



Munich Personal RePEc Archive

# **Gender Gap is a Trade Trap: The Road Ahead for International Development**

Mamoon, Dawood

University of Islamabad (A Bahria Town Project)

6 October 2017

Online at <https://mpa.ub.uni-muenchen.de/81848/>  
MPRA Paper No. 81848, posted 11 Oct 2017 13:23 UTC

# **Gender Gap is a Trade Trap: The Road Ahead for International Development**

By

Dr Dawood Mamoon

Dean and Professor

School of Management and Economics

University of Islamabad (A Bahria Town Project)

(Harvard Business School Affiliate: 2013-2017)

(George Mason University Affiliate: 2016-2018)

(Member: World Economic Survey Expert Group)

## Abstract:

The paper provides an outline of effective gender parity policy in South Asia with a special reference to Pakistan. The need of gender parity as an economic goal is identified by linking gender empowerment as a need to create better trade policy framework. This may provide strong public sector commitment towards bringing and implementing such laws that focus on more female participation in formal schooling as well as skill development.

*Key words: Education, Trade, Gender Empowerment, International Development*

## 1. Introduction: How a Good Trade Policy is linked with Gender Parity

The Sustainable Development Goals (SDGs) are often criticised on the basis of their idealistic targets especially when one considers the lack luster performance of Sustainable Development Goals (MDGs). In this context some view SDGs as the continuation of capitalist rhetoric with the likes of the WTO and the Poverty Reduction Strategy Papers. Nevertheless, there is not much controversy over the stand the SDGs have taken regarding many urgent development issues.

One such issue is women's empowerment. This particular development objective has rightly acknowledged that the key to this goal lies in educating women: "Eliminate gender disparity in primary and secondary education ". Though the timeframe is arguably too strict, the goal is legitimate. Furthermore, Article 10 of the Convention on the Elimination of Discrimination Against Women (CEDAW) specifically provides that "women shall not be discriminated against and shall have equal opportunities in the field of education."

Despite this recognition, education for women continues to be a low priority and remains under-funded in most countries in the South. Women and girls tend to receive fewer resources, less encouragement and little assistance in accessing their right to an education. Despite great emphasis among the intelligentsia and policy makers on the education of women, progress towards equal opportunities for the education for women in the South is still dismal. Who is to blame?

Since the SDGs are primarily a Northern initiative, one probable answer is that SDGs are never followed up with the vigour and spirit in which they were proposed. Donor initiatives are still focused on pro-growth strategies and macro-economic stability in the South, and as an outcome at the governmental level in developing countries, only lip service is paid to the larger developmental agenda.

As yet there is no significant policy in any of the developing countries which specifically caters to gender issues and women's rights in general, although there are some notable exceptions in South Asia, such as Sri Lanka and the Indian state of Kerala. Women's education aside, developing countries even find it difficult to allocate sufficient resources to primary or secondary education as a whole. In most developing countries, funds are channelled to higher education, rather than to primary or secondary, in an attempt to increase the skilled labour force which is expected to bring significant international outsourcing from developed countries. Since education is already skewed and has a significant male bias in the South, the focus on higher education only exacerbates this male bias.

Gender inequality in education leads to a bias in skill accumulation and therefore earnings in favour of men, particularly once (a) the Southern economies open up to international competition or (b) significant international outsourcing from North to South takes place. This has been the case in India and China where returns to skilled labour have increased primarily to the benefit of men amid international trade and outsourcing since most women in both countries are still uneducated and marketable skills are still male-dominated.

As yet there is no sign of reversal of this situation in favour of women, despite a lot of government rhetoric articulated in the Southern media. The problem is that traditionally the trend in developing countries has been for policies to be pro-growth and market-oriented. Though at present most developing countries are channelling resources towards poverty alleviation, the old trends still prevail and undermine the wider developmental agenda in the name of macro-economic stability. The impression is that much of the talk of channelling resources to the development sector in the South is basically to satisfy donor demands: thus action is widely absent, especially in areas where the donors are less active. Gender equality in education is one such area.

However for the anti-capitalist, pro-socialist lobbies the equation is much simpler. They find no surprise in the apparent failure of the development agenda of gender equality dictated by the North. According to them, the problem does not lie in the fact that women earn less than men on average, or that more women than men are uneducated - the real problem is the lack of economic security for the household as a singular unit in the wake of international competition and depletion of social capital and social safety nets.

According to the pro-socialist stance, women have been exposed to the demands of capitalism, and are exploited because they are less equipped to benefit from the pro-market forces. The limitation faced by capitalism is that it does not distinguish between male and female, as all are labour.

The increasing gender inequalities in education under a capitalist, pro-market oriented system have been an "indirect prophecy" of socialism, as it suggests that free markets further deepen existing inequalities between the haves and have-nots, as it is inherent to the capitalist system that major gains can only accrue to the powerful.

Though the widening inequalities between various sections of the population in the contemporary global economic system has been widely accepted by proponents of the free market paradigm, they still believe in the efficacy of a trickle-down effect from the rich to the poor if a significant development strategy is in place. This is the essence of the PRSPs and the SDGs. However, the slow pace of progress in most areas of the development sector in many developing countries, as well as the persistent neglect of inequalities at the policy level in the South, have caused doubts about these strategies.

What, then, is the way forward, specifically with respect to gender? The issue here is not only one of rights but also of choice. To get high quality education is the right of every individual, irrespective of gender, and it should be the free choice of women either to stay in the household or to work outside or to retain some combination of both. Socialism suggests that the household work done by women should be recognised as economic activity. However, this also means that socialism limits women's choices by over-emphasising her role in household work.

Actually, neither socialism nor capitalism has been able to accommodate free choice for women. If she wishes to, she can work in the market place or in the household as both should be considered 'labour' and it is her right to retain both options. Economic returns to education should not only be attributed to markets but also to household labour.

Education is generally seen in monetary terms in the capitalist economic theory. However, the trend is changing, and the qualitative dividends of women's education are increasingly discussed in development theory. Although research has shown that higher education among women leads to significant decreases in child mortality and fertility rates, mainstream economics still talks about education in terms of market skill value which accrues higher monetary dividends.

This means that a woman who gains higher skills through education has only one option if she wants to gain monetary returns from her education and that is to enter the labour force. If she decides to stay at home, her choice would bring no monetary value as there is no 'value added' associated with household work. This paradigm is the prime cause of the apparent neglect of women's education in the South where most women work in the household.

Growth strategies will be seriously jeopardised if they do not prioritise the education of women. This can be done by finding direct linkages between women's education and processes of growth. In other words, if we could show that countries will benefit more from trade if their female populations are educated, policy makers would be more inclined to focus on women's education.

## **2. Trade and Gender Equation in South Asia:**

When viewed against the experiences of the East Asian countries, which have experienced export led growth in the 1970s and 1980s, Pakistan's export performance has been less than satisfactory. Currently Pakistan's exports to GDP ratio stands at 13% as compared with 32.2% for Indonesia, 44.4% for Philippines, 56% for Thailand, 39% for Korea and 96% for Malaysia<sup>1</sup>. Not only that these countries have achieved higher growth rates, they have also improved their socio-economic indicators with improved literacy rates among men and women as well as decreased child mortality rates, increased availability of health facilities and decrease in rural unemployment, to name the few. These countries have been able to strike the right balance between their macro economic goals and larger developmental agenda.

Pakistan has to catch up with these countries by embracing strategies where the focus is not only limited to macro economy but also extended to social sector development. The Pakistani Ministry of Commerce increasingly realises the macro-economic part of this equation and adopted a Rapid Export Growth Strategy (REGS) as of 2006 as part of its larger trade policy. On the other hand, a number of initiatives have been taken up by other government agencies to improve the export base and export potential of the country while catering to the poor. The Small and Medium Enterprise Development Agency (SMEDA) has introduced one such measure, under the title of "One Village One Product" to enhance exports and employment opportunities in the rural areas. The initiative is expected to curb poverty and unemployment in the rural areas by opening up a panorama of new jobs at the doorstep of the rural population.

Notwithstanding the importance of such policy initiatives and development projects, the gender discrimination aspect is being ignored like in the past. Pakistan severely lags behind in

---

<sup>1</sup> World Development Indicators, 2006

gender parity when compared to East and South East Asia. Female literacy rates as a percentage of males in some selected East and South-East Asian economies show significant over time improvements and they have more or less reached gender parity in literacy rates (table 1). Malaysia and Indonesia, where the improvements in gender parity are most prominent, are also the economies that have been able to significantly improve their exports in recent years. In comparison, Pakistan has severe gender gaps in literacy rates and the situation hasn't improved much during the last 3 decades, as only 46% of females as a percentage of males are literate today when compared to 37% in 1970.

**Table 1: Female Literacy Rates as percentage of Males**

| Countries   | 1970 | 2000 |
|-------------|------|------|
| Thailand    | 84   | 96   |
| Malaysia    | 68   | 90   |
| Indonesia   | 64   | 88   |
| Korea       | 86   | 97   |
| Philippines | 96   | 99   |
| Pakistan    | 37   | 46   |

Source: World Development Indicators (WDI), 2006

At present in Pakistan there are 6.4 million children not receiving primary education. Of these left outs, vast majority are girls as 1.9 million are boys whereas 4.5 million are girls. Of the total number of primary schools, about 67 % are for boys and 33% for girls. The overall literacy rate in Pakistan has been improving although at a slow pace. Currently 60 percent of the population is illiterate and women form 70 percent of the illiterate population.

Strong gender disparities exist in educational attainment between rural and urban areas and among the provinces. In 1996-1997 the literacy rate in urban areas was 58.3 percent while in rural areas it was 28.3 percent, and only 12 percent among rural women. There are also considerable inequalities in literacy rates among four provinces, especially disparities between men and women.

The critical link between literacy level and economic growth vis-à-vis other social indicators is well proven both in terms of international and Asian experience. Nevertheless, Pakistan continues to spend a meager amount of its resources i.e., only 4 percent of its gross national product (GNP), on education.

The figures given above show that women in Pakistan have a long way to go to reach equality with men in almost all aspects of education. The magnitude of the task in terms of realizing the 3rd Millennium Development Goal is great which seeks to eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015 . Specific attention needs to be given to the persistent gender gaps in skill development in Pakistan while devising trade policies. To this effect, the proposed project not only aims to re-emphasize the importance of 3<sup>rd</sup> MDG for policy makers in Pakistan but it also seeks to

provide guidelines for a fair trade regime by finding the linkage between gender equality in education and international trade flows.

So far, the little research has been undertaken to investigate the links between gendered access to schooling and trade flows. The few contributions available come to contrary conclusions as far the effect of gender equity on growth is concerned. According to Seguino (2000) gender differences in education have spurred growth in Asia. However, she observes that any economic growth which depends on low-wage female labor will fail to erase inequalities in the economy which in turn are harmful to variety of legal, political and social institutions. In fact, the reliance on cheap female labor may very well be reinforcing and ratifying social norms of gender inequality. She emphasises that governments in developing countries should focus on gender equity not only because it is pro gender but also such a focus would help a country move up the industrial ladder to higher value-added production and move the country out of labor-intensive export led growth trap. If export success and growth come at the expense of gender equality and women's human rights, this may result in long term adverse effects on the terms of trade in developing countries (Cagatay, 2001). Klasen (1999) estimates that the economic growth in South Asia, the Middle East, North Africa and Sub-Saharan Africa could have been 0.9% faster per year than the present trends had these regions pursued more gender balanced education policies. They strongly concluded in favor of gender equity: "In fact it appears that promoting gender equity in education and employment may be one of those few policies that have been termed 'win-win' strategies. It would further economic prosperity and efficiency, promote other critical human development goals such as lower mortality and fertility, and it would be intrinsically valuable as well (p.23)".

The current trends in South Asian economies suggest that they are investing in higher education in anticipation that they will accrue higher economic dividends by climbing up the technology ladder. However without changing the gender dynamics at the grass root levels in education sector would make such pursuit of higher education only half baked and less effective and it may further widen gender inequities as higher education remains to be a male dominated phenomenon in the region. There is need for increased advocacy and awareness on the importance of women education for economic development in South Asia in general and Pakistan in particular.

There is increased need in South Asia to bring focus to increasing gender disparities especially in education which also forms the 3<sup>rd</sup> MDG. When compared to their counter parts in East Asia and South East Asia, countries in South Asia lags behind in gender parity in education and draw similarities with underdeveloped region of Sub-Saharan Africa (see table 2). Following klasen (1999), such inequalities may have wider consequences for trade and long term growth potential of these countries. Gender disparity in education is also important for the poverty reduction strategies in these countries

**Table 2: Gender Parity in Education**

|  |         | Sub-Saharan<br>Africa | Asia   |            |                 |
|--|---------|-----------------------|--------|------------|-----------------|
|  |         |                       | East   | South-East | South           |
| Progress toward achieving equal girls' enrolment in primary school |         | Far from Parity       | parity | parity     | Far from parity |
| Girls' primary school enrolment ratios in relation to boys (%)     | 1990-91 | 83                    | 93     | 96         | 76              |
|  | 2001-2  | 86                    | 100    | 97         | 85              |

Source: DFID fact sheet (<http://www.dfid.gov.uk/mdg/gender.asp>)

### 3. Mapping an Effective Gender Policy in Pakistan

The key public sector stake holders that should work in coordination to implement a gendered sensitised policy that is ingrained in the economic, political and social system of Pakistan can start from Ministry of Commerce, Ministry of Education, Ministry of Labour, Ministry of Women Development, Ministry of Textiles and Industry, Ministry of Industries and Special Initiatives, National Commission for Human Development, Planning Commission, Export Promotion Bureau, Small and Medium Enterprise Development Authority, State Bank of Pakistan, Economic faculties in universities, Industry stakeholders, Academia.

The government should reach out to Universities in the development of teaching modules, training and lecture series for Economics and other social science faculties of major universities in Pakistan. These universities in return would create an impact by publishing policy briefs, newspaper articles and scientific publication in addition to offering courses that link gender with wider political, economic and social landscape of Pakistan.

Such initiatives are need of the hour because in Pakistan there is an overall lack of awareness regarding the role of gender inequality in education on trade patterns. It is observed that gender economics as a separate subject is virtually absent in economics faculties of Pakistan's public universities. Though there are some instances of research of gender aspects, it is mostly an individual effort. At departmental level gender studies are virtually non-existent. Most graduates enter the job market with out ever studying the role of gender in economic development. So it is no surprise that policy making in Pakistan is also insensitive to gender implication towards development. However the problems at policy making level get even deeper than mere insensitivities towards certain aspects of development. Actually there is a sheer lack of good scientific base for policy making. Government institutions also lack coordination with each other despite deep linkages between their policy objectives.

The research on Gender-Trade link aims to fill above mentioned gaps in academia and policy making by specifically providing evidence in a South Asian context thereby making a case for the relevance of gender inequality to Pakistan's trade discourse. The aim of activities is to bring academic focus to the subject of gender in economics faculties in major universities of Pakistan. It is expected that these activities will train the graduates who will



then bring this knowledge to practical use once they enter the Pakistani job market. Secondly these activities will bring gender focus to academic research carried out by teachers and graduate students in these universities. These activities not only aim to bridge the gap between scientific research and policy making in Pakistan but it will help to bring more coordination between different ministries which generally seem to work quite independent to each other despite high levels of correlation between their policy objectives. Scientific publications will further strengthen the validity and urgency of the issue whereas newspaper publications will bring awareness to the civil society of Pakistan as well as help form a pressure group for policy changes in favor of gender equality.

### **3.1. Expected Impact on Stake Holders:**

Activity 1 Research study:

The research study can contribute to the academic debate on gender gap in education and trade by providing evidence from South Asia. The study can also encourage future research on the subject as well as provide additional reference point for policy makers nationally and internationally who are interested in bringing a gender balanced dimension to their trade and commerce policies.

Activity 2 (a) Teaching modules:

The teaching modules can be provided to the economic faculties of various universities and colleges in Pakistan which will bring increased academic focus to the issue of gender equality especially when discussing trade theories. This way the students of economics will have improved perspective regarding the importance of women education in trade process.

Activity 2(b) Training of teachers:

The training of teachers in an interactive environment will not only motivate the teachers to bring gender aspect to trade debate but also directly disseminate the knowledge on the subject ensuring the proper utilization of teaching modules.

Activity 2(c) Lecture series:

Lecture series can directly engage the students on the debate on gender gap in education and its role in trade as well as economic development for Pakistan and thus help bring the issue as an important part of the curriculum in Pakistani universities.

Activity 2 (d) Workshop:

An interactive workshop with policymakers will help search for common grounds in policy making and theory regarding gender gaps in education and trade flows which will form the basis for policy makers to eventually device and/or implement economic policies like trade liberalization while taking into account gender dynamics.

Activity 2 (e) Policy brief:

Policy brief can provide specific recommendations to public sector stake holders on how to how to influence gender gap in education while devising trade or commerce policies.

Activity 2 (f) Scientific paper:

A publication of scientific papers in a peer reviewed journals providing empirical evidence from South Asia on gender gaps in education and its impact on trade flows will be a significant contribution to this field of literature which may be utilized by the scientific community as well as policy makers internationally and domestically to advocate for reaching more equal opportunities of education among women.

Activity 2 (g) Newspaper article:

A series of newspaper articles in Urdu and English in Pakistani newspapers can create awareness among the general public about the issue which will result in increased realization of the urgency to reach this development objective for the larger benefit of the economy and the country.

The capacities of the social science faculties to indulge in teaching and research on practical and current issues of development economics with an enhance gender perspective will increase due to the availability of teaching modules, lecture series at universities and training of teachers . Similarly the capacity to device and implement for gender sensitize policies by the policy makers in Pakistan will be enhanced by the research input, policy briefs and workshops.

### **3.2. Multiplier effects**

In the short term the proposed activities would contribute positively to the debate on gender and trade through research findings. In the short term, the project will contribute to the on going debate regarding the role of gender gap in education on trade flows of the country by providing valuable evidence from South Asia. It will also ensure that gender studies become the important part of Pakistan's academic discourse. It will train the future economic managers and social scientists of the country with gendered perspective of economic development. Policy briefs and workshops will ensure that government and private sector stake holder understand the essence of gender sensitive outcomes and implications of economic policies. This will enable the decision making process to be more gender friendly.

In the short to medium term, these steps will also create general awareness among public regarding the importance of women education as well as advocate for special education policies by the government for women which will eventually ensure that Pakistan takes the path of gender parity. It will also contribute in influencing public sector as well as corporate sector decision making to choose for more gender sensitive outcomes. The project would also increase the resolve to achieve SDGs in Pakistan.

If the government follows a balanced education policy, this will eventually lead to higher skill levels among women leading to increase in their wages. Secondly Pakistan may be able to

swiftly climb the technology ladder and indulge in skill labor intensive and relatively capital intensive exports bringing higher growth rates in per capita incomes. Increase gender parity in education would also help curtail income inequalities.

In Pakistan there is an overall lack of awareness regarding the role of gender inequality in education on trade patterns. It is observed that gender economics as a separate subject is virtually absent in economics faculties of Pakistan's public universities. Though there are some instances of research of gender aspects, it is mostly an individual effort. At departmental level gender studies are virtually non-existent. Most graduates enter the job market without ever studying the role of gender in economic development. So it is no surprise that policy making in Pakistan is also insensitive to gender implication towards development. However the problems at policy making level get even deeper than mere insensitivities towards certain aspects of development. Actually there is a sheer lack of good scientific base for policy making. Government institutions also lack coordination with each other despite deep linkages between their policy objectives.

### **3.3. What does Gender-Trade Equation Look like?**

A scientific study on the issue can contain a multiple regression analysis on a multi-variate model that assumes that gender gap in education determines the patterns of exports or overall terms of trade in South Asia.

$$\text{Exports/ GDP} = f(\text{Gender gap in Education})$$

$$\text{Imports + Exports/ GDP} = f(\text{Gender gap in Education})$$

The tentative model may include some or all of the following control variables in a multiple regression equation form.

- Production of Capital (Technology) Intensive Goods/ GDP
- Governance Indicators (i.e., level of Corruption)
- Environmental Legislation
- Country Dummies
- Gender Wage Differentials
- Population
- Trade Policy Dummies

Possible data sources may include:

- Pakistan Integrated Household Survey
- Pakistan Economic Survey
- Labor Force Survey
- World Development Indicators
- IMF Statistics
- World Economic Outlook
- OECD Data base

- ILO Statistical year book
- UNIFEM Data
- UNDP Human Development report
- Data provided by the partner institutes

Both statistical and institutional analysis may analyze the role of educational inequalities in South Asia in influencing trade in a more comprehensive manner. The former is a quantitative analysis utilising state of the art econometric tools and packages i.e., STATA and the other one is qualitative approach. The econometric analysis can debate the issue of trade and education inequalities with a gendered perspective as the causality in the model runs from gender education inequality to trade. The institutional analysis can reassess the feasibility of the econometric portion as well as provide reference points for policy making.

#### **4. Conclusions:**

Generally development goals initiated by the Western intellectual and administrative forum like United Nations or a like organisations are generally appear to fail in most developing countries. The plausible cause is lack of commitment or capacity on account of developing country governments, that are more concerned with macro-economic stabilisation and growth promotion to fight balance of payment crisis especially lately due to recessionary global business cycle post 2008. It is important that a set of activities are carried out to influence government policies towards greater gender integration at social, political and economic levels. It is the need of the contemporary global society to allow women to be equal stakeholders in economic decision making in developing countries. Some initiatives like micro financing of the poor households in developing South suggest that women have been no less responsible economic agents then men if not more. For example, recently economic pressures in the Kingdom of Saudi Arabia has paved the way for law to enable women to drive – small precursor to what is to come with respect to gender empowerment. This paper takes the issue in a relatively innovative manner and link up gender parity with better trade policy outcomes. The discussion suggests that investment in education of women enables the developing country to get favourable results of trade integration. An argument of such line reflects positively on the policy making agenda in developing countries and motivate the stakeholders to implement gender sensitised policies in social, political and economic prism.

#### **References:**

Cagatay, N., "Trade, Gender and Poverty," UNDP, 2001

Klasen, S., "Does Gender Inequality Reduce growth and Development? Evidence from Cross-Country Regressions," World Bank, Washington D.C. 1999

Seguino, S., " Gender, Quality of Life, and Growth in Asia 1970 to 1990," The pacific review, 15 (2), 2002, pp. 245-277