

Gender Disparities in Economic Freedom and Human Capital*

Abstract: level panel data and country fixed effects, I estimate

1. Introduction

In high-income countries,

differs significantly for men and women (Fike 2016). Possibly as a proxy for these differences, some research controls for religious participation in Islam or Catholicism.¹

(EFW), in 2017, began addressing

these gender

Women, Business, and

the Law

Gender, Institutions, and Development Database ET138024QQ.000002 0 0 2 reW*BTf2

Since its inception in 1996, hundreds of research studies have considered how economic freedom

Further, given the disconnect between educational attainment and human capital (Angrist et al. 2021), I analyze explicit measures of human capital by sex including the Harmonized Learning Outcomes (HLO) produced by the World Bank and literacy rates.

3. Empirical approach and data

Economic Freedom of the World and Gender

country-level from 1975 to the present (Gwartney et al. 2022). The index scores countries higher when property rights are more secure, trade freer, money and prices more stable, and government spending and regulations are lower (Hall and Lawson 2014). The index potentially ranges from 0 to 10

The GDLR address two of the three reasons given by Feldmann (2017) for a relationship between economic freedom and education. First, if women face fewer opportunities for market trade, returns to schooling would be lower, implying less investment in human capital. Second, if access to capital markets is more obstructed for women, returns to schooling would be lower, implying less investment in human capital.

The EFW then uses the GDLR to adjust its Area 2 measure of Economic Freedom. In the analysis below, I use the historical index of economic freedom, unadjusted by the GDLR. I also use the GDLR index. This index equals one for countries where men and women experience the same amount of economic freedom. This difference is smaller for country-years where women experience less economic freedom than do men. Figure 1 maps the country average of this index during the sample period. Kuwait, Oman, Jordan, and Egypt have some of the lowest scores on the GDLR; in most high income countries, women experience similar economic freedom as do men.

Twenty-three countries have a GDLR equal to one in all the observed years since 2000. In some specifications, I exclude these countries with always observed gender parity under the law.²

Measures of Human Capital by Gender

I analyze

Development Indicators measure a variety of gender disparities in human capital attainment.

The measures I use include the ratio of female to male enrollment in primary school, in secondary school, and in primary and secondary school

enrollment may not fully capture eventual educational attainment levels, educational attainment is typically measured for the population aged 25 years and older. Given the sample period of the data and the number of years necessary to demonstrate an effect on older populations, I focus on enrollment measures. Further, I use a variety of gender differences in human capital to explore how gender differences in economic freedom affect gender differences in human capital.

Research continues to demonstrate a disconnect between educational attainment and learning.³ Because of this disconnect, Angrist et al. (2021) develop the Harmonized Learning Outcomes (HLO) Database. The database provides measures of learning that are comparable across countries and time. Further, they provide gender-specific measures of HLO. I analyze below both the female-specific HLO as well as the gap between male and female HLO in a country.

In results not reported here, s

Whether a country is a Muslim country is likely picked up in the state fixed effects. To the

to 1.16. In some countries, girls enroll in primary school much less often than do boys; in others, girls outnumber boys in primary school.

The HLO variables provide measures of learning comparable across countries and time. I explore measures in three subjects: math, reading, and science. The average difference in all three subjects is positive; on average, girls have learned more than boys. This average masks significant differences across countries. In some countries, girls have learned much less than boys and in others, girls have learned much more than boys. Outcomes for only girls are also in the mid-400s with standard deviations between 65 and 97.

The final outcome I consider is female literacy rates. The range of female literacy rates in the sample is quite wide: from 1u(Ao41 72.024 grais)(e)4(mi)-3als880 0 1 366.67 543.19 Tm0 g0 G[Outc)4(on

positive coefficient on GDLR would imply that more gender equality correlates with a higher ratio of female enrollment to male enrollment. The general pattern is that the effect of changes in EFW on gender ratios in enrollment is positive and statistically insignificant. The coefficients on the GDLR also show a tendency for the relationship to be positive and statistically insignificant.

The bottom panel presents results for the gender gap in learning by subject area. Larger values of the dependent variable imply that girls have relatively more human capital than boys. The results imply that more economically free countries experience larger gender gaps. Increased gender parity is followed by larger gender gaps, except in science where the gap decreases. None of these effects are statistically significant.

conclusion that, as men and women experience similar degrees of economic freedom, that female human capital increases.

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Table 2: Sample composition by outcome variable

	Girls/boys enrollment		
	primary	secondary	primary & secondary
years	2005-2020	2000, 2005-2020	2000, 2005-2020
N			
countries	153	144	144

HLO gender gap (female-male) and female scores

Table 4: Economic freedom, gender differences in economic freedom, and female human capital

	girls' HLO math		girls' HLO reading	
	no controls	not all parity	no controls	not all parity
EFW _{t-5}	20.444* (11.010)	16.459 (12.415)	-12.044 (15.181)	-10.782 (16.844)
GDLR _{t-5}	1.105 (24.648)	-8.434 (29.845)	80.327 (54.013)	98.967* (58.865)
N	158	109	228	178
R-squared	0.988	0.987	0.978	0.977

	girls' HLO science		girls' literacy	
	no controls	not all parity	no controls	not all parity
EFW _{t-5}	23.494 (15.226)	28.598 (19.513)	2.171** (1.070)	1.923 (1.188)
GDLR _{t-5}	15.695 (49.041)	11.554	25.208**	23.882**