Neoliberal Development Macroeconomics:
A Consideration of its Gendered Employment Effects

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List of abbreviations

FDI	Foreign Direct Investment
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
ILO	International Labour Organization
IFIs	International Financial Institutions
IMF	International Monetary Fund
IT	Inflation Targeting
PRSP	Poverty Reduction Strategy Papers
SAPs	Structural Adjustment Programs
SOEs	State-owned enterprises
TL	Trade and FDI liberalization
WTO	World Trade Organization

1. Introduction: The Macroeconomic Context

In this section we briefly characterize the terrain of neoliberal development macro theory and policy, both of which are at the heart of the opportunities and constraints that emerging and developing economies face today. Though we focus here on laying out general principles, we emphasize those aspects that are central to employment issues in general, and women's (paid) employment in particular.

1.1 The Washington Consensus and Beyond

The original Washington Consensus was built on three key principles: liberalization, macroeconomic stability, and privatization (Serra, Spiegel and Stiglitz 2008). It has since, in its extensions and applications, more generally become associated with market fundamentalism: a belief that if markets are allowed to work freely and prices are "right" (i.e. free from outside interference), the result will be economic development as reflected in higher rates of economic growth (Ibid.). The "Augmented" or "Post" Washington Consensus, which includes the original list plus a number of institutional reforms and some points about the proper sequencing of reform, reflects an acknowledgement among international financial institutions (IFIs) that the original list of reforms was not sufficient to deliver substantial improvements in economic growth, a shift that happened on the heals of IFI missteps during the Asian Financial Crisis and the growth failures of the 1980s and 1990s (Rodrik 2006). But the original short list is still the overwhelming dominant policy stance among the IFIs, as the extended list reads more like an "everything and the kitchen sink" punch list of idealized economic institutions – most of which seem more the result of development than precursors to it. The IFIs still put overwhelming emphasis on the original short list (Ibid.).[1] So in this discussion we stick with the original three principles.

1.1.1 Liberalization

Liberalization refers to liberalizing domestic markets, including labor and product markets, as well as liberalizing international trade and investment. Trade liberalization, as evidenced by the GATT and later the WTO, the myriad of bilateral and regional trade agreements, and the conditionalities commonly imposed by the IFIs, included both gradually doing away with import controls and widespread emphasis on the promise of export promotion as a development strategy – though active industrial policy is discouraged and in some cases illegal (e.g. government subsidies of exporters). On the investment side, liberalization was geared towards both foreign direct investment and short-term capital flows, including open capital accounts and the free purchase and sale of domestic currency. Open

[1] As described by economist Dani Rodrik, who presents a more detailed view of the Consensus, the lists are the following (Rodrik 2006): the original Washington Consensus includes fiscal discipline, tax reform, financial liberalization, unified and competitive exchange rates, trade liberalization, openness to foreign direct investment, privatization, deregulation, and secure property rights; the Augmented Washington Consensus includes the original list plus: corporate governance, anti-corruption, flexible labor markets, WTO agreements, financial codes and standards, "prudent" capital account opening (long- before short-term), non-intermediate exchange rate regimes, independent central banks and inflation targeting, social safety nets, and targeted poverty reduction.

capital accounts have an important role to play in the requirements for and necessity of macroeconomic stability, an issue to which we now turn.

1.1.2 Macro Stability and Deflationary Monetary and Fiscal Policies

Macro stability is widely understood to mean simply price stability (as opposed to, for instance, employment stability or financial stability). In combination with the commitment to open capital accounts, maintaining price stability necessitates a distinctly "market-friendly" monetary regime that includes low inflation rates, high interest rates, and freely floating exchange rates (Pollin, Epstein and Heintz 2009). This policy regime, sometimes referred to as "deflationary," also tends to restrict economic growth.

The trilemma and its critics. The main reasoning behind this policy regime lies in what is termed the "the trilemma," the conventional wisdom that countries can only maintain two of the following three policies: free capital flows, fixed exchange rates, and independent monetary policy (Pollin, Epstein and Heintz 2009). If capital flows are free and exchange rates fixed, efforts to conduct monetary policy – suppose through an expansion of the money supply – will be neutralized unless the government has enough reserves to protect the exchange rate against depreciation (countries often have to maintain high interest rates to maintain their fixed exchange rate). It is assumed that in order to conduct monetary policy, exchange rates must freely float to accommodate changes in domestic interest rates, with the common result being market-friendly monetary policy (i.e. high interest rates) and floating exchange rates (Ibid.). Critics of the trilemma stance have argued that it is misleading because it only represents extremes: there are intermediate exchange rate regimes (e.g. managed floats or crawling pegs), and these can be managed to promote development and employment creation (Pollin, Epstein and Heintz 2009). This is particularly the case when an intermediate exchange rate regime is combined with some sort of capital management technique or control, a policy that most orthodox economists presume is off the table despite the widespread success of a number of countries in exercising them (Epstein 2007; Epstein, Grabel and Jomo 2005; Ocampo 2002; Prasad et al. 2003).

Inflation Targeting (IT). In line with the emphasis on price stability and the seeming constraints imposed by the trilemma, the IMF and other IFIs recommend (and require in the case of conditionalities) that central banks use monetary policy exclusively to maintain extremely low inflation targets, usually at five percent or less (Pollin, Epstein and Heintz 2009). This is actually somewhat of a policy shift, as at least up through the mid-1990s, the IMF seemed to question whether IT was even appropriate for less developed countries (Epstein 2007). Now, however, IT is prescribed for all central banks, regardless of level of development, a shift that is also reflected in the conditionalities for loans (Ibid.). This despite the fact that there is no evidence that such low levels of inflation promote higher rates of economic growth. In fact, the very instruments used to keep inflation low, such as raising nominal interest rates and cutting government spending, tend to inhibit economic growth (Pollin, Epstein and Heintz 2009).

Overvalued exchange rates. Low inflation and the policies used in IT, including raising short-term interest rates, can lead to appreciation of the real exchange rate.[2] When financial capital, attracted by the high interest rates of an IT regime, flows into a country, it puts upward pressure on the nominal exchange rate. If this upward pressure is not offset by the deflationary impact of higher interest rates, then there is upward pressure on real exchange rates (Heintz 2006).[3] IT is also associated with overvalued real exchange rates because of what is called "pass-through": declines in nominal exchange rates will put upward pressure on the domestic price level and increase inflationary pressures. The result is that IT often implies not just an inflation target, but also an (appreciated) real exchange rate target (Ibid.). Appreciated real exchange rates tend to discourage exports and encourage imports, ultimately slowing down economic growth and employment creation (Frenkel and Taylor 2006).

Cutting government spending & the disappearance of policy space. In line with the dominance of IT and the policies required to maintain it, government deficits are strongly discouraged from a macro stability perspective because they are seen as ultimately inflationary, both in times of economic growth and contraction. When there is little unemployment and the economy is operating at or near full capacity, expanding government spending does not increase production, it merely raises prices. Conversely, the worry about deficit spending when the economy is operating at well below capacity is that the government will finance its spending by impelling the central bank to print money and give it to the government in exchange for debt, referred to as "monetizing the debt." This expands the money supply and results in inflation, exacting an inflation tax (called seigniorage) on holders of money. The economic impact of this concern is substantial: with open capital markets, when investors see the government running a deficit and begin to worry about the prospect of inflation or devaluation, the resulting capital outflows will put downward pressure on the exchange rate, creating another source for domestic inflation as the price of imports increase.

The result is that although the frequency of financial crises and the associated declines in incomes and aggregate demand have been increasing over the past few decades, counter-cyclical macro policy, either via increased government spending or monetary expansion, has been a rarity. Most developing country governments have responded to economic crises by cutting spending or raising interest rates, exacerbating the contractionary effects of the crisis (Fallon and Lucas 2002). Some of this response is stipulated by conditionalities associated with IFI bailouts, but part of it is also due to having to placate globally mobile investors (domestic and foreign), who, if not pleased with the macro policy stance, leave en masse and effectively neutralize expansionary policies or instigate a balance of payments crisis. Hence, there is little room for governments to maneuver in terms of policy space: the "standard recipe" to manage the increasing risks associated with financial liberalization simply involves price stability and avoiding external debt (Ocampo 2008).

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[2] The real exchange rate is equal to the nominal exchange rate times the ratio of the domestic price level to the price level of a country's trading partners.

[3] Note that higher interest rates can be inflationary if interest payments are passed on to consumers in the form of higher prices (Heintz 2006).

It should be noted that a somewhat different result came out of the most recent economic crisis in late 2008, where a number of emerging market countries who had avoided large external deficits and accumulated enough foreign exchange reserves were able to engage in counter-cyclical macro policy, maintaining employment until the initial shock had passed (UNCTAD 2010). However, this most recent crisis was different in that it was situated in the industrialized world and reverberated out in terms of a fall in export demand rather than sudden reversals of financial flows in emerging market countries.

1.1.3 Privatization

In the early years of stabilization and structural adjustment programs in the 1980s, and later in the advice given to former Soviet Socialist Republics in their transitions of the early 1990s, the privatization principle induced widespread sell-offs of state-owned enterprises and a decline in the relative size of the government sector generally. This push towards privatization was based on the market fundamentalist tenet that the more restricted the reach of government, the better the market will be able to function not only in terms of being free from things like price controls and burdensome licensing requirements, but also in terms of encouraging competition and rewarding private entrepreneurship and innovation. Government enterprises are seen as benefiting from unfair competitive advantages via the government's rule-making authority, creating opportunities for corruption and graft that are not subject to market discipline. Government investment financed by borrowing is also seen as competing with private investment for funds in capital markets. All of these factors contribute to the sense that government spending is not just inflationary, as discussed above, but also tends to crowd out private investment that, by virtue of its origination in markets, is presumed to be more efficient than public investment. This perspective ignores the likely possibility, especially in developing economies where market imperfections are extensive, that public investment can crowd in private investment, as in the provision of infrastructure or education and training.

1.2 Financialization

In this report we borrow a broad definition of financialization from Gerald Epstein: "…[F]inancialization means the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies" (Epstein 2005: 3). In addition to the increase in the volume of financial flows, innovation of financial instruments, technological innovation, increasing income inequality, and the freedoms and protections proffered to financial capital by the neoliberal global policy environment have all served to magnify the role of global finance in the international economy. The ultimate result is that financialization makes the policy regime promoted by the Washington Consensus seem all the more necessary, while at the same, financialization makes that regime all the more limiting to the project of development itself.

1.3 The Rest of the Report

Like a bad marriage or a poisonous partnership, the policies and patterns discussed above – liberalization, price stability/inflation-targeting, privatization, and financialization – tend to bring out the worst in one another, creating a macroeconomic environment characterized by sluggish economic growth, an increased frequency of financial crises and vulnerability to their negative effects, and a decline in the ability of economies to create high-quality employment. In the remainder of this report, we will review the primarily empirical research on the employment impacts of this macroeconomic policy environment, with a particular focus on women's employment whenever extant research allows. We will cover the following topics: (1) the slowdown in economic growth and the decline in responsiveness of employment to growth; (2) trade and investment liberalization and its impact on employment; (3) informalization and its relationship to liberalization; (4) the impact of inflation-targeting on employment; (5) the impact of the increasing frequency of crisis and volatility on growth and employment; and (6) the decline in government spending and the public sector. We focus on these areas not because they represent an exhaustive list of the relevant employment effects, but rather because they capture the main areas of research into the employment effects of neoliberal macro development policy. A lot remains to be done and understood about this relationship, as well evidenced by the gaps and contentions covered (and not) in this report.

2. Growth and Employment

2.1 Sluggish Global Economic Growth

Figures 1-3 detail the slowdown in global economic growth since the 1960s. Figure 1 presents per capita world GDP growth between 1961 and 2003, both the annual figures and the long-run trend. These figures clearly illustrate the dramatic slowdown in global economic growth and its persistent sluggishness since the early 1960s. Figure 2 separates out low and middle income countries versus high income countries, with China and India – the main drivers of developing economic per capita GDP growth since the early 1990s – represented separately. Low- and middle income countries experienced increases in per capita growth in the late 1960s and early 1970s, declined through the late 1970s and late 1980s, and increasing since the mid-1990s but still very sluggish relative to earlier periods. India and China, on the other hand, have done quite well since the early 1980s, whereas high income countries have been a trend decline since the early 1960s. Figure 3 extends the time series up through 2009, with high income versus regional developing economy groupings for a slightly different perspective. It reflects the stories told in figures 1 and 2, though the 2000s come out looking better for all developing regions, not just East Asia and the Pacific and South Asia. Keep in mind, however, that these improvements are small when the per capita growth rates themselves are considered: they never get above two percent for Latin America and the Caribbean and Sub-Saharan Africa. Figure 3 also illustrates the dramatic and persistent slowdown in growth for high income countries, with the latter part of the series (and the regional differences among them) illustrating how the growth costs of the recent economic crisis have been largely concentrated among high income countries.

2.2 The Responsiveness of Employment to Growth

While economic growth may be necessary for substantial improvements in development and declines in poverty, it is not sufficient; it is the "employment nexus" that enables individuals to participate in the benefits of growth (Osmani 2004; Van der Hoeven and Lubker 2006). One way to think about this is in terms of the elasticity of employment to growth. This elasticity can be understood as the extent to which an increase in production enhances both the quantity and quality of employment. It involves both demand side and supply side factors. On the demand side, the responsiveness of employment to growth will depend on: (1) the sectoral composition of output, or the extent to which the growth of output is concentrated in more labor-intensive sectors; (2) the labor intensity of the techniques used in growing sectors; and (3) the extent to which the domestic and international terms of trade improve for workers in labor-intensive sectors, or whether this type of employment is associated with increases in real wages (Osmani 2004: 3). On the supply side, even when growth does generate employment, for that employment to result in declines in poverty and not just increases in inequality, the poor have to be situated to take advantage of these opportunities, what Osmani calls the "integrability factor" (Ibid.; Osmani 2006).

2.2.1 Employment Elasticities on the Decline in the Neoliberal Era

Table 1 reproduces some country estimates from Heintz (2006) of the growth elasticity of employment in the 1960s and 1970s versus the 1980s onwards. The elasticity is defined as the percent change in manufacturing employment that results from a one percent change in manufacturing value-added.[4] First, we should note that employment is relatively inelastic in relation to growth; in almost all the countries studied, a one percent increase in manufacturing value-added results in much less than a one percent increase in employment. Second, Heintz points out that two-thirds of the countries studied, elasticities declined in the later relative to the earlier period, often significantly (Heintz 2006: 7). Furthermore, if employment elasticities are declining like this, then that means that productivity improvements, which are ultimately necessary to increase wages and improve living standards, will have negative effects on labor demand (Ibid.).

2.2.2 Gender-Disaggregated Employment Elasticities in the 1990s: More Volatility for Women than for Mean

Steven Kapsos (2005) did a series of estimates of overall employment elasticities (not just manufacturing) for the 1990s and early 2000s, disaggregated a by gender, age, sector and region. Though we cannot use his estimates to compare the neoliberal era with earlier periods, they are instructive for cross-regional and gender analyses.

Looking at Table 2, which estimates global employment elasticities for three short time periods, we can see that employment for all the groups is not very sensitive to changes in GDP growth (that is, they are inelastic), though women's employment elasticities are greater than men's in all three periods. In his discussion of the results, Kapsos presents three hypotheses for the higher female elasticity: (1) it reflects the fact that women's employment is on a secular increase around the world, and so represents a degree of "catching up"; (2) women's employment might be more cyclically sensitive than men's, declining faster in economic contractions and increasing in the upswing; or (3) because women tend to work in more labor-intensive sectors than men, changes in GDP will have larger effects on the number of jobs created or destroyed (Kapsos 2005: 9).

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[4] It would be interesting to rerun these estimates with total employment and GDP rather than just the manufacturing sector.

Tables 3 through 6 present similar estimates by developing region. Among the Transition Economies, women's employment elasticities are generally low and actually negative beginning in 1995 in Central and Eastern Europe: that is, as GDP increased, female employment declined. By contrast, elasticities for men and women are very similar in East and Southeast Asia, though women's employment elasticity has increased quite a bit relative to men in the most recent period. Large gender differences in employment elasticities are found in South Asia. Turning to Tables 5 and 6, women's employment elasticities are much higher than men's in Latin America and the Caribbean and the Middle East and North Africa; the gender gap is less pronounced in Sub-Saharan Africa, though women's elasticities are still higher than men's.

These regional estimates largely confirm the global patterns discussed above: the growth elasticity of women's employment is generally higher than men's, though both tend to be inelastic, that is, the percent change in employment is less than the percent change in GDP. This suggests that increases in productivity are slowing down the ability of economies to generate employment overall. As for what we can conclude based on the gender gap in elasticity, closer exploration by sector, and including controls for the secular increase in women's employment, are necessary. Work by Braunstein and Heintz (2008), which controls for secular changes in employment and differentiates between periods of GDP expansion and contraction, suggests that women's employment declines faster than men's during periods of contraction among developing economies, but does not catch up during periods of expansion.

2.3 Problems with the Growth May be Good for Women Argument

There is an extensive literature that documents the positive impact that growth has had on a variety of measures of women's well-being and gender inequality, including education, life expectancy, the UN's Gender Development Index, female labor force participation, employment segregation, the female-to-male wage ratio (Dollar and Gatti 1999; Forsythe, Korzeniewica and Durrant 2000; Tzannatos 1999; World Bank 2001, 2005b). Some of this work also suggests a curvilinear relationship, where gender inequality first increases and then decreases with development much along the lines of evidence of the "feminization-U", where women's labor force participation first increases and then decreases with industrialization (Forsythe, Korzeniewica and Durrant 2000; Rau and Wazienski 1999). Others argue that the impact of growth and structural change, including globalization, may have negative effects on women's well-being and gender equality (Berik 2008; Seguino 2000a, 2007).

But even if we take the literature on the positive impacts of growth on women's well-being and gender equality at face value, there are still some problems with the structure of this logic, particularly from an employment perspective.

- ***With little growth, women's gains comes at the expense of men.*** As discussed at length above, growth has been sluggish, particularly if the growth performances of East and South Asia are taken out of the picture. Diane Elson (2007) notes that research and policy recommendations on women's employment tend to focus on ensuring that women can participate in labor markets on an equal basis with men (e.g.

better access to education, training, credit and land). Though these measures are important, she argues, they are not sufficient, as with a given level of employment, they merely result in a redistribution of jobs and other opportunities from men to women. She argues for "equalizing up" – improving the well-being of both men and women by expanding the number of decent jobs as well as improving women's access to them (Elson 2007: 70).

- ***Deflationary bias is harder on women than men.*** Deflationary bias, the combination of policies designed to keep inflation low and global capital flows stable, but that also result in slow growth, may be seen as hitting women harder than men. Social welfare and employment policies have long been characterized by what Diane Elson and Nilufer Cagatay call "male breadwinner bias," the assumption that the reproductive sector is linked with the productive sector through a full-time breadwinner without significant family responsibilities (Elson and Cagatay 2000). The result is often the stance, taken by employers and policymakers, that men should get the decent jobs and we do not need to worry about women because their income and benefits are supplemental to the family (Elson 2007). We can see evidence of this bias in the discussion of the gender differences in employment elasticities discussed above in combination with the work of Braunstein and Heintz (2008). As illustrated by Figure 4, this inequality is also evidenced by the women's higher unemployment rates relative to men in most developing regions – with the exception of East Asia.
- ***The growth is good for women logic breakdown.*** The hypothesized pathways between growth and gender equality in employment are dramatically weakened by the neoliberal macro policy context in which they are drawn. The World Bank (2001: 182) hypothesizes these pathways as the following:
    - Growth results in more and better employment opportunities, which will pull women into the labor force. *(This is not necessarily the case, as detailed in the employment elasticity discussion above.)*
    - Growth induces more investment in infrastructure, which lowers household work burdens, creating more opportunities for paid work and leisure, leading to better health and breaking down the traditional sexual division of labor. *(This pathway is severely limited by the constraints imposed on public borrowing and spending.)*
    - Higher household incomes raise investment in girls' schooling. *(This is true, but the link among growth, employment generation and poverty alleviation cannot be presumed.)*
    - Growth leads to more public services, which lowers the costs of human capital investments, and girls may benefit disproportionately. *(Once again, this pathway is limited by the limits placed on public spending.)*

2.4 When Gender Inequality Contributes to Growth: International Competitiveness and Export-Led Growth

There is a substantial theoretical and empirical literature based in the neoclassical tradition that gender equality raises economic efficiency and growth (e.g. Blackden and Bhanu 1998; Dollar and Gatti 1999; Klasen 1999; Klasen and Lamanna 2009; Knowles et al. 2002; UN-ESCAP 2007). Because this report is limited to a discussion of the neoliberal macro policy environment and women's employment, we provide only a brief accounting of the logic here.[5] The reasoning is that market imperfections, combined with traditional gender relations, can lead to gender inequality, which in turn may have direct effects on growth via selection distortion-type effects in education and labor markets, and create growth-inhibiting incentives for investments in human and physical capital. Fertility decline, investments in children and decreased corruption are consequences of gender equality with positive externalities for growth. Thus gender equality bears instrumental relevance for growth and international institutions and development agencies have a sound empirical basis for promoting gender-aware approaches to growth and development – the efficiency argument for gender equality.

By contrast, economist Stephanie Seguino has long argued that gender-based wage gaps actually contributed to growth among semi-industrialized countries because of their role in determining export competitiveness (Blecker and Seguino 2002; Seguino 2000b, 2000c, 2010). Seguino posits that the development of many economies is limited by the small size of their domestic markets (they are demand-constrained), and by a lack of foreign exchange to purchase technology-enhancing imports (balance of payments constraints). Where women are segregated into export sectors, as is common among semi-industrialized countries with labor-intensive export-oriented manufacturing sectors, lower female wages enhance competitiveness and profitability, raising investment and growth. In addition, there is a "feminization of exchange earnings" effect, where lower export sector wages and consequent competitiveness increase a country's foreign exchange earnings. In essence, women's low wages work the same way as an exchange rate devaluation – without the associated increase in the domestic price of imports. The result is greater access to global markets in capital and technology, which also enhances growth.

Seguino's work indicates that the *type* of inequality is what matters for growth. When gender discrimination is manifested in ways that do not compromise the overall quality of the labor force but merely lower the cost of labor for employers, systematically discriminating against women can have positive effects on growth. Gender differences in education *will* lower growth because lower levels of female education also lower the average productivity of labor. East Asian governments in newly industrializing economies helped ensure wide access to basic education and health during the export-led boom years, as well as implemented and maintained policies to ensure high levels of household income equality (Birdsall, Ross and Sabot 1995). These are the key factors linking equality and growth within the standard efficiency paradigm. However, gendered hierarchies were also maintained via the incorporation of women into the paid labor market in ways that did not unduly challenge traditional gender norms.

In the case of Taiwan, strong patriarchal traditions and inter-generational obligations created high degrees of intra-family stratification based on gender and age, with unmarried daughters the lowest class in the family hierarchy. The early years of Taiwan's export-led boom were fueled by the entry of these women into export factories. Rather than threaten traditional family structures, paid work actually increased sexual stratification because it enabled parents to extract more from filial daughters (Greenhalgh 1985). In the 1970s when

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[5] For an extensive discussion of gender equality and growth theory, see Braunstein (2008).

Taiwan faced labor shortages, the state-sponsored satellite factory system made industrial work more consistent with traditional female roles, enabling increases in the labor supply of wives and mothers (Hsiung 1996). Similarly, South Korea was able to maintain a competitive labor-intensive sector along with a highly paid male labor aristocracy by keeping wages in female-dominated export industries low (Amsden 1989: 204).

3. Trade and Investment Liberalization and Employment

3.1 General Trends

In this section, we give a brief general characterization of the literature on the impact of trade and investment liberalization (TL) on employment in developing economies.[6] In the next, we focus on outcomes for women.

- ***Evidence of lots of job creation and destruction, or churning.*** Changes in trade policy that lead to permanent changes in trade flows have been studied a lot empirically, and it seems that most scholars find a lot of job creation and destruction, with minimal net employment effects (Jansen and von Uexkull 2010; Lall 2004; Hoekman and Winters 2004).
- ***Evidence of negative employment impact on employment in the short-run.*** A substantial literature argues that the effect of TL is contingent on a number of specific policy, country, and industry circumstances, and that there are good reasons to expect the employment effects to be negative, at least in the short-run (Edwards 2003; Levinsohn 1999; Márquez and Pagés 1997; Moreira and Najberg 2000; Revenga 1997). James Heintz summarizes this literature well:

  > [T]he effect of liberalization varies significantly. Different sized firms appear to have different responses to liberalization in different countries (Edwards 2003; Levinsohn 1999).The type of liberalization also matters: for example, fewer restrictions on imported inputs were shown to raise employment among manufacturing firms in Mexico (Revenga 1997). Real exchange rate dynamics may be more important in explaining the employment decline in tradable sectors than trade policy (Levinsohn 1999). Finally, it is important to acknowledge that such studies are essentially short-run, static analyses and may ignore dynamic effects (Lall 2004). For example, post-liberalization shifts towards more labour- intensive activities may mitigate these employment losses in the long-run, depending on the response of the productive structure over time (Moreira and Najberg 2000). (Heintz 2006: 51)

- ***The scale of the export response relative to the import response seems to determine whether liberalization creates employment.*** Once again, as summarized by Heintz:

  > For example, a study of the process of global integration in Vietnam showed that net employment responded vigorously to the growth of the country's export-oriented sector (Jenkins 2004). However, the rapid growth of the export sector occurred while many restrictions on imports were firmly in place, limiting the negative impact of import penetration. The experience of Vietnam is similar to the successful employment records of many of the 'Asian tigers' during the period in which high rates of economic growth were sustained. Many of these countries pursued an export-oriented strategy while protecting domestic producers from imports (Amsden 2001). In contrast, analysis of aggregate employment in South Africa during the country's recent

[6] For the purposes of this section, investment refers to the foreign direct investment (i.e. longer term capital flows), and not to short-term capital flows, which will be addressed in the section on volatility.

> trade reforms showed an almost negligible employment effect (Edwards 2003). This is because the positive effects of export growth were nearly entirely offset by the negative consequences of import penetration. (Heintz 2006: 51)

- ***Trade liberalization is increasingly associated with greater wage inequality.*** There seems to be an emergent consensus in the literature that TL has resulted in increased wages for primarily higher skilled workers in both developing and industrialized economies, with the result that liberalization is also associated with increasing wage inequality (Hoekman and Winters 2005; Van der Hoeven and Lubker 2006). This outcome is in marked contrast to what standard neoclassical trade theory, as embodied in the Heckscher-Ohlin trade model, would predict. According to that model, international trade should increase returns to a country's abundant factor, and in the case of developing economies, that factor is presumed to be unskilled labor. More will be said about this contradiction in the discussion of women's wages below as it has an important role to play in gender wage gap dynamics.

3.2 Trade Liberalization and the Feminization of Employment

Globalization underlies the nearly universal increase in women's share of the nonagricultural labor force among high growth or semi-industrialized developing economies in the past few decades, a result of the tremendous growth in manufacturing trade and export processing from the developing world (Berik and Rodgers 2009; Barrientos, Kabeer and Hossain 2004; De Hoyos 2006; Nordas 2003; Standing 1989, 1999; UN 1999; Wood 1991). Increases in women's employment have also occurred among exporters of non-traditional agricultural goods, such as designer fruits and vegetables or cut flowers, in Sub-Saharan Africa and Central America, as well as in countries engaged in the more traditionally feminine aspects of the services trade (e.g. lower-paid and lower-skilled work such as data entry and call centers) (Dejardin 2009; Seguino and Grown 2006). The relative increase in demand for female labor is not just a matter of expanding the available labor force when male labor is in short supply. With labor costs such a crucial part of international competitiveness in these industries, labor intensive exporters prefer to hire women both because women's wages are typically lower than men's, and because employers perceive women as more productive in these types of jobs (Elson and Pearson 1981). Foreign investors looking for low-cost manufacturing or services outsourcing platforms conform to the same pattern, at least on the lower rungs of the value-added ladder.

However, this positive association between TL and female employment is strongest in labor-abundant semi-industrialized countries. In primarily agricultural economies where women are concentrated in import-competing agricultural sectors like food crops, men are better situated to take advantage of export opportunities in cash crops or natural resource extraction and women lose employment and income as a result of TL (Bussolo De Hoyos 2009; Fontana 2007). Also, in developing economies with less competitive manufacturing sectors, particularly in Africa, tariff reductions on labor-intensive imports have resulted in higher job losses for women than for men (Adhikari and Yamamoto 2006; Seguino and Grown 2006). Despite these caveats, there is empirical evidence that both exports and imports result in feminization of the labor force as men are more likely than women, in most developing economies, to work in import-competing sectors (Heintz 2006: 42).

3.3 The Impact on Female Wages – Mixed Evidence

The standard theoretical prediction is that TL should increase female wages and lower the gender-based wage gap for two reasons. One is that the increased competition introduced by TL will make it more costly for domestic firms to discriminate, and hence will tend to diminish gender wage discrimination. The second is based on standard neoclassical trade theory, which predicts that when developing countries open to trade, their exports of unskilled labor-intensive goods will increase. Presuming that women constitute a disproportionate share of the unskilled labor force, trade liberalization should bring about convergence in women's and men's wages because it raises the relative demand for women's labor. A number of empirical studies support these predictions, finding female wages increasing relative to men's in a variety of country contexts and cross-sectionally as well (Black and Brainerd 2004; Paul-Mazumdar and Begum; Milner and Wright 1998; Nicita and Razzaz 2002; Oostendorp 2004; Tzannatos 1999; Wood 1991; World Bank 2001). However, there is also substantial evidence that the gender wage gap – both absolute measures of the gap and the proportion of the gap attributable to discrimination – have either persisted or widened as a result of trade and investment liberalization (Artecona and Cunningham 2002; Berik, Rodgers and Zveglich 2004; Busse and Spielmann 2006; Braunstein and Brenner 2007; Mehra and Gammage 1999; Menon and Rodgers 2009; Standing 1989, 1999; UNRISD 2005).

3.4 Some Qualifications to the Broad Picture on Women and Trade Liberalization

3.4.1 The Consequences of Industrial Upgrading and Outsourcing

Women seem to lose their comparative advantages in export-oriented sectors as industries upgrade, leading to a de-feminization of manufacturing employment as has happened in Mexico, India, Ireland and many parts of East Asia (Berik and Rodgers 2009; Elson 1996; Joekes 1999; Fussell 2000; Ghosh 2007; UNRISD 2010).

These results are consistent with recent research on transnational corporations and how they increasingly use outsourcing to break up the production value chain (a process that is more formally called "trade in intermediate inputs" in economics). It is increasingly cost effective to locate various parts of the production process in different countries. Technological advances make quality control easier, and international trade agreements lower both the direct costs of trade taxes and the indirect administrative costs of coordinating production among many different localities. Scholars argue that this is what underlies the somewhat counter-intuitive result that foreign investment, trade and outsourcing have raised the skilled-unskilled wage gap in *both* industrialized and developing countries, as mentioned in Section 3.1 above (Bachetta et al. 2009; Feenstra and Hanson 1997; Hanson and Harrison 1999; Rodrik 1997). It is counter-intuitive because standard trade theory would predict a decline in the skilled-unskilled wage gap in developing economies when opening to trade and investment, as unskilled labor is their comparative advantage and trade with advanced economies is predicted to bring about specialization in low-skilled labor intensive production. The key is perspective: production at the low end of the value chain in an industrialized country that is consequently outsourced to a developing country is actually at the higher end of the value chain from the perspective of the developing country. Hence, ongoing outsourcing of intermediate inputs is likely to speed up defeminization of the manufacturing labor force in the context of export orientation to the extent that women in export sectors are confined to the least skill-intensive parts of the industry. There is also evidence that links trade-related increases in the gender-wage gap with the increase in rewards to skill (Artecona and Cunningham 2002; Black and Brainerd 2004).

3.4.2 The Fallacy of Composition and the Limits to Export-Led Growth: The Low-Wage/Low-Productivity Trap

Export-led growth is widely lauded as a key to development success, but the large and increasing number of developing economies trying to get on the export bandwagon have lead to a fallacy of composition: increasing the exports of (labor-intensive) commodities of many countries with similar comparative advantages merely drives down the prices of those goods and constrains the types of improvements in wages and working conditions that adopting such a strategy is meant to deliver (Stiglitz 2008). This dynamic is especially damaging for women because women's employment tends to be concentrated in the types of industries that are the most exposed to international competition (Berik and Rodgers 2009). Indeed, as evidenced by Stephanie Seguino's work on the importance of women's low wages in East Asia's export record, the very success of labor-intensive export performance is based on restraining wage growth in export industries. A key determinant of this relationship is capital mobility: when firms can respond to increasing wage pressures by moving production to another country, there are few incentives to increase productivity, and economies can get stuck in a low-wage, low-productivity trap, never progressing very far down the export-led growth path (Seguino 2007). However, even when firm mobility is restricted, women still tend to lose out when export industries upgrade, as discussed above.

3.4.3 A Reconsideration of Trade Liberalization and Relative Wages

The last two sections provide some rationale for the mixed results on the impact of TL on women's relative wages discussed in section 3.3. To the extent that TL increases the demand for female labor, we could reasonably expect that these increases would also be associated with increases in relative wages for women. However, there are limits to this result. Defeminization in higher value-added export sectors, increasing returns to skill as a result of outsourcing, the extreme competitiveness in traditionally female, labor-intensive export industries, and the increasing ease of moving production from one locale to another together indicate the inherent limits of TL as a vehicle for gendered wage convergence. And it is these last two components – the extreme competitiveness of global trade in an era when governments are discouraged or even prohibited from engaging in industrial policy, combined with the rising mobility of capital – that are both consistently ignored in discussions of gender inequality among the IFIs (Seguino 2009).

4. Informalization, Employment Quality and Vulnerability

Informal employment is characterized by less job security, lower incomes, little or no access to social benefits and fewer opportunities to participate in education and training than formal employment. About 60 percent of workers in developing countries earn income in the informal economy, but rates vary quite a bit from country to country, with informal workers representing 90 percent of the labor force in some countries and 30 percent in others (Bacchetta et al. 2009: 9-11). Employment informality has increased in recent years in several countries, particularly in Asia. By contrast, most countries in Latin America have seen recent declines in informality, though overall rates are still very high in the region, ranging between 30 and 75 percent of all employment (Ibid: 38).

Though data on informal employment is notoriously difficult to come by, we know from a wide range of studies that women tend to be concentrated in the most invisible areas of informal work: domestic labor, piece rate home work, assisting in family enterprises, or working in the lowest rungs of global value chain (Chant and Pedwell 2008). Gender differences in earnings in the informal sector seem to parallel, and in a number of cases even exceed gender wage gaps in the formal sector. However, recent studies done in Latin America suggest the informal sector gender pay gap declining, largely due to the increasing informalization of men's work (Ibid.).

One way to get at the numbers issue is to consider the ILO's figures on the share of what it terms "vulnerable employment," which refers to the sum of own-account workers and contributing family workers as a share of total employment. Workers in vulnerable employment face greater economic risk; they are less likely to have formal work arrangements and access to social insurance, while earning less income and facing more income volatility overall (ILO 2009). Looking at Figure 5, we see that the majority of workers are engaged in vulnerable employment in most developing regions, with the exception of Latin America and the Caribbean, the Middle East and North Africa. In addition, women are more likely to experience this vulnerability in every region except for Latin America and the Caribbean, where men's and women's shares are very close. Clearly, to the extent that these shares represent the distribution of economic insecurity between women and men, women's employment is on the whole certainly more unstable and hence more vulnerable to the vagaries of the economic boom-and-bust cycle (Benería 2001).

4.1 What Does Liberalization Have to Do With Informalization?

Standard explanations of the rise of informalization in the 1980s and 1990s were often linked with too much regulation, what Heintz and Pollin (2003) term the "overregulation-centered theory of informalization." This perspective, primarily associated with Peruvian economist Hernando de Soto, held that for small firms especially, the transaction costs of dealing with the regulatory environment outweighed the benefits provided by the public goods made accessible via operating legally. By contrast, the "neoliberalism-centered" theory focuses on the increase in competitive pressures as a result of the wider scope of liberalized labor and product markets and the promotion of international trade and foreign investment, the slower economic growth that characterizes the neoliberal era, and the decline in public employment (Heintz and Pollin 2003). A number of studies on informal employment make a direct causal link between globalization, liberalization and informalization (Benería 2001; Chant and Pedwell 2008; Chen et al. 2005; Standing 1999), though others are more equivocal (Bacchetta et al. 2009; Goldberg and Pavenik 2003; Soares 2005).

4.2 The Macroeconomic Effects of Informality[7]

Regardless of whether we can make a direct causal link between measures of liberalization and informalization, it is certainly the case that informalization is a significant feature of the neoliberal era, with troubling implications for macroeconomic performance.

- *Informality is associated with lack of export diversity.* Baccheta et al. (2009: 9) find that a 10 percentage point increase in the incidence of informality is correlated with a decline in export diversity of 10 percent. This lack of export diversity is associated with lower resilience to external economic shocks, and constrains a country's potential for climbing up the value-added ladder to export more income- and less-price elastic goods.
- *Informality constrains productivity growth.* Informal firms cannot generate the profits or access the credit required to fund innovation and risk-taking, and their smaller size limits their ability to take advantage of economies of scale.
- *Informalization seems to restrict economic restructuring.* Around 10 percent of jobs are destroyed every year in many countries, regardless of external or internal economic conditions or policies. Without social protection systems, unemployment is not an option for these workers, and entry and exit rates into and out of informal employment are high as result, leading to a tremendous amount of churning in labor markets (an oft-cited effect of trade liberalization as well). Though this churning may look like dynamism, it tends to be indicative of more negative labor trends. Based on their consideration of the data, Bacchetta et al. (2009) find that going into the informal sector greatly increases the likelihood of unemployment and lowers the likelihood of getting a formal sector job. These dynamics can prevent successful restructuring and employment generation in the formal sector, as workers who transition into the informal sector lose human and social capital, making it harder for successful companies in formal sectors to find qualified workers and restricting formal sector employment growth.
- *Informality is associated with increased vulnerability to economic shocks.* Countries with above-average sized informal economies were more than three times as likely to suffer the adverse consequences of crisis than countries with below average size informal sectors (Bacchetta et al. 2009: 10). Countries with large informal sectors seem to attract more footloose types of capital, which acts as a constraint on wage increases and raises macroeconomic volatility.
- *Informality is not good for growth.* Countries in their study were estimated to lose up to two percentage points of average economic growth due to informality (Bacchetta et al. 2009: 9).
- *Informality constrains government responsiveness to business cycles.* Because informal sector firms are dis-enfranchised from the tax and benefit system, larger informal sectors are associated with lower government revenues, constraining the ability of governments to engage in counter-cyclical fiscal policy.
- *A positive: Cheap intermediate goods and services.* One of the often heard defenses of informalization is that, by providing cheap intermediate goods and

[7] This section is based on the discussion of these issues presented in Bacchetta et al. (2009: 9-15).

services to formal sectors, informal firms and workers raise the international competitiveness of formal sector firms and workers.

5. The Impact of Inflation Targeting on Employment[8]

As outlined in the introductory section on neoliberal development macro, the dominant policy position of central banks in most developing countries world wide is to maintain very low rates of inflation not just in the single digits but very often less than five percent, without much consideration for how these restrictive policies impact the real economy – outcomes like employment, investment and economic growth (Epstein 2003, 2007). There is no evidence that inflation rates of up to 20 percent have any predictable negative consequences on the real; they are not associated with lower growth, lower domestic or foreign investment, or any other significant real variable that has been studied (Epstein 2007: 103). Nevertheless, these policies remain a key feature of neoliberal approaches to monetary development policy (Epstein 2000).

A common counter-argument to these points is that inflation harms the poor more than the rich, but one needs to consider the tradeoffs. When the poor are asked about whether inflation or unemployment is a bigger problem, they are much more likely to see unemployment as the problem, and would gladly trade slightly higher rates of inflation for a greater supply of jobs (Jayadev 2006a, 2006b).

Gerald Epstein and Juliet Schor argue that anti-inflation policy and neoliberal approaches to central banking reflect the "contested terrain" of central banks – the class and intra-class conflicts over the distribution of income and power in the macroeconomy (Epstein 2000; Epstein and Schor 1990). Their work underscores the importance of understanding monetary policy from a political perspective, as the distribution of the gains and costs of economic policy proffers insight into both a policy's genesis and its longer-term consequences. Class is one dimension of this contested terrain – gender is another.

5.1 Inflation Reduction and Female Versus Male Employment

Braunstein and Heintz (2008) evaluate the employment costs of inflation reduction in developing countries from a gender perspective. They explore two broad empirical questions: (1) what is the impact of inflation reduction on employment, and is the impact different for women and men, and (2) how are monetary policy indicators (as measured by real interest rates, real exchange rates and the real money supply) connected to deflationary episodes and gender-specific employment effects? Both questions are explored empirically after controlling for long-term employment trends, and the following is a list of the main conclusions.

- ***Periods of inflation decline are highly likely to be associated with employment losses, for both women and men.*** Among the 51 inflation reduction episodes studied, 71 percent were accompanied by a contraction of total employment (what is termed

[8] This section is based on Braunstein and Heintz (2008).

"contractionary inflation reduction"), and 29 percent with an expansion of employment (what is termed "expansionary inflation reduction").

- ***Women lose more employment than men when employment contracts during inflation reduction, but do not gain employment faster than men if it expands during inflation reduction.*** If employment contracts during an inflation reduction episode, it is likely that women will experience a larger loss of employment, in percentage terms, than men. In the majority of cases, contractionary inflation reduction has a disproportionately negative impact on women. However, during the fewer inflation reduction episodes in which employment expands, the gender-specific impact is ambiguous.
- ***Higher real interest rates are associated with disproportionate employment losses for women***. Countries that respond to inflationary pressures by raising real interest rates above the long-run trend are more likely to experience a slow-down in the growth of employment relative to those countries that keep interest rates in line with or below the long-run trend, with concomitantly higher losses for relative female employment. However, countries with negative real interest rates do not appear to be able to increase employment growth by lowering real interest rates still further.
- ***Maintaining a competitive real exchange rate can attenuate the gender-biased effects of inflation reduction.*** Braunstein and Heintz did not find a link between changes in the real exchange rate and the impact of inflation reduction on employment in general. However, they did find that real exchange rates seem to impact the gender bias of contractionary inflation reduction episodes. In all cases where women experienced relative employment gains during employment contractions, exchange rates either depreciated or showed no deviation relative to long-run trends.
- ***Restricting the money supply also has gender-biased effects.*** Tightening the real money supply also seems to be negatively associated with employment in general and women's employment in particular.

These results suggest that contractionary monetary policy aimed at reducing inflation often has a disproportionately negative impact on women's employment, an effect that may be eased by maintaining a competitive exchange rate. Conversely, non-contractionary inflation reduction is not necessarily favorable to women's employment in all circumstances.

5.2 The Long-Run Economic Costs of Gender-Biased Inflation-Targeting

In terms of the economic implications of the Braunstein and Heintz study, it is important to note that their empirical analysis concerns the short-run, gender-specific impacts of policy responses during inflation reduction episodes. The results say little about the long-run impact of different policy responses. Supporters of inflation-targeting frequently acknowledge that short-run trade-offs might exist, but the long-run benefits of low inflation for growth and development are more significant. This argument is problematic when transitory policy shocks have long-run consequences for real economic variables (Fontana and Palacio-Vera 2004). Similarly, short-term gender-specific shocks can have long-run effects for a country's human and economic development.

As mentioned in the section on growth, a number of empirical studies suggest that gender-based inequalities in employment and unemployment have implications for long-term development. For example, this body of research shows that a positive relationship exists between gender equality (measured most commonly as educational equality) and economic growth in developing countries (Hill and King 1995; Dollar and Gatti 1999; Klasen 1999). Some of the effects are quite large: Klasen (1999), in a panel data study between 1960 and 1992, finds that had South Asia and Sub-Saharan Africa had more gender equity in education, growth would have been 0.9 percent per year faster. Investing in girls makes for a higher productivity workforce, but higher rates of unemployment and cyclical volatility in women's jobs will discourage these types of investments at both the individual and community levels.

In a related sense, lower incomes and higher income volatility for women could lead to lower investments in human capital overall, thereby lowering long-term growth. Theory and evidence have aptly demonstrated a higher co-incidence between a mother's income and the family's basic needs than a father's income (Benería and Roldan 1987; Blumberg 1991; Chant 1991), a finding underlying what has been termed the "good mother hypothesis." Income that is controlled by women is more likely to be spent on children's health and nutrition (Dwyer and Bruce 1988; Hoddinott, Alderman, and Haddad 1998). In many countries, a large proportion of fathers provide little or no economic support for their children (Folbre 1994). But faced with cyclically higher rates of unemployment during disinflation, "good mothers" will have fewer opportunities to invest in their children, compromising future labor force quality.

The World Bank and other IFIs make these same points about gender equality and growth. But there is no acknowledgement of the costs of IT regimes, and market-friendly monetary policy more generally, from this gender equality and growth perspective.

5.3 Understanding the Resistance of Central Bankers

What do the distribution of the costs and benefits of inflation reduction indicate about the contested terrain of monetary policy? One might simply respond "not much," with an argument going something like the following. Gender differences in labor supply and demand – the "gender orders" of the labor market – result in women's jobs being more cyclically volatile (at least on the economic downturn) than men's jobs in the economies studied. While macroeconomic policies (e.g. trying to reduce inflation by raising interest rates) and structures (e.g. export-oriented industrialization) may have gender-differentiated impacts, these impacts reflect gender dynamics in the labor market, not in the central bank. Monetary policymakers should not be tasked with addressing gender inequality; such issues are, and should properly remain, outside the purview of monetary management. Ultimately, the best thing (indeed perhaps the only thing) a central banker can do for gender equality is to keep inflation low and stable, as these policies provide the sort of macroeconomic stability essential for growth and income generation. Gender is only a matter of concern for social policy, the argument concludes.

The reach of this argument is also global in scope. Most central banks in developing countries are constrained by the reactions of international financial markets to their policy choices. This is particularly likely to be the case when capital markets have been liberalized and prudential capital controls have been eliminated. In addition, central banks in many low-income countries – including the heavily indebted poor countries – must still craft their policies under the auspices of IMF conditionalities. Monetary policies enshrined in "poverty reduction strategy papers" reflect these biases. Ironically, many of these "post-Washington consensus" development strategies claim to have incorporated a gendered analysis into their poverty reduction program. However, this gender-sensitive analysis does not spill over into the macroeconomic realm.

A different sort of insight comes from thinking about what would happen if gender equity concerns were indeed incorporated into monetary policy. Such a shift would most likely necessitate a move away from inflation targeting as it is currently practiced and could harm those invested in a low inflation, high interest rate environment – largely finance capital. Even the most brief perusal of central bank leaders and managers around the world will show that they are largely drawn from finance and banking, a pool that is also primarily male. Taken from this standpoint, one that acknowledges how gender, class and nation shape our opinions of the appropriate or feasible reach of macroeconomic policy, resistance to seeing, much less incorporating, the social content of inflation targeting is clearly a political matter. It is not just that central bank policy has gender differentiated effects; it is also that the very structures of central banks and global financial markets and institutions, the permissible discourses on monetary policy, and the technical models used to illustrate them are themselves "bearers of gender" (Elson 1998).

Another aspect of the gendered political economy of these empirical findings is the point that if women's labor force participation keeps unit labor costs and inflation lower than it would otherwise be, then a focus on gender equality within the context of sustainable levels of inflation could require other mechanisms for price control that are more consistent with long-run growth and development. Such a move might be resisted by those that benefit (perhaps only in the short-run) from women's more precarious employment – for example, their employers and employed men. Gender biased central bank policy may help solve the political problems introduced by neoliberal central bank policy in that gender bias concentrates the costs of these policies on a less powerful segment of society – women. Inflation targeting should be considered in terms of its social content (e.g., what are the social structures that underlie this policy) as well as its social impact as an instance of contested terrain in macroeconomic policymaking (Elson and Cagatay 2000).

6. Crisis and Volatility

6.1 Increasing Volatility and Vulnerability to Crisis

All types of global financial flows have increased tremendously since the 1990s, including FDI, portfolio flows, and funding for private debt. At the same time, investment in increasing productive capacity (as measured by gross fixed capital formation as a percent of GDP) has hardly budged (Van der Hoeven and Lubker 2006). The reasons for this are varied: much FDI goes to mergers and acquisitions rather than greenfield investments; the majority of cross-border capital flows are still concentrated among the developed countries (with the exception of FDI flows to China); and an increasing share of global finance capital is dedicated to speculation – profit-seeking via short-term arbitrage and investment opportunities. These capital movements have increased economic volatility for the entire global economy (Cerra and Saxena 2005; Diwan 2001; Prasad et al. 2003).

Research on financial liberalization and capital flows documents that this volatility has increased the frequency of financial and economic crisis among developing economies, though not necessarily among industrialized countries (Easterly et al. 2001; Singh 2003; Van der Hoeven and Lubker 2006). Since the 1970s, developing country business cycles have been led by capital account fluctuations (Ocampo 2008). Early crises arose out of public sector debt, for example the Latin American debt crisis of the early 1980s. Later on, crises increasingly came instead from private sector activities rather than government debt, not least because of the widespread opening of capital accounts combined with the overall increase in financialization (Ocampo 2008).

The key reasons for this volatility and increased vulnerability arose out of a sort of perfect storm of policy and market circumstances: the widespread liberalization of investment and opening of capital accounts across the developing world, combined with the overall increase in financialization, were cast in a context of fundamental power asymmetries between developing economies and global financial markets. Developing country entities, be they governments, firms, or entrepreneurs, need to go to international financial markets for financing because developing economies are short of capital (indeed, for some the very definition of development is achieving a high level of capital accumulation). But these relationships constitute an "integration between unequal partners" because: (1) developing countries cannot issue debt in their own currencies, a phenomenon that has become known as "original sin," so external borrowing always carries a currency risk; (2) there is limited development of domestic financial and capital markets, which leads to an under-supply of domestic long-term financial instruments to fund development; and (3) developing country financial markets are quite small relative to the speculative pressures they face from globally mobile finance capital (Ibid.: 68). The result is that capital account liberalization has left developing economies extremely vulnerable to crises, crises that are often not triggered by a sudden deterioration in a country's putative "economic fundamentals," but rather are an inherent property of the international financial system (Heintz 2006).

6.2 The Negative Impact on Investment and Growth

The literature documenting how liberalized capital flows have been associated with increased volatility with negative consequences for growth and investment in the developing world is extensive (e.g. Aizenman and Marion 1999; Cerra and Saxena 2005; Diwan 1999, 2001; Demir 2010; Ocampo 2008; Ramey and Ramey 1995; Serra, Spiegel and Stiglitz 2008; Van der Hoeven and Lubker 2006). The case is so strong that it is widely acknowledged among economists working with the IFIs – even when it is not officially acknowledged by the IFIs themselves – that financial liberalization has not increased investment and growth for developing economies, but in fact seems to detract from them via liberalization's impact on economic volatility and vulnerability to crisis. Two examples of this perspective follow, the first from an occasional paper from the IMF, the second from a World Bank publication.

> Theoretical models have identified a number of channels through which international financial integration can promote economic growth in developing countries. However, a systematic

> examination of the evidence suggests that it is difficult to establish a strong causal relationship. In other words, ***if financial integration has a positive effect on growth, there is as yet no clear and robust empirical proof that the effect is quantitatively significant***…International financial integration should, in principle, also help countries to reduce macroeconomic volatility. The available evidence suggests that developing countries have not fully attained this potential benefit. Indeed, ***the process of capital account liberalization appears to have been accompanied in some cases by increased vulnerability to crises. Globalization has heightened these risks since cross-country financial linkages amplify the effects of various shocks and transmit them more quickly across national borders.*** (Prasad et al. 2003: 5, emphasis added)
>
> ***Contrary to expectations, financial liberalization did not add much to growth, and it appears to have augmented the number of crises.*** As expected, deposits and capital inflows rose sharply as a result of liberalization. But, other than in a few East Asian and South Asian countries, capital markets did not provide resources for new firms. Numbers of stock market listings declined, even in the newly created markets in the transition countries that were some times used for privatizations. Also, although relevant time-series data on access are weak, and contrary to expectations, it appears that access to financial services did not improve substantially after liberalization. (World Bank 2005a: 21, emphasis added)

Still it should be noted these acknowledgements are made in a Post-Washington Consensus world, and that institutional reforms and proper sequencing are often cited as the solution to the problems introduced by financial liberalization, rather than increasing the use of capital management techniques.[9]

6.3 The Impact on Labor: More Adjustment on the Wage than the Employment Side?

There is very little research that explicitly links employment results with capital account opening and macroeconomic volatility beyond making inferences based on the investment and growth effects discussed above. There is more, though still limited, research on the employment impact of acute economic crisis, and the general sense seems to be that there is more labor market adjustment on the wage than the employment side.

There is evidence that financial volatility and crisis in developing economies lowers employment, raises underemployment and induces shifts of workers from the formal to the informal sectors (Demir 2010; Van der Hoeven and Lubker 2006). But, in a wide-ranging review of the evidence on employment in developing economies, it was found that the biggest changes came in wages, primarily because of the dramatic exchange rate devaluations that are associated with balance of payments crises and the consequent decline in the value of real wages (Fallon and Lucas 2002). Considered along with what employment evidence we do have, the seeming dominance of the wage effect could simply reflect the fact that with limited or non-existent unemployment insurance schemes, few in the developing world can afford to be formally unemployed, and instead turn to informal work or become underemployed.

Regardless of whether wages or employment takes the bigger hit, labor market recovery tends to lag macroeconomic recovery by several years, indicating that workers take on a disproportionate share of the adjustment costs of economic crisis and volatility (Van

[9] A really interesting synopsis of the current state of these affairs is given in Grabel (2010).

der Hoeven and Lubker 2006). And these adjustment costs are not merely transitory. An ILO estimate of the elasticity of wages with respect to GDP growth and contraction found that wage elasticity was 0.65 when GDP expanded, and 1.5 when GDP declined (ILO 2008, as cited in Jansen and von Uexkull 2010). So if real wages increase more slowly than GDP when there is growth, and decline faster than GDP when there is contraction, negative GDP shocks such as those that occur during macroeconomic crises can have permanent effects on real wage trajectories (Jansen and von Uexkull 2010). This finding is consistent with the observation that financial crises have had a permanent negative effect on the share of labor compensation in GDP (Van der Hoeven and Lubker 2006).

6.4 The Impact Financial Crises on Women's Employment

From a macroeconomic perspective, some of the most important insights we have on the link between macroeconomic policy and women's employment in developing countries come from the feminist literature critiquing structural adjustment policies (SAPs) imposed largely in Latin American and Africa in the 1980s. Feminists argued that the interaction between gender relations and SAPs has implications both for the distribution of the costs and benefits of structural adjustment between different groups of women and men, and for the achievement of the economic objectives of the SAPs themselves (Benería and Feldman 1992; Benería and Roldan 1987; Elson 1991, 1995; Bakker 1994). Turning more specifically to issues of gender differences in employment and unemployment in the context of SAPs, Cagatay and Ozler (1995) use cross country data pooled for 1985 and 1990 to show that SAPs have led to increased feminization of the labor force via worsening income distribution and openness. These findings touch on gender differences in both labor supply and demand.

Economic crises may affect labor supply in one of two ways, by either discouraging workers and pushing them out of the labor market completely, or by inducing households to add more workers to the labor market as protection against lower or more volatile household incomes, new labor market entrants that may or may not leave the labor force once the economy turns around. It is widely argued that the added worker effect is dominant in explanations of crisis-related increases in labor force participation in Latin America, much of it by women (Cerrutti 2000; McKenzie 2004). Increasing labor force participation by women was also accompanied by an increase in the number of hours they devoted to paid work (Arriagada 1994). These supply effects underlie Cagatay and Ozler's results that the worsening income distribution associated with SAPs lead to an increase in women's share of the labor force. Such dynamics are not limited to SAPs. For example, research into the determinants of women's labor supply in post-apartheid South Africa shows that female labor force participation rose in response to growing unemployment, thereby further increasing the country's average unemployment rate (Casale 2003).

On the demand side, Cagatay and Ozler's finding that SAPs interacted with openness are positively correlated with feminization of the labor force reflects the shift away from import substitution and towards export-orientation associated with SAPs. But women's traditional industries have also been subject to contractionary effects. SAPs linked with deflationary stabilization that lowers domestic consumption can have adverse effects on women who produce traditional consumption goods (Standing 1999). In emerging economies, labor-intensive export-oriented industries that tend to employ women are more cyclically volatile than men's industries, resulting in higher overall rates of unemployment (Howes and Singh 1995). Emphasis on export-oriented industrialization has also been associated with increases in informalization as firms continue to minimize wage and nonwage costs (Standing 1999). So as female labor force participation and unemployment rose in the context of crisis and structural adjustment, the increasing dominance of informal work became a key feature of new labor markets for women (Arriagada 1994; Benería 2001; Patnaik 2003).

Similar work was done on the gendered employment effects of the Asian financial crisis in 1997-1998. Women were typically the first to be laid off both because they worked in more cyclically volatile firms, such as small export-oriented enterprises, and because of efforts to protect the jobs of "male breadwinners" (UN 1999). In Korea, women lost jobs at twice the rate of men, despite the fact that before the crisis, their unemployment was half that of men's (UN 1999). According to a World Bank report in 2000, women constituted 75 percent of discouraged workers and 85 percent of retrenched workers in the banking and financial service sectors (Aslanbeigui and Summerfield 2000). Immediately after the crisis in Indonesia, 46 percent of the unemployed were women, although they made up only one-third of the workforce. And as more men became unemployed, the percentage of women engaged in paid and unpaid work increased. Similarly, in Thailand women constituted between 50 and 60 percent of the unemployed (Ibid.).

A slightly different pattern was found by Lim (2000) in the Philippines, where the post-crisis decline increased male unemployment more than female unemployment despite a rapid displacement of women from the manufacturing sector (especially in traded goods). The reason was the relative resilience of the service and trade sectors, which employ a high proportion of women. Women did, however, increase their labor force participation to deal with male unemployment, and their total work hours relative to men increased as well. Similar to the case of structural adjustment, the combination of increasing female unemployment and labor force participation is partly absorbed by increases in informalization. Women are increasingly pushed out of the formal sector and into the informal sector, and those that are new labor market entrants trying to preserve their household income are increasingly drawn into the informal sector as well (UN 1999).

6.5 The Gendered Dynamics of a Trade Shock: The Crisis in 2008

The crisis in 2008 differed from the majority of recent economic crises in that it began as a financial crisis in the developed world, and reverberated out to developing economies primarily in the form of a negative trade shock. Compared to the first quarter of 2008, in the first quarter of 2009 world merchandise trade was down more than 30 percent (WTO 2009).

In terms of employment effects, gender-disaggregated research is still sparse and merely suggestive. We do know that a substantial decline in export markets beginning in late 2008 lowered employment demand along the global supply chain and among developing country exporters. Initial reports link women's and men's unemployment post-crisis with the industries in which they work, not with any discriminatory or male breadwinner bias as in the Asian financial crisis (Corner 2009; Hirway and Prabhu 2009; Jansen and von Uexkull 2010). For instance, in Ukraine, where the basic metal and metal processing export industries, which primarily employ men, were hit very hard by the collapse in global demand, men's employment declined much more than women's; a similar gender pattern was predicted for South Africa (Jansen and von Uexkull 2010). Conversely, higher proportions of women lost their jobs in Morocco and Egypt, largely because of declines in the textile and clothing sectors, where women's employment is concentrated (Ibid.).

In a consideration of changes in regional figures on labor force participation rates between 2007 and 2009, there is some evidence that, with the exception of North Africa, discouragement (i.e. declines in labor force participation) is more pronounced for men than women (Jansen and von Uexkull 2010: 36). Alternatively, these statistics could be picking up an added worker effect for women, raising the female labor force participation rate (Ibid.). To the extent that this crisis has lasting effects on growth, the availability of credit, and foreign aid, we are likely to see a repeat of the informalization and intensification of work that followed the Asian financial crisis.

7. The Public Sector

The impact of neoliberal development macro on public sector development and employment is probably the least systematically studied aspect of the macroeconomic literature, a gap partly attributable to the fact that the field of public economics is built on microeconomic theory, but perhaps more importantly a result of how orthodox macroeconomics (i.e. the non-Keynesian variety) tends to regard the public sector as macroeconomically irrelevant at best. We can make some reasonable inferences based on what we have covered so far, however. The list below restates some of the key points made with regard to the macro policy environment and its impact on the public sector.

- *Government spending is seen as inflationary.* Regardless of whether the government is running a deficit or not, public spending is still considered inflationary, particularly when an economy is at or near full employment.
- *Pressures to decrease the size of government have included both privatization of SOEs and a push to limit public payrolls.* As discussed in the introductory section, government enterprises are seen as benefiting from unfair competitive advantages via the government's rule-making authority, creating opportunities for corruption and graft that are not subject to market discipline. Public employment is similarly taken to be over-extended, exerting undue and unproductive pressures on government budgets.
- *Government spending is seen as crowding out private investment.* Government investment financed by borrowing is seen as competing with private investment for funds in capital markets. It is thought to crowd out private investment that, by virtue of its origination in markets, is presumed to be more efficient than public investment.
- *Deficit financing of public expenditures is severely limited by neoliberal reforms, and cannot be sustained for long with open capital accounts.* With open capital accounts, global financial markets can constrain government spending via the specter of financial outflows and crisis should that spending result in budget deficits that global financial markets deem unsustainable from a balance of payments perspective.

- ***Governments face budget constraints due to prior financial crises and current debt servicing or conditionalities imposed by the IFIs.*** Despite the addition of an explicit concern for poverty alleviation in the post-Washington Consensus and its associated policy recommendations and programs (e.g. PRSPs), debt servicing is a still a top priority regardless of development needs.
- ***Requirements for self-insurance against currency crises limit government investment in development.*** In the context of the increasing frequency of financial crises, many developing country governments, seeking to avoid the prospect of balance of payments crisis and having to conform to IFI conditionalities as a result of loans, have chosen to accumulate foreign exchange reserves as insurance against this prospect. Most of these reserves are held in low-yield treasury bonds issued by industrialized countries, and the opportunity cost of tying funds up in this way is large (Heintz 2006). Dani Rodrik estimates that the costs of doing so amount to about one percentage point of GDP annually for developing nations as a whole (Rodrik 2005: 2).
- ***Trade liberalization has decreased government revenue from trade and other taxes.*** Trade liberalization means cutting trade tariffs, with direct and potentially significant consequences for developing country government budgets, for which trade taxes can be a significant source of revenue. In an empirical study of the combined effects of the decline in trade taxes and other measures of liberalization on government budgets, Rao (1999) shows that trade and financial liberalization are positively correlated with what is termed the degree of liberalization-related "fiscal squeeze" – changes in the growth of trade taxes and interest expenses on foreign borrowing as a proportion of GDP.

The collective result of these dynamics is a severe and ongoing restriction of public policy space, not only to effectively address development, but also to provide the kind of social protections that are increasingly necessary as a result of neoliberal globalization and the associated exposure to economic volatility and shocks. In recognition of the increased economic risk that globalization brings, a plethora of new social protection schemes have been proposed by national and international institutions (e.g. the World Bank's Social Risk Management framework) as part of the post-Washington consensus in an effort to combine marketization with social protections and poverty reduction (Chhachhi 2009; Razavi 2005). Even though we can come up with instances of notable country-specific success with providing social protections for the poor, such as Brazil's recent success in protecting the poor from external economic shocks (Kakwani et al. 2010), or the *Plan Jefes y Jefas* employment program in Argentina, neither one will alter the macroeconomic conditions that have made such efforts increasingly important.

7.1 Some Employment Considerations

It is useful to differentiate between two distinctive effects of changes in the public sector due to neoliberal reforms on employment generally and women's employment in particular: (1) the impact of privatization, and (2) the impact of the decline in the size of the public sector overall.

Privatization of SOEs is almost always associated with decreases in employment (Birdsall and Nellis 2003; Kikeri 1998). We do not know much about the spillover effects from these closures throughout the economy, as for instance when closed firms provided supports or infrastructure to other firms (Heintz 2006). Based on albeit fragmentary evidence on what happens to workers after they lose their SOE jobs, it seems that new jobs are characterized by a lengthening of hours worked, and reductions in fringe benefits and job security (Birdsall and Nellis 2003). Overall, at least in the short-run, it is likely that privatization worsens inequality (Ibid.). Thinking in terms of differential effects on women versus men, since the majority of SOEs are capital-intensive, the impact of privatization on women's employment is likely to be less than its impact on men's (Birdsall and Nellis 2003; Heintz 2006).

The decline in the size of the public sector overall, however, is harder on women. We know that women have historically constituted a large share of public sector workers in many countries, particularly among industrialized countries. While the structural adjustment programs of the 1980s were associated with a relative decline in public sector employment, Standing (1999) finds that women increased their share of public sector employment between 1975 and 1994 in a sample of developing countries. However, as pointed out by Berik and Rodgers (2009), more recent case study evidence indicates the opposite, with women losing shares of public sector employment in the context of downsizing (Appleton et al. 1999; Appleton et al. 2002; Rama 2002). There is also evidence that these public sector employment losses are associated with increases in discrimination against women in terms of job access and wages as women increasingly turn to the private sector in search of employment (Berik and Rodgers 2009).

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Table 1
Estimates of the Growth Elasticity of Employment
(the periods over which the elasticities were estimate are in parentheses)

	1960s/1970s	1980s +
Algeria	0.97 (67-79)	0.40 (80-96)
Austria	0.32 (63-79)	-0.30 (80-99)
Bangladesh	0.56 (67-79)	1.00 (80-97)
Barbados	0.26 (70-79)	0.20 (80-97)
Bolivia	0.63 (70-79)	0.62 (80-97)
Cameroon	0.65 (70-79)	0.14 (80-98)
Canada	0.32 (65-79)	0.18 (80-01)
Chile	0.01 (63-79)	0.64 (80-00)
Colombia	0.72 (63-79)	0.39 (80-99)
Ecuador	0.81 (63-79)	0.26 (80-99)
Egypt	0.69 (64-79)	0.31 (80-96)
El Salvador	0.35 (63-79)	0.07 (80-98)
Finland	0.42 (63-79)	0.24 (80-00)
France	0.10 (63-79)	-1.13 (80-95)
Ghana	0.75 (63-79)	0.15 (80-95)
Greece	0.40 (63-79)	1.26 (80-98)
Hungary	0.17 (63-79)	1.00 (80-00)
Iceland	0.42 (68-79)	-0.57 (80-96)
India	0.66 (63-79)	0.18 (80-01)
Indonesia	0.58 (70-79)	0.63 (80-02)
Ireland	0.23 (63-79)	0.13 (80-99)
Israel	0.39 (63-79)	0.25 (80-01)
Italy	0.22 (63-79)	0.44 (80-94)
Jamaica	0.63 (63-79)	1.21 (80-96)
Japan	0.14 (65-79)	0.31 (80-01)
Kenya	0.71 (63-79)	0.63 (80-02)
Korea	0.73 (63-79)	0.14 (80-01)
Kuwait	-0.44 (67-79)	0.26 (80-01)
Malawi	0.45 (64-79)	-0.02 (80-98)
Malaysia	0.87 (68-79)	0.64 (80-01)
Malta	0.47 (63-79)	0.08 (80-01)
Netherlands	-0.44 (63-79)	-0.53 (80-00)
New Zealand	0.77 (63-79)	0.07 (80-96)
Norway	0.25 (63-79)	-0.26 (80-01)
Pakistan	0.34 (63-79)	0.35 (80-96)
Panama	0.74 (63-79)	-0.05 (80-00)
Philippines	0.96 (63-79)	0.38 (80-97)
Portugal	0.90 (63-79)	1.02 (80-00)
Singapore	0.78 (63-79)	0.24 (80-02)
South Africa	0.76 (63-79)	0.13 (80-99)
Spain	0.33 (63-79)	0.79 (80-00)
Sri Lanka	0.80 (66-79)	0.83 (80-00)

(continued on the next page)

Table 1 continued

Sweden	0.06 (63-79)	0.46 (80-00)
Syria	0.45 (63-79)	-0.28 (80-98)
Trinidad Tobago	0.26 (66-79)	0.21 (80-95)
Turkey	0.93 (68-79)	0.26 (80-97)
UK	-0.26 (63-79)	0.13 (80-95)
USA	0.17 (63-79)	-0.25 (80-95)
Uruguay	0.70 (68-79)	0.93 (80-97)
Venezuela	0.85 (63-79)	0.23 (80-98)
Zimbabwe	0.65 (63-79)	0.06 (80-96)

Source: Author's calculations based on UNIDO data (INDSTAT3 2005 Rev.2 database). Simple bivariate regressions were used to generate the estimates. The regressions took the form: $lnY_{it} = a_i + \beta_i lnE_{it}$ in which Y_{it} represents manufacturing value-added for country 'i' in year 't' and E_{it} represents total manufacturing employment for country 'i' in year 't'. The coefficient, β_i, over the two time periods for each country is used as the estimate of the employment elasticity.

Source: Table 1, Heintz (2006: 9).

Table 2
Global Employment Elasticities by Age Group and Sex, 1991-2003

	1991-1995	1995-1999	1999-2003
Total	0.34	0.38	0.30
Youth	-0.02	0.11	0.06
Female	0.40	0.44	0.33
Male	0.30	0.34	0.29
GDP growth (%)	2.9	3.6	3.5

Source: Table 3.1, Kapsos (2005: 8).

Table 3
Employment elasticities by age group and sex and average annual GDP growth in Transition Economics, 1991-2003

	Total			Youth			Female			Male			GDP growth		
	1991 - 1995	1995 - 1999	1999 - 2003	1991 - 1995	1995 - 1999	1999 - 2003	1991 - 1995	1995 - 1999	1999 - 2003	1991 - 1995	1995 - 1999	1999 - 2003	1991 - 1995	1995 - 1999	1999 - 2003
Central and Eastern Europe	0.24	0.01	-0.19	0.00	-0.22	-1.26	0.09	-0.11	-0.31	0.35	0.10	-0.11	2.0	3.0	3.5
CIS	0.19	0.28	0.18	0.22	0.35	0.15	0.23	0.26	0.22	0.15	0.31	0.14	-10.9	-0.1	7.2

Source: Table 3.5, Kapsos (2005: 13).

Table 4
Employment elasticities by age group and sex and average annual GDP growth in Asia and the Pacific, 1991-2003

	Total			Youth			Female			Male			GDP growth		
	1991 - 1995	1995 - 1999	1999 - 2003	1991 - 1995	1995 - 1999	1999 - 2003	1991 - 1995	1995 - 1999	1999 - 2003	1991 - 1995	1995 - 1999	1999 - 2003	1991 - 1995	1995 - 1999	1999 - 2003
East Asia	0.14	0.14	0.18	-0.23	-0.45	0.07	0.16	0.17	0.18	0.13	0.12	0.18	11.6	7.4	7.7
South-east Asia and the Pacific	0.39	0.20	0.42	0.12	0.31	0.10	0.38	0.20	0.49	0.39	0.20	0.37	7.4	1.6	4.8
South Asia	0.40	0.49	0.36	0.10	0.27	0.06	0.49	0.61	0.30	0.37	0.44	0.38	6.0	5.8	5.1

Source: Table 3.7, Kapsos (2005: 15).

Table 5
Employment elasticities by age group and sex and average annual GDP growth in Latin America and the Caribbean, 1991-2003

	Total			Youth			Female			Male			GDP growth		
	1991 - 1995	1995 - 1999	1999 - 2003	1991 - 1995	1995 - 1999	1999 - 2003	1991 - 1995	1995 - 1999	1999 - 2003	1991 - 1995	1995 - 1999	1999 - 2003	1991 - 1995	1995 - 1999	1999 - 2003
Latin America	0.65	0.70	0.45	0.38	0.04	-0.23	0.96	1.01	0.49	0.49	0.52	0.43	3.5	2.7	1.4
Caribbean	0.43	0.37	-0.42	0.32	0.61	-0.94	0.53	0.59	-0.51	0.40	0.23	-0.35	1.9	5.2	2.5

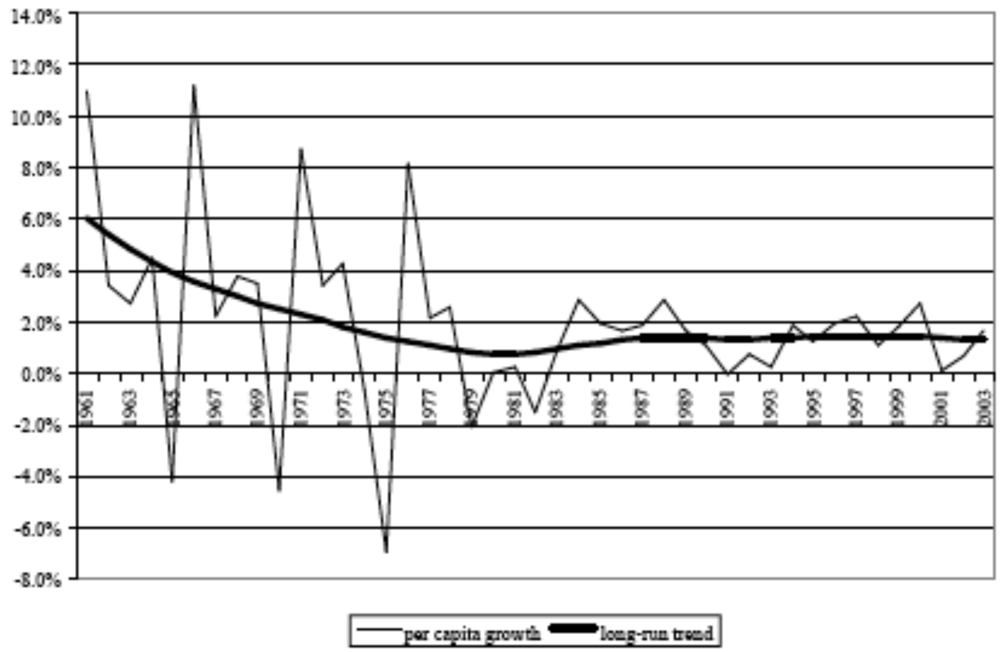
Source: Table 3.9, Kapsos (2005: 17).

Table 6
Employment elasticities by age group and sex and average annual GDP growth in Africa and the Middle East, 1991-2003

	Total			Youth			Female			Male			GDP growth		
	1991 - 1995	1995 - 1999	1999 - 2003	1991 - 1995	1995 - 1999	1999 - 2003	1991 - 1995	1995 - 1999	1999 - 2003	1991 - 1995	1995 - 1999	1999 - 2003	1991 - 1995	1995 - 1999	1999 - 2003
Middle East	1.10	1.29	0.91	0.82	1.79	0.98	2.11	2.12	1.09	0.83	1.03	0.85	3.9	3.0	4.1
North Africa	0.30	0.74	0.51	0.24	0.71	-0.34	0.41	1.04	0.59	0.26	0.65	0.50	2.2	4.8	4.1
Sub-Saharan Africa	0.73	0.82	0.53	0.72	0.90	0.62	0.79	0.89	0.57	0.69	0.76	0.50	1.1	3.2	3.2

Source: Table 3.11, Kapsos (2005: 18).

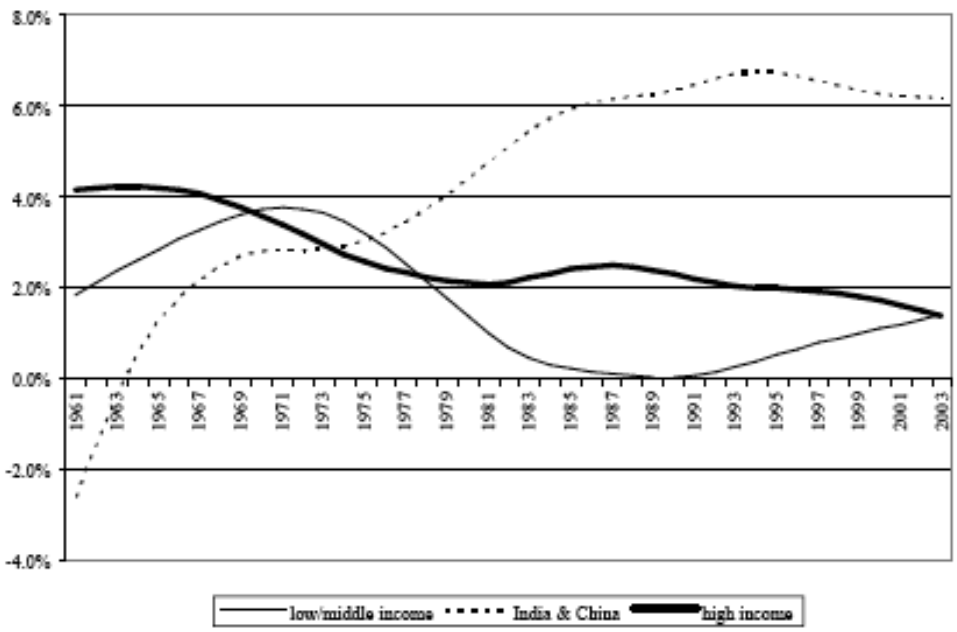
Figure 1
World per capita GDP growth and its long-run trend, 1961-2003



Source: World Development Indicators 2005 *(Washington, DC: World Bank).*

Reproduced from Heintz 2006, p. 5. Note: Long-run trend figured by applying a Hodrik-Prescott filter to the annual estimates.

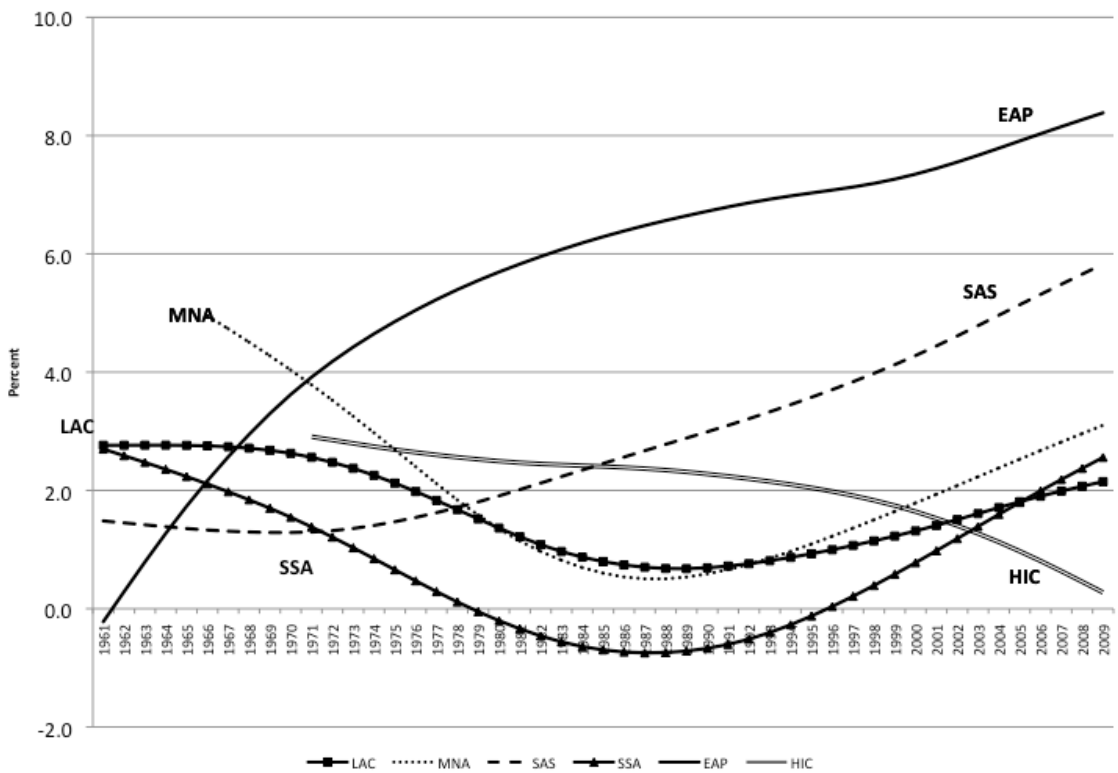
Figure 2
Long-run trends in average per capita GDP growth, select country groupings, 1961-2003



Source: World Development Indicators 2005 *(Washington, DC: World Bank).*

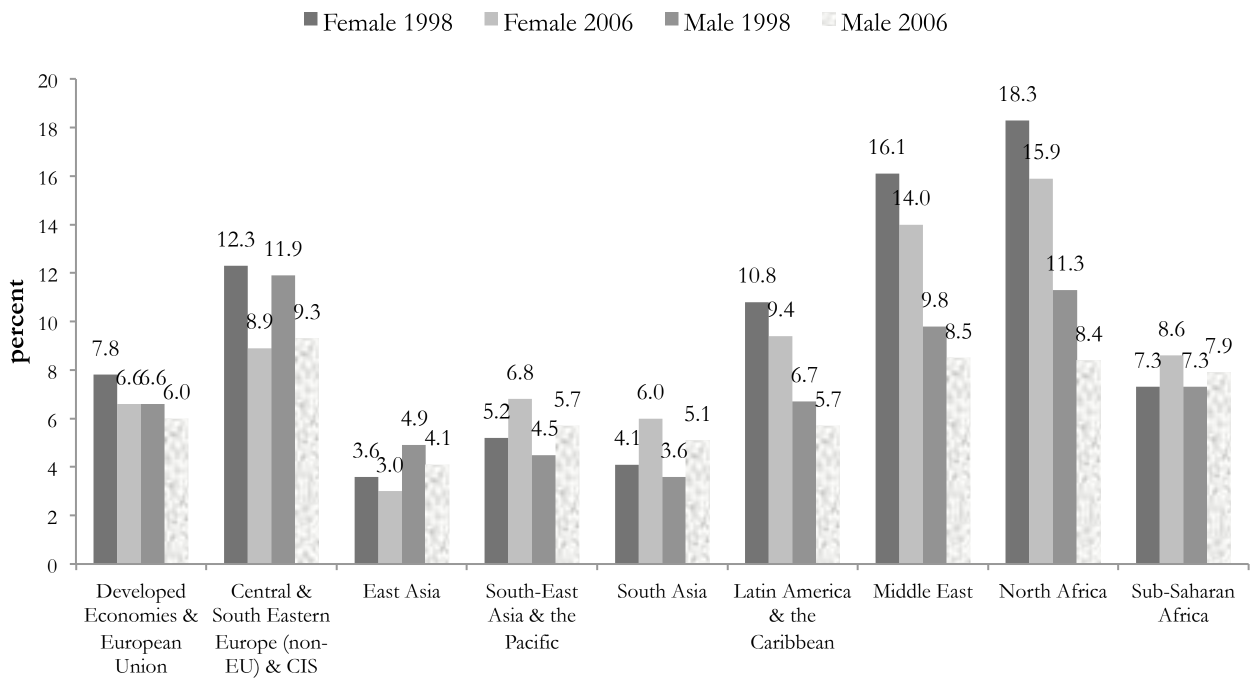
Reproduced from Heintz 2006, p. 6. Note: Long-run trend figured by applying a Hodrik-Prescott filter to the annual estimates.

Figure 3
Long-run trends in average per capita GDP growth,
select regional and high income groupings, 1961-2009



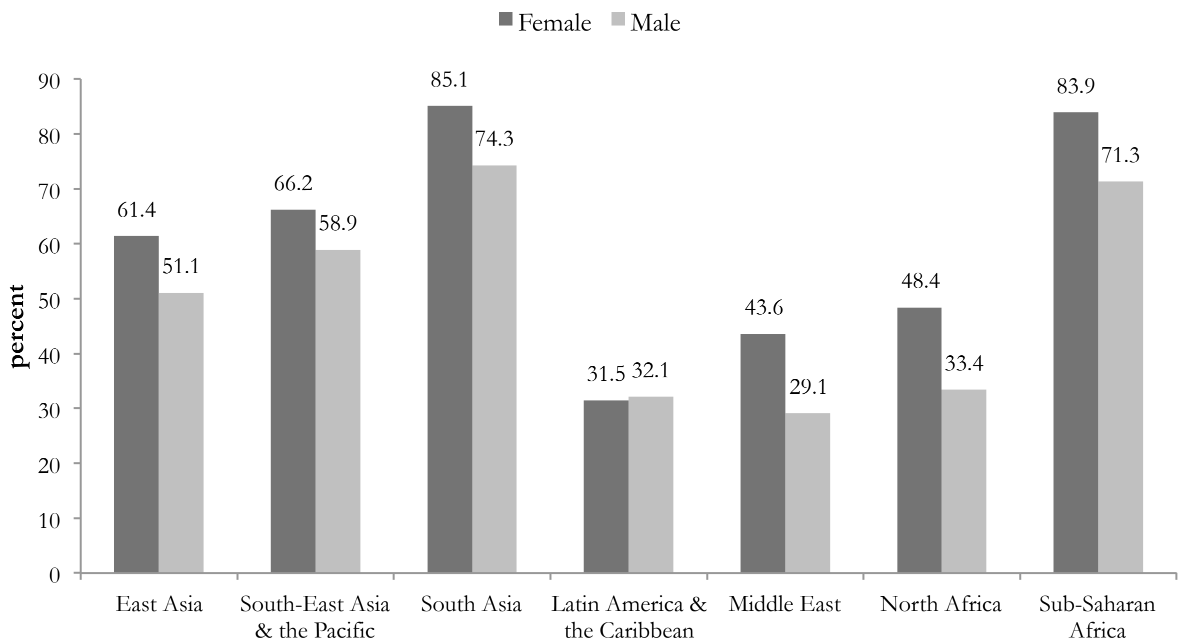
Source: Author's calculations based on data from the World Development Indicators 2010 (Washington, D.C.: World Bank).
Notes: Long-run trends calculated based on applying Hodrik-Prescott filter. Per capita GDP growth based on real per capita GDP in constant local currencies. With the exception of high income, all country groupings include developing countries only.

Figure 4
Unemployment Rate by Sex & Region, 1998 & 2006



Source: ILO. 2009. *Global Employment Trends for Women*. Geneva: ILO, Table A2.
Notes: Figures estimated by the ILO using its Global Employment Trends Model, which employs econometric methods to produce regional estimates of labor market indicators when country data is unavailable.

Figure 5
Vulnerable Employment Share by Sex and Region, 2007 (percent)



Source: ILO. 2009. *Global Employment Trends for Women*. Geneva: ILO, Table A7.
Note: Vulnerable employment refers to the sum of own account workers and contributing family workers as a share of total employment.