

Gendered Laws and Women in the Workforce[†]

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This paper offers for the first time a global picture of gender discrimination by the law as it affects women's economic opportunity and charts the evolution of legal inequalities over five decades. Using the World Bank's newly constructed Women, Business and the Law database, we document large and persistent gender inequalities, especially with regard to pay and treatment of parenthood. We find positive correlations between more equal laws pertaining to women in the workforce and more equal labor market outcomes, such as higher female labor force participation and a smaller wage gap between men and women. (JEL D63, J16, J31, J71, J78, K31, K38)

One of the most salient and pervasive forms of gender discrimination is the unequal treatment of women and men by the law. Until recently, women did not have the right to vote in most countries. In many parts of the world, women are still not allowed to participate in certain professions. In England, until 2003, the law of rape postulated, in effect, that a man who had sex with a woman believing that it was consensual had to be acquitted, even if there were no reasonable grounds for this belief. While examples of gendered laws abound, what has been missing is a complete picture of the relative severity and evolution of legal gender discrimination around the world. The World Bank's newly compiled Women, Business and the Law (WBL) database aims to fill this knowledge gap (World Bank 2020a). The database measures equality of economic opportunity under the law between men and women in 190 economies, for 50 years, from 1970 until today.

The purpose of this paper is twofold. First, we provide a description of the newly constructed WBL database, which will be updated annually and made publicly available at <https://wbl.worldbank.org/en/wbl-data>. Second, we use this database to document a series of stylized facts regarding legal gender discrimination across the world. Some of these facts may have been previously known in qualitative terms, but we provide a quantification that facilitates comparisons across space and time and allows us to track progress (or regress). In this vein, we document the persistence of large gaps between the legal treatment of men and women despite the tremendous

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progress that has been made in the past five decades. Other facts are new to the literature, to our knowledge. For instance, we document that the largest inequalities are observed in the areas of *Pay* and *Parenthood*—that is, we find that across the globe, women are most disadvantaged by the law when it comes to the compensation they receive and to their treatment once they have had children. We show that the pace of reforms has varied not only across countries but also across different aspects of women's employment experience: while legal reforms affecting women's ability to work outside the home were fast-paced across the world, the passing of laws guaranteeing equal pay and equal treatment in pensions has been much slower. Despite common belief that religion dictates laws in many, particularly Islamic, countries, our data show that this need not be the case. Finally, we document positive correlations between improvements in the law and higher female labor force participation as well as a lower wage gap between men and women.

Our study focuses on laws only, but of course, legal discrimination is only one among many sources of gender imbalances. The passing of better laws does not guarantee that these laws will be enforced, especially in countries with social norms disadvantaging women's participation in the formal economy. However, laws are actionable in the short run—in contrast to norms and attitudes, which may take a longer time to change. In future research, it would be interesting to link the measures of women's legal treatment in the WBL database to measures that capture women's actual economic agency and investigate the relationship between *de jure* and *de facto* female empowerment.

The remainder of the paper is structured as follows. Section I provides a brief description of the WBL database. Section II documents a series of stylized facts for the 190 countries and 50 years in our sample. Section III concludes.

I. Description of the WBL Database

The WBL dataset focuses on legislation that may impact a woman's access to employment and entrepreneurial activity; it does not cover legal gender discrimination across all aspects of a woman's life. The information on the legal environment in each economy is collected through the collaboration of legal experts based in the World Bank with local experts, including lawyers, judges, civil society representatives, and public officials. In total, a network of over 10,000 professionals contribute to the WBL project.

A. Scope of the WBL Database

The database attempts to capture inequality in legislation throughout the duration of a woman's working life, from the time she can enter the labor force through to retirement. Topics chosen for inclusion in the index are based upon their associations with measures of women's economic empowerment as well as a review of the economic literature, as presented in Roy (2019).

While the index attempts to capture legislation that affects women's economic participation and opportunity throughout their working lives, it omits some factors that affect women's behavior and outcomes indirectly. Because the focus of the index is on employment outcomes once a woman enters the labor force, the index

does not capture laws that affect women prior to the decision to enter the workforce, for example, laws related to the accumulation of human capital (such as laws on school leaving age). A woman's reproductive rights are also not covered by the index; this is because the index focuses on laws that discriminate between men and women, and laws on reproductive rights intrinsically treat men and women differently. Further, because the WBL index considers only negative discrimination in the law and rewards countries whose laws treat men and women equally, it does not include measures of affirmative action, such as quotas. The index is designed to measure laws on the books and does not take into account implementation of the law. Implementation may be imperfect due to issues related to enforcement or legal capacity, factors that themselves vary across countries and over time. And there are, of course, factors besides the law that affect women's opportunity, including social and cultural norms, the economic environment, and infrastructure. Still, the advantage of focusing on legislation is that it provides an objective and actionable-in-the-short-run measure of the environment in which women live and work, and it facilitates comparison across countries.

B. *The Eight Indicators*

In total, 35 individual legislative issues are aggregated into the following 8 indicators.¹

The *Mobility* indicator examines constraints on women's freedom of movement. Laws assessed under this indicator include those governing a woman's right to choose where to live, obtain a passport, and travel outside her home and country. In some economies the law explicitly states that, for married couples, it is the right of the husband to choose where to live. For example, article 153 of the Senegalese family code states that "the choice of the marital home belongs to the husband; the woman is required to live there with him, and he is obliged to receive her." Contrast this with the law in Rwanda, which makes it explicit that "the marital domicile is at the place mutually agreed upon by the spouses." (Rwanda, Law No. 32/2016 Governing Persons and Family, art. 55). Similarly, in some economies, when a woman applies for a passport, there are additional steps that she must take, such as obtaining permission from her spouse or providing additional documentation such as a marriage certificate, which are not imposed upon male applicants. Several analyses suggest that the topics covered under the *Mobility* indicator are associated with women's economic outcomes (see, for example, Demircuc-Kunt, Klapper, and Singer 2013; Islam, Muzi, and Amin 2019; and Htun, Jensenius, and Nelson-Núñez 2019).

The *Workplace* indicator analyzes laws affecting a woman's decision to work. This indicator considers whether there are restrictions in place upon women's ability to get a job, whether there is legislation banning discrimination in employment, as well as legislation on sexual harassment in the workplace (legislation on harassment and associated penalties or civil remedies). Take, for example, discrimination based on gender in employment: if there are no applicable provisions banning such

¹ A full list of the 8 indicators and the 35 legislative issues underlying them are provided in Table A1 of the online Appendix.

discrimination under the law, this is counted as a restriction under the WBL index. An example of legislation specifically outlawing such discrimination is provided by Australia's 1984 Sex Discrimination Act, which states that "it is unlawful for an employer to discriminate against a person on the ground of the person's sex, sexual orientation, gender identity, intersex status, marital or relationship status, pregnancy or potential pregnancy, breastfeeding or family responsibilities" (Sex Discrimination Act, 1984, no. 4, compilation no. 38). Laws that impact women's decisions to work and their salaries have also been shown to be impactful (see Zabalza and Tzannatos 1985, Hallward-Driemeier and Gajigo 2015, and Amin and Islam 2015).

The *Pay* indicator measures laws and regulations affecting a woman's pay. Assessed within this indicator are items such as whether or not there is legislation mandating equal remuneration for work of equal value and whether women in an economy are subject to work-related restrictions that are not imposed upon men. If the law does not explicitly mandate equal remuneration for work of equal value, as per the standard set by the International Labor Organization (ILO; for example, by mandating the less rigorous standard of "equal pay for equal work"), this is counted as a restriction under the WBL index. An example of good practice under this area is chapter 226 of The Employment Act of Kenya, which states that "an employer shall pay his employees equal remuneration for work of equal value." An example of legislation that does not pass the bar set by the ILO is Jamaica's Employment (Equal Pay for Equal Work) Act. Passed by parliament in 1975, the act mandated equal pay for equal work, which is a lower bar than that established by the ILO. In terms of the issues covered under this particular indicator, the literature has shown that night-work and job restrictions are negatively associated with female employment (see Zveglic and Rodgers 2003, Ogloblin 1999, and Ogloblin 2005).

The *Marriage* indicator assesses constraints related to marriage. Issues covered under this indicator are whether a woman is legally obliged to obey her husband, whether she can legally be the head of her household, as well as legislation on domestic violence, divorce, and the right to remarry. An example of legislation stating that a woman must obey her husband appears in article 316 of the Family Code of Mali, which stipulates that "the wife owes obedience to her husband and the husband owes protection to his wife." Similarly, the 2001 Civil Status Code of Jordan states in article 58 that "the husband is the head of the household." Research from 143 economies shows a negative relationship between restrictions placed upon women's rights within their households and female labor force participation (Gonzales et al. 2015).

The *Parenthood* indicator examines laws that affect women's work after having children. This indicator covers the provision and administration of paid maternity leave as well as legislation on paternity and parental leave and the treatment of pregnant workers. Under this indicator, positive scores are awarded to economies that mandate that a minimum of 14 weeks of paid maternity leave is available for female employees and where the government administers 100 percent of maternity leave benefits. Positive scores are also awarded in the cases where any paternity or parental leave is mandated under the law. In the case of parental leave, it must be available to both parents. Research suggests that maternity leave may impact women's employment decisions, though the results to date have been inconclusive (see Berger and Waldfogel 2004 and Bailey et al. 2019).

The *Entrepreneurship* indicator assesses constraints to women starting and running a business. Captured under this indicator is legislation mandating nondiscrimination in accessing credit as well as laws that govern women's ability to sign a contract, register a business, and open a bank account. Legislation from the Maldives provides a good example of how nondiscrimination in credit access can be mandated under the law, where section 23 of the Gender Equality Act of 2016 states that "it is the responsibility of financial service administrations to ensure that men and women have equal access to financial services and facilities." Restrictions upon a woman's ability to sign a contract, register a business, or open a bank account include situations in which a married woman is required to obtain her husband's permission to do so. Prior to July 2016, examples of such restrictions were to be found in the Family Code of the Democratic Republic of Congo, article 448 of which had mandated that a woman had to obtain her husband's authorization for all legal acts that she performed. Research has found that laws that enable women to sign a contract or open a bank account are associated with higher female labor force participation (Gonzales et al. 2015).

The *Assets* indicator covers property ownership rights, inheritance rights (both for children and surviving spouses), authority of assets during marriage, and valuation of nonmonetary contributions. Take, for example, property ownership rights; situations in which the husband administers property or in which legal capacity between men and women is unequal are counted as restrictions under the WBL methodology. The literature shows that improved property rights for women is linked to increased female labor supply.²

Pensions is the final indicator included in the WBL index. Captured by this indicator are the equalization of retirement ages (with full and partial benefits as well as the mandatory retirement age) and whether periods of absence from employment due to childcare are accounted for in pension benefits. With regards to legislation on retirement ages, the WBL index reports that there is no discrimination in place if the language in the relevant legislation makes no reference to gender. For example, section 12-B of the Social Security Act of the Philippines states that "a member who has paid at least one hundred twenty (120) monthly contributions prior to the semester of retirement [...] shall be entitled for as long as he lives to a monthly pension." In this example the reference to "a member" implies no discrimination by gender. On the other hand, article 51 of the Social Security Law of Brazil states that the old-age pension will be due to the insured person who reaches 65 years old if they are male and 60 years old if they are female. In relation to pension benefit accrual during periods of childcare, an example of good practice can be found in the legislation in Jordan, where it is stated that the maternity leave period granted to the insured will be deemed as an effective period of service for pension calculation. Research has shown that in China, early retirement for women reduces their relative welfare (Lee, Zhao, and Zou 2017). Several country-specific studies show that increases in retirement ages are associated with increased female labor supply.³

² See the cross-country study by Gonzales et al. (2015) and a study on India by Heath and Tan (2020).

³ See Staubli and Zweimüller (2013) on Austria; Atalay and Barrett (2015) on Australia; and Cribb, Emmerson, and Tetlow (2016) on the United Kingdom.

C. Data Collection and Score Calculation

Data are collected by sending out questionnaires on the topics covered to an international network of over 2,000 respondents who are experts in various aspects of the law, including family, labor, and criminal law. The respondents include lawyers, judges, academics and members of civil society organizations in the 190 economies covered by the index. The network of experts complete written questionnaires and provide references to the relevant legislation.⁴ A team of legal experts within the World Bank then refers to the text of the relevant legislation and verifies that the responses to the questionnaire are in agreement with legislative texts. This process involves researching constitutions, codes, laws, statutes, rules, regulations, and procedures. The process is repeated on an annual basis. In order to facilitate comparability between economies, the WBL methodology employs a number of assumptions. For example, because maternity leave benefits within a country can vary depending on the number of children that a woman has, the methodology assumes a woman only has one child. Furthermore, some of the legislation captured may vary by location within an economy (for example, in the United States, some of the relevant legislation is set at the state level), so the methodology assumes that the hypothetical woman in question resides in the main business city in each economy. Finally, legislation can differ by subgroup within a country's population; in these cases, the WBL index captures the law that applies to the most populous group. Thus, restrictions placed upon minority groups can be missed. The strengths and limitations of the WBL methodology are more thoroughly outlined in the WBL 2020 report (World Bank 2020b).

Using the data collected from local legal experts, and having cross-checked their inputs against relevant legislation, the indicator-level scores are obtained by calculating the unweighted average of the four or five binary questions within that indicator and scaling the result to 100. The overall index scores are then calculated by taking an unweighted average of the eight indicators, with 100 representing the highest possible score. Take, for example, the legal environment in Afghanistan in 2019: this economy receives a score of 50 out of 100 in the *Mobility* indicator because women face legal restrictions in two of the four legislative issues covered (women in Afghanistan cannot travel outside their home nor can they choose where to live in the same way as a man). In the *Workplace* indicator, women face legal restrictions in only one of the four issues covered, and so Afghanistan receives a score of 75 in this indicator. Overall, based on an unweighted average of the eight indicators, the WBL index score for Afghanistan is 38.1. A WBL index score of 100 would indicate that there are no legal inequalities between men and women in the areas covered by the database.

⁴Further details are provided in the online Appendix.

II. Stylized Facts: 50 Years of Uneven Progress

STYLIZED FACT 1: *A woman in the average country has three-quarters the rights of a man.*

In 2019, the global average WBL score was 75.2 out of 100 points, which indicates that, in the average country, women are accorded about three quarters the number of rights as men in the areas covered by the index. The population-weighted average is similar in magnitude: 74.4. In 2019, no inequalities across gender lines were recorded in eight countries (Belgium, Canada, Denmark, France, Latvia, Luxembourg, Iceland, and Sweden). At the other end of the spectrum, unequal treatment under the law remains a significant obstacle for women living in Sudan, the West Bank and Gaza, and the Republic of Yemen—each of these economies received a score of less than 30. In some highly populated economies, gender equality is well below the global average; for example, in 2019, Bangladesh and Pakistan received scores of 49.4 points. So, the approximately 180 million women living in these two countries have about half the rights of men in the areas covered by the index.

As one may anticipate, there is significant variation by region in legal gender equality, as illustrated by panel A in Figure 1. Equality of economic opportunity across gender is highest in high-income OECD economies, where the average score is 94.7 points, and lowest in the Middle East and North Africa (MENA) region, where the average score is 49.6 points. While the WBL data show that women's rights are increasing in income level, to date, the economics literature has not reached consensus regarding the expected relationship between women's rights and development. Fernández (2014) presents a theoretical model in which the relationship between per capita income and reform is nonmonotonic. Her theoretical analysis shows that men have less to gain from legal systems that favor patriarchy when economies are poorer. However, Fernández's own calibration of the model to US data shows no robust relationship between reform of patriarchal property rights and per capita income. A discussion of the relationship between women's rights and development is provided by Doepke, Tertilt, and Voena (2012), who note that the causation in this relationship can go in both directions. The authors outline how the expansion of women's economic rights and political rights increases investments in human and physical capital and social welfare. On the other hand, technological change and economic development can drive reform, as discussed by Geddes and Lueck (2002) and Doepke and Tertilt (2009). According to the model of Geddes and Lueck (2002), when women have relatively few property rights, their provision of effort at work may be suboptimally low, which has a negative impact on household income; but the penalty associated with suboptimal effort on the part of female workers grows as their opportunities in the labor market increase. Doepke and Tertilt (2009) present an alternative argument, in which men begin to favor more rights for women out of concerns for the welfare of their daughters and because women's rights are associated with increased investments in human capital. In their model, economic development, driven by human capital, and women's rights mutually reinforce one another.

STYLIZED FACT 2: *Women are most severely penalized when it comes to laws that are related to having children and getting paid.*

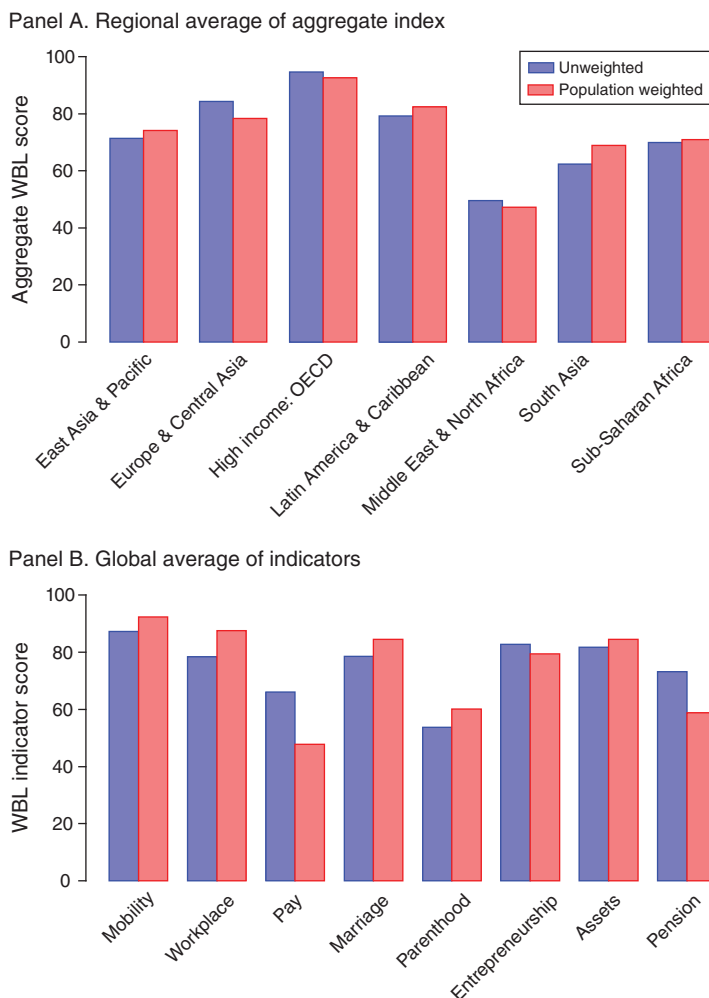


FIGURE 1. LEGAL GENDER INEQUALITY: INDEX AVERAGE BY REGION AND GLOBAL AVERAGE FOR EACH INDICATOR

Looking at the aggregate WBL index masks some interesting differences between the eight topics covered. Breaking the aggregate index down into the eight indicators, the data—displayed in panel B of Figure 1—show that, in 2019, women faced the greatest inequality in laws related to having children. On the other hand, laws placing constraints on freedom of movement (*Mobility*) showed the lowest levels of gender inequality. When comparing weighted and unweighted scores, we see that the relative rankings of the indicators change. For example, when country scores are weighted by population, the averages show that, across the world, women are most severely penalized when it comes to laws that are related to their compensation. This reflects the fact that women are severely discriminated against in some highly populated countries, such as China and India, which, in 2019, both scored only 25 out of 100 possible points in this indicator.

The regional averages for each topic—summarized in Table A2 in the online Appendix—show some interesting patterns. In high-income OECD economies, the average score is high for each topic; laws related to getting paid show the greatest

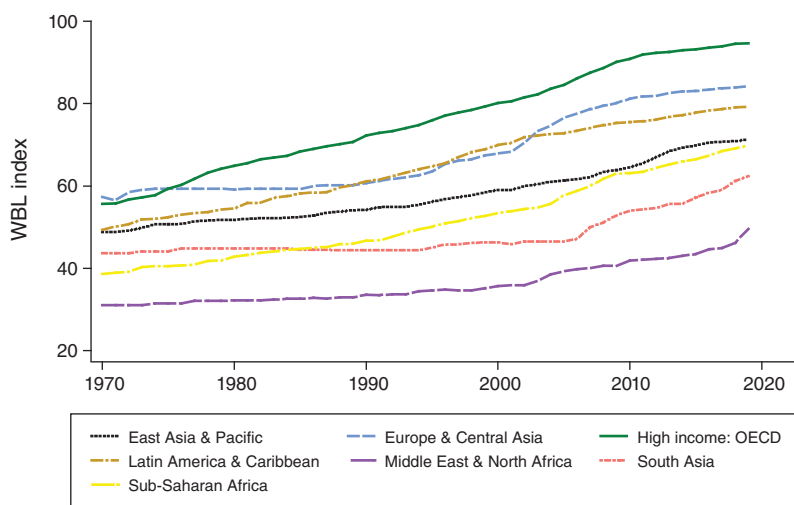


FIGURE 2. CHARTING THE PROGRESS OF LEGAL GENDER EQUALITY OVER TIME

degree of inequality but, nonetheless, receive a score of 89.8. There is more variation in other regions. Europe and Central Asia, for example, have high average scores, but economies in this region have significant room for improvement in laws that affect the size of a woman's pension.

STYLIZED FACT 3: *The last five decades have seen tremendous progress, but the pace of reform has differed across regions.*

The unweighted global average WBL score has increased from 46.4 points to 75.2 between 1970 and 2019, but different regions have made progress in terms of legal gender equality at different paces. As Figure 2 illustrates, while OECD economies are currently at the top of the ranking, in the 1970s, women in the Europe and Central Asia (ECA) region faced fewer legal gender restrictions than their OECD counterparts. The lower level of restrictions facing women in the ECA region is likely related to the communist past of many countries in the region. Communist countries liberalized family law in the twentieth century to allow women to participate in the workforce and also to constrain the influence of religion (as discussed by Htun and Weldon 2011). On the other hand, while regional average scores in the Latin America and Caribbean (LAC) and East Asia Pacific (EAP) regions were very close in 1970, economies in LAC, which were influenced by early movements toward reform in Europe (Htun and Weldon 2011), have made greater progress toward legal gender equality. Another interesting comparison is between Sub-Saharan Africa and South Asia: while legal gender restrictions in 1970 were fewer in South Asia compared to Sub-Saharan Africa, by 2019, South Asia lagged behind Sub-Saharan Africa by nine points in the average WBL score.

Figure 2 also illustrates the slow progress in the MENA region. The overall index increased by less than four points from 1970 to 1995, but the subsequent 25 years (1995 to 2019) showed greater progress, with the average score increasing by almost 15 additional points. The fact that women in the MENA region have historically

been, and continue to be, subjected to the highest level of legal gender discrimination cannot be explained entirely on the basis of compliance with Sharia (Islamic law). Indeed, several authors (see, for example, Mashhour 2005, Ross 2008, and Barlas 2019) have argued that it is patriarchal cultures, and not Islamic law, that often lies behind gender inequality. Tunisia is highlighted by Mashhour (2005) as an example of how gender equality in the family sphere can be incorporated within the bounds of Sharia. Indeed, with a WBL score of 70 in 2019, Tunisia is notably above the MENA average of 49.6.

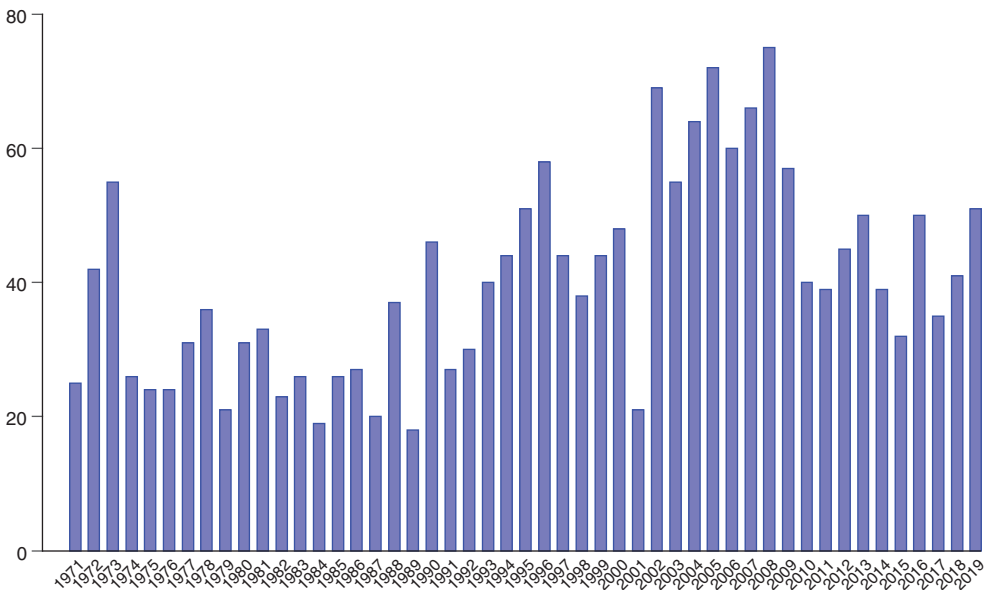
An alternative way of charting progress toward gender equality is to count the number of changes that have been made to the laws in each economy. Looking at the 35 individual aspects of gender equality covered by WBL, we count a reform as each time a legal restriction formerly placed upon women is removed. For example, in Afghanistan, the response to the question, “Can a woman apply for a passport in the same way as a man?” changed from “no” to “yes” between 2015 and 2016. Thus, this is counted as one positive reform in Afghanistan in 2016. When all such changes across the globe are aggregated for each year, the data show that the peak year for reform was 2008 (see panel A of Figure 3). In this year, 76 reforms were made across the world. The top reforming region was Sub-Saharan Africa, where 28 reforms were implemented. This partly reflects the fact that it is the region with the greatest number of economies. The years 2005 and 2008 were particularly reformatory. A likely driver of African reform around this period was the adoption of the Maputo Protocol by the African Union (AU). The Maputo Protocol guarantees wide-ranging equal rights to women; of the 35 aspects covered by the WBL index, 30 are included in the Maputo Protocol. Other potential drivers of cross-country reform include international treaties and conferences, such as the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) in 1979 and the United Nations Fourth Conference on Women in 1995.

Other factors may drive reform on an economy-by-economy basis. Agarwal (2005) notes that various parties were behind the passage of India’s 2005 Hindu Succession (Amendment) Act, which reformed several gender inequalities that had existed under the 1956 act. In an explanation of how a bill incorporating more limited reform was passed into a more significant act, she states that “concerted efforts made by individuals and groups committed to women’s rights, land rights, and human rights, through memorandums, deposition and lobbying; the openness of the Standing Committee on Law and Justice to Civil Society inputs; the support of some lawyers and MPs, all contributed to the shift from the limited 2004 Bill to the wide-ranging 2005 Act.”

The push to reform can also come from bilateral and multilateral organizations. For example, the Millennium Challenge Corporation worked with the government of Lesotho to introduce legislation allowing married women to make their own economic decisions. The United States Agency for International Development worked with the Egyptian government to develop legislation that would designate sexual harassment as a crime, and the European Bank for Reconstruction and Development supported reform that lifted certain job-related restrictions that had been placed on women in Kazakhstan. These reforms are discussed in World Bank (2019).

When charting progress in gender equality, an interesting question to consider is the number of people affected by legal reforms. Progress in terms of population-weighted reforms is shown in panel B of Figure 3. When reforms are

Panel A. Total reforms by year, unweighted



Panel B. Reforms by region and year, population weighted

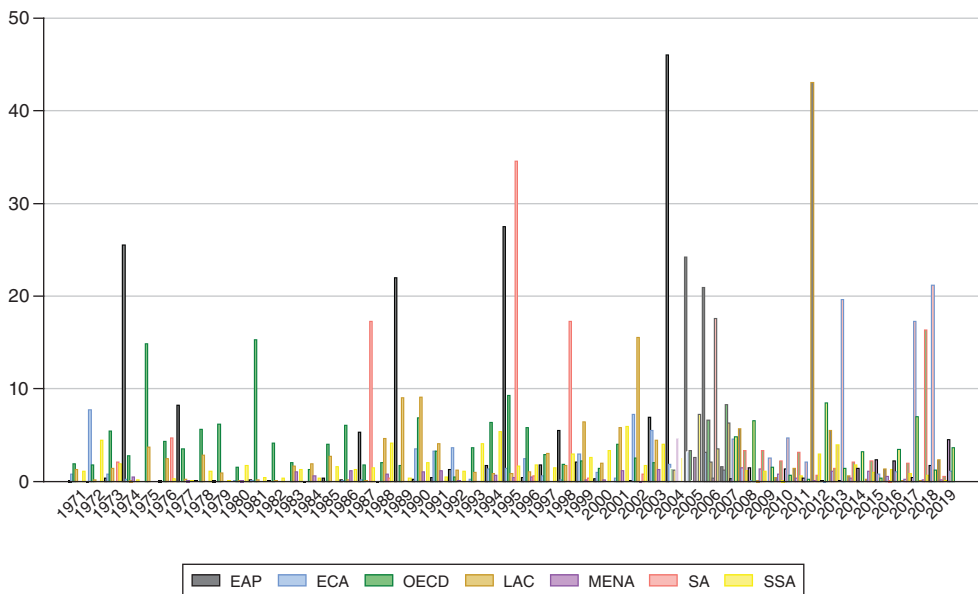


FIGURE 3. A TOTAL COUNT OF REFORMS, GLOBALLY (UNWEIGHTED) AND REGIONAL TOTALS (WEIGHTED BY POPULATION)

counted in this way, reforms in the EAP and South Asia (SA) regions stand out. There is a large spike in EAP in 1974—a result of seven changes that were made in Indonesia in that year. Large spikes also appear in the EAP region in years in which China implemented at least one reform. Spikes emerge in SA in years in which one or more reforms were implemented in India. The spike that appears in

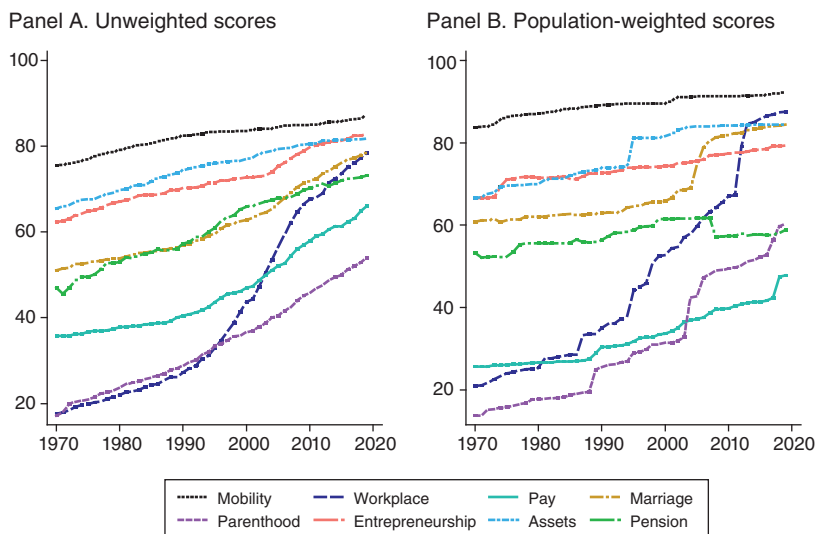


FIGURE 4. CHARTING THE PROGRESS OF THE INDICATORS OVER TIME

1995 in SA (panel B of Figure 3) is notable in terms of what was reformed. In this year, the WBL data captures two important changes that were made in India: new legislation equalized property inheritance rights between sons and daughters and between surviving spouses.⁵ Equalizing property rights between men and women in the SA region may have important implications—Agarwal (1994) highlights the role of land rights in determining gender ideologies, the balance of power within the household, and women’s ultimate well-being in the region.

STYLIZED FACT 4: *The pace of reform varies not only across countries but also across the individual indicators.*

As Figure 4 illustrates, the *Workplace* indicator displays the fastest pace of reform, both when reforms are unweighted (panel A) and weighted by population (panel B). The *Mobility* and *Assets* indicators, both of which start from a relatively high base, display the slowest pace of reforms. The *Pay* indicator also displays a slow pace of reform, despite starting from a relatively low base. Legal reform also progressed at a slow pace in the *Pension* indicator. In fact, when the scores are weighted by population share, we see some regression of the laws that impact the size of a woman’s pension in the latter half of the 2000s (panel B of Figure 4). This drop in the *Pension* indicator, which is only evident when global averages are weighted by population, reflects a negative reform that was made in China in 2008, whereby mandatory retirement ages that differed by gender were introduced. Prior to this, there was no mandatory retirement age.⁶

⁵This reflects a reform that was made via the Maharashtra Amendment to the Hindu Succession Act; the state of Maharashtra is where Mumbai, the main business city, is located.

⁶Labor Contract Law of the People’s Republic of China of 29 June 2007, art. 44(2), http://www.gov.cn/fifg/2007-06/29/content_669394.htm (accessed November 11, 2019).

The differing pace of reforms across the indicators suggests that countries may display differing degrees of resistance to granting women equal rights under the law in different areas and that economic factors may motivate reforms. For example, the fast pace of reforms in *Workplace* indicates that the progress in this area may have been motivated by the desire to better integrate women in the labor force during a time of rising demand for labor. Goldin (1988) discusses how, in the United States, demographic changes in the 1920s and 1930s caused a “labor squeeze” and contributed to the decline of the marriage bar in the 1950s, which had previously restricted married women’s employment opportunities. In relation to the same, Goldin (1991) notes that the attitudes toward and policies on women’s work changed when the supply of labor from younger, unmarried women dropped and that of educated, older, married women increased.

The WBL data do not consider the implementation of these evolving laws, and we acknowledge that for some of the areas covered by the index, women’s circumstances and decisions may be strongly influenced by social norms. The role of social norms in the expansion of women’s economic rights and opportunities is discussed by Doepke, Tertilt, and Voena (2012). The authors note that traditions that discriminate against women may be rooted in economic motivations. For example, they cite the work of Cheung (1972) and Bossen et al. (2011), who discuss the economic rationales that may be behind the traditional practice of binding women’s feet in China. They also highlight research by Alesina, Giuliano, and Nunn (2011a, 2011b) showing the long-term impact of historical agricultural practices in shaping attitudes toward gender roles.

While tracking changes in social norms is beyond the scope of the WBL index, there is grounds for believing that the changes captured by the index may have some success in changing social norms. The interplay of social norms and the formal legal system is discussed by Aldashev et al. (2012), who present a model in which progressive changes in the law can change customs in the same direction by exerting what the authors term a “magnet effect.” The authors provide examples from Senegal of how an existent law changed behavior in the presence of a changing economic climate and from India of how a change in the law resulted in a change in custom because community elders wanted to be seen as “fair and just.” They also illustrate, using an example from the Cote d’Ivoire, how moderate changes in the law can be successful in changing behavior by avoiding the backlash that can be caused by more radical changes.

STYLIZED FACT 5: *Legal gender equality is positively correlated with women’s outcomes in the labor market.*

Results from OLS regressions show that a higher score in the WBL index is correlated with better labor market outcomes, as measured by the participation of women in the nonagricultural labor market and the wage gap between men and women (columns 1 and 2 of Table 1). While we cannot attribute causality to these results, they do suggest that where women are faced with less discrimination under the law, they also enjoy more favorable outcomes in the labor market.

TABLE 1—CORRELATION BETWEEN THE WBL INDEX AND WOMEN’S OUTCOMES IN THE LABOR MARKET

	Labor market outcomes	
	Labor force participation ^a (1)	Gender wage gap ^b (2)
WBL index	0.0414 (0.0096)	−0.0670 (0.0321)
Constant	36.7923 (0.7818)	12.8421 (3.2074)
Observations	5,321	1,016

Note: All regressions include economy and year fixed effects; standard errors are reported in parentheses.

^aThe outcome variable is the female labor force participation rate in the nonagricultural sector. We focus on the nonagricultural sector because almost all employment in agriculture in developing economies is informal and hence not directly influenced by legislation. Data come from two sources—national estimates and modeled the ILO estimates, both of which are available via the World Bank’s World Development Indicators database (World Bank 2020c). While national estimates have the advantage of spanning a longer time horizon, for some economies national estimates are unreliable and have many gaps in the series. For this reason, we use national estimates only for the 32 high-income OECD economies and use modeled ILO estimates for all others.

^bData on the gender wage gap are from two sources—ILO (2020) and OECD (2019). The ILO data measure the difference between the mean earnings of men and the mean earnings of women, expressed as a percentage of the earnings of men; the OECD data are similarly calculated but use median, as opposed to mean, earnings. We use the OECD data where possible and the ILO figures in countries and years in which OECD data are not available.

III. Conclusions

While individual studies have illustrated how legal gender discrimination is related to economic outcomes in specific contexts, the literature has been missing a global picture of legal inequalities—contrasting the experience of countries where women are given the same rights under the law as men with that of countries where the legal gender gap is large and examining the evolution of gender equality over time. To address this gap, we present an overview of the recently compiled, 50-year-panel WBL database; highlight the differences between countries and regions; and chart the development of gender equality over time. We find that, across the world, women are still faced with legal gender discrimination across multiple domains. The level of legal discrimination is particularly onerous in some highly populated countries and, therefore, restricts economic opportunities for a very large number of women.

We hope our study will serve as the first step toward a rich agenda on the impact of laws on women’s economic opportunity. Many questions come to mind. While our paper provides a picture of global *de jure* discrimination, it does not speak to *de facto* discrimination. Future research could try to relate our measures of legal inequalities to measures of actual women’s empowerment. Further, while our study documents positive correlations between the legal reforms and labor market outcomes, the causation could go either way. In this regard, one could systematically examine the origins of laws and causes for reforms at a global scale. What factors lead to more equal laws: growing enlightenment, pressure from the international community, demand for labor, or a combination of the above? Our descriptive results suggest that countries are relatively quick to pass laws that are associated with higher female labor force participation. But countries are substantially more

resistant to enacting reforms related to equal pay, suggesting that economic motives may play an important role in the treatment of women by the law. Conversely, what is the causal impact of legal reform on women's economic empowerment and well-being? We leave such questions to future research.

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