

Impassioned by inequality: Why we need to bring gender analysis into mainstream economics



While in my final year of high school in Nigeria, I had some interest in economics but not enough to consider it as a future career path. At this time, I was 14 years old and determined to fulfil my parents' dream of me being a medical doctor.

If you are a Nigerian, you know that almost every Nigerian parent aims to have, at least, a medical doctor and a lawyer in the family. And, if they have more than two kids, an engineer.

I had been in the pure sciences in the penultimate and final years of my secondary education. This meant that my A-levels consisted of science subjects such as physics, chemistry and biology. However, when it came time for me to submit my university application forms, I found myself gravitating towards economics. As one can imagine, this came as an initial shock to my parents who were already elated that a family of three lawyers would also now have a doctor.

The decision to make this change came from my upset at the mass retrenchment in the Nigerian financial sector – the foremost employer of labour in the country – due to certain restructuring

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Her current research interests include feminist economics, public finance, applied econometrics and quantitative methods. Her doctoral research investigates the effect of gender inequality on macroeconomic outcomes and the impact of fiscal policies in promoting gender equal outcomes.

Ruth received her Bachelor of Science (Hons) in Economics from the University of Ibadan in Nigeria, and her Masters of Science (Hons) in Business and Financial Economics from the University of Greenwich in the UK.

Prior to her doctoral studies, Ruth worked as a Research Associate and Communications Liaison at the African Women Empowerment and Development Guild of Nigeria.

Ruth's presentation at the Australian Gender Economics Workshop 2018, titled 'The Effect of Gender Wage Differentials and Women's Bargaining Power on Aggregate Expenditure', was awarded the Best Student Paper. Ruth's presentation slides are available at: http://bcec.edu.au/assets/AGEW-2018_Ruth-Badru-The-Effect-of-Gender-Wage-The-Effect-of-Gender-Wage-The-Effect-of-Gender-Wag.pdf

Here, Ruth reflects on the economic upheaval she observed throughout her upbringing and her personal journey in deciding to pursue her studies in economics. She shares the research findings of her doctoral research and the passion that fuels her quest to make a difference to society.

decisions by the Nigerian Central Bank. During this period, I saw many families suddenly without any source of income and having to rely on the goodwill of others for sustenance. Many of these people, some of whom were close friends and family, had to resort to menial jobs to survive. Their graduate and sometimes postgraduate degrees were rendered useless. Even at such an early age, this left me wondering how a policy that was aimed at promoting economic prosperity could possibly achieve this aim at the expense of the wellbeing of so many.

So, like any wide-eyed teenager with big dreams, I was fuelled with the passion to solve all the world's problems, so that no person anywhere would ever have to go hungry and penniless. In particular, I was determined to develop the tools necessary to advise and proffer solutions to the prevalent economic problems faced in African nations and, by some means, remedy the prevailing ails of the Nigerian economy. Luckily for me, despite being a science major and being so young, I was accepted into the University of Ibadan in the same year. It was with this passion that I set out to study Economics with the subfield of Welfare Economics being one of my core specialisations, also forming the theoretical framework for my final year Bachelor of Science (Hons) dissertation.

After my Bachelor's degree, I proceeded to study Business and Financial Economics at the Department of International Business, University of Greenwich. During my Masters of Science program, I realised that I had a strong affinity for academic research and excelled in the areas of financial modelling, econometrics and other quantitative analyses. Nonetheless, while I greatly enjoyed the genre of research, I knew I wanted to further my education doing something that I was very passionate about and that could, in some way, contribute to improving society's living standards, while still using these quantitative tools.

This decision to direct my focus from my MSc. training in business and financial economic analysis to the analysis of gender and distribution in the macroeconomy for my doctoral research was a very personal choice. During this time, I had become very committed to the cause of promoting equality and women's empowerment in society. I then made the choice to pursue a doctoral degree in economics in one of the top 150 universities in the world: The University of Otago. This would be my first time travelling 'down under', and I was excited

about my research and the opportunity to experience another unique culture and way of living.

My research goal was to introduce gender analysis into mainstream macroeconomic thought in a way that was much more visible than just looking at GDP growth. My doctoral thesis therefore focused on analysing the impact of gender inequality and functional income distribution on the aggregate demand components of consumption, investment and net exports. I then carried out a detailed empirical analysis to evaluate the effect of fiscal policy on gender-related outcomes such as women's educational attainment, health and survival, economic opportunity and political empowerment.

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In the first chapter of my thesis, I focus on the effect of gender wage differentials and women's bargaining power on levels of aggregate household expenditure. Focusing on consumption as a pathway to growth, I extend the simple Keynesian construction of consumption behaviour to account for intra-household differences in the marginal propensity to consume out of male and female income. The econometric evidence suggests that an upward convergence of women's wages to men has a substantial positive impact on aggregate consumption when household spending is wage-constrained. I also find comprehensive evidence to support the assertion that higher

female bargaining power is associated with a higher level of aggregate consumption in both the short-run and long-run.

Overall, my research findings suggest that improvements in the labour market conditions of women, other things equal, has a long-term positive effect on aggregate consumption. This conclusion is especially true for the UK, US and Australia (three out of the four countries in my study, Canada being the fourth). Another obtainable insight from my findings is that redistributing income towards women stimulates aggregate demand and output; this outcome can also be promoted through concentrated efforts to reduce the unpaid care work burden that is disproportionately placed on women, thereby encouraging the labour force participation of women.

These results have several policy implications. First, if economic growth and prosperity are hampered by these persistent gender gaps in earnings and bargaining power, then gender equality can no longer take a back seat in policy objectives. It may not be enough to address gender equality as only a social concern, but also as an economic one.

Fiscal policy is not neutral in terms of gender, because it can have differentiated impacts on men and women; an egalitarian fiscal policy can be a key redistributive tool to transform this reality and improve the distribution of resources among men and women.

This implies that gender-aware labour market policies matter, both for the potential positive effects on overall equality and fairness and because it contributes to an expansion in aggregate demand which is a major driver of economic growth.

Furthermore, projections by the World Economic Forum suggest that, at the current rate of development, it may take more than 100 years to completely erode global gender gaps in economic empowerment and opportunity. This forecast therefore calls for urgent action on the part of

policy-makers to achieve the goals of gender equality.

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All over the world, women and men tend to have different social and economic roles and responsibilities, as well as different access to productive resources. In most cases, women tend to be at a disadvantage. For example, women are usually expected to take on the bulk of caring for their families. This means that women, much more than men, have the double burden of carrying out both paid and unpaid work. This dual role often has the effect of undermining women's position in the paid labour market, where they can only access a limited range of sectors and occupations, and may restrict their opportunities or access to other markets and services as well. This double burden is also likely to make women more vulnerable within their own household, limiting their discretionary income and bargaining power.

This assignment of roles is often due to persistent and rigid gender norms that are often pervasive in society. To change these structures, government intervention is needed, not just to promote change but to also speed up this process. The way that governments raise, allocate and spend their funding can serve to either reduce, or amplify, these gender-based inequalities.

In the past, as well as presently, governments often rely on equal-opportunity laws to cut inequality; however, evidence from the final empirical chapter of my thesis suggests that this rarely produces the desired outcomes. Furthermore, my findings suggest that overarching fiscal policies – which are often based on the market economy that ignores women's unpaid labour and the limitations on women's capacity to engage in paid work – may not produce desired results if they are implemented without specifically accounting for the different domains in which gender inequalities arise.

Specific, targeted efforts are needed to ensure that gender-equal outcomes are achieved in all areas

related to women's economic empowerment. Fiscal policy is not neutral in terms of gender, because it can have differentiated impacts on men and women; an egalitarian fiscal policy – encompassing, for example, gender budgeting and improved social protection – can be a key redistributive tool to transform this reality and improve the distribution of resources among men and women.

I hope that my research findings, especially given their empirical plausibility, can inform and influence policy-makers to pay a more careful role to gender equality: that it informs policy-makers on how efforts to cut public expenditure to increase the rate of economic growth may have to be rethought. And how the effects of such policies, by reducing aggregate demand, may well be to depress gender-equal outcomes as well as long-run growth.

On a personal front, I am grateful for the fully funded scholarship at the University of Otago that has allowed me to conduct research in this area that I am passionate about. My aim is to continue to engage with more policy-relevant research outputs that will indeed inform decision-making.

Looking back now, two months before my thesis submission, I am very happy that I recognised my passion for community and economic development

as early as I did, and that I immediately set on the path to equipping myself with the analytical and research tools that I need to serve in a capacity that is committed to improvement in societal welfare, living standards and overall wellbeing – whether in the world of business, finance and in the promotion of egalitarian growth.

"Every great dream begins with a dreamer. Always remember, you have within you the strength, the patience, and the passion to reach for the stars to change the world."

For me, these words by Harriet Tubman have never rang truer than they do now. And I also get to fulfil my parents' dream of becoming a doctor – not in medicine, but proudly in economics.

If economic growth and prosperity are hampered by these persistent gender gaps in earnings and bargaining power, then gender equality can no longer take a back seat in policy objectives.

Ruth Badru being awarded the Best Student Paper Prize at the Australian Gender Economics Workshop 2018 by Professor Siobhan Austen of Curtin University.

