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An acknowledgement of women's work in economics - hits, misses, and a long road ahead

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The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 2023 was awarded to Claudia Goldin, professor of economics at Harvard University, for “having advanced our understanding of women’s labour market outcomes”. Goldin is now one of three women who have been awarded the prize, and, more importantly, this is the first time that the prize recognises research that makes a fundamental distinction between economic outcomes of men and women. Her work makes significant contributions to both the empirical and theoretical aspects of the theme, particularly in the context of the US.



Economic historian Claudia Goldin, a Harvard professor who won the 2023 Nobel economics prize for her work examining wage inequality between men and women, speaks at a news conference at Harvard University in Cambridge, Massachusetts, U.S., October 9, 2023. REUTERS/Reba Saldanha (REUTERS)

Empirically, she applied innovative ways to unearth data for women’s labour market outcomes in the US at a time when the labour force surveys only collected this information for men. This allowed her to uncover the long-term trend of economic outcomes for women. Her work revealed that there was no linear relationship between economic growth and development and the women’s labour force participation. Instead, bringing together cross-

country evidence and historical data, she empirically established a U-shaped relationship between women's employment and economic growth. This implies that at low levels of economic growth, larger share of women tend to participate in the labour market, largely in agriculture. However, with economic growth and a sectoral shift away from agriculture, women's participation faltered. Goldin argued that the "income effect" -- the rise in household incomes alongside economic growth along with the increasing use of technology in agricultural activities -- may explain women's initial withdrawal from employment. However, beyond a certain level of economic growth, women's participation rose as their education levels increased and as more white-collar emerged by replacing the factory jobs that are often stigmatised for women.

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Indeed, in India, the segment where women's employment has increased in the recent years has been formal salaried jobs. This closely follows Goldin's description of an increase in women's participation with the transition from factory work to white-collar work. Therefore, the creation of such secure jobs needs to be actively pursued in the Indian policy landscape if a larger share of women are to be drawn into the labour market. In terms of the earnings gap between men and women, she found that although the gap between women and men has narrowed over time, it has been slow, sporadic, and limited.

She explains these earnings gaps and differences in participation between men and women based on several factors, including norms around household work, differences in bargaining power of men and women, and employer-side discrimination. More recently, Goldin introduced the concept of "greedy jobs" -- high paid jobs that call for increased hours of work with limited flexibility -- as yet another factor to explain these unequal labour market outcomes. Given the disproportionately higher care-giving burden on women and a normalisation of an intense working culture, men are more likely to take up these higher paid greedy jobs, further increasing the gap. This is evident both from men having a higher proportion of high paid jobs such as in finance and from the differential occupational profile of men and women in similar industries, with women having to give up progressing on such a career ladder.

Goldin's work has important insights for the Indian context. It underlines the crucial need for data across social groups, including gender, caste, etc. in order to make sense of identity-based differences and labour market dynamics. Goldin's research also highlights the need to question identity-blind policymaking that rely solely on economic growth as a means to close disparities across different groups.

Goldin's framework, however, is also not one without critique. First, like most Nobels in Economics, it remains focussed on an American/high-income country context -- a lot of which cannot be applied in the context of economies of the global South. In the Indian context, for example, where women's labour force participation is among the lowest in comparison to countries with similar levels of development, despite growth, women's

participation in the workforce has registered a fall or stagnation. In fact, women's entry into the workforce is often driven by distress and women take up market work when the income of the household falls. Given the huge predominance of precarious and informal jobs and the absence of social care institutions, such distress-driven entry for women often bears a double burden -- of the household care activities and low-paid precarious jobs. In fact, sectoral shifts out of agriculture to more urban industries may only intensify this burden in the Indian context, given that in the urban areas, as shown by researchers, the social care institutions are even sparser than in the rural areas. Goldin's work does not seriously consider the issue of how to value care work provided within the household, which has been a matter of much debate by various critical scholars.

Second, other identities, such as caste, class, etc also hugely influence the nature of women's work in terms of the kinds of work they have access to as well as bargaining power they have. Frameworks, such as Goldin's, that do not study this interaction and how overlapping inequalities interact with each other may then convey only a partial picture. Finally, while Goldin's work also draws from other disciplines, for instance looking at the role of social norms and care-burden and intra-household dynamics to inform our understanding of labour market outcomes, her discussion for women's emancipation does not offer a critique of the patriarchal social structures that facilitate such unequal economic outcomes.

Nonetheless, Goldin's body of work is a critical intervention to foreground how labour market dynamics vary by identity -- one which the dominant economics tradition and economic policy making has for long managed to ignore. The prize is as much an acknowledgement for the range of her research, as well as a (belated) recognition in economics of such issues, which until recently were not considered worthy of enquiry.

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