

Lecture Note

Gender Economics (EE364)

Chapter 11: The different effects of government policies or welfare programs on men and women



Associate Professor Dr. Sasiwimon Warunsiri Paweenawat

Faculty of Economics, Thammasat University

Chapter 11

The different effects of government policies or welfare programs on men and women

11.1 The economic concept of the marriage market

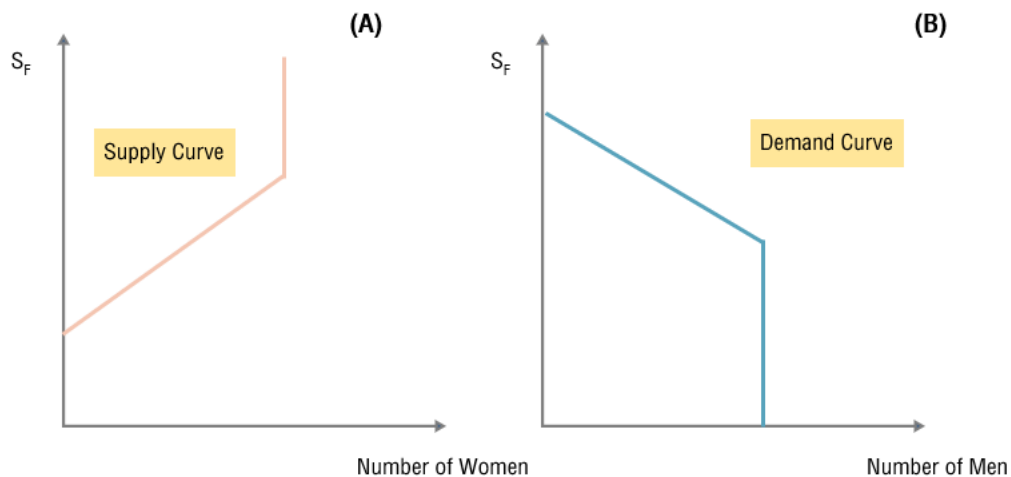
Hoffman and Averett (2021) proposed the economic concept of the marriage market. Initially, the marriage market was based on Gary Becker's Concept, which is the model of the marriage market (Demand and Supply). Examples of marriage markets – China, public marriage market where parents post an advertisement to find a partner for their children. In the marriage market, we apply economic concepts like a typical market with demand, supply, price, and quantity at equilibrium points. Equilibrium is the number of people who marry and the benefits of marriage (divided between husband and wife). Quantity is the number of men and women who are in the marriage market. The price in the marriage market is the amount of output that men and women receive (Utility) where S_F = Outputs that women receive; S_M = Outputs that men receive. Then, $Z_{MF} = S_F + S_M$; where Z_{MF} is the total output of the household ($Z_{MF} - S_F = S_M$)

11.2 Supply and demand for marriage markets

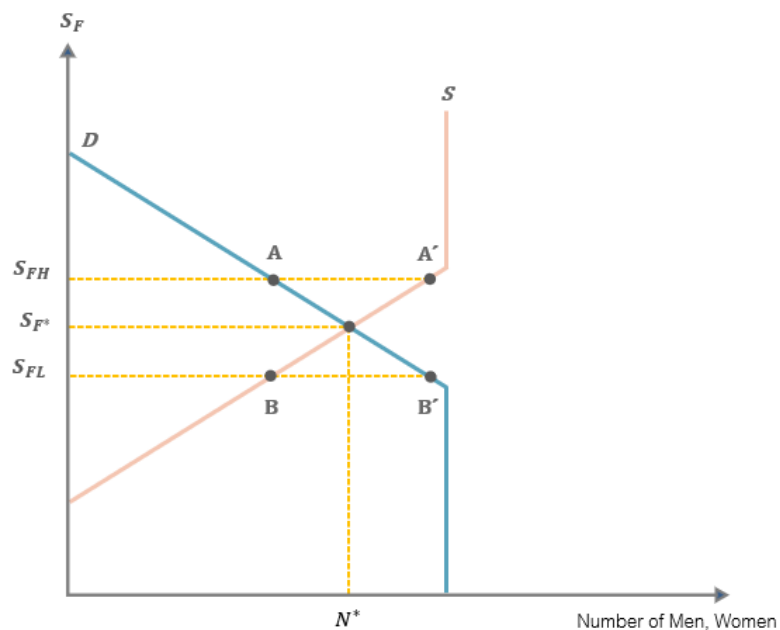
Figure 11.1 – Supply curve of women to marriage shows the number of women willing to marry at each level of S_F . When S_F is low, no woman wants to marry. Then, when S increases, there will be more women who want to get married until S reaches a certain level of S_F that all women are willing to marry. The supply curve is a straight line going up. The supply curve of a woman to marriage is an upward slope and vertical. From $Z_{MF} - S_F = S_M$ when S_F is high S_M is low (inverse relationship between S_F and S_M).

Demand curve of men to marriage shows the number of men willing to marry at each level of S_F (Inverse relationship). When S_F is high, no man wants to marry; however, at times go by S_F keeps decreasing, which will push more men to want to marry until reaching a certain level of S_F all men are willing to marry. The demand curve is a straight line going down. The demand curve of men to marriage is a downward slope and vertical.

Figure 11.2 - Marriage market equilibrium. The demand curve intersects the supply curve at an equilibrium point. If S_{FH} is too high, excess supply $A-A'$. If S_{FL} is too low, excess demand $B-B'$. The equilibrium will be at the price S_F^* . The number of women and men who want to marry is equal to N^* . There is a marriage market equilibrium. However, there could be a change in the marriage market equilibrium.

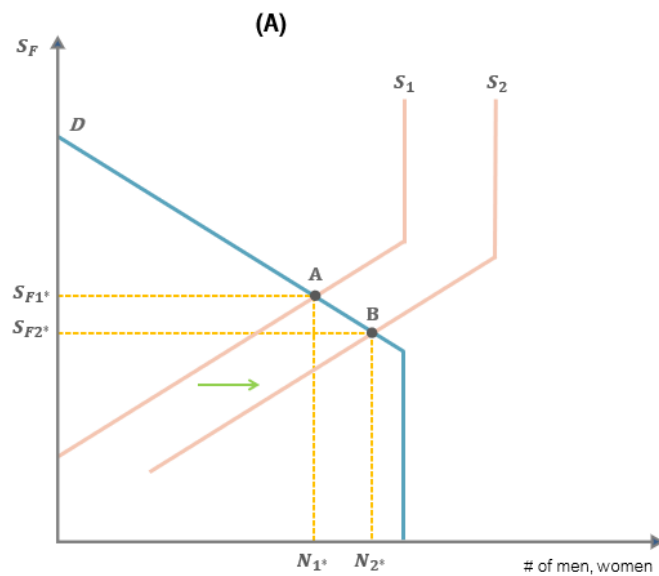
Figure 11.1 - Supply and demand for marriage markets

Source: Hoffman and Averett (2021)

Figure 11.2 - Supply and demand for marriage markets

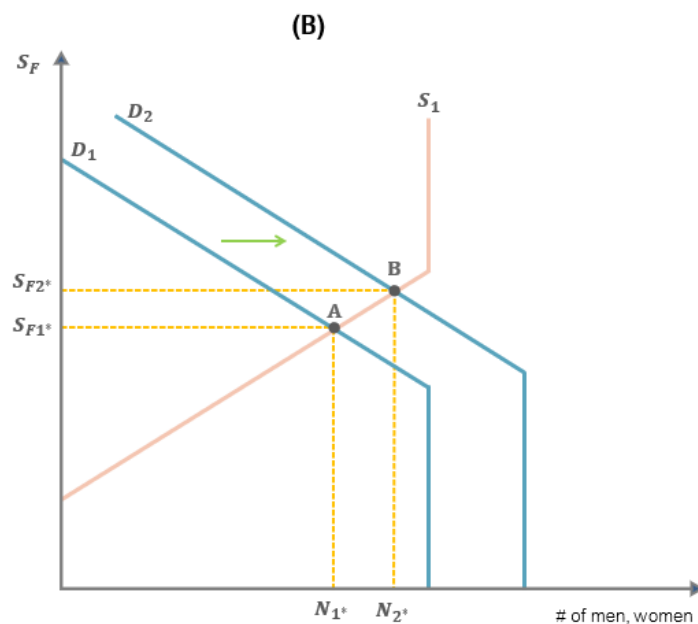
Source: Hoffman and Averett (2021)

Figure 11.3 - Case A – There is a change in the proportion of men and women in the country can have an impact on the marriage market. When the number of women is more than the number of men in the country. Initially marriage market equilibrium at point A , then S_{F1}^* and N^*_1 . However, as women outnumbered men, the supply curve shifted from S_1 to S_2 . Equilibrium adjusted to B , price change to S_{F2}^* . The number of married men and women will increase N^*_2 . Women get worse; men get better.

Figure 11.3 - The change in equilibrium - the ratio of men and women to marriage

Source: Hoffman and Averett (2021)

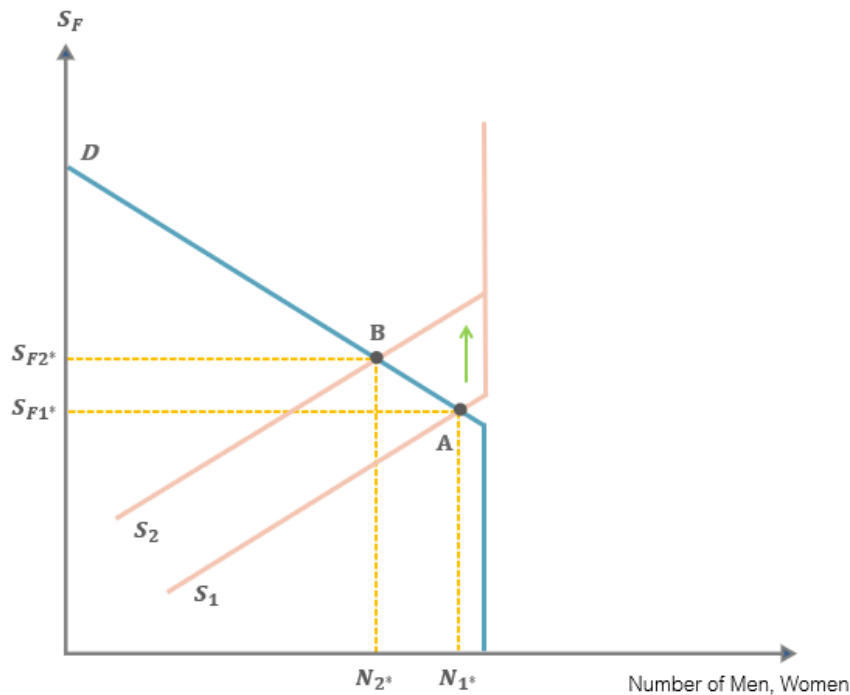
Figure 11.4 - Case B – In some countries, there is a preference for sons over daughters. The proportion of men and women in the country affects the marriage market. There is a number of men higher than women. Demand curve shifts from D_1 to D_2 . The equilibrium rises at a price S_{F2}^* . The number of married men and women will increase N_2^* . Women get better; men get worse.

Figure 11.4 - The change in equilibrium - the ratio of men and women to marriage

Source: Hoffman and Averett (2021)

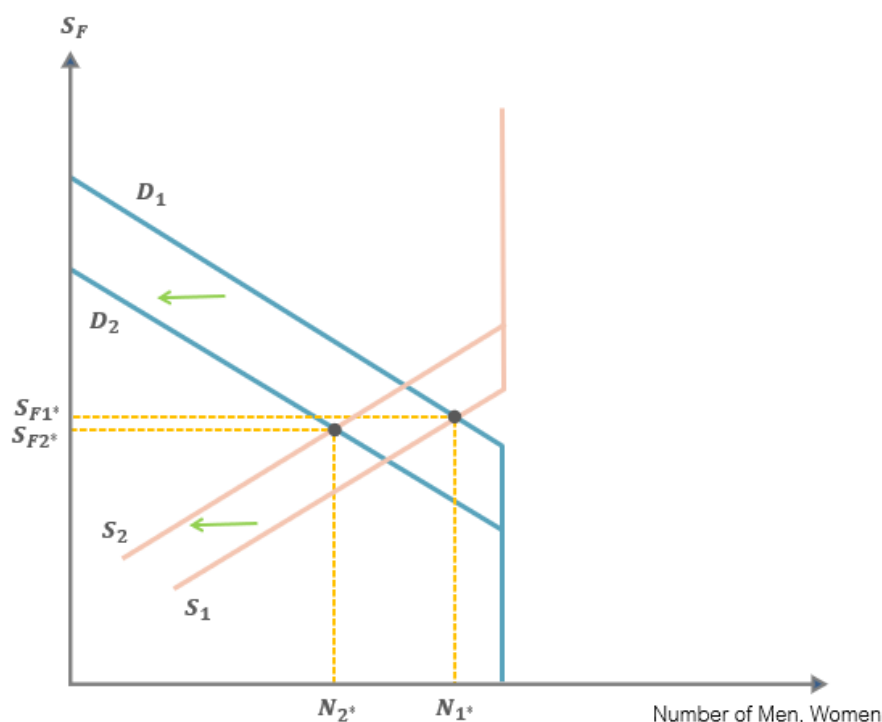
In addition, in Figure 11.5 - Higher wages for women will increase the welfare of women in being single. Therefore, the decision to marry S_F must be higher than before. Supply curve shifts from S_1 to S_2 . The equilibrium point will change from A to B, where S_F^* increases to S_{F2}^* . The number of women and men who wanted to marry decreased to N_2^* . Finally, we reach the marriage market equilibrium.

Figure 11.5 - The change in equilibrium - women's wages and marriage



Source: Hoffman and Averett (2021)

In Figure 11.6 – There is a change in environment/belief/attitude in a society (e.g., contraception, sexual concepts). There is not much difference between being married and being single. The value of being single is higher for both men and women. Men have a lower demand for marriage. Demand curve shifts from D_1 to D_2 . Women have a lower supply of marriage. Supply curve shifts from S_1 to S_2 . A new equilibrium - equilibrium price S_{F2}^* and the number of married men and women will decrease N_2^* . Women are worse; men are better because demand shifts more than supply.

Figure 11.6 - Change in equilibrium– Contraception and sexual concepts

Source: Hoffman and Averett (2021)

11.3 The one-child policy in China and its impact

In the mid-1990s, a large family planning program took place in 115 countries. Huang (2017) studied the impact of the one-child policy (OCP) in China, which officially began in 1979. OCP is the largest project in the world. According to the World Bank, the policy affects millions of couples and lasts more than 30 years. The fertility rate in China dropped from 2.81 in 1979 to 1.51 in 2000. The potential social and economic impacts of the policy on fertility gender ratio, education, personal behavioral response (Twin births and inter-ethnic marriages)

By 1979, the OCP alleviated social, economic and environmental problems such as high unemployment rates. In contrast to family planning policies in many countries, the OCP is a compulsory rather than voluntary policy. The policy restricts couples to having only one child. However, some exceptions exist in the area of residence (urban/rural) and ethnicity (Han/non-Han). Since the Han ethnicity accounts for 93% of the population, policies focus primarily on restricting the fertility of the Han ethnic group. Generally, Han households in urban areas allow only one child. At the same time, most households in rural areas can have a second child if the first is a woman. In most regions, non-Han ethnic families can have two or three children regardless of gender.

The penalty for OCP is paying a fine. According to OCP regulations, the fine is set in multiples of the annual income. The government may have taken other administrative actions (such as losing membership or employment in the party) in the late 1980s. Between 1989 and 1992, more than half of the country's provinces (16 out of 30) had an increase in the rate of fines. The amount charged for the penalty was not made public. Until recently, the total amounted to about 20 billion yuan (\$3.3 billion) in 24 provinces where fines were reported in 2012.

The main goal of the OCP has been to limit population growth. Overall, fertility rates are falling. OCP has a very negative impact on fertility. Another demographic result is the sex ratio because there is a special preference for boys in China. Parents can choose to have an abortion instead of having a woman. Many researchers argue that OCP contributes to the high sex ratio in China. Associated with the onset of OCP, the gender ratio at birth (i.e., male to a female) increased by 0.2 over 25 years from 0.95 in 1980 to 1.15 in 2005. This phenomenon is known as “missing women.”

Unbalanced sex ratios have led to some phenomena in China, such as high savings rates. One study found that as sex ratios increased, Chinese parents with sons would increase their savings rates to improve their son's attractiveness for marriage. The increase in the sex ratio between 1990 and 2007 could account for about 60% of the actual rise in household savings rates during the same period. This also leads to other severe social consequences, such as increased crime rates. The male sex ratio could explain the rise in crime. In addition, different outcomes, such as divorce, recruitment, and rural-to-urban migration, were found. For example, higher divorce rates, higher male labor force participation rates, higher rates of rural-to-urban migration, and higher rates of twin births. The twin birth rate reported in the census more than doubled between the late 1960s and early 2000s, from 3.5 to 7.5 per 1,000 births; OCP could account for at least a third of the increase in twins since the 1970s due to couples intentionally giving birth to twins to avoid OCP.

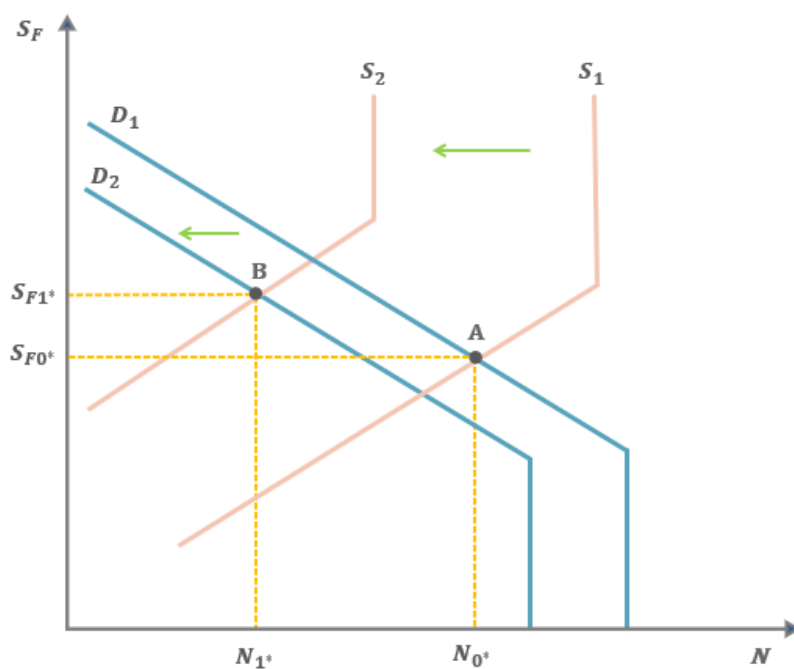
11.4 Theoretical effect of the one-child policy

The one-child policy reduced the number of children per woman from 6 to 2. In addition, married couples need a son, according to Chinese culture. An ultrasound will be performed first, checking the sex of the children, and then an abortion, causing a change in the proportions of men and women in China. In 2000, there were 120 sons for every 100 daughter births, very different from 105 sons for every 100 daughters. Therefore, it is found that at

present, there are men more than 33 million people. This event will undoubtedly affect the marriage market.

The lower birth rate affects the number of women and men in the marriage market. In Figure 11.7, the number of women is much smaller, causing a supply curve shift from S_1 to S_2 . The number of men is much smaller, causing a demand curve shift from D_1 to D_2 . However, due to society's tendency to prefer men, the supply curve of women shifts more than a shift of the demand curve of men. The equilibrium of the marriage market shifts from point A to B. S_F^* increased as the number of married people N^* decreased. In this case, the woman was better. Men now pay the dowry, have a car, have a house ready to attract women, babysit, and do more housework.

Figure 11.7 - Theoretical effect of the one-child policy



Source: Hoffman and Averett (2021)

11.5 Social protection schemes for women

Cameron (2019) presents social protection schemes for women in developing countries. It is a project to help reduce women's risks as workers, mothers, and caregivers. The primary social protection schemes are:

- Unemployment insurance
- Maternity leave and employment protection during pregnancy and after childbirth.

- Childcare and other social support services.
- Health Coverage and Insurance
- Life and disability insurance
- Pension Scheme
- Interventions to increase access to financial services.

High-income countries had a greater share of spending to GDP on social protection (17.7% of GDP in Europe, 15.2% in Japan, and 10.7% in the US), which is greater than that of developing countries (9.7% in Latin America, 5.9% in Africa, 2.7% in South Asia, and 1.4% in Southeast Asia).

Social protection for women can be divided into three categories:

(1) Training programs that reduce the likelihood of unemployment or loss of income.

Childcare services help women formally enter the labor market and access more income-generating opportunities.

(2) Insurance against existing risks before adverse events, such as the establishment of the workplace, savings, and loans, cooperatives that can be withdrawn in times of trouble.

(3) Helping women cope with the consequences of taking risks such as transfers or borrowing

In developing countries, flexible arrangements that allow women to take on family and work responsibilities (e.g., child care at work, flexible working hours) would greatly help women, with many women working from home. In informal sectors, work flexibility results in lower wages and restricts access to social protection programs. Experience is needed to open up higher earning opportunities. When they reach old age, women need more resources than men when they retire to maintain the same standard of living. It also includes limited social protection for unmarried, divorced, and widowed women.

According to the World Bank (2022), while the Social Protection Scheme (SPC) covers all Thai citizens regardless of gender, only two schemes more concentrate on female beneficiaries, including (1) Maternity leave provision and (2) Women Empowerment Fund (Table 11.1-11.3). During the COVID-19 pandemic, although the Thai government had several assistance schemes to help all citizens, no schemes had any gender-responsive measures. Table 11.3 show examples of childcare assistance for parents during COVID-19 (Table 11.4).

Table 11.1 - Two main social protection schemes provided for females in Thailand

Social Protection Categories	Detail	Benefits
Maternity leave provision	Maternity leave given to pregnant women who will give birth.	- Pregnant women are entitled to no more than 98 days of maternity leave. - The employer must pay the staff member for 45 days out of 98 days. - The second half of leave is paid by social security (at 50%, and subject to a monthly cap of THB 15,000) [applied for only two childbirths].
Women Empowerment Fund	Women Empowerment Fund found in 2012 aim to increase potential of Thai women.	- Low-interest or zero-interest loans for investment - Fund provided for women's development and networks that address women's issues. - Fund provided for promoting and support activities that fix women's issue - Fund provided for supporting projects addressing women's issues and women empowerment.

Source - World Bank. 2022. Thailand - Gender and Informal Employment (English). Washington, D.C.: World Bank Group (Forthcoming)

Table 11.2 - Top-ten countries with full-paid and longest minimum maternity leaves

Maternity Leave	Payment and Duration	Country
Paid Maternity Leave	Full-paid maternity leave (100%)	Chile, Costa Rica, Croatia, Estonia, Germany, Israel, Austria, Lithuania, Luxembourg, Mexico, the Netherlands, Poland, Portugal, Slovenia, and Spain
	High percentages of salary during maternity leave	Norway (94%), France (90%), and Bulgaria (90%).
Periods of Maternity Leaves	Number of minimum weeks	Bulgaria (58.6); Greece (43); United Kingdom (39); Croatia (30); Chile (30); Czech Republic (28); Ireland (26); Hungary (24); Italy (21.7); Poland (20); Luxembourg (20); Estonia (20)

Source: <https://worldpopulationreview.com/country-rankings/maternity-leave-by-country>

Source - World Bank. 2022. Thailand - Gender and Informal Employment (English). Washington, D.C.: World Bank Group (Forthcoming)

Table 11.3 - Other countries' social protection schemes for women and informal workers

Social protection scheme	Country/Region	Detail
Employment guarantee programs for female	India	The Mahatma Gandhi National Rural Employment Guarantee Act guarantees 100 days of minimum-wage unskilled labor and provides employment closed to home and childcare facilities.
Pension and micro-pension schemes	Chile and Bolivia	Contributory scheme. The flat-rate pension is proved for the elderly from a low-income household, and female household workers could have voluntary payments.
	India	The pension scheme aimed to help poor and informal sector workers by targeting elderly and informal workers.
	Several African countries	Non-contributory social pensions with levels ranging from 4% (Botswana) to 34% (Lesotho) of per capita GDP.
Microfinance	Bangladesh	Income Generation for Vulnerable Group Development (IGVGD) program provides access to microfinance services for poor women.
Conditional cash transfers	Latin America	Conditional cash transfer - Cash payments to poor families based on their participation in educational, health-related, or other services. For example, Bolsa Família (BF) in Brazil, Oportunidades (OP) (previously named Progresá) in Mexico, and Familias en Acción (FA) in Colombia.
Unconditional cash transfers	Zambia	Child Grant Program helps women to increase their savings and deal with income uncertainty.

Source: Adjusted from Cameron (2019) and Kervyn de Lettenhove (2012).

Source - World Bank. 2022. Thailand - Gender and Informal Employment (English). Washington, D.C.: World Bank Group (Forthcoming)

Table 11.4 - Examples of childcare assistance for parents during COVID-19

Childcare assistance	Country	Package
Childcare assistance	Italy	Baby-sitting vouchers for employee and self-employed persons with children aged under 12.
	Australia	Free childcare for all workers
	China	Childcare support for essential workers (e.g., home-based teaching)
	United Kingdom	Tax credit for parents who decrease their working hours.
	New Zealand	Funded home-based childcare of essential workers, who cannot find alternative care during lockdown
Paid parental leave	Argentina	Paid childcare leave during school closure
	Italy	Paid parental leave at 50% of their salary
	Portugal	Portugal offered an allowance to parents who must work absence and had children aged less than 12
	Japan	Partially compensate employers for paid leave they give to employees, who cannot work due to childcare/school closure
	France	Parents affected by school closures received 70% of wage compensation.
	Malta	Parents with children aged less than 16 (who can't work from home) receive a cash benefit

Source: https://www.worldbank.org/content/dam/sites/wbl/documents/2021/02/WBL2021_ENG_v2.pdf

Source - World Bank. 2022. Thailand - Gender and Informal Employment (English). Washington, D.C.: World Bank Group (Forthcoming)

Exercise

- 1) Hoffman and Averett (2021) noted that the economics of the marriage market is like any other market; there is demand, supply, price, and quantity at equilibrium points. The equilibrium point is the number of people getting married and the marriage benefits (shared between husband and wife). Changes in the equilibrium point of the marriage market occur when there is a change in the proportion of women and men in the country. This can be compared to the case of higher wages for women. The equilibrium point will change because of the difference in the number of women and men who want to get married and how they benefit from marriage. Draw a graph to accompany your explanation thereof.

- 2) Discuss the socio-economic impact of China's one-child policy and the result of a spouse who has a desire for a son according to Chinese culture. An ultrasound was first performed to determine the gender, after which an abortion would be carried if it were a female, changing the male-female ratio in China. This event also affected the marriage market. Use the concept of economic theory to analyze this effect and draw a graph to accompany your explanation.

- 3) Cameron (2019) highlighted social protection schemes for women in developing countries. These projects contribute toward reducing the risks to women as workers, mothers, and caregivers and have social and economic impacts. What are the primary social protection schemes? Give examples of policies in developing countries designed to help women and discuss the effects of policy implementation on women's welfare.

- 4) Do policies assisting women in Thailand, compared to other countries, provide adequate benefits to women, and how? Provide an example in your discussion of the issue.

- 5) The Covid-19 pandemic has severely hit the labor market, and many people, especially women with young children, suffer from the dramatic loss of income and jobs. Provide an example of a country and discuss any childcare assistance for parents during COVID-19 implemented by governments.

References

- Cameron, L. 2019. "Social protection programs for women in developing countries," IZA World of Labor, Institute of Labor Economics (IZA), pages 1-14, February.
- Huang, W. 2017. How does the one child policy impact social and economic outcomes?. IZA World of Labor 2017: 387 doi: 10.15185/izawol.387
- Hoffman, S. and S. Averett. 2021. Women and the Economy: Family, Work, and Pay (4th edition), Red Globe Press.
- World Bank. 2022. Women, Business and the Law 2022. Washington, DC: World Bank.
- World Bank. 2022. Thailand - Gender and Informal Employment (English). Washington, D.C.: World Bank Group (Forthcoming)