

## The macroeconomics of gender equality

Taniya Ghosh , Sanika S. RamanayakeFirst published: 01 August 2020 | <https://doi.org/10.1002/ijfe.1888>

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[Taniya Ghosh](#)<sup>1</sup> & [Sanika S. Ramanayake](#)<sup>2</sup>

## Abstract

This study investigates the association between gender gap and economic progress. Using a panel VAR study as well as a comprehensive gender gap index and its sub-indices from the World Economic Forum, the study confirms the existence of bidirectional Granger causality between gender gap and economic progress, for OECD countries and developing countries. On the one hand, economic progress encourages equity for both sexes. On the other hand, gender equity helps developing nations prosper and significantly improve their human capital, which, in turn, drives long-run economic progress. By contrast, closing the gender gap negatively affects OECD output. For the sample of developing countries, the aforementioned results are robust to sub-indices measured by gender gap in economic participation as well as opportunity, educational attainment, and political empowerment. We recommend that gender policies specifically aim at eliminating gaps in female education.

**KEYWORDS:** developing countries, economic progress, gender gap, granger causality, OECD countries, panel VAR

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<sup>1</sup> Indira Gandhi Institute of Development Research (IGIDR), Mumbai, Maharashtra, India

<sup>2</sup> University of Kelaniya, Colombo, Sri Lanka