

CARE WORK AND THE ECONOMY

Advancing policy solutions with gender-aware macroeconomic models

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GENDER WAGE EQUALITY AND INVESTMENTS IN CARE: MODELING EQUITY AND PRODUCTION

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Policy Highlights

- Incorporating care as an input to the production of **labor** and **human capacities** is critical for macroeconomic modelling and policies for gender equality.
- Using gender wage equality as a measure of **Income distribution** allows policymakers to directly establish a relationship between **economic activity** and **gender wage equality**.
- When care is explicitly incorporated as part of human capacities, policymakers can compare policy scenarios of investments in **human capacities** and in **physical capital**.
- For economies with **strong support for care**, gender wage equality is associated with **higher output** via investment in human capacities.
- Gender wage equality also increases output when **women's increased employment** boosts **profit shares** and thus **physical investment** demand.

CARE-LED ECONOMY

Economies are “care-led” when care plays an important role in driving economic outcomes. These economies demonstrate strong “caring spirits” determined by social norms, individual or public preferences to provide care for one’s self and others.

INEQUALITY-LED ECONOMY

Economies are “inequality-led” when the profit share by firms is crucial in driving investment and output.

Policy Scenario 1: Public provisioning of care services

For the care-led economy, this scenario increases demand for women’s market labor and increases gender wage equality and thus output (i.e. a win-win situation). For strong inequality-led economies, the win-win situation also emerges.

Policy Scenario 2: Cash Allowances for Paid Care Services

The stronger the impact of the change in women’s employment on demand, gender wage equality induced by the policy will likely increase output for both care-led and inequality-led economies.

Policy Scenario 3: Boosting Female Labor Force Participation

Gender wage inequality due to women’s increase in employment improves output for the care-led economy through investment in human capacities. For strong inequality-led economies, the win-win situation also emerges.

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