

# Gender Inequality and Growth

Discussant Comments

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Morrison, Raju and Sinha: “Gender Equality, Poverty and Economic Growth”  
and Healey: “Gender and Growth: Donor Context, Policy and Practice”

Superb review, comprehensive and yet concise; and the view from donor agencies and economic policy

The story- obviously growth has a causal role in gender equality. Reverse not so obvious. What are potential pathways?

- Education - more generally intergenerational transmission of human capital
  - Not the place to discuss role of education in growth
  - All of the other dimensions of gender inequality have implications for child human k
  - Improvements in female education have disproportionate impact on child human k
    - \* Direct through home production
    - \* Indirect via decision-making w/in households
    - \* terrible empirical identification problems

- Access to Markets

- Labor markets

- \* institutional and cultural barriers potentially costly

- Credit markets

- \* perhaps differential access reflects other dimensions of inequality

- \* who cares?

- Land markets

- \* real complexities here: legal barriers, but also Ghana story

- Technology - really nothing to say

- Decision-Making within Households - lots of evidence that this matters.  
But does it matter for growth?
- Macroeconomic evidence
  - There is no reliable evidence. ...Nor can we expect any.

## What is Missing?

- Theoretical Argument

- What aspects of gender inequality *could* influence overall patterns of growth and development?
- Despite my work on intrahousehold organization, and its importance for its own sake, difficult to construct argument that it is first order for overall growth and development
- MPS is a weak reed; difficult to generate large effects within households
- Education is another story

- Inefficiencies in resource allocation are potentially very important, likely to depend on institutional environment and GE context
- Political economy - still very preliminary

- The link between observed empirical results and theoretically important effects
  - gender dynamics in education
  - gender differentials in property rights
  - household decision making and growth

- Policy?

- joint land tenure

- encourage female lfp/break down barriers/transport investments

- educate girls (CCT programs)

- political economy - reservation

Every schoolchild is taught the second welfare theorem:

*Any Pareto Efficient allocation can be supported as a competitive equilibrium with lump sum transfers.*

Obviously, we don't believe it with all our hearts, but it contains an extremely important message that we do (and perhaps should) believe:

efficiency can be separated from equity

Do what we can to support efficiency – let the market work, but take care of externalities, missing markets, etc...

Then do redistribution.

This parable is fundamentally misleading for understanding development

Three examples:

1. Child Labor (least important, easiest)

(a) imperfect capital markets

(b) poverty induces underinvestment in schooling, too much child labor

(c) reproduces poverty (even worse: perhaps demographic effects)

## 2. Asymmetric information in credit markets

- (a) either moral hazard or adverse selection
- (b) deadweight loss due to information rent: e.g., optimal effort cannot be induced
- (c) this loss is monotonically increasing in the bargaining power of the lender.  
  
intuition: as borrower squeezed to reservation utility, less flexibility to set contract terms to mitigate information problem
- (d) this is a very general finding: less equal distributions will be associated with higher losses due to incentive problems

### 3. Political economy

(a) Costa Rica vs. El Salvador