

INEQUALITY AMONG WOMEN AND ITS IMPACT ON ECONOMIC GROWTH: THE CASE OF MENA

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Contents

1. Introduction
 - 1.1. Human Development Index (HDI)
 - 1.2. Gender-related Development Index (GDI)
 2. Gender Gaps
 - 2.1. Educational Gender Gap
 - 2.2. Employment Gender Gap
 3. Status of Women
 - 3.1. Female Endangerment
 - 3.2. GEM - FEM Adjustment
 4. Inequality Among Women
 - 4.1. Educational Inequality
 5. The Impact on Economic Growth
 6. Concluding Remarks
- Glossary
Bibliography
Biographical Sketches

Summary

Human development is critical to economic development. This paper reviews several composite indices presented in the nineties by the United Nations Development Programme (UNDP) in support of human development. Gender inequality, taking central stage in economic literature, is discussed in terms of education and employment. A new development paradigm is offered to direct attention to the problem of heavily investing in a small group of women at the expense of a large majority of illiterate females. "Inequality among women" does matter. Findings from a case study of the Middle East and North Africa (MENA) indicate that inequality among women, pervasive in the region, shows as strong an impact on economic growth as gender inequality. Data analysis for MENA countries confirms that narrowing inequality among women will reduce gender gaps. The policy implications are clear: national and international efforts should place top priority on combating female illiteracy.

1. Introduction

The United Nations Development Programme (UNDP) brought people to the center of development by emphasizing human development as "a process of enlarging people's choices". People are both agents and beneficiaries of change. This new focus, portraying the development of people, by people, for people, provided a turning point in development. This notion has totally dethroned GNP maximization and reliance on income per capita as the only international yardstick for measuring development. During the last three decades many developing nations have registered significant human development gains. East Asian countries, in particular, have provided a benchmark for high human development achievement.

1.1. Human Development Index (HDI)

The Human Development Index (HDI) was introduced by UNDP in 1990 to measure human development for 174 developed and developing countries. It focuses on three critical dimensions to human development: longevity, knowledge, and a decent standard of living. Three equally weighted variables are used: life expectancy, educational attainment, and per capita income in purchasing power parity. HDI values range from zero (worst) to one (best). Countries are classified into three groups: high (HDI of 0.800 or higher), medium (0.799-0.500), and low (less than 0.500). The gap depicts the achievement shortfall from the desired goal. This index, updated annually, is now widely used in the analysis of socio-economic development.

In 1995 Canada held the top position with an HDI of 0.960 whereas Sierra Leone ranked last (174) with a value of only 0.165. Regionally, only Latin America and the Caribbean were classified as having high human development with the other regions as medium, except for South Asia and Sub-Saharan Africa ranking as low. Although the use of composite indexes has been widely criticized, HDI does simplify a complex reality and offers important policy insights

1.2. Gender-related Development Index (GDI)

Women represent half or more of the population of any given country. How do they fare in human development? In 1995, the UNDP introduced a second measure of human development that takes into consideration differences in achievements between men and women. The Gender-related Development Index (GDI) comprises the same three HDI variables adjusted for gender differences. Interestingly, GDI values trail those of HDI. In no country, industrial or developing, do women enjoy the same opportunities as men. The industrial countries witnessed a drop in the average values of GDI relative to HDI (HDI at 0.933 and GDI at 0.902). On the other hand, the Nordic countries improved their rankings (Norway #2 and Sweden #3). Other countries have, however, regressed from their HDI rankings, such as France (#1) and Japan (#8) to number 7 and 13 in GDI, respectively. Among the developing countries, Sri Lanka, Cuba, Malaysia and China made significant improvements in their ranks. Also the gap between these two measures narrowed over the years. In Egypt, for instance, the gap shrunk by 65 percent from 1995 to 1998. Yet, women continue to suffer from basic deprivation in this part of

the world. Disaggregating the individual components provides further evidence. Although the Middle East and North African (MENA) region has experienced the highest increase in HDI (179%), surpassing East Asia (164%), its female illiteracy rate in 1995 (55.8%) was higher than that of Sub-Sahara Africa (52.1%) even though its per capita income in purchasing power parity was three times greater. Interestingly, MENA reported the highest share of public expenditures on education (5.1%) compared to the industrial countries' spending (5.2%). Yet such lower female achievement in MENA negatively impacts the region's socio-economic development and perpetuates the gender gap.

2. Gender Gaps

It has already been established that “gender matters” in economic development. Discussion on gender gaps in education and employment dominates the economic literature. Macro indicators are used to differentiate literacy, educational enrollment, and economic activity between men and women. Achieving Universal Primary Education (UPE) has been targeted since the seventies. Despite major improvements in gross enrollment ratios (GERs), this goal has yet to be achieved. Educating girls has been especially emphasized throughout the years, yet despite major strides towards gender parity, women are still left out of development.

According to the World Bank, investing in women is the most beneficial investment a developing country can undertake. Educated women tend to marry later, use contraceptives more frequently, and have higher economic activity rates. Educating girls offers many benefits. The social benefits of reducing fertility and population growth, as well as impacting future generations in terms of higher survival and better nutrition, health, and education for children, are extensively documented. Yet girls continue to receive less education, health care, and other resources than boys. As women continue to have an unequal share of the benefits of development, the “feminization of poverty”, portraying their disadvantaged status in absolute poverty, accentuates the cycle of poverty. Evidence indicates that economies with significant gender inequality in education tend to have poorer socio-economic conditions. The resulting rapid population growth strains the available resources and results in lower standards of living. Primary education of women is found to control the long-run equilibrium between population growth and available resources. Gender equality is, therefore, reckoned as a highly desirable developmental goal. In the developing world, women lag behind men in every aspect of economic life. Women's lower shares in education, labor force and income define their low status, inflicting high opportunity costs on their economies in terms of forgone growth and development.

The World Bank's latest publication on *Engendering Development through Gender Equality in Rights, Resources and Voice* specifies that countries with smaller gender gaps achieve lower poverty, faster economic growth and less corruption than those with higher gender disparity. Increased educational, economic and political participation of women results in higher income, consumption and transparency, and ensures greater prosperity of nations.

2.1. Educational Gender Gap

The educational gender gap remains quite pronounced in certain regions of the developing world and continues to hinder their development prospects. Almost all high human development countries have eliminated the illiteracy gap, defined as the difference between female and male illiteracy rates. For many developing countries, however, the illiteracy gap exceeds the primary inequality gap (the difference between male and female primary gross enrollment ratios). In Turkey, for instance, the illiteracy gap is calculated at 19.3 percent while the primary inequality gap is only 9 percent. This reflects the quality of primary education extended to girls is significantly lower than that of boys. In fact, findings from Morocco indicate that more women (70%) than men (55%) experience inadequate schooling. While families encourage boys to complete primary education, parents do not place a high priority on educating their girls and prefer to keep them at home to help with household chores. This situation depicts what is known as the “education paradox”. It attributes such under-investment in girls’ education to their poor job market prospects. Given the low female educational attainment, female labor market participation is impacted.

2.2. Employment Gender Gap

Employment inequality goes hand in hand with educational inequality. Women’s share of the adult labor force is low in the Arab States and South Asia. There is a significant gap between men and women working in agriculture, the informal sector and industry. More than half of the economically active women are still predominantly in agriculture. Women’s concentration in agriculture is, especially, observed in countries that depict high female illiteracy rates. With a 60 percent female illiteracy rate, two-thirds of Moroccan women are in agriculture. Also, high shares of female unpaid workers are found in Egypt (62%) and Turkey (69%), where two-fifths of the women are in agriculture. Female labor force participation and share of the work force tend to be higher, however, in the countries that define women’s participation in agriculture as work. Moreover, working urban women, mostly young and unmarried, concentrate in the service sector where they earn low wages and have no room for advancement.

Women are typically under-represented in industry. It is interesting to observe, however, that more females participate in industry in countries such as Tunisia (32%), which have been identified as experiencing higher illiteracy gaps relative to their primary inequality gaps. In this particular case, it is attributed to the French textiles and garment manufacturers who have subcontracted with North African companies employing mostly women. However, these women are not any better off than those working in the agricultural sector. Because women’s contribution to output is generally “invisible”, their share of income tends to be concentrated in the hands of a few, flagging serious distributional inequity.

2.2.1. Gender Empowerment Measure (GEM)

The UNDP introduced the Gender Empowerment Measure (GEM) in 1995 to portray the economic and political participation of women relative to men. This composite index tracks opportunities enjoyed by women relative to men. Three indicators are used: shares of women in professional and technical as well as in managerial and administrative occupations; earned income expressed in PPP per capita income; and

parliamentary seats. The values range from 0 (worst) to 1 (best).

GEM values were reported for 104 countries in 1995. No country achieved a GEM value of 0.800 or higher. The Nordic countries were again in the lead with Sweden and Norway as number one and two. It is interesting to note that while several industrial countries have dropped in their GEM ranks (France 31 and Japan 38) relative to HDI, some developing nations outperformed the advanced countries. Although Cuba ranked number 85 in HDI, its GEM value and rank (0.523; 25) put it ahead of France (0.489) which closely matched China's GEM (0.483). Other developing countries also rose in rank, with Egypt moving from 112 to 88 and Sri Lanka from 90 to 70. The shares of female professional and technical workers in Latin American countries matched or even exceeded those in the industrial countries. Much lower shares of female administrators and managers are observed, however, particularly in MENA and Sub-Sahara Africa. Among the developing regions, women's share of earned income did not exceed one-third except in East Asia. Their share of parliamentary seats was the lowest in MENA. Such political under-representation leaves no support for endorsing women's causes.

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Biographical Sketches

Dr. Djehane Hosni has a Ph.D. in Economics from the University of Arkansas, specializing in economic development, labor economics and human resources. She holds the rank of Associate Professor in the Department of Economics at the University of Central Florida (UCF). She currently serves as the Chair of the Department of Economics at UCF. Dr. Hosni teaches a variety of area studies economic development courses (Economic Development of Mexico and the Caribbean, the Japanese Economy, the Economies of the Pacific Rim, and a general economic development course on the third world countries). She has developed composite indices tackling development issues such as the Female Endangerment Measure (FEM), Information Infrastructure Index (III), and the Knowledge Capability Measure (KCM). She serves as a Research Fellow at the Economic Research Forum for Middle East and North Africa.

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