

# GENDER AND ECONOMIC POLICY MANAGEMENT INITIATIVE Asia and the Pacific



## GENDER AND ECONOMICS

**GENDER AND ECONOMIC POLICY MANAGEMENT INITIATIVE – ASIA AND THE PACIFIC:  
GENDER AND ECONOMICS**

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Front cover: Man and woman working on a construction site in Katmandu (Maillard J./International Labour Organization)

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# INTRODUCTION

To establish an analytical foundation across the diversity of participant backgrounds, this first module aims to ensure that participants share their understandings of basic economic and gender-equality concepts, how they interact with each other and what happens to basic economic ideas when approached through a gender lens. Among the participants in the Short Course will be economic policy makers, planners and practitioners, with varying degrees of exposure to, and skills in, formal economics training, as well as varying degrees of exposure to, and skills in, gender analysis. The Short Course will also include gender specialists with varying degrees of exposure to, and skills in, working on economic issues from a gender perspective. Finally, the Course may well include participants with little or no exposure to gender or economics.

The module does not aim to ensure that everyone operates at the same level of sophistication of analysis, though a subsidiary aim is to encourage those with more sophisticated understandings of analysis, of either economics or gender issues, to express themselves to others simply and in jargon-free terms, especially when communicating with others less immersed in their knowledge areas. A further subsidiary aim is to encourage all participants to speak and engage with each other.

# LEARNING OBJECTIVES

At the conclusion of the module, participants will share an understanding of:

1. Basic economic concepts.
2. Basic gender concepts.
3. How economics and gender interact with each other.

# OUTLINE

- I. Introduction.
- II. Basic Gender Concepts.
- III. Why Gender Matters for Economics.
- IV. Markets, Demand and Supply.

# DURATION

One-and-a-half days.

# I. INTRODUCTION

## EXERCISE 1

*Objective: to introduce participants to each other and facilitate the establishment of a conducive environment for working together during the course.*

Each person should take 2 to 3 minutes to introduce him/herself, state his/her position, explain what he/she really does, and what his/her goals in terms of work are for the next 10 years.

During each introduction, the remaining participants should note any information they consider to be of interest, and in particular, note any questions they may wish to ask after the introductions.

At the end of the round of introductions, participants should take 15 to 20 minutes to ask each other any questions they may have.

At the end of the session, one of the participants and/or the facilitator should try to briefly provide a summary overview of the expertise that is available for the course based on the profiles of the participants.

The information provided by participants at this stage will enable participants to get to know their co-participants, and will also help to shape the contents of the remaining sessions as their different backgrounds and experiences can be used to decide on any adaptations that may be needed for the other modules, for example the range of sectors such as agriculture, energy or transport that would be most useful for examples.

## EXERCISE 2

*Objective: to introduce the language and basic concepts in conventional economics.*

Prior to the session, cards containing one of the key concepts in conventional economics listed below should be prepared by the facilitator:

- Comparative advantage
- Scarce resources
- Demand, supply and markets
- Growth and development
- Public expenditure and taxation
- Poverty, unemployment and inflation

Participants should divide themselves into 6 groups. Each group should be provided one of the cards, and should take 10 minutes to discuss 1) the definition and 2) the importance of the concept. At the end of the discussion, the groups should summarise their findings on a flipchart.

After the group discussions, each group should present, in 2–3 minutes, the results of their group work to the other participants.

Following the presentations, participants should take 10 minutes to discuss the overall set of concepts and their importance, trying to reach a common understanding.

**Note:** An alternative way of doing this exercise would be as follows:

Before the exercise, each of the key concepts should be written on two cards, so that each key concept has a set of two cards corresponding to it. Depending on the number of participants, further sets of cards for each concept may be made so the total number of cards corresponds to the number of participants. The sets of cards should then be randomly distributed among participants so that each participant has a one card. Each participant should reflect on his or her card for five minutes,

and note on the card's reverse side what he or she considers to be 1) the meaning and 2) the importance of the concept. Once they have completed this step, each participant should look for another participant in the room who has a card with the same concept, and once they have found a partner, take five minutes to discuss their answers, identifying similarities and differences in their understandings, and formulating a joint answer that they both agree on. Each pair should then present their answer to the remaining participants in two or three minutes. Following the presentations, participants should take 10 minutes to discuss the overall set of concepts and their importance, trying to reach a common understanding.

## II. BASIC GENDER CONCEPTS

*Objective: to introduce participants to the language and layered understandings of basic gender concepts.*

### EXERCISE 3

*Objective: to understand and debate key terms in gender analysis.*

Before the exercise, sets of pieces of paper containing one of the following words each should be prepared by the facilitator:

- *Sex and gender and third gender*
- *Gendered division of labour*
- *Equity*
- *Gender equality*
- *Formal equality and substantive equality*
- *Feminisms in Asia*
- *Feminisms in the Pacific*
- *Households in Asia*
- *Households in the Pacific*
- *Discrimination*

A flipchart listing these words should also be prepared.

In plenary, participants should review the list on the flipchart and name any additional gender terms that they consider important. These should be added to the list on the flipchart, and an individual piece of paper similar to those prepared before the session should be prepared for each new word.



Following the brainstorming, participants should divide themselves into groups of two or three. The pieces of paper containing the words should be distributed among the groups so that each group has at least two papers to discuss.

The groups should take ten to fifteen minutes to agree on how they understand the concept written on their piece of paper, keeping in mind that there is often no correct definition of a term; for example, there are multiple 'feminisms' often dependant on other intersecting issues of age, ethnicity, religion, class, orientation, sexual disability, poverty level or marital status. It is important that the group as a whole has a more or less shared understanding of the concepts and the range of outcomes the politics and dynamics of gendered power can render.

The descriptions below can be used during and after the exercise to clarify any terms and/or to complement the definitions proposed during the discussions. It should be noted that *none* of these descriptions are *the* definition of the concept but are provided to prompt discussion. After the Module, descriptions for any extra terms that participants named should be added to those below for distribution to the participants.

## SEX AND GENDER

'Sex' and 'Gender' can be defined as follows:

- Sex: a person's biological make up – their body and their chromosomes – is defined usually as 'male' or 'female' and includes indeterminate sex. The term 'intersex' (rather than hermaphrodite) is increasingly used to describe those of indeterminate sex.
- Gender: the social and cultural construction of what it means to be 'man' or 'woman' or 'boy' or 'girl'; including roles, expectations and behaviours, and the relationships between 'genders'. These constructions are learned through socialization processes. They are context specific and changeable, and usually presented as a dichotomy: either 'male' or 'female'.

In Asia and the Pacific, there is a rich diversity of cultural and social expressions of other gender identities, for example: *hijra* and *kothi* in India, *fa'afafine*, *akava'ine*, *fakaleiti*, and *mahu vahine* in the Pacific region, *kathoey*s in Thailand, *lakurn-on* in the Philippines, and *waria* in Indonesia. The term 'third gender' is currently used to describe individuals who are neither male nor female, those who have or who are sexually transitioning, those who are both or neither, those who are transgender, and those who cross or swap genders. The 'third gender' is officially recognized in India, Pakistan, and Nepal. The third gender is about gender identity – a person's deeply felt sense of being male or female or something other. A person's gender identity may or may not correspond with their sex (including their indeterminate sex).

## **GENDER DIVISION OF LABOUR**

The gendered division of labour refers to who (women, men, boys, girls or third gendered persons) usually does what in terms of different types of work, such as paid work on the land as well as in factories, mines, building sites, hospitals and offices; unpaid work in the household, such as cooking, cleaning and caring for family members; and community activities, such as volunteering to care for community members who are ill and need help at home, passing on traditional cultural activities such as dance or crafts, or coaching sports teams. Many third gender persons have traditional cultural roles in unpaid work.

## **EQUITY**

The state, quality, or ideal of being just, impartial, and fair. Conceptions of equity reflect the histories and values of specific communities; equity is a normative concept because of the judgements implied in defining what is just, what is impartial, and what is fair.

## **GENDER EQUALITY**

Equality between women, men and third gender (gender equality) refers to the equal rights, responsibilities and opportunities of everyone.

Equality does not mean that women, men and third gender people become the same, but that rights, responsibilities and opportunities do not depend on a person's gender. Gender equality implies that the interests, needs and priorities of all are considered, while recognising the diversity of different groups. Gender equality instruments include the International Covenant on Civil and Political Rights (ICCPR), the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), ILO conventions, and constitutions and National Human Rights institutions.

## FORMAL EQUALITY

Formal equality contends that everyone is born equal. Thus, an indigenous female forest dweller in eastern India has, in theory, the same standing at birth as a male born into the Japanese royal family. Formal equality is a principle of equal treatment. Individuals who are alike should be treated alike by society, according to their actual characteristics, rather than stereotypical assumptions made about them.

Formal equality can be equated to equality of opportunity, and the degree to which people have the same freedom to seek education, work, and leisure, and to otherwise develop and apply themselves to the best of their ability. It does not account for differences in the characteristics and circumstances of different people and how these might affect their abilities to benefit from opportunity. As a result, formal equality does not often produce equal results because of significant differences in the characteristics and circumstances of women, men, girls, boys and third gender people.

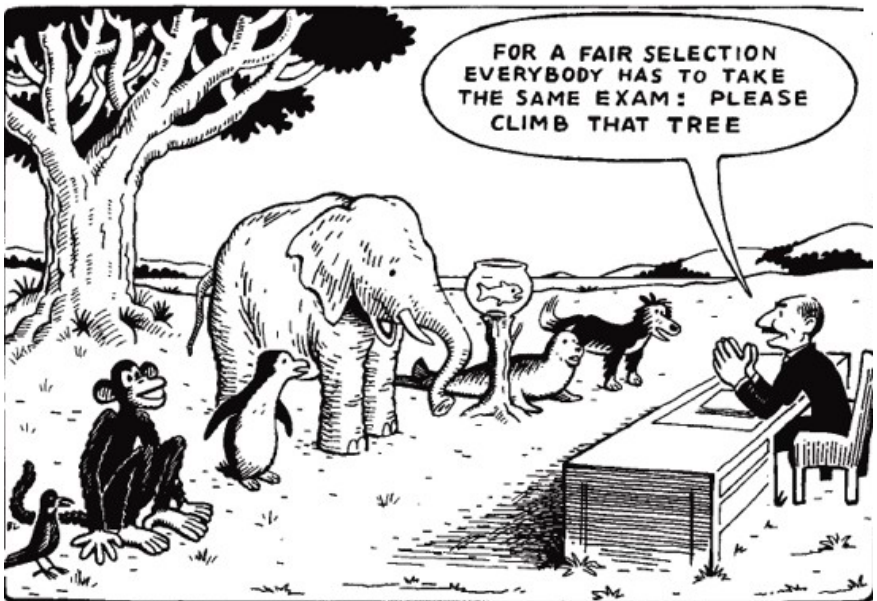
## SUBSTANTIVE EQUALITY

Substantive equality is about equal outcomes for all people. Substantive equality, like formal equality, requires that people be treated in the same way, but goes further in requiring also that the characteristics and circumstances of different people, or groups of people, be accounted for in deciding how they should be treated, to ensure that all are

equally able to benefit from opportunities that present themselves. For example, substantive equality means that scholarship provisions are adapted to meet the needs of people with child dependants, so that they can study and care for their family with the same chances of completion as those with no responsibilities of this kind. Substantive equality is about equal outcomes for all.

## FEMINISM

Feminism is a social movement that questions gender inequalities and tries to change them. Feminism focuses not only on women, but on the socially determined structure of relationships between women and men that result in women and men having different responsibilities assigned, different activities undertaken, different access to and control of resources, and different decision-making opportunities. This approach also supplies a solid analytical paradigm for examination of the inequalities experienced by third gender persons. Feminist analysis also has rigorous application to human rights issues, as well as to all ecological and economic issues.



Source: Irish Equality Authority

## FEMINISMS IN ASIA

An urgent emerging issue for Asia-Pacific is the consequences of displacement caused for example, by natural disasters, conflict, environmental disaster, or climate change. The majority of those displaced tend to be women and children. The fallout of disasters disrupts and can altogether eradicate the social capital and support networks that the poor and marginalized depend on for survival. Efforts to gender mainstream are also hampered by a structural problem: most governments have sector-specific structures and line ministries (e.g. health, agriculture, labour, education etc.) at best poorly equipped to address cross-cutting considerations such as 'women's/girls'/gender issues' which fall into all categories, as does the environment. Papers prepared for the Beijing + 15 report for Asia suggest that there is a dangerous trend of the increasing political use of religion, including in the form of political agendas that are justified or presented in religious language. Feminist NGOs in India and Nepal and other parts of the Asia-Pacific region have been actively engaged in activities supporting recognition of the rights of third gender persons.

## FEMINISMS IN THE PACIFIC

Among the major and persistent gender issues in the Pacific Islands region are high rates of gender based violence, low proportions of women at all levels of decision making, significant under representation of women in the formal economy, unaddressed gender dimensions of climate change, natural disasters, food security and renewable energy, and inequitable access to land, inheritance, clean water and sanitation. Women have a higher risk of poverty linked to labour force discrimination, and heavy responsibilities with regard to subsistence farming, the household and community, fishing, forestry, construction etc; and voluntary activities. Feminist movements have formed to address all these issues.

## HOUSEHOLDS IN ASIA

The size of Asia, its religious diversity, the wide variety of outcomes of policies on family size (e.g., the one child family policy), and its ranges of wealth and poverty, mean that no generalisations can be made about households in Asia. What is consistent is the economic treatment of unpaid work in households, whatever their type and formation (as explained in more detail in Module 3).

## HOUSEHOLDS THE PACIFIC

Households in the Pacific may not be the key frame of reference in the unpaid economy. In Melanesia for example, major unpaid transfers occur within the *wontok* or extended family who are not in the same 'household'. There is extensive intergenerational dependency, and families may live in different households on collectively owned lands, near forests or fisheries, which provides access for food and subsistence activities. Customs differ both between, and within, Melanesia, Micronesia and Polynesia in land ownership, impacting on households in the region.

## HOUSEHOLDS

In the United Nations System of National Accounts (UNSNA) 2008, a household is classified as either:

- A. A one-person household, defined as an arrangement in which one person makes provision for his or her own food or other essentials for living without combining with any other person to form part of a multi-person household or
- B. A multi-person household, defined as a group of two or more persons living together who make common provision for food or other essentials for living.

The persons in the group may pool their incomes and have a common budget to a greater or lesser extent; they may be related or unrelated

persons or a combination of persons both related and unrelated. This arrangement exemplifies the housekeeping concept. In an alternative definition used in many countries exemplifying the so-called household-dwelling concept, a household consists of all persons living together in a housing unit.

## DISCRIMINATION

In dictionary terms, discrimination means treating people with different characteristics – such as women, men and third gender persons – differently. The Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) goes further in defining discrimination as different treatment that is unfair. Discrimination is sometimes explicit; at other times, it is implicit because it does not, for example, say females and males will be treated differently, but instead uses characteristics that are more common among females or males to discriminate. For example, in the Solomon Islands the criteria for applying for a loan for the processing and marketing of fish products, frequently a woman's activity, is that the applicant own a boat and motor. Such a loan application process implicitly discriminates against women because most of them do not own a boat and motor. CEDAW commits signatory states to combat both implicit and explicit discrimination.

Discrimination towards third gender persons is evident in many contexts. They are subject to prejudice, stigma, unequal treatment in law, and ignorance. Third gender persons appear to be mentioned in the UN machinery only in the context of prostitution or HIV and AIDS, although preparations are being made in the Asia-Pacific region in 2012 for an ILO programme for Promoting Rights, Diversity and Equality in the World of Work (PRIDE), which is intended to address discrimination faced by lesbian, gay, bisexual and transgender persons (LGBT).

Other commentators claim that the UN Human Rights Committee's resolution on the rights of lesbian, gay, bisexual, transgender and intersex persons (LGBTI) cover third gender persons. Third gender persons in Asia-Pacific have protested that they have indigenous terms to describe who they are in their own languages, which is all obscured

by the generic term 'LGBTI'.<sup>1</sup> Third gender persons also find themselves treated as women were 50 years ago: mentioned in Chapter (or Module) one of a report, and never mentioned again; relegated to an annex or appendix; and ignored for a lack of specific data.<sup>2</sup> 'Gender' experts used to writing about and operating inside the dichotomous male/female paradigm, find 'third gender' a nuisance, upsetting their usual approach.

### **TO THINK ABOUT:**

The extent to which attention is devoted to third gender (transgender) issues in the course should be determined depending on the legal and socio-economic context of the country in which the training takes place.

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1 See Phylesha Acton – Brown: [http://www.wellington2011.org/keynote\\_speakers.html](http://www.wellington2011.org/keynote_speakers.html)

2 See for example,  
[http://www.unaids.org/en/media/unaids/contentassets/dataimport/pub/report/2009/jc1720\\_action\\_framework\\_msm\\_en.pdf](http://www.unaids.org/en/media/unaids/contentassets/dataimport/pub/report/2009/jc1720_action_framework_msm_en.pdf)  
[http://www.unaids.org/en/media/unaids/contentassets/documents/unaidspublication/2011/JC2118\\_terminology-guidelines\\_en.pdf](http://www.unaids.org/en/media/unaids/contentassets/documents/unaidspublication/2011/JC2118_terminology-guidelines_en.pdf)



# III. WHY GENDER MATTERS FOR ECONOMICS

*Objective: to facilitate an understanding of basic economic concepts.*

## THEORY

Theory offers an explanation of some aspect of the world, based upon observation, experimentation and reasoning. 'Theory' can be contrasted with 'practice'. 'Theory' as 'selected observation' can also pre-determine outcomes. Theories, for example, climate change, can be hotly disputed, even when overwhelming evidence indicates global trends. Economics and gender studies are both social sciences riddled with theories, and which theories gain prominence is usually a result of powerful ideologies, and politics.

### TO THINK ABOUT:

Why is theory useful? What can it help us do? Does the world work according to theory? (Think of economic/gender theory examples). How do you choose when there are many theories about the same thing?

There are many schools of economic theory in the second decade of the 21<sup>st</sup> century, including indigenous, Marxist, feminist, and ecological economics, for example. Our focus in this module is on two schools that have dominated "mainstream" economics.

## NEOCLASSICAL ECONOMICS

Neoclassical economics – economics taught to most university undergraduates – is a phrase used for theoretical approaches to economics that focuses upon the determination of prices, production,

and the distribution of income in markets through the interaction of supply and demand. The theory contends that markets are outcomes of rational behaviour:

1. On the part of individuals with limited incomes seeking to maximize their individual utility, or self-interest; and
2. On the part of firms seeking to maximize their profits in light of the costs they face, the production factors they can obtain, and the information that they have at hand.

Exercise 4 (in the next section of this Module) is an example of neoclassical economics: prices, production and the distribution of income are given, and from this buyers make choices that are best for the household that they have defined. Neoclassical economics does not address the question of what determines an individual's preferences to buy a good or a service. These determinants are assumed to originate outside the economy and its operation.

## **INSTITUTIONAL ECONOMICS**

Institutional economics argues that the habits, customs, conventions and norms that shape preferences are created within cultures that socialize individuals and the arrangements by which they live. Economics cannot be separated from social and political systems. Economics affects how individuals acquire and process the information they need to make choices, including economic information. In this approach, consumers are not sovereign. Individual agency in expressing preferences is constrained by socially defined conventions. Gender affects preference. Family and community structures, culture, religious beliefs and educational attainment all affect preferences. Economic choices are socially molded through the groups within which individuals place themselves, and preferences are therefore embedded within the social aspects of the economy's operation.

## ACCESS TO AND CONTROL OVER RESOURCES

Gender determines what is expected of, allowed for and valued in a woman or girl, a man or boy, and any third gender individual, in a given context. In most societies, there are gendered differences and inequalities in responsibilities assigned, activities undertaken, and access to and control over resources, as well as decision-making opportunities. Gender often intersects with class, ethnicity, age, ability and religion to determine access to and control over productive resources (e.g., land, technology, and tools).

## GENDER AND PREFERENCES

In the neoclassical economic argument, gender relations may affect preferences, but this cannot be known and therefore can be ignored. So the gender identity of a consumer would not be relevant to an economic analysis. In a similar fashion, neoclassical economics would not account for *aiga* or *wontok* (extended family) environments, or religious beliefs and practices, which encourage sharing.

If the institutional economic argument is believed, preferences are heavily shaped by prevailing patterns of gender relations as females, males and third gender persons conform to different sets of social conventions and expectations and this molds the goods and services for which they express a preference. Again, family and community structures, culture, religious beliefs, age and educational attainment would all affect preferences. For example, women, men and third gender persons may have different preferences for the styles of clothing that they would like to buy. Evidence strongly supports the proposition that consumer preferences are shaped by gender relations. For example, women are far more likely to spend earned income on the subsistence needs of their families, while men are far more likely to spend earned income on their own personal consumption. Data are not available on expenditure patterns of third gender persons.

## PREFERENCES: INCOME AND NEEDS

The social conventions and expectations that shape consumer preferences are affected by income levels. Thus, the social conventions and expectations of the rich differ from those of the poor. But consumer choices must also satisfy a set of human needs, shaped by bio-physical and social relations, including the prevailing patterns of gendered relations. If income rises, needs are first met; only after that can income be allocated to nonessential or discretionary consumption of goods and services. If income falls, needs must be met before any other spending is made; if it falls far enough, consumers must decide which needs are most important to them. So there is a *hierarchy of needs* that affects and is affected by consumers' income, and that will be reflected in consumer preferences. Institutional economics calls this the *theory of lexicographic preferences*, and it suggests that prices may be less important in determining what consumers demand than are incomes, the hierarchy of needs, and the social relations and structures that shape the hierarchy of needs.

Many goods and services supplied by firms and purchased by households for consumption (e.g., food) cannot fulfill any needs unless they are further transformed into an item that can be finally consumed. Such transformation requires labour (e.g., cooking). In addition to food preparation, such labour includes childcare, the maintenance of clothing, the reinforcement of shelter and the provision of hygiene and sanitation. This work takes place within households and is not paid, but does cost time and effort. Thus, in economic terms, households allocate resources – in this case, labour – to produce goods and services that can be finally consumed. Firms rely on this labour being available so that their goods can be processed after consumers have bought them.

Women dominate the provision of unpaid productive, reproductive and service work in the economy. In households, social and economic institutions combine and reinforce each other. The structure of the household affects and reflects the gender division of labour between household activities geared toward maintaining the family and caring for children (traditionally considered a domain of women) and formal

labour force participation as household breadwinner, such as in commodity production (traditionally considered a domain of men). Third gender persons often have culturally traditional roles which challenge this binary stereotype.

The performance of unpaid work is a precondition of supplying labour for commodity production. This means that intra-household resource allocation – and thus, gender roles – shape the ability of firms to supply and sell goods and services, even though economic analysis typically does not account for the effects of gender roles. At the same time, intra-household resource allocation requires, in many instances, access to products obtained on markets – food that is not self-provided and clothing that is not self-made, for example, where further work is required to be done before final consumption, usually by the woman in the household. Thus, intra-household resource allocation affects and is affected by market activities.

The gender division of labour is the result of (patriarchal) gender ideologies that define women and men as traditional stereotypes with regard to the other, and prefer to omit third gender considerations. These stereotypes produce social and material differences between females, males and third gendered persons, and reproduce gender-based social and material inequality.

## EXTERNALITIES

Externalities are the spillover effects of an economic activity onto an individual or a community that is not directly involved in the activity. In such a case, prices in markets do not reflect the full costs or benefits in the production or consumption of a good or service. Classic examples of negative externalities are air pollution and rising sea levels.

In Asia and the Pacific, the invisibility of environmental reproduction and services mirrors the economic invisibility of the vast ‘economic’ activity that is unpaid. Failure to account for these features of the economy in neoclassical models has major consequences. The Stern Report’s Executive Summary states: “Climate change presents a unique

challenge for economics. It is the greatest and widest ranging market failure ever seen."<sup>3</sup>

The social and economic benefits of performing unpaid work create a positive externality: the availability of labour and resources. The service activities of the ecosystem for commodity production are also a positive externality that is not reflected in the cost of production of a good or service.

## **PUBLIC GOODS**

Public goods are goods or services that, if supplied to an individual consumer or firm, are available to others at no extra cost. Therefore, there is a strong incentive for firms not to provide public goods because individuals benefit from their provision without having to pay for such provision. Markets will therefore not supply public goods because doing so can never be profitable for firms. An everyday example is street lighting; if supplied to an individual, even at a cost, other individuals can use it without paying for it and therefore markets will not provide it. The benefits of unpaid work and environmental services are public goods; in the aggregate, societies benefit from the provision of bio-physically and socially necessary services without having to compensate the providers of such services for their provision.

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3 Stern Review: The Economics of Climate Change.  
[http://webarchive.nationalarchives.gov.uk/+/http://www.hm-treasury.gov.uk/stern\\_review\\_report.htm](http://webarchive.nationalarchives.gov.uk/+/http://www.hm-treasury.gov.uk/stern_review_report.htm)

# IV. MARKETS, DEMAND AND SUPPLY

## EXERCISE 4

*Objective: to enable participants to develop a common understanding of basic economic concepts.*

Prior to undertaking this exercise which comprises a market simulation, the following cards need to be prepared by the facilitator for the game:

- 16 \* 5 bananas
- 10 \* 1 kilo of rice
- 13 \* 1 pineapple
- 20 \* 1 orange
- 24 \* 1 egg
- 1 \* 1 bunch of flowers
- 45 \* \$1 notes
- 30 \* \$2 notes
- 15 \* \$5 notes
- 15 \* \$10 notes

The cards with the different denominations of notes should be distributed arbitrarily into envelopes, with the number of envelopes corresponding to the number of participants. The cards with the names of produce should be set aside for distribution to participants who will act as traders.

4 participants should be selected to act as traders, who will own the following bundles of produce:

Trader 1: 20 bananas, 10 kilos of rice, 12 oranges, 12 eggs.

Trader 2: 20 bananas, 7 pineapples, 5 oranges.

Trader 3: 20 bananas, 4 pineapples, 5 oranges, 1 bunch of flowers, 12 eggs.

Trader 4: 20 bananas, 2 pineapples, 1 orange.

The traders should go into a 10 minute huddle to set prices amongst themselves for their produce, with the prices ranging between \$1 and \$10. Two non-trader participants should act as observers of this process and make notes about what happens in order to be able to report their observations later. Once the traders have agreed their prices, each trader should independently prepare price tags for his or her products. These prices should be kept hidden from everyone else until the market opens. The traders' prices for their products do not have to be the prices agreed with the other traders; the agreements made with other traders can be broken.

While the traders are discussing prices, each of the remaining participants (who will act as buyers) should first write down a description of a household (real or imagined) for which they will be buying, including the number of adults and children, and their respective ages and health status. Next, each buyer should be given an envelope with various amounts of \$ notes (arbitrarily prepared by the facilitator before the exercise). The buyers should then make a shopping list, clearly indicating what they want to buy for their household from the products that will be on sale.

The market can now take place. The traders reveal their prices, and buyers can offer to buy products at the revealed prices, or can negotiate a different price with the traders. The market continues until a) all the traders' products are sold or b) all the buyer's money is spent. The two observers should again watch and note everything they can about what happens. In particular, the observers need to note the prices that the traders did (or did not) agree to at the beginning and compare them to the prices paid for the products once everything is sold.

When everything is sold and the market simulation has thus been completed, the participants should hold a plenary discussion, covering the following questions:

- To what extent did the buyers actually buy what they initially wrote down they wanted to buy
- Were there any differences in the prices at the beginning and the end?
- Did the household composition affected the purchasing decisions of the buyers?



As part of the discussion on the process, the two observers should describe what they observed in terms of the behaviour of the traders and the buyers, and how prices changed as the market proceeded.

Based on the outcomes of the market simulation exercise, the participants should discuss what they think would happen to prices if there was a flood or a drought, as well as what they think would happen if there was a glut of one product (for example, pineapples).

The exercise will be a useful practical illustration of the concepts/processes that follow.

## ADDING UP MARKETS

The market demand and supply for goods and services offers a simple – but not overly simplistic – framework for understanding the buying and selling of goods and services in individual markets by individual consumers and individual firms. This branch of economics is called *microeconomics*. If all the goods and services produced by all the firms in an economy are added up, this is called *aggregate supply*, the total output that firms produce and plan to sell at a given price level. If all the goods and services that individuals, firms and governments plan to buy at a given price level are added up, this is called *aggregate demand*. The branch of economics that examines the behaviour of the economy as a whole is called *macroeconomics*.

## MARKETS

A market is any context within which the buying and selling of goods and services takes place. The market does not have to be a physical entity, but it could be. Theoretically, markets are a coordination mechanism in which the prices and quantities of goods and services balance demand and supply in equilibrium. In *neoclassical economics* a perfect market is one in which there are many producers, each with minimal share of the market; all producers produce a uniformly identical commodity, are free to start and cease production and have complete information about

the market for their product. In this type of market, no individual buyer or seller can influence the market – producers and consumers are *price takers*. If there is no interference in the operation of a perfect market, the forces of demand and supply adjust prices for goods and services to establish equilibrium, or balance, between supply and demand. The *invisible hand* – Adam Smith’s famous concept – delivers the goods and services that consumers want because people are free to choose what they want to buy. Such *perfectly competitive* markets are not a reality.

## DEMAND

Demand – what people are able to purchase – shows the relationship between the price of a good or service and the quantity that people are willing to buy. Demand depends upon the price of a good or service, prices of other goods or services, income, and the more difficult-to-measure variable of *taste*, which economists call preferences. The law of demand claims that, all else being equal, the quantity demanded of goods or services falls when the price of goods or services rises and the quantity demanded of a good rises when the price of the good falls. For example, as the price of fish rises the quantity demanded may fall: the *substitution effect* means that consumers substitute a less expensive food for the more expensive fish.

Goods and services that demonstrate this quality are called *normal goods*. Goods that do not demonstrate this quality are called *inferior goods*. For example, if the price of rice were to fall it is not necessarily the case that the quantity demanded of rice would rise: the *income effect* means that the same amount of rice can be bought with less money, and consumers will use the money that they have saved to buy other food as they substitute other foods for cheaper rice. When expressing demand in a graph, it is important to distinguish between factors that result in movements along a demand curve, and factors that result in movements of the demand curve itself. So a change in the price of coffee results in a movement along the demand curve for coffee. But a rise in the price of coffee shifts the location of the entire demand curve

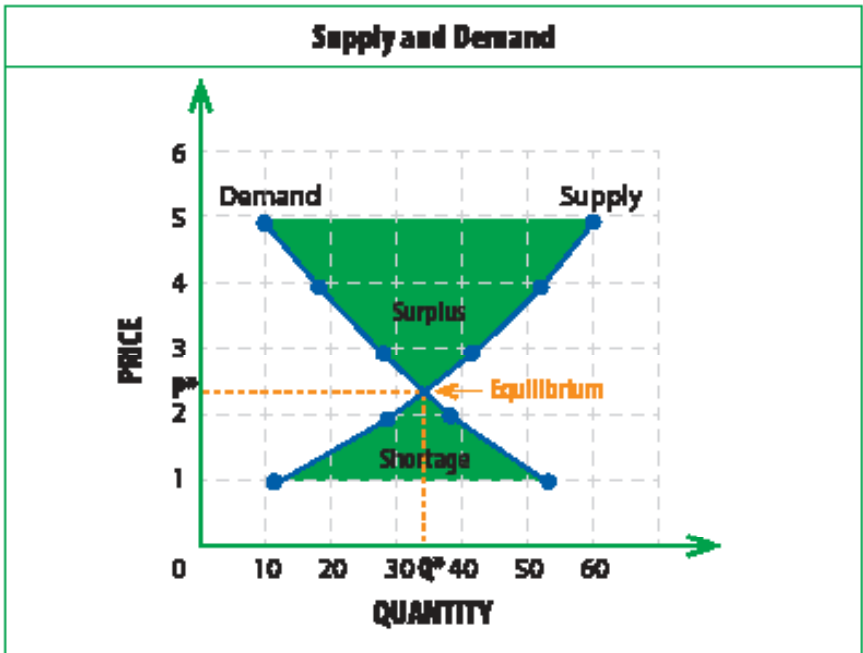
for sugar, resulting in less sugar being demanded at each and every price, because sugar is *complementary* to coffee.

## PREFERENCES

Consumer choices regarding what people would like to purchase determine what an economy produces; as firms must sell goods and services to stay in business, they must therefore sell what customers want to buy. This means that neoclassical economics is based upon the theory of the consumer being *sovereign*. Having ultimate authority over their preferences means that consumers have ultimate authority over markets.

## SUPPLY

Supply – what producers of goods and services offer to sell to consumers – is the relationship between the price of a good or service and the quantity of a good or service that producers are selling in the market. It depends upon the prices of inputs needed to make the good or service, technology levels, and the prices of other goods or services. The law of supply claims that, all else being equal, the quantity supplied of a good or service increases as the price of the good increases. When expressing supply in a graph, it is important to distinguish between factors that result in movements along a supply curve and factors that result in movements of the supply curve itself. So a change in computer prices leads to a movement along the supply curve for computers, but an invention – a change in technology – that makes it cheaper to produce computers at each and every price moves the location of the entire supply curve for computers.



## EQUILIBRIUM

Equilibrium is a situation in which supply and demand have been brought into balance. The equilibrium price is the price that balances the supply of firms and the demand of consumers. Equilibrium quantity is the quantity supplied and demanded when the price has fully adjusted to balance supply and demand. Equilibrium is established when firms respond precisely to consumer demand; consumer sovereignty holds that if firms charge more than individuals are willing to pay, demand falls, while if firms charge less than individuals are willing to pay, demand increases.

## GENDER-EMBEDDED MARKETS

Markets that are in perfect competition – as described above – are not found in practice. Transactions are not anonymous; the identities of the buyer and seller often affect the terms and conditions of sales, and

hence, gender relations can affect market operations. For example, the terms and conditions of a sale need not be the same for each gender. At the same time, prices may not give the same information to the buyer and the seller. For example, the seller of a used bicycle knows whether the price being charged to the buyer of it reflects the working condition of the used bicycle. Such *asymmetrical information* may be an outcome of gender relations. Asymmetrical information in turn creates *bounded rationality* – that is, rational choices that are limited by the information available. Bounded rationality may be shaped by prevailing gender norms. For example, because the female seller of a crop knows that the male trader will not give her the best possible price because she is a woman, she chooses to distribute her crop to certain members of the community in exchange for a commitment to work in her fields later in the year. Third gender persons may be subject to discrimination and seek to avoid particular suppliers. In this way, gender-based bounded rationality gives rise to resource allocation decisions taking place outside the market. Finally, while production is a precondition of market activity, reproduction is a precondition of production. The social and economic reproduction of individuals, households and communities is the result of a gendered division of labour that embodies a dominant set of gender relations. So gender relations are embedded within markets, and can result in markets that are often incomplete, fragmentary or missing. The sale of land is a gender-embedded market in many places. Being a woman, or being third gender, in the context of different legal, cultural or religious practices, governs who can take part in the market for land ownership, and who can inherit land.

## EXERCISE 5

*Objective: to undertake elementary demand and supply analysis.*

This small group activity is designed to work through basic demand and supply concepts to establish a common basis of knowledge.

Participants should divide themselves into two groups. Each group should work their way through the following exercise, for which they will need only a pencil and some paper. Ideally, each group should contain an even mix of economists, gender specialists and others in order to maximize the benefits of mutual learning. To ensure optimal learning outcomes, the economists in the group should not be (self-) selected to 'control' the pencil.

### Group A: Applying Demand

Demand data for oral rehydration (ORT) salts are shown in the table below. The group should plot the demand curve on a piece of paper.

**Table 1.1: Demand for ORT salts**

<b>Price (\$)</b>	<b>Quantity demanded (millions)</b>
10	10
12	9
14	8
16	7
18	6
20	5

The group should take 30–40 minutes to discuss the following questions, referring to the diagram as necessary:

- What is a cash transfer? Are there any examples of cash transfers in the participants' countries? What is supposed to happen to the demand curve when the government provides a cash transfer to people to buy the ORT salts? (This should be illustrated on the diagram that the group has drawn). Do we know whether the cash transfer reaches the right people and is spent on ORT, and why or why not?
- What happens to the demand curve for ORT salts when the availability of affordable safe drinking water improves, and why

does this happen? (This should be illustrated on the diagram that the group has drawn).

- Are there any goods for which demand *falls* as incomes *rise*?
- Goods that are extremely fashionable, such as the latest mobile phone, may be in demand even though they are expensive relative to competing goods. In participants' countries, would people prefer to have more expensive mobile phones, and why? Would the demand curve for such goods slope downward, like an orthodox demand curve?
- Demand depends upon the price of a good or service, prices of other goods or services, income and preferences. Can any of these factors be affected by gender?
- Can any of these factors be affected by environmental considerations, and if so, in what circumstances?

### Group B: Applying Supply

Supply data for oral rehydration (ORT) salts are shown in the table below. The group should plot the supply curve on a piece of paper.

**Table 1.2: Supply of ORT salts**

Price (\$)	Quantity supplied (millions)
10	3
12	4
14	5
16	6
18	7
20	8

The group should take 30–40 minutes to discuss the following questions, referring to the diagram as necessary:

- What is a subsidy? Are there any examples of subsidies in the participants' countries? What happens to the supply curve when

the government subsidizes the company making the ORT salts, and why does this happen? (This should be illustrated on the diagram that the group has drawn).

- In light of examples in participants' countries that demonstrate improvements in how things are produced, what should happen to the supply curve for ORT salts when an improved production process is introduced, and why does this happen? (This should be illustrated on the diagram that the group has drawn).
- Supply depends upon the prices of inputs needed to make a good or service, technology levels and the prices of other goods or services. Can any of these factors be affected by gender?

#### Plenary discussion:

When both groups have completed the steps above, the exercise should be completed in plenary. Based on the information in Tables 1.1 and 1.2, representatives of the two groups should work together to plot the demand and supply curves for ORT salts on a single new diagram.

Participants should complete the exercise by discussing the following questions:

- Referring to the new diagram, what is the equilibrium price?
- What happens to prices and quantities when a) the demand curve shifts and b) the supply curve shifts.
- Are there examples of governments in participants' countries intervening in markets in order to affect the prices of goods and services? In light of this, assuming that the government sets a maximum price for ORT salts that is below the equilibrium price, what happens? (This should be illustrated using the new diagram drawn at the beginning of the plenary discussion).



## EXERCISE 6

*Objective: to demonstrate that markets may have gendered relations embedded within their operation.*

This exercise uses the idea of the prisoner's dilemma to show that markets are rarely, if ever, perfectly competitive. Asymmetries of information between women, men and third gender persons mean that gender relations are embedded within the operation of markets and, thus, that markets are social institutions subject to the prevailing parameters of a set of gender relations.

Participants should split themselves into two groups which stand on opposite sides of the room. Each group must nominate one person to act as recorder. A card game is then played, in which each person in one group is matched with someone in the other group. The objective of the game, for each individual, is to earn as much money as they can.

Each member of both groups is given a pair of playing cards – one red card (hearts or diamonds) and one black card (clubs or spades). The numbers or faces on the cards do not matter – only the colour.

Members of one group are all asked, one at a time, to play one of their cards by holding it face-down to their chest, so that the whole group can see that they have chosen a card to play, yet nobody in the group knows which card it is. A volunteer selected to assist with the game or the facilitator will then tell them who they are matched with, and each person in the pair can reveal the card that they have played. This constitutes one round; the game lasts five rounds.

In the first round, individuals are randomly matched with another participant. In the second round, individuals are randomly matched with a different participant. In the third round, individuals are randomly matched with yet another participant. In the final two rounds, however, individuals are matched with the same participant they were matched with in the third round. This means that, in the first two rounds, the individual's partner is anonymous, but in the final three rounds, the individual's partner is

known. In the final two rounds, individuals are allowed to communicate with their partners prior to selecting a card to play.

Earnings are determined by the card that individuals play in relation to the card played by the person matched with the individual.

- If individuals play a red card, their earnings increase by \$2, while the earnings of the person matched with them do not change
- If individuals play a black card, their earnings do not change and the earnings of the person matched with them increase by \$3.

This means

- If both individuals play red cards, they both earn \$2.
- If both individuals plays black cards, they both earn \$3.
- If one individual plays a black card and the other plays a red card, then the first individual earns nothing and the other person earns \$5.
- If one individual plays a red card and the other plays a black card, then the first individual earns \$5 and the other person earns nothing.

For the game to work, it is essential that the players clearly understand the choices available to them. A volunteer acting as recorder writes down the colour of a card when an individual plays it, the colour of the other player's card, and each individual's earnings in the following table:

<b>Period</b>	<b>Your card (R or B)</b>	<b>Other's card (R or B)</b>	<b>Total Earnings</b>
1			
2			
3			
4			
5			

Once the game has come to a conclusion, the groups should discuss the experience in plenary, sharing their observations about the process and what they think the outcomes show about how markets work. The game shows that markets subject to asymmetrical information may not generate the best outcomes, and, as the basis of such asymmetrical information may be gender relations, that gender relations strongly affect the operation of markets. The group should discuss this result and its implications in terms of conventional economic theory. The background information provided below may be used for guiding the discussion and for complementing any other points raised.

Background information:

In economic terms, the game is a prisoner's dilemma with low gains from cooperation of the following form:

**Table 2.2: A Prisoner's Dilemma with Low Gains from Cooperation**

		Player 1	
		Black	Red
Player 2	Black	(3, 3)	(0, 5)
	Red	(5, 0)	(2, 2)

It is to be expected that, in the first three rounds, both players opt for red, because if they opt for black and the other participant opts for red, they get nothing. In the fourth round, the participants are allowed to communicate. This yields the possibility of cooperation or defection (cheating): Cooperation is the best possible outcome, with both players agreeing to opt for black. In the normal sequence of events, cooperation should be established by the fifth round.

The key lessons of the prisoner's dilemma game are:

1. In the absence of information, there are individual incentives to opt for rational choices that are the worst possible outcome in terms of joint earnings; this is the case when both players opt for red. Therefore, anonymous market exchanges by individuals do not necessarily yield the best result for society as a whole.
2. With information, there is incentive to cooperate: if both players opt for black, they are better off. However, there is also an incentive to defect for private gain at the expense of society as a whole. This is witnessed when two individuals agree to opt for black but then one individual cheats and opts for red. The individual who has not cheated and trusts the other loses badly. Even with information available, markets may not necessarily be the best way of making choices.
3. In actual markets, information may not be distributed evenly. This means the benefits from cooperation may not be distributed evenly.
4. In particular, the distribution of information in markets may differ between females and males. This has implications for women's abilities to participate in markets.
5. In addition to the issue of incentives, the prisoner's dilemma illustrates the need for the provision of public goods. If all information is freely available and no player is excluded from such information, a better outcome is ensured for all players. Public goods can make markets work better, but because they must be made available to all there is an incentive for firms not to provide them. The game's illustration of the need for public goods can also be linked to the provision of unpaid work in the household – the provision of such services predominantly by women provides benefits to society as a whole which are not compensated, which means that men have an incentive not to increase their contribution because they benefit from it anyway. The 'free' gifts of nature result in a similar outcome.

## EXERCISE 7

*Objective: To analyse the gender roles of men and women in the context of the neo-classical and institutional economics paradigms.*



Participants should divide themselves into 4 groups. Each group should be given one of the two regional examples of gender differences in the lives of men and women (each example will be given to two different groups).

Each group should read the example and, using the information in the example as well as definitions provided earlier in the module, discuss the following questions for 20 to 30 minutes:

1. What does neoclassical economics have to say about the scenario?
2. Would institutional economic theory have more explanatory value?
3. What are the activities of men and women in relation to the environment?
4. How do gender and preferences inter-relate in a context of a hierarchy of needs?

After the group discussions, each group should present their main findings in plenary, taking about 5 minutes for the presentation. Participants should then discuss key differences and similarities in the two examples, as well as any differences and similarities in the findings of the groups which worked on the same example.

## Gendered division of labor in households of Garhwal Development Block

	
<p><b>Daily household chores and care activities</b> Cooking Cleaning and mopping (hygiene) Upkeep of house Care of elderly, sick, and children Weaving and stitching Food preservation</p>	<p><b>Daily household chores and care activities</b> Taking children to school Major repair work</p>
<p><b>Farm and animal husbandry, daily work</b> Preparation of fields, removing weeds Harvesting, transporting, and storing Kitchen Gardening (fruit and vegetables) Milking cattle and milk processing Feeding cattle and cleaning cattlesheds</p>	<p><b>Farm and animal husbandry, daily work</b> Sowing Cattle grazing (done by elderly) Selling daily product on the market</p>
<p><b>Collection activities</b> Water, fodder, and fuelwood Non-timber forest products (NTFPs) Collection of honey</p>	<p><b>Collection activities</b> Water the cattle Non-timber forest product (NTFPs) Collection of various products</p>
<p><b>Occasional income and leisure</b> Daily wage laborer Leisure activities and personal care</p>	<p><b>Market-related activities and leisure</b> Gossiping at marketplace Leisure activities: indoor games (playing cards, etc)</p>
	<p><b>Job in government and private sector</b> Daily wage laborer Private business: shopkeeping</p>

### IN THE HIMALAYAS<sup>4</sup>

In the Garhwal Himalayas, women work for longer hours than men and contribute significantly to household nutritional security. Women also multi-task, making their output more significant and their work more difficult. Work hours and the nature of work are different, for daughters, for daughters-in-law, and for mothers-in-law. Daughters-in-law fetch water, fuelwood and fodder, and carry out agricultural activities. They carry head loads of up to 35–40 kilograms for a 5 km trek over two to three hours at altitude. Daughters clean pots, cut vegetables, assist in kitchen gardening. Mothers work in kitchen gardens, prepare food, and look after grandchildren. Eighty one per cent of the women described themselves as ‘working’.

4 Shiv Narayan Sidh, Sharmista Basu (2011), ‘Women’s contribution to Household Food and Economic security: a study of the Garhwal Himalayas’, Mountain Research and Development, India, 31(2): 102–111.

There has been urban migration for men from this area. Of those who remain, the study showed them spending the major part of their income on smoking and drinking, a personal market expenditure, which is not a contribution to well-being of the household. Women's income is utilized for the collective welfare of the family.

An important observation to be made when looking at the male/female gender division of labour, in this study and generally in policy planning, is to observe the different interaction women have with their environment. Women across the world experience the environment in a gendered way: this is also a fundamental analytical frame for gender analysis.

## IRAN<sup>5</sup>

Research with rural women in Iran showed their roles as dependent on economic, social, cultural and ecologic factors. Owning only 1% of the land, and with little access to credit, women worked directly in crop production, livestock, handicrafts, and cottage industries or as agricultural seasonal labour. About 5.6 million women are involved in activities such as planting, harvesting, the preparation of animal food, and taking care of livestock and poultry. Fifty per cent of women in rural areas participated in conversion industries, 22% in producing crops and livestock, 75% in handicrafts, and in areas related to agriculture, 25% in planting, 24% in harvesting. They worked in livestock grazing (23%), animal care (40%) and care of poultry (100%). Their role in achieving food security is crucial. While 80% of these rural women work, they are considered housewives, in unpaid employment, domestic workers, family workers, or independent employers. The statistics often do not take into account seasonal, part-time, unpaid employment, and housekeeping activities. When national or regional data are assembled for planning purposes, these productive, reproductive and service activities are invisible.

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5 Fatemi, I, Razeghi, H, Rezaei, H, Rezaei, M.R, and Vahedi, L (2011), 'The importance of rural women empowerment in rural development', *Advances in Environmental Biology*, 5(9), pp. 2989–2993.

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United Nations Development Programme  
Asia-Pacific Regional Centre  
3<sup>rd</sup> Floor UN Service Building  
Rajdamnern Nok Avenue  
Bangkok 10200  
Thailand

Tel: +66 (0)2 304-9100  
Fax: +66 (0)2 280-2700  
aprc.th@undp.org, gepmi@undp.org  
<http://asia-pacific.undp.org>