ENGENDERING MACROECONOMIC POLICY FOR GENDER EQUALITY IN SUB-SAHARA AFRICA

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Abstract

Social movement are inspiring important conversation about the inequitable practices' women have long faced in every aspect of their lives. In some cases, these discussions have led to measurable changes in how women are treated on the job, at home, and elsewhere in society. However, the worst cases of gender imbalances are still recorded in Sub-Sahara Africa. Macroeconomic policy volatility limit women's access to health care and education, and lead to disproportionate levels of family responsibility, job segregation, and sexual violence. Macroeconomic volatility, both a source and a reflection of underdevelopment, is a fundamental concern for women in Sub-Sahara Africa. Their high aggregate instability results from a combination of large external shocks, volatile macroeconomic policies, microeconomic rigidities, and weak institutions and these have implications for women participation in governance, health, education and productive activities. Knowing the macroeconomics policy mix to improve women's relative productivity through educational investments and facilitating their participation in paid labour ensures talent is equally distributed across men and women, and thus narrows gender gaps in education and employment to contributes to higher average educational attainment and a more efficient allocation of labour. As educational attainment rises and women gain greater access to paid work, the opportunity cost of having additional children also rises, leading to a decline in fertility rates. Women's bargaining power within the household rises at the same time. This increases their ability to allocate household spending in ways that benefit children, and as a result, economy-wide labour productivity growth. This paper leans empirical credence to the role of macroeconomic policies (fiscal and monetary policies indices) for gender equality in Sub-Sahara Africa from 1993 through 2017. We gathered panel data on the indices of macroeconomic policies and gender inequality in all 48 Sub-Sahara Africa countries. We employed the dynamic panel system generalized method of moment estimation procedure (dynamic system GMM) to establish a baseline level relationship between the variables of interest. We adjust for heterogeneity assumptions inherent in ordinary panel estimation and found basis for strict orthogonal relationship among the variables. Our results suggest fluctuations in macroeconomic policies as a lead factor for gender equality in Sub-Sahara Africa countries. Efforts should be tailored towards a balanced macroeconomic policy mix that can guarantee sustainable gender equality approaches to collective prosperity.

Keywords: Macroeconomic Policy, Gender Equality, Dynamic GMM, Sub-Sahara Africa

JEL Codes: C33, E61, I24.

1.0 Introduction

Gender equality is referred to as when women and men enjoy the same status, rights, have equal opportunities to realize their full human rights and potential to contribute to political, economic, social and cultural development and to benefit from the results. Empirical evidences in recent years have linked SSA's poor economic growth to the existence of high rate of gender inequality in the region. Globally, high rate of gender disparity has become so worst that it has become global phenomenon. It has remained a focal point of discussion in national and international conferences. It was the number three goal of the Millennium Development Goals. This was also emphasized at the United Nations submit on sustainable development in 2015 as the number five goal of Sustainable Development goals.

It is against this background that gender equality is now the focal point for development attainment in all countries of the world. Despite the increase in growth rate experienced in recent years in SSA, this region is still characterized by high rate of poverty, income inequality, and quality of human capital continues to be a source of concern. Sub-Saharan Africa remains one of the regions with the highest gender inequality, just behind the Middle East and North Africa (Hakura, Hussain, Newiak, Thakoor, & Yang, 2016). However, effort have been made by governments and international organizations at reducing poverty, augmenting the huge gender gap and increasing women capabilities in the region, but still yet, different economic, personal, and social challenges are still faced by women and girls in the region. Economic resources and decision making positions in government and public and private institutions are still majorly held by men, while the female gender are relegated to unpaid domestic duties with a huge percentage of them living in abject poverty.

Despite the fact that women in su Sahara Africa are economically active with over 63% in labor force participation which is much greater than the global average of 50% and an average increase of 2.5% over the past decade compared to that of men which decline by an approximate rate of 1% (World Bank, 2017) . But still yet, 74% of the working women are employed in the agricultural and informal sector compared to 61% of men (ILO, 2017). This is majorly due to low education attainment of women, social norms and belief which dictate jobs and duties to be undertaken by women. Sub-Saharan women bare the negative effect of gender disparity with about 32.4% gender gap that still need to be covered compared to Western Europe and North America who have a 25% and 28% gender gap to be covered (Global Gender Gap report, 2017).

2.0 Literature Review

Stotsky (2006) examined the implications of gender differences in economic behavior for macroeconomic policy. The study revealed that reducing gender inequality and improving the status of women may contribute to higher rates of economic growth and greater macroeconomic stability. Women's relative lack of opportunities in developing countries inhibits economic growth, while, at the same time, economic growth leads to a reduction in their disadvantaged condition. Equality of opportunity in labor and financial markets is critical to enabling women to take full advantage of improved macroeconomic conditions. The study concluded that macroeconomic policies should take into account the benefits of reducing gender inequalities, especially in the lowest-income countries where these differences are most pronounced, and should consider the potentially harsher short-term effects of economic austerity measures on women to avoid exacerbating gender inequalities.

Morrison (2007) reviewed empirical findings from economic analyses of the role of gender equality and women's empowerment in reducing poverty and stimulating growth. The paper also presented evidence on the impact of women's access to markets (labor, land, and credit) and women's decision-making power within households on poverty reduction and productivity at the individual and household level. The evidence from studies examining the relationship between gender equality and poverty reduction and growth at the macro level was also summarised.. The paper concluded that many areas of crucial importance to policy (such as gender issues in the functioning of credit and land markets) where basic questions remained to be answered.

Potrafke and Ursprung (2012) assessed the influence of globalization on social institutions that govern female subjugation and gender equality in 208 developing countries in four different regions: Africa Asia Eastern Europe and South America. Gender equality was measured using Social institutions and Gender Index (SIGI) and KOF index was use to measure globalization. The data were analysed using OLS and robust standard errors. The study observed the progress of globalization for almost one hundred developing countries at ten year intervals starting from 1970 to 2010. The result revealed that economic and social globalization exerts a positive influence on the social institutions that reduce female subjugation and promote gender equality.

Wyndow, Li, and Mattes (2013) investigated the causal effects of female empowerment on democratic development for 97 sovereign countries from 1980 to 2005 using Dynamic Panel Model with System Generalized Method of Moments. The study used female educational attainment, female labor force participation, and total fertility rates as the explanatory variables while polity iv dataset was used as an indicator of levels of democracy. The result revealed that improvements in female empowerment were associated with democratic development over this period, with female education and female labor force participation having a significant positive and causal effect on these movements. The magnitude of the effect of female education increased with lags of 5 and 10 years, suggesting that democracy is more likely to occur in countries with a history of educating girls and possibly a longer experience of the social and economic conditions that have occurred because of this investment. The study concluded that all three empowerment indicators were requisites for democracy to occur, with deficit in any area hindering democratic development.

Wekwete (2013) the paper examined gender inequalities between men and women in Africa. It identified gender gaps in economic opportunities and the underlying determinants of these gaps in each area which include the following (i) the different responsibilities for care and housework between women and men, which consequently lead to different time use, thus affecting choices of employment and economic activity; (ii) the inequity between women and men to access to productive inputs and agricultural extension services, and the differential treatment by markets; and (iii) the support of these constraints which can generate ‘female productivity trap’. The paper concluded that such policies should target the market and institutional constraints that are responsible for the existing gender gaps, rather than the outcomes.

Branisa, Klasen, and Ziegler, (2013) examined the effect of social institutions related to gender inequality on development outcomes in developing countries using macro data at the country level. The Social Institution and Gender Index (SIGI) and its sub-components were used as the main regressors to investigate their association with female education, fertility, child mortality, and corruption. The study revealed that social institutions related to gender inequality are associated with female education, child mortality, fertility, and governance (corruption) in developing countries, even when controlling for other socioeconomic and cultural factors. They concluded that policies focusing on affecting gendered development outcomes need to consider inequalities in social institutions as a constraint and consider promoting ways to reduce gender inequalities in social institutions.

Agénor and Canuto (2015) studied the long-run impact of policies aimed at fostering gender equality on economic growth in Brazil through their impact on women’s time allocation and intra household bargaining power. The analysis was based on a three period gender-based overlapping generations (OLG) model in which women’s time allocation takes centre stage and accounts for women’s time allocation between market work, child rearing, human capital accumulation, and home production. Bargaining between spouses was assumed to depend on relative human capital stocks, and thus indirectly on access to infrastructure. Thus, the model provides an endogenous macro theory of bargaining power. The model was calibrated and various experiments were conducted, including investment in infrastructure, a reduction in gender bias in the market place, and a composite pro-growth, pro-gender reform program. The analysis showed that fostering gender equality, which may partly depend on the externalities that infrastructure creates in terms of women’s time allocation and bargaining power, may have a substantial impact on long-run growth, as well as educational and health outcomes, in Brazil.

Hakura, Hussain, Newiak, Thakoor, & Yang (2016) investigated the impact high inequality have on growth performance and also the drivers behind income inequality as well as factors explaining its persistence in Sub Saharan Africa using newly available data from the Standardized World Income Inequality Database from 1990-2010. The study used system GMM to test for the joint effects of income and gender inequality on growth at different stages of development. The result revealed that income and gender inequality jointly impede growth mostly in the initial stages of development, resulting in large growth losses in sub- Saharan Africa and that further progress in reducing income and gender inequality could deliver significant sustained growth dividends, particularly for low-income countries. The growth decomposition analysis highlights that average annual GDP per capita growth in sub-Saharan African countries could be higher by as much as 0.9 percentage points if income and gender inequality were reduced to the levels observed in the fast-growing Association of South East Asian Nations (ASEAN). The analysis also revealed that the growth shortfall of Latin America and the Caribbean with ASEAN is mainly explained by income inequality.

Ekbrand and Halleröd (2018) used a combination of country-level data and micro level survey data from 49 low and middle income countries to analyse the relationship between gender equity and malnutrition, and gender equity and health deprivation among children. The results indicate that gender equity in education employment decreases child and malnutrition and that women's empowerment decreases health deprivation for children with unschooled mothers. The study concluded women are instrumental in children's welfare.

Ekbrand and Halleröd (2018) analysed the relationship between gender equity and malnutrition, and gender equity and health deprivation among children using a combination of country-level data and micro-level survey data (N = 391,817) from 49 low and middle income countries. The study examined whether and to what degree gender equity in a country only benefits children of mothers who have been able to take advantage of a high degree of gender equity or if it also benefits children of less resourceful mothers. The results indicate that gender equity in education and employment decreases child malnutrition, and the results indicate that gender equity in education and employment decreases child malnutrition, and that women's empowerment decreases health deprivation for children with unschooled mothers.

Cabeza-garc, Brio, and Oscanoa-victorio (2018) investigated the gender factors that trigger economic growth in both high and low income countries using four characteristic dimensions of gender inclusion: education, access to the labor market, fertility, and democracy. The relationship between economic growth and gender factors was analyzed in a sample of 127 countries. Value and robustness were added to the results using dynamic models applied to panel data while accounting for endogeneity. The result revealed that high fertility in women has negative effects on economic growth. However, when women have greater access to secondary education and the labor market in conditions of equality, the effects are positive. Similarly, the access of women to active political participation has significant effects on economic growth.

Minasyan, Zenker, Klasen, and Vollmer, (2019) conducted a systematic review and meta analysis of empirical literature to examine whether a gender gap in education harms or boos economic performance by examining the link between gender inequality in education and per capita economic growth. They found out that studies that include male and female education as separate covariates in the growth regression reported larger correlation sizes of female compared to male education with economic growth, except when an arguably problematic regression specification popularized by Barro and co- authors is used. Furthermore, studies that use gender gap (female/male ratio) in education as explanatory variable show an average partial correlation coefficient between growth and educational gender equality of 0.25, which is a moderate positive correlation. The study also observed that the partial correlation increases with the use of initial education levels and social/institutional variables as controls, and becomes smaller with the use of country fixed effects, the inclusion of economic variables, and a higher share of female authors. We additionally assess six studies in our sample that use quasi-experimental methods (instrumental variable techniques) as an attempt to elicit a causal effect. Direction and magnitude of the estimates from these studies are comparable with the correlational evidence. They concluded that the validity of many of the instruments used is open to question.

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