

Helpdesk Research Report: Gender and Growth in China

04/09/09

Query: Please provide literature on possible links between China's growth and gender equality. Please also include wider literature examining the links between economic growth and gender equality.

Enquirer: DFID China

Contents

1. Overview
2. Gender inequality and economic growth – China case studies
3. Gender inequality and economic growth – wider literature
4. Additional information

1. Overview

Understanding the links between growth and gender is a large and important area of policy related research. A vast amount of resources address, either directly or indirectly, the links between growth and gender. The resources presented below are therefore not an exhaustive collection, but a selection of the most recent, online materials offering a range of perspectives.

The first half of this helpdesk research report provides case studies examining the links between economic growth and gender equality in China. Most resources focus on the economic reforms associated with WTO accession and examine their gendered impacts. They all find that China's impressive economic growth has failed to benefit men and women proportionately. Several authors argue that growth has actually increased inequality, or has created new gender inequalities. In particular, the resources argue that women now generally occupy lower paid and lower status jobs than men. The following reforms aimed at promoting economic growth are repeatedly mentioned in the literature as disadvantageous to women:

- *Dismantling the 'iron rice bowl'* – the removal of guaranteed lifetime employment has resulted in an increase in contractual, temporary and informal sector jobs which negatively affects women's employability during childbearing years.
- *Reducing the public service* – retrenchment of public servants has resulted in more women losing their jobs.
- *Marketisation of health and education* – as women are poorer than men they are less able to pay for services when they need them. Women also generally use health services more because of their reproductive role and are more likely to experience an increased burden of care in the home as a result of a reduction in state provision of services.

The second half of this report highlights resources which focus on growth and gender in other countries, predominantly in Sub-Saharan Africa. Whereas the majority of the resources on

China focus exclusively on the impact of economic growth on gender inequality, these other reports generally reverse this and focus on the impact of gender inequality on growth. This 'wider literature' presents a variety of different views and findings. The resources on Africa offer more of a consensus in arguing that gender inequality has a negative effect on growth. The following are identified as particular barriers to African women fully participating in economic activity:

- High fertility rates.
- Gender gaps in education.
- Lack of access to formal employment.
- Gender gaps in access to assets and inputs in agriculture.

2. Gender inequality and economic growth in China

Berik, G., Dong, X. and Summerfield, G., 2007, 'China's Transition and Feminist Economics', *Feminist Economics*, vol. 13, no 3&4:

http://www.informaworld.com.ezproxye.bham.ac.uk/smpp/content~db=all~content=a781107106~jumptype=ref_internal~fromvnxs=v15n3s12~fromtitle=713700748~cons=906453733

This paper analyses post 1992 economic reforms associated with WTO accession. Whilst impressive growth has brought benefits for both men and women, it has also brought an increase in inequality. Gendered analysis of other previous economic transitions away from planned economies finds that:

- Women are more likely to lose their jobs during retrenchment.
- Cuts in public services leave women with greater responsibilities in relation to unpaid caring work in the home.
- Privatisation of health and education services disproportionately impedes access for women and girls.
- Rapid growth in export sectors only results in access to low-paid jobs with poor working conditions for most women.
- Disadvantages in job status and income negatively affect a woman's bargaining power within the home.

The authors note that China's transition was well planned to prevent disadvantage emerging, but there have still been sharp rises in inequality. Various authors argue that the reforms have created impressive growth but:

- Weakened land rights for women
- Caused disproportionate layoffs for women workers in state enterprises
- Created rising gender disparities in urban and rural wage employment
- Caused growing income insecurity
- Decreased access to healthcare for women.
-

The paper is the introduction to a volume of *Feminist Economics* which focuses on 'Gender, China and the World Trade Organization' (for details of other papers in this journal edition please see

<http://www.informaworld.com.ezproxye.bham.ac.uk/smpp/title~db=all~content=g781118650>).

Wichterich, C., 2008, 'Fierce, Fair and Unfair Competition: The EU-China Trade Race and its Gender Implications', Women in Development Europe:
<http://62.149.193.10/wide/download/WIDE%20EU%20CHINA%20-%20FINAL.pdf?id=655>

This paper discusses the gendered impacts of economic reforms, particularly the rise of export processing zones, privatization of state enterprises and the resulting retrenchment, loss of state provision of services and dismantling of the 'iron rice bowl' social security system. Trade liberalization and increased foreign direct investment have improved women's employment and income levels, but they are still occupied primarily in low-paid, low-status jobs. Wichterich argues that China's transition has led to a 'reinvention of gender differences' characterised by:

- More women employed in low status jobs
- An increase in wage inequality
- Women carrying a heavier burden of domestic household care.

The paper concludes that "the long-standing claim of socialist policies for gender equality became subordinated to the imperative of fact economic growth. Presently, the Chinese leadership is torn apart between its prevailing interest in economic growth and wealth, spreading social unrest by groups who are marginalized or excluded from welfare, and the pressure exerted by the USA and the EU" (p.34).

Ding, S., Dong, X-Y, Li, S., 2009, 'Women's Employment and Family Income Inequality During China's Economic Transition', Feminist Economics, vol. 15, no. 3, pp.163-190:
<http://www.informaworld.com/smpp/content~db=all~content=a913287355>

This paper argues that gender equality in wage employment is instrumental for achieving growth with equity in China. Econometric analysis explores changing patterns of married women's employment and income during China's economic transition, both the gradualist phase (1988 - 1995) and the period of radical reform (1995 - 2002). Earnings inequality increased in both reform periods. In the gradualist phase state enterprises continued to act as job guarantors and social service providers and the prospects for wage employment for urban women continued to improve. However, public sector restructuring in the late 1990s had a similar impact on gender as the structural adjustment policies of the 1980s, which emphasised efficiency of production and overlooked women's role in reproduction. This reform strategy led to "a drastic increase in gender disparity in employment rates, which decreased the share of wives' earnings and augmented the relative earnings dispersion of wives to husbands" (p184). The authors conclude that their analysis "demonstrates that macroeconomic policies can reinforce or help reduce gender inequality, and this change in gender inequality in turn can promote or impede the achievement of other development objectives." The paper also outlines steps taken by the Chinese government to tackle rising income inequality. The authors suggest the following measures to address gender inequality:

- Change the gender differentiated retirement policy
- Promote gender equality in hiring / firing
- Promote programs to encourage equal sharing of domestic responsibilities and address traditional gender norms

World Bank, 2002, 'China Country Gender Review', East Asia Environment and Social Development Unit', World Bank:
<http://www.worldbank.org.cn/English/content/gender-en.pdf>

This World Bank study comments that "the rapid social and economic development in China over the past two decades has created the right conditions for the development of women.

The high economic growth provided financial support for women's program, allowing a great number of women to take part. The higher economic growth rate has provided the government with more money to invest in education and health, which improved women's access to those services" (p.13).

However, the study then goes on to note that "the imperative of competition increasingly takes precedence over the protection of equality rights" (p.14) and that market liberalization and economic structural reforms have had gender-differentiated effects:

- The dismantling of the 'iron rice bowl' social security system that guaranteed lifetime employment has created an increase in contractual, temporary and informal sector jobs which negatively affects women's employability during childbearing years.
- Women are generally employed in lower status, lower paid jobs.
- Women are more likely than men to be laid off and were particularly affected during the early restructuring of state-owned enterprises.
- The marketisation of healthcare has negatively effected women who tend to need to access healthcare more (due to their reproductive role) and tend to have a lower capacity to pay for services.

Matthews, R., and Nee, V., 2000, 'Gender Inequality and Economic Growth in Rural China', *Social Science Research*, vol. 29, pp.606-632:

http://www.sciencedirect.com/science?_ob=ArticleURL&_udi=B6WX8-45BCD8V-H&_user=122868&_rdoc=1&_fmt=&_orig=search&_sort=d&_docanchor=&view=c&_searchSt_rId=1000670984&_rerunOrigin=google&_acct=C000010083&_version=1&_urlVersion=0&_userId=122868&md5=3ad019cd0a35205bb04413106c8729a2

This academic paper situates itself alongside previous research which has shown that economic growth improves quality of life, but that the benefits of growth are disproportionately enjoyed by men. The authors find that in a developing market economy, women generally lose out to men in opportunities for higher paid off-farm work. However, the picture is not entirely bleak, and economic growth has brought both costs and unanticipated benefits to women. In regions where there has been sustained market development women have enjoyed more favourable opportunities to move out of low paid, farm work. Where this has happened they have been able to retain their jobs through their reproductive years and have experienced greater power and status within the home because of their income. The authors also note that as men have left farm work to pursue higher paying urban jobs, women have had an opportunity to replace them and a feminisation of agriculture has occurred. It is important to note that subsistence agriculture is deemed low class and is very low paid. The feminisation of agriculture then, arising from male migration to the cities, is a cause of concern for gender equality. Growing inequality between rural and urban wages and very high levels of female rural illiteracy negatively impacts prospects of long-term gender equality.

Preston, A. and Lord, L., 2008, 'Understanding the Challenge of Gender Equity in China: A Preliminary Study', *European Journal of Management*:

http://findarticles.com/p/articles/mi_6772/is_2_8/ai_n31029531/?tag=content:col1

This paper argues that China's astonishing economic growth is under threat because of acute skills shortages amongst particular groups of labour, particularly skilled managerial labour. The authors assert that unless gender equity measures are undertaken, China's economic growth will be severely hampered. To address this, women must be offered the same opportunities as men. China must embrace progressive human resource practices that address gender discrimination in organisational culture.

2. Gender inequality and economic growth – wider literature

Forsythe, N. et al., 2003, 'Gender Inequalities, Economic Growth and Economic Reform: A Preliminary Longitudinal Evaluation', ILO Employment Paper 2003/45, ILO:
<http://www.ilo.org/public/english/employment/strat/download/ep45.pdf>

This paper looks specifically at the impact of economic growth and economic reform globally on gender inequality. The analysis finds that most of the usual indicators of structural adjustment (e.g. extent of fiscal debt, size of public sector) do not appear as significant variables explaining trends in gender inequality. The relative significance of exports within national economies also appears not to be significantly related to patterns of change in gender inequality. An important exception was discovered – expenditures in education have a strong relationship with gender equality. This suggests that the decline of gender inequalities has been most significant in countries characterised by higher expenditure on education. In turn, this equality is likely to have a significant positive effect on economic growth.

Seguino, S., 2000, 'Gender Inequality and Economic Growth: A Cross-Country Analysis', World Development Vol. 28, Issue 7, pp.1211-1230:
<http://www.sciencedirect.com.ezproxid.bham.ac.uk/science/article/B6VC6-40D0KYX-5/2/b8e678ed1a1cf958609b909798d0d511#>

This seminal cross-country study looks at the effect of gender inequality on economic growth, particularly the impact of lower wages for women on economic growth. Contrary to earlier studies that argue income inequality slows growth, Seguino's analysis of empirical evidence finds that GDP growth is positively related to gender wage inequality.

Klasen, S. and Lamanna, F., 2009, 'The Impact of Gender Inequality in Education and Employment on Economic Growth: New Evidence for a Panel of Countries', Feminist Economics, vol.15, no. 3, pp. 91-132:
<http://www.informaworld.com.ezproxie.bham.ac.uk/smpp/content~db=all~content=a913312864>

This cross-country study uses data on gender gaps in labour force participation to investigate the extent to which gender gaps in education and employment reduce economic growth. The study focuses on the period 1960-2000. The authors find that gender gaps in education and employment considerably reduce economic growth. Gender gaps in employment appear to have an increasing effect on economic growth differences between regions, with the Middle East and North Africa, and South Asia suffering from slower growth in female employment in contrast to East Asia.

Elson, D., 2009, 'Gender Equality and Economic Growth in the World Bank World Development Report 2006', Feminist Economics, vol. 15, no. 3, pp.35-59
<http://www.informaworld.com.ezproxie.bham.ac.uk/smpp/content~db=all~content=a913238920>

This article critiques the World Development Report (WDR) 2006. Elson applauds the report's emphasis on greater gender equality in opportunities as an objective in its own right, as well as for its instrumental value in promoting faster growth. However, the paper argues that the WDR's analysis of what sustains gender inequality is seriously flawed. In particular, "it shows no understanding that the process of economic growth and development is a

gendered process in which old forms of gender inequality may be weakened but new forms are created and sustained even in the richest countries in the world” (p.21).

Seguino, S., 2005, 'Gender Inequality in a Globalizing World', Levy Economics Institute's Working Paper Collection, University of Vermont:

http://www.levy.org/pubs/wp_426.pdf

In the last two decades, macroeconomic policies and development strategies have increasingly pursued the goals of liberalisation and global economic integration, deeply affecting the lives of women and men across the globe. Feminist scholars have highlighted the gendered impacts of these policies, many of which increase women's job vulnerability and unpaid work burden, while reducing state-level resources that might be used to provide a social safety net. This paper discusses the cases of Taiwan and South Korea, which relied on a managed-market approach to promote industrialisation. A key component of their strategy was to target investment in strategic sectors to help industries acquire the technology needed to upgrade. Low cost exports - produced primarily by women - were relied on to generate the foreign exchange necessary to finance technology imports. While Asian growth was rapid, it was not enough to produce greater gender equality. The concentration of women in export industries which were facing severe competition from other low-wage countries reduced women's bargaining power and hindered closure of gender-wage gaps. Gender-equitable macroeconomic and development policies are thus required, including financial market regulation, regulation of trade and investment flows, and gender-sensitive public sector spending.

Klasen, S., 2006, 'Pro Poor Growth and Gender Inequality' in ed. Menkhoff, L., 'Pro-poor Growth: Policy and Evidence', Berlin:

<http://www2.vwl.wiso.uni-goettingen.de/ibero/papers/DB151.pdf>

This paper concludes that in some countries women have been able to contribute significantly to pro-poor growth but across all countries there are barriers that limit their contribution. Four strategies are identified to improve women's contribution to pro-poor growth:

- A growth strategy which includes rising labour demand for women and improves female access to formal employment e.g. strategies focusing on export-oriented manufacturing
- Removal of gender gaps in education
- Improve access to productive assets and inputs
- Supporting policies to reduce fertility rates e.g. female education, family planning services

Gender inequality differs by region and so barriers to women's contribution to growth also differ by region. In Africa the most critical issues are strengthening women as producers in agriculture, improving female participation in the formal labour market and reducing fertility rates. In South Asia and North Africa, the focus must be on reducing gender gaps in health and education, particularly in India, and improving access to the formal labour market. In Latin America the primary barrier is women's discriminatory treatment in the labour market.

Blackden, M., Canagarajah, S., Klasen, S. And Lawson, D., 2006, 'Gender and Growth in Sub-Saharan Africa: Issues and Evidence', Research paper 2006/37, UNU-WIDER, World Institute for Development Economics Research:

<http://www.wider.unu.edu/stc/repec/pdfs/rp2006/rp2006-37.pdf>

This study argues that "gender inequality acts as a significant constraint to growth in sub-Saharan Africa, and that removing gender-based barriers to growth will make a substantial contribution to realizing Africa's economic potential" (p.1). The following barriers reduce women's ability to contribute to economic growth:

- Gender gaps in education (this point is particularly emphasized).
- High fertility levels.
- Gender gaps in formal employment.
- Gender gaps in access to assets and inputs in agricultural production.

UNCTAD / UNDP, 2008, 'Mainstreaming Gender into Trade and Development Strategies in Africa', Trade Negotiations and Africa Series, no. 4, United Nations:

http://www.unctad.org/en/docs/ditctncd200713_en.pdf

Trade liberalisation - the lowering of restrictions on goods for import and export - is increasingly being taken up across the world because of its association with high economic growth. This paper notes that, within the context of trade liberalisation, women can be both winners and losers. They may benefit - for example through greater access to paid employment opportunities in manufacturing of garments and other goods. Yet they are not able to seize the opportunities provided by trade expansion to the same degree as men. For example, women farmers are often constrained from entering export-oriented markets such as cotton or sugar production due to a variety of factors, including caring responsibilities, low levels of education, and lack of access to credit or land. In manufacturing, women often receive lower wages than men and may work in poor conditions. The paper notes that in order to achieve high growth with gender equality certain elements need to be in place:

- Women's voices must inform the formulation and implementation of trade policies.
- Women entrepreneurs need greater access to information about export markets and training on how to manage and market services.
- Microfinance can be an effective strategy for empowering women, particularly if accompanied by business and literacy training.
- Strong political will and support from national governments and the international community is needed for gender mainstreaming in trade-related policy.
- This support should be backed by budgetary resource allocation.

Baliamoune-Lutz, M., 2007, 'Gender Inequality and Growth in Sub-Saharan Africa and Arab Countries', Working paper no. 25/2007, International Center for Economic Research:

<http://www.icer.it/docs/wp2007/ICERwp25-07.pdf>

This paper empirically assesses the impact of the following on growth:

- The ratio of girls to boys in primary and secondary enrolment
- The ratio of 15-24 year-old literate females to males

The author finds that gender inequalities in literacy have a statistically significant negative effect on growth. Higher gender inequality has an even stronger effect on income growth in Arab countries. In more open economies, gender inequality in literacy seems to have an additional effect but this effect is positive, suggesting that trade-induced growth may be

accompanied by greater inequalities. The results from the empirical study on primary and secondary enrolment were less robust.

Ellis, A., 2007, 'The Gender / Economic Growth Nexus', Chapter 2 in 'Gender and Economic Growth in Kenya: Unleashing the Power of Women', World Bank:

<http://tiny.cc/2jHcw>

This chapter strongly argues that gender inequality in Kenya is impeding economic growth. "In Kenya, economic analysis... suggests that eliminating gender-based inequalities in education and access to agricultural inputs could result in a one-off increase in output by as much as 4.3 percentage points of GDP, followed by a sustained year-on-year increase of 2.0 to 3.5 percentage points in GDP growth" (p.10). Ellis also notes the following gendered features of economic life in Kenya:

- Women in Kenya are poorer than men.
- Women predominate in agriculture but their contribution is often unpaid.
- Women are less predominant in the formal sector and tend to have lower wages.
- Kenyan women constitute almost half of small and micro business owners. However, their businesses are less likely to grow than male owned businesses.
- Women's dual roles and time burden affect their economic productivity.
- Women are disproportionately affected by HIV/AIDS which affects their economic productivity.
- Gender inequalities in access to education have adversely affected growth.
- Equal access to formal employment and agricultural inputs positively impacts economic growth.

The other chapters in the book argue that Kenyan women make a large but frequently unseen contribution to the economy, primarily in the agricultural and informal business sectors. Recommendations for creating a more enabling environment for all Kenyan businesses are included.

IFC / World Bank, 2007, 'Tanzania Gender and Economic Growth Assessment', World Bank:

http://www.ansa-africa.net/uploads/documents/publications/Tanzania_gender_assessment_May2007.pdf

This report outlines the steps that Tanzania has taken to improve gender equity but states that women still face legal, cultural and administrative barriers to full participation in private sector development. The authors argue that addressing these barriers could improve growth in Tanzania. Suggested policy measures include:

- Reducing bureaucratic barriers
- Increasing access to land for women
- Improving women's access to finance
- Reforming labour laws
- Enhancing access to justice for women
- Improving access to international trade.

Ellis, A., Manuel, C. and Blackden, M., 2006, 'How Are Growth and Gender Linked?' chapter 2 in 'Gender and Economic Growth in Uganda: Unleashing the Power of Women', World Bank:

[http://ifcln001.worldbank.org/ifcext/enviro.nsf/AttachmentsByTitle/art_GEMTools_GenderUganda/\\$FILE/0821363840+Gender+and+Economic+Growth+in+Uganda.pdf](http://ifcln001.worldbank.org/ifcext/enviro.nsf/AttachmentsByTitle/art_GEMTools_GenderUganda/$FILE/0821363840+Gender+and+Economic+Growth+in+Uganda.pdf)

This chapter explores the impact of gender on growth in Uganda in the context of efforts to promote entrepreneurship and develop women's businesses. The authors conclude that gender inequality directly and indirectly limits economic growth, principally through gender differences in economic options, incentives and productivity. Unequal gendered division of labour, high fertility rates and gender gaps in education are discussed as barriers to women's full contribution to economic growth.

4. Additional information

Author:

This helpdesk report was prepared by Zoë Scott zoe@gdrc.org

Websites visited:

Google, Google Scholar, GSDRC, Bridge, Siyanda, Ingenta Journals, Ideas, Feminist Economics, ILO, International Centre for Economic Research, UNCTAD, UNRISD, UNU-WIDER, World Bank and various academic journals.

About Helpdesk research reports: Helpdesk reports are based on 2 days of desk-based research. They are designed to provide a brief overview of the key issues; and a summary of some of the best literature available. Experts are contacted during the course of the research, and those able to provide input within the short time-frame are acknowledged.

Need help finding consultants?

If you need to commission more in-depth research, or need help finding and contracting consultants for additional work, please contact consultants@gdrc.org (further details at www.gdrc.org/go.cfm?path=/go/helpdesk/find-a-consultant&)