



NEW REPORT: Female poverty is more severe than previously thought

In time for International Women's Day tomorrow IZA World of Labor publishes a report indicating that intrahousehold inequality is more severe than previously thought and that policy measures aimed at improving women's education are crucial to reduce female poverty

Female poverty has been extensively studied in the US and EU. Consistent empirical findings show that the average risk of poverty is generally higher for women. But until recently researchers considered only the household level, a key assumption being that resources were equally shared within the household. This assumption disregards the possibility that some family members may face discrimination within their own household and according to recent evidence summarized by the economist Luca Piccoli of the University of the Balearics, results in female poverty being seriously underestimated.

Piccoli cites a number of reports that explicitly consider the bargaining process of household members and the resulting distribution of household resources. The finding of these studies is that intrahousehold inequality is more severe than previously thought and especially relevant during a country's transition process to a market economy. Transition to a market economy is accompanied by a period of greater economic uncertainty. Women are likely to suffer substantial disadvantages from this uncertainty compared to men as they are, for example, more likely to lose their job. This not only implies a monetary loss for the entire family, but also degrades female bargaining power within the household, possibly further aggravating their well-being.

Studies show that women's wages and education relative to men's play key roles in driving intrahousehold inequality. In several Western countries women are outperforming men in terms of their educational outcomes. This has been recognized as an important aspect for female poverty reduction, since highly educated women have greater opportunities to increase their social position, find (better) jobs, and generally escape poverty. Additionally, when women are more educated their bargaining power and their share of resources within the household improve.

Therefore, according to Piccoli, policy options aiming at the reduction of female poverty include the creation of scholarships to promote female participation in STEM (science, technology, engineering, and mathematics) higher education programs, providing fiscal incentives to firms that hire women in managerial positions, implementing individual income tax schedules in place of family based ones, and providing easier access to childcare facilities.

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Notes for editors:

IZA World of Labor (<http://wol.iza.org>) is a global, freely available online resource that provides policy makers, academics, journalists, and researchers, with clear, concise and evidence-based knowledge on labor economics issues worldwide.

The site offers relevant and succinct information on topics including diversity, migration, minimum wage, youth unemployment, employment protection, development, education, gender balance, labor mobility and flexibility among others.

Established in 1998, the Institute of Labor Economics (www.iza.org) is an independent economic research institute focused on the analysis of global labour markets. Based in Bonn, it operates an international network of about 1,300 economists and researchers spanning more than 45 countries.