections, health and education policies, reductions in the burden of unpaid work, and employment strategies. The macroeconomic framework within which these other policies are implemented may enlarge or constrain their ability to advance gender equality. Macroeconomic policy has often limited the scope for realizing women’s economic and social rights. The lack of attention to distributive outcomes, the failure to integrate unpaid care work and the economics of the family, and a narrow approach to macroeconomic goals and resource mobilization often prevents macroeconomic policies from supporting gender equality.

6. Macroeconomic measurements, indicators, and targets often ignore aspects of the economy that have important consequences for gender equality. Much of the unpaid, non-market household work is not incorporated into the calculation of GDP or other macroeconomic variables used to measure performance and outcomes. The production of unpriced services in the household – such as childcare, meal preparation, cleaning services and other unpaid activities – are excluded. Because macroeconomic policies do not account for the disproportionate costs to women
of unpaid labor, they reinforce the undervaluation and marginalization of women’s work. Efforts to measure these activities through satellite accounts have materialized, but they rarely inform policy choices.

7. Other macroeconomic concepts are subject to similar problems, overlooking critically important activities that have implications for the long-run sustainability of the economy. Take the example of consumption and investment. Most expenditure on children is considered to be consumption expenditure. However, these expenditures actually represent an investment in future human capacities and should be acknowledged and measured. Many non-market and unpaid childcare services represent similar investments, but these activities are not counted. Studies have shown that investments in children have long-term economic implications and affect macroeconomic outcomes by impacting cognitive development, educational achievement, health outcomes, and labor market opportunities. By failing to explicitly recognize the time and money spent investing in children, macroeconomic policies contain implicit biases.

8. Macroeconomic policies are framed in terms of aggregate variables and concepts. For instance, monetary policy targets, such as interest rates, do not consider the distinct effects interest rates have on men and women. Because of this, macroeconomic policies are often said to be “gender neutral”. However, these policies have gender-specific effects because they interact with structural features of the economy, such as the distribution of unpaid work and the segmentation of men and women into different types of jobs, to produce different outcomes for women and men. Macroeconomic policies – including budgets, tax policy and monetary and exchange rate policy – should be analyzed with regard to the effects they have on gender equality and, when policies are found to have adverse effects, steps should be taken to correct for these biases.

9. Most policies to support gender equality require financial resources and macroeconomic policies have a direct influence on the availability of these resources. In many cases, countries are underutilizing their ability to mobilize domestic resources to finance public services and investments. There are many ways to mobilize additional public. The efficiency of tax collection can be improved through addressing institutional and capacity constraints. Budgets can be analyzed for their gender-specific impacts and resources can be mobilized by reprioritizing expenditures towards areas that improve gender equality. New taxes can be introduced to generate resources from under-taxed areas, such as the financial sector or natural resource exports.

10. Advancing gender equality to realize the goals of Agenda 2030 requires a rethinking of macroeconomics. This includes addressing the distributive consequences of macroeconomic policies and redefining the concepts, measurements, and the scope of macroeconomics. Substantive improvements in gender equality require real resources, and macroeconomic policies can assist in mobilizing additional public resources. The importance of investments in human beings needs to be recognized and incorporated into policy-making decisions. Importantly, improving gender equality not only benefits women, but it also has larger social impacts that affect the implementation of the entire Agenda 2030.