

Gender Inequality and Growth

The Political Economy of Gender Inequality Labour Market under Contemporary Capitalism

Short Abstract

This paper examines gender labour market inequality in the context of contemporary capitalist diversity. Based on Feminist Political Economy, this paper assumes that capitalism shapes gender inequality disadvantaging women. Following a Comparative Political Economy Approach, the paper sheds light on the impact of various national growth models on female labour force participation rate, wage differentials, and occupational and sectoral segregation. The project investigates variations in women's labour market participation in the US, Germany, the Netherlands and Sweden from a macroeconomic perspective.

Long Abstract

We know less about how different forms of current capitalism affect gender labour market inequality. This article is concerned with how current capitalism impacts gender labour market inequality. Using a comparative case study approach, it identifies mechanisms through which various capitalist growth models affect the structuring of the female labour force.

Capitalism does not enhance living standards and the quality of life for everybody. From early on, Political Economy scholars have emphasized that the success of capitalistic economies comes at the expense of vulnerable groups and create hegemonic relations. While Karl Marx 1878 (1990) highlights the exploitation of the working class by the capitalists, Silvia Federici (2004) introduces a more nuanced analysis of the effects of primitive accumulations, not only based on classes but also on race and gender. Federici emphasises that the devaluation of women and the expropriation and exploitation of slaves are fundamental requirements for the capitalist mode of production. During the history and pre-history of capitalism, the rights of women were substantially restricted. Federici emphasises that, parallel to the development of capitalism, women were reduced to their reproductive capabilities and, their rights were diminished to make them compliant to their domestic, devalued role in the capitalist society in pre-industrial and industrial times. Hence, capitalism creates a hierarchy where white upper-class men are the hegemons while women and black people and low-class individuals are subordinate.

Feminist Political Economy Scholars emphasise that the current capitalist economic system maintains gender inequality (Folbre 2006; Bhattacharya and Vogel 2017; Fraser 2022). Comparative Political Economy Scholars show how current forms of capitalism produce and reproduce gender inequality (Estévez-Abe 2005; Mandel and Shalev 2009; Iversen and Rosenbluth 2010). However, looking at gender labour market inequality in cross-country comparisons, one is confronted with puzzling variations (Hipp and Leuze 2015). Why does the US perform better than Germany in terms of the gender wage gap and women's paid labour force participation even though Germany is considered a more progressive country? Why do the majority of women work part-time in Germany but in other European countries not? Why does Sweden perform better in gender labour market equality than the rest of Europe? Some of these questions are inconclusively addressed in current Comparative Political Economy literature, others are simply not addressed at all. This paper addresses the question: *Why does female labour force participation vary across countries?*

This paper uses the growth model theory as an analytical framework to understand the puzzling cases and variations across countries. Contemporary capitalism is analysed and described intensively by growth model literature (Baccaro and Hadziabdic 2022; Baccaro and Pontusson 2016; Baccaro and

Pontusson 2018; Baccaro and Pontusson 2019; Blyth et al. 2022a; Hassel and Palier 2021). Growth models vary across countries depending on national drivers of aggregate demand which stimulate growth and create jobs. Baccaro and Pontusson (2016) differentiate between consumption- and export-led economies. Yet, the authors highlight the variety among those archetypes. While Germany is an export-led economy, Sweden is considered a balanced growth model with parts of both, export- and consumption-led growth drivers. Similarly, the Netherlands economic growth is fuelled by both, private debt and exports. The US is considered a consumption-led growth model fuelled by private debt.

While we know much about how growth models shape income and wealth inequality (Behringer and van Treeck 2018; Goda et al. 2017; Stockhammer 2015), less is known about the effects of different growth models on national variations concerning gender labour market inequality. The only Comparative Political Economy paper on gender and growth model is written by Sonja Avlijaš (2020). The author studies the effect of Eastern European capitalist economies on female labour force participation after the crash of the Soviet Union. The effects of growth models on female labour in central European countries or in the Global South so far have not been examined. Allowing for national variations, the growth model theory provides a viable framework to analyse the effect of the national macro-economic setting and micro-economic gender inequality. As the effect of drivers of aggregate demand on gender inequality has not been examined in other contexts either, this article constitutes a pioneering scholarly effort to theorize and empirically test the relationship between the two phenomena of gender labour market inequality and growth models.

Based on the growth model theory, this paper examines five hypotheses in a quantitative case study design. Country cases to be examined are the US, Germany, the Netherlands and Sweden. Additionally, based on a literature analysis this paper studies how welfare state policies simultaneously affect both, the development of national growth models and gender labour market inequality.

- 1) Export-led specific: If the jobs in the export sectors are well paid, more men than women work in the export sector. When jobs in export sectors are poorly paid, more women than men work in the export sector.
- 2) In countries whose economic growth is based on the export of price-sensitive products, more women work in low-wage sectors. (Based on Baccaro and Pontusson (2016), price-sensitive exporting countries need a low-wage sector to keep the exchange rate low. Women are the main workers in the low-wage sector.
- 3) In countries where economic growth is based on the export of price-insensitive products, the wage gap between women and men is smaller. (Following Baccaro and Pontusson (2016) in price-insensitive export countries, wages can travel from highly paid, male-dominated export sectors to non-export sectors without threatening competitiveness).
- 4) In countries whose economic growth is based more on private debt, women's labour market participation is higher than in countries whose economic growth is not dependent on debt, because, in debt-led economies, women need to work to cover household debts.
- 5) In countries which economic growth is reliant on the export of price-sensitive products, child care is excessively done in private households (hence fewer women enter the labour market) or informally to reduce national consumption.

Overall, the paper aims to examine how current national economic growth models (do not) maintain men as hegemony of productivity gains in the labour market.

Literature

- Avlijaš, S. (2020). 'Growth Models and Female Labor in Post-Socialist Eastern Europe'. *Social Politics: International Studies in Gender, State & Society*, 27 (3): 534–61.
- Baccaro, L. and Hadziabdic, S. (2022). 'Operationalizing Growth Models'. MPIfG Discussion Paper, 22 (9).
- Baccaro, L. and Pontusson, J. H. (2016). 'Rethinking comparative political economy'. *Politics & Society*, 44 (2): 175–207.
- Baccaro, L. and Pontusson, J. H. (2019). 'Social Blocs and Growth Models: An Analytical Framework with Germany and Sweden as Illustrative Cases'. Department of Political Science and International Relations, Université de Genève.
- Baccaro, L. and Pontusson, J. H. (2018). 'Comparative political economy and varieties of macroeconomics'. Discussion Paper, Max Planck Institute for the Study of Societies, Cologne, 18 (10).
- Behringer, J. and van Treeck, T. (2018). 'Income distribution and the current account'. *Journal of international Economics*, 114: 238–54.
- Bhattacharya, T. and Vogel, L. (eds.) (2017). *Social reproduction theory: Remapping class, recentring oppression*. London: Pluto Press
- Blyth, M., Pontusson, J. and Baccaro, L. (eds.) (2022a). *Diminishing Returns*: Oxford University Press New York.
- Federici, S. (2004). *The accumulation of labour and the degradation of women*. New York: Penguin Modern Classics
- Folbre, N. (2006). 'Measuring Care: Gender, Empowerment, and the Care Economy'. *Journal of Human Development*, 7 (2): 183–99.
- Marx, K. (1990). *Capital*: trans. Ben Fowkes. New York: Penguin Classics
- Fraser, N. (2022). *Cannibal capitalism: How our system is devouring democracy, care, and the planet - and what we can do about it*. London, New York: Verso
- Goda, T., Onaran, Ö. and Stockhammer, E. (2017). 'Income inequality and wealth concentration in the recent crisis'. *Development and Change*, 48 (1): 3–27.
- Hassel, A. and Palier, B. (eds.) (2021). *Growth and Welfare in Advanced Capitalist Economies*. Oxford: Oxford University Press.
- Hipp, L. and Leuze, K. (2015). 'Institutionelle Determinanten einer partnerschaftlichen Aufteilung von Erwerbsarbeit in Europa und den USA'. *Kölner Zeitschrift für Soziologie und Sozialpsychologie*, 67 (4): 659–84.
- Iversen, T. and Rosenbluth, F. (2010). *Women, work, and politics: The political economy of gender inequality*. New Haven Conn.: Yale University Press.
- Marx, K. (1990). *Capital*: trans. Ben Fowkes. New York: Penguin Classics.
- Mandel, H. and Shalev, M. (2009). 'Gender, class, and Varieties of Capitalism'. *Social Politics: International Studies in Gender, State & Society*, 16 (2): 161–81
- Stockhammer, E. (2015). 'Rising inequality as a cause of the present crisis'. *Cambridge Journal of Economics*, 39 (3): 935–58.