DISCUSSION PAPER

GENDER EQUALITY AND POVERTY ARE INTRINSICALLY LINKED

A CONTRIBUTION TO THE CONTINUED MONITORING OF SELECTED SUSTAINABLE DEVELOPMENT GOALS

No. 26, December 2018

RENSE NIEUWENHUIS | TERESA MUNZI | JÖRG NEUGSCHWENDER | HEBA OMAR | FLAVIANA PALMISANO

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UN WOMEN

The UN Women discussion paper series is a new initiative led by the Research and Data section. The series features research commissioned as background papers for publications by leading researchers from different national and regional contexts. Each paper benefits from an anonymous external peer review process before being published in this series.

This paper has been produced for the UN Women flagship publication *Progress of the World's Women 2018* by Rense Nieuwenhuis, Teresa Munzi, Jörg Neugschwender, Heba Omar and Flaviana Palmisano. Rense Nieuwenhuis is Associate Professor at the Swedish Institute for Social Research (SOFI), Stockholm University, and Affiliate of The Linnaeus Center on Social Policy and Family Dynamics in Europe (SPaDE), Stockholm, Sweden; Teresa Munzi is Data Team Manager and Research Associate, Jörg Neugschwender is Data Quality Coordinator and Research Associate, and Heba Omar is Data Expert and Research Associate, all three at the LIS–Cross-National Data Center in Luxembourg; Flaviana Palmisano is Assistant Professor in Public Finance, Sapienza University of Rome. The paper was written based on a number of pre-specified tables.

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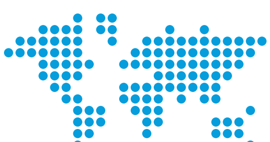

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SUMMARY

This discussion paper provides an updated analysis of gendered economic inequality in high- and middle-income countries. A review of the literature demonstrates that such an analysis needs to explicitly recognize that gender, poverty and (economic) inequality are intrinsically linked. Specifically, the paper addresses two sets of questions: First, how do intra-family resource allocation and distribution patterns both reflect and shape gender inequalities in power and well-being, and what factors—including policy-related ones—can mitigate these inequalities? Second, how do families as gendered institutions contribute to broader socio-economic inequalities, and what can be done to reduce/reverse these inequalities? Using data from the LIS Database, this paper shows considerable differences among 42 countries with respect to how likely women were to have their own income. The period from 2000 to 2010/2014 saw increasing rates of own incomes as well as women's incomes constituting larger shares in total household income. A key finding is that in countries where many women have an income of their own, relative poverty rates are lower. The comparative analyses, combined with a review of the literature, suggest that welfare state arrangements that support working women not only improve the overall employment rates of women but also help to prevent particularly women in low-income households from living in dependence and instead to have an income of their own—thus reinforcing the potential for poverty reduction. Moreover, institutional contexts that are generally conducive to women's employment tend to be effective across family forms.

1.

INTRODUCTION

1.1

Gendered analyses of economic inequality

Gender equality, economic inequality and poverty are high on the social and political agenda. Major trends in recent decades include a rise in women's employment rates in large parts of the world,[1] perhaps with the exception of South Asia, and declines in absolute poverty rates[2] and global income inequality.[3] At the same time, inequality and relative poverty were rising in the majority of Organisation for Economic Cooperation and Development (OECD) countries,[4] and trends in gender equality were described as "uneven and stalled".[5] The levels of economic and gender inequality—and trends therein—vary substantially across countries and are such that many women live in poverty or lack economic independence.

The need to address poverty and injustice is reflected in *Transforming Our World: The 2030 Agenda for Sustainable Development*, a global plan of action agreed to at the United Nations that sets out 17 Sustainable Development Goals (SDGs) to improve living conditions. The SDGs that are particularly relevant here include SDG 1 to "End poverty in all its forms everywhere", SDG 5 to "Achieve gender equality and empower all women and girls" and SDG 10 to "Reduce inequality within and among countries".

This discussion paper aims to contribute to the continued monitoring of selected SDGs by providing an updated analysis of gendered economic inequality in high- and middle-income countries. Such a gendered analysis explicitly recognizes that gender, poverty and (economic) inequality are intrinsically linked. The data and analyses presented here are not meant to test in any formal way such statements but are meant to provide evidence that such relationships are highly plausible and that the magnitude of the contribution that women´s access to income can have on attacking inequality and ending poverty is indeed large. Specifically, the paper addresses two sets of questions: First, how do intra-family resource allocation and distribution patterns both reflect and shape gender inequalities in power and well-being, and what factors—including policy-related ones—can mitigate these inequalities? Second, how do families as gendered institutions contribute to broader socio-economic inequalities, and what can be done to reduce/reverse these inequalities? These questions will be answered based on a review of the literature, and empirical results based on the LIS Database will support key arguments. It should be noted that, whereas SDG 1 is formulated in terms of eradicating absolute poverty, the paper examines a relative measure of poverty given the data at hand and the countries covered here.

Prominent analyses of economic inequality often fail to incorporate gender equality or address it as a rather isolated subject,[6] of course with notable exceptions.[7] Yet, in addition to reasons of social justice, understanding economic inequality from a gender perspective—with attention to economic inequality within households and women's economic independence—is crucial for a multitude of reasons. Four of these are given below.

1 Bussemakers et al. 2017.
2 World Bank 2017.
3 Milanovic 2016.
4 Ibid.; OECD 2015.
5 England 2010: 149.

6 Piketty 2014; Atkinson 2015; Milanovic 2016.
7 Boushey et al. 2017; Gornick and Jäntti 2014b.

First, Lewis has argued for the importance of economic independence for women—even when living in a wealthy household—in analyses of inequality and the welfare state, by stating that "women disappear from the analysis when they disappear from labour markets".[8] When women are not (self-)employed, and thus in many cases not economically independent, they will not qualify for 'first class' social security based on social insurance but will have to rely on 'second class' social assistance that typically is much less generous. Understood this way, economic independence matters not only for current well-being but also as an investment in securing an adequate standard of living throughout the life course. The latter is particularly relevant with respect to own entitlements in contribution-based pension schemes later in life, which typically exceed the secured level of minimum pension schemes[9] or those of survivor pensions. The latter were implemented with a focus on women whose husband died, while many such women paid the opportunity costs related to an unequal division of labour over the course of their lives.

Second, the perspective on women's economic independence is of particular importance in times of increasing family diversity, including relationship dissolution and single parenthood. Single parents, the majority of whom are single mothers, have substantially higher risks of poverty compared to other family types, across middle- and high-income countries,[10] and even if they are employed.[11] Having to rely on a single income puts greater demands on economic independence, and having been economically independent prior to separation is a great resource in that respect.[12] Single parents' poverty is directly related to child poverty and in turn potentially to the intergenerational reproduction of poverty and inequality.

Third, the importance of women having an income of their own lies in the fact that access to and control over household income are not necessarily shared equally among (adult) household members,[13] which can result in (particularly) women being impoverished even in wealthy households.[14] While it is beyond the scope of this paper to fully assess the literature on within-household allocation of resources, it is important to point out that unequal control over the allocation of household income may also affect expenditure patterns, as the literature suggests that women are more likely than men to invest in food, health and education. Also, in analyses of economic inequality (including poverty), household income is typically divided by the number of (equivalent) members of a household on the assumption of equal sharing. To the extent that this assumption is not met, levels of income inequality among individuals and individual poverty rates may be underestimated. This suggests the importance of an updated look at economic inequality with specific attention to gendered inequality within and between households.

Fourth, gender equality is intrinsically too important to be understood solely as instrumental to achieving other goals.[15] At the same time, it must not be ignored that fostering gender equality also contributes to some other goals, including reducing income inequality among coupled households,[16] protecting households against poverty[17] and stimulating economic growth.[18]