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Gender Inequality, Ethnic Cleavages, and Economic Growth in Latin America

拉丁美洲的性別不平等、族群分歧和 經濟增長

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Abstract

Recent literature has been analyzing the key role of gender inequality for explaining economic performance. However, findings about the effects of gender inequality are inconclusive. In this thesis, I contend that the effect of gender inequality on economic growth is conditional on ethnic fractionalization. I hypothesize that the combined effect of greater levels of gender gaps and ethnic cleavage reduces economic growth. Focusing on gender inequality in education, labor force, and employment, I empirically test my hypothesis based on data in 18 Latin American countries from 1980 to 2018. The quantitative analyses demonstrate that a country with a wider gender gap and a higher degree of ethnic fractionalization is more likely to have low economic growth. The qualitative comparative case studies of Bolivia and Chile further illustrate how economic performance is affected by the interaction effects of gender gaps and ethnic fractionalization. Overall, this thesis aims to fill the gap in the literature of political economy and provide policy implications for the economic development of developing countries.

Keywords

Gender gap, ethnical fractionalization, economic growth, Latin America, Bolivia, Chile

摘要

近期已有不少研究探討性別不平等的現象對於一國經濟表現的影響，然而，相關的實證結果莫衷一是。本論文主張，性別不平等對於一國經濟成長的效應視該國的族群分歧程度而定。具體而言，本論文假設：性別不平等與族群分歧對於經濟成長的交互作用將會降低經濟成長。本論文聚焦於教育、勞力與就業三個層面的性別不平等，並利用 18 個拉丁美洲國家在 1980 年至 2018 年的資料進行分析。本論文的實證分析結果顯示，當一國的性別不平等情況愈嚴重，而且其族群分歧程度愈高時，則該國會出現較低的經濟成長率。除了量化分析之外，本論文亦透過玻利維亞與智利的比較案例研究，說明經濟成長如何受到性別不平等與族群分歧程度的交互作用所影響。總體而言，本論文試圖為政治經濟學的文獻提供補充觀點，同時也為開發中國家的經濟發展提供政策啟發。

關鍵字：性別落差；族群分歧；經濟成長；拉丁美洲；玻利維亞；智利

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Chapter One: Introduction

1.1 Puzzle:

The issues related to economic growth have long engaged the interest of theorists, its determinants, policies that affect, and different scenarios. Specifically, a growing interest in the dilemma regarding countries economic performance has sharpened the debate and new theoretical perspectives are emerging. The understandings of the evolution of the well-being of the population and the different strategies for poverty reduction have been gaining more importance in the relationship with economic growth.

Since 1990s, there have been diverse performances in economic growth among different countries and regions. Between 1965 and 1995, four East Asian “tigers” (Hong Kong, Singapore, South Korea and Taiwan) showed an extremely rapid increase in their economies, with an average of over 6.0 percent yearly growth rate. In contrast, many countries in Latin America and Sub-Saharan Africa recorded less than 1.0 percent average economic growth rate during the same period (Gregorio and Lee 1999, 3). The sharp contrast in economic growth between East Asian countries and Latin American and African countries leaves space to question what factors might affect economic performance. Why do some countries have lower economic growth than others?

While many studies have focused on how institutional factors shape economic growth (North 1991; Rodrik 2002; Sachs and Warner 1995), there is a growing body of evidence that links gender in policy and projects to enhance economic growth. The World Bank (2012) identifies that gender equality is key for development and “smart economics”. A country with greater gender equality will enhance productivity, improve development outcomes, and create institutions with better representation (World Bank 2012). Women now represent 38.8 % of the total global work force, 25.7% of the world’s agriculture work force, and there has been an increase in the years regarding education indicating that women make up 75% of the world’s students enrolled in secondary studies (World Bank 2019).

This means that productivity will be increased if women's skills and talents are used at their fullest. Also, when women have greater control over the household resources in a country, this country might have a higher economic growth, and it is because women are generally more willing to spend for children's health and education (World Bank 2012). In Latin America, "women's access to paid opportunities, and the narrowing of gender gaps are crucial for growth, equality and poverty reduction in the region" (OHCHR 2011, 5).

However, despite the closing disparity that has been created between the number of working women and men in Latin America, on average there still is an existing gap that sums to more than 25% (United Nations 2019a). Another analysis shows that in pay scale when comparing women and men in the same age range, education achievements and economic status for each hour worked women's wage were on average 17% below those of men (United Nations 2019a). In addition to gender inequality, it is also important to point out that ethnic cleavages might be linked with economic growth. For instance, the groups that present the lowest economic percentiles of income distribution and also face more obstacles in accessing sustainable income and educational opportunities are women, Afro-descendants and indigenous people (Montalvo and Reynal-Querol 2005). Therefore, many ethnic minorities in an ethnically fractionalized society might suffer from inequality, which might reduce economic growth.

1.2 Why economic growth?

In January 2016, the United Nations (2019b) announced that the Sustainable Development Goals (SDGs) would apply in a universal way to all UN members, and they must make efforts to end all forms of poverty and, inequalities (United Nations 2019b). One of the principal goals is to stimulate economic growth, decent work for all the members of society and employment. But why does economic growth matters? According to United Nations, between 1991 and 2015 in developing countries, 34% of the total employment was composed by the middle class reducing the amount of people living in extreme poverty (United Nations 2019a). Yet, the global economy has grown slowly, inequality has been widened, and employment has not been expanding quickly enough to sustain the exponential labor force. In 2015 about 204 million people were

suffering of unemployment, according to the information provided by the International Labour Organization (United Nations 2019a).

In addition, approximately half of the population in the world is still living with approximately US\$2 a day causing the rates of global unemployment to rise up to 5.7 percent (United Nations 2019a). The slow and uneven economic growth makes people retool economic and social policies that could help eradicate poverty. As mentioned in the United Nation's (2019a, 1) Sustainable Development Goals principals regarding to economic growth:

Even though the average annual growth rate of real GDP per capita worldwide is increasing year on year, there are still many countries in the developing world that are decelerating in their growth rates and moving farther from the 7% growth rate target set for 2030. As labor productivity decreases and unemployment rates rise, standards of living begin to decline due to lower wages.

Society needs to provide better conditions that can allow their citizens to have access to quality jobs so that the economy can be stimulated and growth can be achieved. Decent working conditions and more jobs opportunities are key factors for the whole labor force. The access to financial services must be increased so that people can accumulate assets, make productive investments and manage incomes. Also, an increase in banking, agriculture infrastructure and trade will help boost productivity and reduce employment in the most vulnerable regions in the world (United Nations 2019a). The encouragement to achieve sustainable economic growth will help countries to achieve more advances in technology and greater levels of productivity.

According to Werner (2020), Latin America presented a stagnated economic activity in 2019. In the period of 2014-2019 the real GDP per capita in the region declined on an average of 0.6% per year (Werner 2020, 2). This fragile momentum largely constrained by slow productivity growth, low quality of education and infrastructure, low investment and difficulties in the business sector. Moreover, the global growth and commodity prices have held back growth and, the effects of policy uncertainty. There are various reasons for, social unrests in many Latin

American countries in recent years, but these social unrests generally mirror the historical discontent with some economic and political aspects (Werner 2020, 2).

As a matter of fact, Werner (2020) explained that the IMF established that regional challenges are coming with an elevated policy uncertainty in several large countries and a continued economic rebalancing in already stressed economies like Argentina and Ecuador. But most recently, countries such as Bolivia, Colombia, Chile and Ecuador have been experiencing social unrest creating a space for governments to consider alternative policies to create growth in a more inclusive way by addressing social demands (Werner 2020).

According to Werner's (2020) analysis, the estimations in the GDP growth percentage for 2018-2021 reflect none or low improvement. In South America, Brazil growth remained passive at 1.2% in 2019 according to the IMF, while Chile is being subject to social unrest and trying to hang onto by developing policy in respond to the social demands. Colombia showed a growth of 3.3% in 2019 and a projected acceleration in the current year. On the other hand, Peru experienced a slowdown in 2019 of 2.4% and Venezuela remains immersed in a deep economic and humanitarian crisis (Werner 2020, 4). Moving towards, Mexico's economic activity deteriorated in 2019 because of the policy uncertainty and growth is expected to recover 1% in the current year. Central America experienced a growth of 3.9% due to the support of Panama, Costa Rica and Dominican Republic. Honduras, Guatemala, El Salvador and Nicaragua are still struggling with deeper issues such as economic recovery, corruption and political tensions(Werner 2020, 5).

The discussion above suggests that it is crucial to study why some countries has a better economic performance than others because sustainable economic growth will help countries to achieve higher levels of productivity, technological innovation, and people's wellbeing. In addition, it is interesting to examine what drives economic growth in Latin America not only because there is great variation in levels of economic growth for different countries, but also because this region has suffered economic stagnation recently. Therefore, it is necessary to study how to make economies revive.

As mentioned above, studies have shown that gender inequality and ethnic fractionalization matter for explaining economic growth. However, most existing studies test the effect of gender

inequality and ethnic fractionalization separately (Braunstein 2012; Collier 2001; Easterly and Levine 1997; Kabeer and Natali 2013; Klasen 2000, Montalvo and Reynal-Querol 2005; Seguino 2000a, 2000b, 2010; Young 1995). Differing from these studies, I argue that ethnic fractionalization is an important moderator variable in the relationship between gender inequality and economic growth. Specially, I hypothesize that a country with a wider gender gap and a higher degree of ethnic fractionalization is more likely to have low economic growth.

To test this hypothesis, I utilized mixed-methods for conducting quantitative and qualitative analyses. For the quantitative analysis, I focus on gender gap in education, labor force, and employment, respectively. I test my hypothesis using the interaction variable approach based on data from 18 Latin American countries from 1980 to 2018. Following the statistical analysis, I continue with a qualitative case study by creating a comparative analysis of Chile and Bolivia. I examine the situation of Chile and Bolivia in regards of gender inequality and ethnic cleavages to analyze why Chile achieved a higher level of economic growth than Bolivia. Overall, this study aims to contribute to the literature of economic development by facilitating a better understanding of the causes for the low economic growth in developing countries.

This thesis is organized into six chapters. Chapter one introduces the study by outlining the research's main question, and the importance of the findings of this research. Chapter two provides a review of the existing literature regarding economic growth and the existing gap followed to a detailed discussion of the theoretical argument. Chapter three provides a general background in regards gender inequality and ethnic groups in Latin America to better understand the situation of the region and the importance to the research. Chapter four introduces the empirical methodology, the variables used as well as a discussion of the empirical results. Chapter five provides a comparative analysis of Chile and Bolivia by examining the situation in regards of gender inequality and ethnic fractions and their effect in economic growth. Finally, chapter six wraps up the thesis by providing a summary of the research topic, hypothesis and findings as well as several policies recommendations.

Chapter Two: Theoretical Perspectives

2.1 Explaining Economic Growth

For the last three decades a wide amount of theoretical perspectives have emerge regarding factors that influence the economic growth rates of a nation. The growth puzzle has created theories that explore the respective roles of political economy, micro and macro policies, institutions, and technological advances. Rodrik (2002) demonstrated that there are fundamental factors that affect a country's economic growth: geography, institutions, and population.

Rodrik (2002) explains that a country's physical location will create advantages or disadvantages that will affect the market size and the benefits that comes with the participation of international trade in goods, capital, services and possibly labor. This factor plays a key role in the determination of income due to the obvious role of natural resource endowments. The quality of the land and climate determine not only rich resources, but also the public-health environment and shape the quantity and quality of human capital. Geography is also a key factor in influencing world markets and shaping institutions. A landlocked country will face greater costs of global integration. Regarding institutions, the history behind colonialism has been an important factor in the development of today's developing countries. Colonialism itself was determined by the geopolitical considerations as the case of Africa during the 1880s.

The factors of institutions have been receiving an increasing amount of attention in the growth literature. North (1991) explains that the social, economic and political interaction will be structured by the humanly devised restraints that are institutions. Institutions together with the economy define the choice set and therefore can determine transactions and production costs enhancing economic activity. The structure of an economy and its direction towards growth, stagnation or decline will be shaped by the structure created by institutions.

Population size is also a key factor for explaining economic growth. Becker, Glaeser and Murphy (1999) explained that productivity may be reduced by a larger population due to the traditional weakening returns from the severe use of land and natural resources. Still, large

population will encourage the increase investment in knowledge and greater specialization in the most important and bigger cities.

2.2 Gender Inequality

Many recent studies examine to what extent that gender inequality affect economic growth (Braunstein 2012; Collier 2001; Easterly and Levine 1997; Kabeer and Natali 2013; Klasen 2000, Montalvo and Reynal-Querol 2005; Seguino 2000a, 2000b, 2010; Young 1995). Gender inequality covers a variety of indicators in a country, but the existing literature suggests that the effects of gender inequality on economic growth are inconclusive. For Klasen (2000), in regards to education gender inequality will mean that less able boys than girls have access to education and that the average essential ability of the ones who can actually have access to education is lower than it would if boys and girls have access in an equal way to educational opportunities. Therefore, gender inequality in education would actually have a negative impact in human capital resulting in low economic growth.

Focusing on how gender inequality affects long-term economic growth in developing countries, Klasen (2002) finds that gender inequality in education is directly linked to low economic growth due to the lowering in level of human capital. In the regions of East Asia and Sub Africa, South Asia, and the Middle East there is around 0.4-0.9 percentages points of difference in the annual per capita GDP growth regarding gender gaps in education among these regions (Klasen 2002).

In addition to gender inequality in education, the gender inequality in employment also affects economic growth. When women have fewer opportunities for being employed, the average ability of the work force will be lower, and thus it will have a direct effect in the reduction of growth. In many developing countries, several women work in the informal sector, such as housework and subsistence activities. Young (1995) finds that between the years of 1996 and 1990 the drop in fertility rates and the increase in the participating female labor force was the responsible of the growth in the share of the working age population with an approximately 0.6 and 1.6% of annual growth per capita in the East Asian tiger economies. Klasen and Lamanna (2009) demonstrate that the combined effects of gender gaps in education and employment will

have a negative effect and reduce economic growth. In countries of the Middle East and North Africa, and South Asia the employment and education gaps were of 0.9-1.7 respectively compared to 0.1-1.6 percentage point difference in growth compared to the East Asian countries. In short, the studies reviewed above explain that gender gaps in education and employment have an aggregated negative effect on economic growth (Klasen and Lamanna 2009).

However, Seguino (2000a, 2000b) provides a different argument regarding gender inequality and economic growth. Seguino's (2000a, 2000b) empirical analyses showed that GDP growth is positively associated with gender inequality in wage in many Asian economies. One reason pertains that women with low wages encouraged investment and exports since lowering the labor cost allowed foreign exchange which increased productivity and growth. This finding suggests that traditional norms and stereotypes regarding women convinced them to embrace their low status stimulating investments.

In more recent studies, authors have started to point out that there are certain conditions under which gender inequalities of certain types can actually contribute to the increase or decrease of growth. Some authors such as Braunstein (2012) have pointed out that there are certain conditions in which certain types of gender inequalities will contribute the increase of economic growth. Braunstein (2012) explains that gender discrimination that will not compromise the overall quality of the labor force but only lower the labor cost from employers can actually have a positive effect on the economy. However, Braunstein (2012) clearly explains that gender gaps, for example, in education will have a negative impact on growth since it will have a direct impact on the average productivity of the labor force.

Seguino (2010) evaluated the effects of gender equality in semi-industrialized economies and low income economies. Seguino (2010) finds that a variety of specific institutional factors as well as gender distribution, time frame, and economic structures will create different gender effects. For instance, gender equality in wages will worsen the balance of payments in countries with a semi-industrialized economy while it will improve it in a low income economy.

Kabeer and Natali (2013) reviewed the most prominent studies regarding the mutual influences between gender equality and economic growth. Kabeer and Natali (2013) find that the level of economic development and cultural factors are among the most critical factors identified explaining the mutual relationship and distinguishing the pathways of how the relationship operates.

2.3 Ethnic Fractionalization

A rich literature has been contributed in regards of the effect of ethnic, linguistic and religious cleavages on country-level financial, economic and political developments. The majority of this research has concluded that greater levels of social fractionalization will negatively affect a country's institution, market, and prospects to grow in the global economy. Collier (2001) argued that in society ethnic fragmentation will reduce cooperative behavior and increase costs in transactions with individual ethnic groups frequently favoring a short-term opportunism over long term planning.

Montalvo and Reynal-Querol (2005) explain that there are several mechanisms that can explain the negative association between ethnic fractionalization and economic growth. For instance, a society with high levels of ethnic fractionalization would be more likely to result in ethnic conflicts; such conflicts might lead to political instability or even civil war. Since trade and business might be limited to individuals that belong to the same ethnic group, it is more difficult for the diffusion of technological innovations. Moreover, in a highly fractionalized society, public infrastructures can be biased and government expenditure may favor some ethnic groups more than others, which could lead to more corruption. Therefore, these negative consequences would reduce economic growth. The way in which ethnic diversity will affect growth will be linked to the fight over economic resources and the distribution on the political process of the ethnic groups in a country.

Easterly and Levine (1997) explain that very high ethnic fragmentation of countries in Africa is the reason of their poor economic performance. The effect that ethnic diversity has on growth travel via an indirect channel, the poor public policies influence the long-run economy. Specifically, a large ethnic diversity will change the economic policies in a rent seeking way

creating problems in the way structural policies are designed and related to infrastructure and education.

2.4 The Combined Effects of Gender Inequality and Ethnic Fractionalization

As previously discussed, there is extensive literature regarding gender inequality and economic growth. Gender inequality matters for explaining a country's economic growth because it has direct links with human capital and labor productivity. Klasen (2000) explains the way in which gender gaps in education will lower the productivity and consequently have a negative effect on growth. In addition, if women's employment opportunities are reduced the average ability of the work force will be lower. Young (1995) explains that high participation rates lowered fertility and created greater employment for women in the formal economy causing the East Asian Tigers positive economic growth. Klasen and Lamanna (2009) argue that gender gaps in education and employment will have a negative effect on economic growth since it will have a direct impact on the female labor force participation.

However, Seguino (2000a, 2000b) explains how gender inequality in wage is positively associated to GDP growth. She explains that when women's wages are low it will encourage exports and investments since the unit labor cost is lower raising productivity and growth. This argument contrast all the recent literature that suggests that income inequality slows growth. More recent studies point out that there are certain conditions under which gender inequalities of certain types can affect economic growth (Braunstein 2012; Kabeer and Natali 2013; Seguino 2010). This suggests the need to take other factors in consideration to evaluate the relationship between different gender gaps and economic growth. In short, the literature review regarding the effects of gender inequality on economic growth is inconclusive, and therefore further investigation is required.

Some possible reasons that can explain the inconclusive results regarding the effects of gender inequality in a country's economic growth are the different possible scenarios under which gender inequality can actually contribute positively or negatively to growth. As explained by

Kabeer and Natali (2013) literature tends to include a great amount of different variables and measurements creating puzzling findings in different literature. They explain that different studies suggest that certain measures of gender inequality can be attached to larger degrees of confidence compared to others, showing how there is a limited number of measurement that can actually capture gender gaps in most economic growth models. In other words, when multiple analysis are trying to explain gender inequalities in areas such as employment, education, labor force and others they are not measuring the same thing since there is a lack of comparable data. Other possible reason is the problem related to the information available in regards of important topics such as unpaid activities, due to the fact this has influence in economic growth but there is no or little information reflecting unexplored analysis (Kabeer and Natali 2013).

In this research, I argue that previous literature have ignored the important variable of ethnic fractionalization when studying the relationship between gender inequality and economic growth. Specifically, I argue that ethnic fractionalization is a crucial moderating variable in the relationship between gender inequality and economic growth. In the previous sections, I have discussed that women and ethnic minorities suffer discrimination, but it is important to understand that women specially belonging to an ethnic minority will be in a more vulnerable situation. The gap in the existing literature about economic growth suggests that the effects of gender inequality and ethnic cleavages are studied separately, but in fact their combined effects should be better examined for a better understanding of economic growth.

Banda and Chinkin (2004) propose a conception of multiple discriminations. An example is that a woman could be discriminated not only because she is a woman, but also because she belongs to a particular ethnic, religious, or linguistic group. All of these multiple discriminations cannot operate in an independent way but they interconnect with each other creating a more adverse situation. Take wage, for example. Banda and Chinkin (2004, 11) suggest that “minority men earn less than majority men (racial discrimination); women earn less than men (sex discrimination); minority women earn less than either majority women or minority men (race and sex discrimination)”.

The World Development Report created by World Bank (2012) indicates that women will probably work in the informal sector and participate in low productivity activities. In addition,

the report shows women that belong to an ethnic minority will benefit less compared to the majority. My previous discussion suggests that education, employment, and labor force matter for explaining economic growth. Supposing that women and men have the same distribution of abilities, when men have better resources than women a gender gap is created. The wider the gender gap, the more serious the inequality is against women. The more disadvantages the women have in education and employment, the less likely that a country's economy will grow fast. In addition, considering the concept of multiple discrimination, it makes sense to infer that the negative effects of gender gap on economic growth might depend on whether a country has a higher level of ethnic fractionalization.

Previous literature suggests that countries that have wider gender gap in education, employment, and labor force will have a lower economic growth. In this study, I further argue that the negative effects of gender gap in education, employment, and labor force will be greater when a country has a higher level of ethnic fractionalization. In trying to answer the main research question of this thesis, *why does gender inequality create a more negative effect on economic growth in some Latin American countries but not in others?* I argue that the conditional relationship between gender inequality and ethnic fractionalization is key in explaining economic growth in Latin American countries. Based on the discussion, I generate three testable hypotheses:

H1: Countries with a wider gender gap in education and a high degree of ethnical fractionalization are more likely to have lower economic growth.

H2: Countries with a wider gender gap in labor force and a high degree of ethnical fractionalization are more likely to have lower economic growth.

H3: Countries with a wider gender gap in employment and a high degree of ethnical fractionalization are more likely to have lower economic growth.

To test these three hypotheses, I conduct a mixed-method approach for quantitative and qualitative analyses. For the quantitative analysis, I collected data for 18 Latin American countries from 1980 to 2018 and examine the conditional causal relationship of different types of gender inequality and ethnical fractionalization on economic growth. For the qualitative analysis, I select Bolivia and Chile for comparative case studies. There are two reasons for this case

selection. First, Chile and Bolivia are both countries that present similarities in several aspects, such as location, size, population and gender inequality. Second, Chile is considered one of the fastest growing economies in the recent decades and Bolivia has been struggling with several economic and social issues. The purpose of this comparative case study is to go beyond the quantitative analysis by demonstrating the causal mechanism of my theory.



Chapter Three: Gender Inequality and Ethnic Fractionalization in Latin America

Historically, Latin America is the region that experienced about 300 years ago the longest time frame where the social organization of the colonial mode remained in force (Stromquist 2001). As a result, the social mix of subjugated populations (i. e., indigenous people and African slaves) and a governing white minority that continued dominating was clearly not favorable to the creation of equal economic and social relations between the different groups. Overtime, society was characterized by the wealthy colonist descendants with large holdings and the exploited peasantry forced to work in agriculture. The deep-rooted colonial structure and the export-based agrarian capitalism facilitated the emergence of influential landed elites that were able to use the state power in their advantage, which created even wider social disparities (Stromquist 2001). Even during periods when economy thrived, serious social inequality has been an obstacle for the eradication of poverty and reaching a sustainable development.

While concerns about eradication of poverty and inequality have been main issues for many countries, these concerns have become core objectives of the 2030 Agenda for Sustainable Development of the United Nations. In Latin America, the challenges for achieving these goals are persistent. Not only there is strong evidence that in some aspects the region has become poorer and more unequal, but also social progress of several kinds have levelled off or slowed down, which eventually created a fragile economic environment (ECLAC 2019a).

Since 2015, the levels of poverty and especially extreme poverty have been increasing. Almost 30.1% of the population in the region was living beneath the poverty line by 2018 and 10.7% in extreme poverty. In other words, almost 185 million people in the region were living in poverty while 66 million in extreme poverty (ECLAC 2019a, 17). Moreover, it is important to note that poverty levels vary among different social groups. ECLAC (2019a) shows that poverty and extreme poverty is higher for people living in rural areas, women, indigenous people and Afro descendants. For instance, poverty rate among Afro descendants was 2.8 times more than non – indigenous and non-Afro descendent people in Uruguay, and the statistics were 2.2 and 2 times in Brazil and Peru, respectively (ECLAC 2019a, 18). Income inequality is another serious problem facing Latin America. Even though the Gini index declined by 13.6% in 16 years in the region, the way it has been decreasing has slowed down over the period. Countries like

Argentina, Brazil, Ecuador and Honduras had an increase over the period, meaning that the poorest households increased, while the wealthiest grew or had smallest decreases (ECLAC 2019a, 21).

In this section, I will provide an overview on the two factors that contribute to the fragile economic environment in Latin America. I will first discuss gender inequality, and then I discuss ethnic fractionalization.

3.1 Gender Inequality

Women in Latin America have been the center of a major cultural shift in history. Even though women's rights have been improved in many countries, the gender gaps in many socio-economic areas are still wide in this region. In this section, we provide an overview on gender inequality in income, education and employment in Latin America.

Income Inequality: When analyzing women's autonomy, economic autonomy is arguable the most important factor that women perceive, because it has a direct effect in overcoming poverty, and it allows them to realize personal goals. In Latin America, the scenario is unfortunate because there are a greater number of women in the low-income groups. Women tend to receive lower incomes, due to the difficulty of obtaining paid work. Even if a woman is active in the labor market, women's income is usually much lower than the men's income (ECLAC 2017).

According to ECLAC (2017) the main source of income for men and women in the region comes from salaries and wages. But, only one in two working age women is economically active. Regardless of their experiences and abilities, women will face a very noticeable wage gap which grows larger accordingly to the amount of years of education also the many struggles they face to access paid work. It is clear that the women with highest education level present a gap shrink by 9.3%. But still, women are receiving lower incomes and a high number don't receive income at all suggesting that most Latin American women suffer income inequity (ECLAC 2017, 58).

School Enrollment: Even though, the percentage of both male and female completing secondary education has increased in Latin America, it is still socially segmented in a high degree.

The groups in society that are not able to complete the crucial stage of education are more likely to experience multiple forms of exclusion along their life cycles. But, the percentages of young children not completing secondary school mostly belong to the lowest-income households, living in rural areas, or the indigenous people and Afro descents (ECLAC 2017). ECLAC (2017, 129) analyzed the countries of Bolivia, Brazil, Chile, Ecuador and Guatemala between 2002 and 2004 due to the large increase in secondary school completion. The analysis indicates that there has been an increase of about 64% compared to 29%, especially for young indigenous people and for non-indigenous, respectively (ECLAC 2017, 129). Still, it is clear that ethnic and gender divisions are large. In 2014, 49.8% of young indigenous women enrolled in school, while 70.5% of young non-indigenous enrolled in school (ECLAC 2017, 129).

Labor Market: Unemployment is one of the key indicators that characterize Latin America and one of the pillars of the social inequality reflected in the labor market. Even though the region has made substantial progress, there is still a large gap between men and women in the labor market, including high rates of unemployment, participation, informality and wage discrimination (ECLAC 2017). ECLAC's (2017, 140) 2002-2014 analysis indicates that when comparing trends in unemployment by sex, age group, and area of residence, the rates of unemployment are higher among young women by 18% compared to young men with 12%.

Another problem of the region is the high number of people receiving income below the minimum wage. Workers in rural areas are among that whose income is underneath minimum wage compared to the urban areas. According to Social Panorama published by ECLAC (2017) the amount of women receiving income under the minimum wage is higher than that of men in the same circumstances of residence and age (ECLAC 2017). According to ECLAC (2017), one possible reason for this gender inequality is about women's role in unpaid domestic work. ECLAC (2017, 186) demonstrates that Latin American women spend between 20% and 33% of their time care work and unpaid domestic compared to men that only spend 10% of their time doing the same work. This construction of gender roles established since childhood explains why male children and adolescences spend more time on paid work (ECLAC 2017, 186).

In short, there is a direct link between women's reduced labor force participation and their overrepresentation in the unpaid work compared to paid work. With women being forced to engage more informal jobs, it is difficult for women to break the vicious cycle. What makes

matters worse is that public policies that aim to address these problems are almost none existent in the region.

3.2 Ethnic Fractionalization

In Latin America the idea of ethnicity as a social and political marker of inequality and discrimination has a historical root since colonialism and slavery (ECLAC 2019a). The new concept of ethnicity established by colonialism served the interest of the colonial system which defined the global division of labor and justified the social stratification of colonial societies. The definition of roles based on ethnicity shaped Latin America in a way that indigenous and Afro-descendent groups have traditionally faced greater marginalization and exploitation experiencing a historic discrimination (ECLAC 2019a).

ECLAC (2014) have shown while many Latin American countries have made advancements in social and economic developments in the past decades, the region is facing several constraints that impede such progress. One challenge is the structural heterogeneity in ethnicity. These groups have to face discriminatory practices that are still in place and have put into danger their wellbeing in every social aspect. This section provides an overview of the situation of the different ethnic groups in the region.

There were about 42 million indigenous people, representing nearly 7.8% of the total population of the region (World Bank 2015, 22).¹ The estimated number of indigenous groups ranges from 626 to 826 (World Bank 2015, 24). The largest diversity of indigenous peoples (316 groups) is located in the Amazon, followed by Mesoamerica, the Orinoco basin, the Andes, and the Chaco region. The smallest diversities are located in the Patagonia and the Pacific Coast (World Bank 2015). The countries with the largest indigenous population are Bolivia, Guatemala, Peru and Mexico, while El Salvador, Venezuela, Costa Rica, Uruguay, Argentina, Paraguay and Brazil have the smallest proportions of indigenous population.

¹ For several reasons it can be problematic to compare census data across countries. For example, El Salvador has the lowest amount of indigenous people, 0.2%, but about 86% of its population in surveys identify themselves as “mestizo” (World Bank 2015, 24). The issue is that this option is not presented in many other countries surveys and if this question was not available is very hard to know how many people would have identified as “indigenous”. Therefore, official data on indigenous people is inconclusive due to the fact that most of them come from national censuses. In the report of the World Bank (2015, 24), they also conclude that the official, although imperfect, numbers are the ones provided by the national censuses.

World Bank (2015) identifies several challenges indigenous population has to face. For example, 49% of the indigenous population currently lives in urban areas because of issues such as ecological depletion, depravation of land, natural disasters and forced displacements due to conflict. Women are often the ones facing greater challenges due to the fact that their economic opportunities are mostly concentrated in low- skill paying jobs creating an unequal access to formal work and forcing them to work in the informal sector (World Bank 2015). Moreover, the gaps that separate indigenous people form non-indigenous have stayed still or increased over the last decade (World Bank 2015). In many Latin American countries, the benefits from the advancement in socio economic development received in the last decade have been distributed in an uneven way. The negative effects caused by the insufficient protection of indigenous people's rights in addition to the rising economic globalization and the demand for natural resources have created a wider gap between non-indigenous and indigenous groups (World Bank 2015).

Moreover, many countries with high levels of poverty rates are countries with more indigenous groups. For example, in Bolivia the poverty gap between non-indigenous and indigenous households increased by 32% (World Bank 2015, 59). The constant growing of the poverty gap that separates non-indigenous from indigenous households could be accredited to the way in which indigenous people are incorporated into society and the labor market since early stages in their life cycle. For instance, indigenous people living in urban areas will be more likely to work in low skill/low-paying jobs (World Bank 2015). The prevalence of informal jobs aggravates the indigenous people's situation since they are less likely to receive benefits such as insurance, retirement funds and other legal compensations that the formal sector provides². Another challenge that Latin American indigenous people is facing is the lack of opportunities for obtaining education. In particular, women that belong to an indigenous household will have higher levels of illiteracy and school dropout rates, which will slow their ability to have greater economic opportunities later in the labor market (World Bank 2015). Therefore, they are more likely to suffer from unemployment.

² In Bolivia, there is a 7% chance that a person that has the same level of education, age and gender is going to work informal sector if they belong to an indigenous household; for Guatemala, the likelihood is 14. 5% (World Bank 2015, 66).

The Afro-descendent population in Latin America originated nearly 400 years ago due to the slave trade that was carried out across the Atlantic (ECLAC 2019a, 215). People that come from African descendants face several disadvantages due to the social structures which remain with discrimination and inequality. In Latin America it is estimated that there were at least 130 million Afro-descendants, representing 21% of the population (ECLAC 2019a, 221). Afro-descendant groups are present in all the countries of Latin America, their population varies among them in and they mainly live in the urban area (ECLAC 2019a, 221).

This ethnic group also faces several and similar inequalities in different spheres of development such as education and work. Afro-descent groups present less access to education, specifically in the secondary and higher levels. Also, inequalities presented by ethnicity and gender affect Afro-descendent women having issues such as lower labor incomes, higher rates of unemployment and they are usually engaged in more domestic work, whether unpaid or paid. In addition, Afro-descendant groups are still overrepresented among the poor (ECLAC 2019a, 260).

In summary, Latin America is a region that has experienced political, social, and economic difficulties that originated since colonial times. Even though advances in several areas such as poverty, economic growth and inequality have been made, the region appears to have gone into reverse especially in social progress, which has slowed down and created a fragile economic environment. As ECLAC (2019a, 229) explains these inequalities associated not only with ethnicity but also with gender, place of residence and life cycle are the basic pillars of the social inequality matrix presented in all the countries of Latin America. Even though it is debated that these inequalities are interconnected with each other, the outcome is not necessary going to be in a linear way and therefore more analysis is required to understand the different outcomes (ECLAC 2019a).

In most cases the data is broken down by gender or by ethnic fractions to explain the current situation in Latin America. The following sections will provide a more in-depth analysis of the countries in Latin America by examining the interrelationship between ethnicity and gender inequalities. This causal relationship of gender gaps and ethnicity has been quite overlooked in the Latin American context.

Chapter Four: Quantitative Analysis

4.1 Data and Operationalization

I have collected data on economic growth in 18 Latin American countries from 1980 to 2018. The unit of analysis of this research is country-years. The dependent variable for the analysis is economic growth. The independent variables include ethnic fractionalization, gender gap in primary school enrollment, gender gap in labor force, and gender gap in employment. I also control for several variables that could potentially affect economic growth.

4.1.1 Dependent Variable

The dependent variable for this research is economic growth, which is operationalized as “the annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2010 U. S. dollars. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources”. The data was gathered from World Development Indicator (World Bank 2018).

4.1.2 Independent Variables

The empirical analysis considers three types of gender gaps and ethnic fractionalization as the independent variables. The gender gap variables will allow us to measure how much more males have the advantage over females. A larger gender gap means that there is a more unequal situation against women. The gaps were constructed by creating a male-female ratio that equals to 1, which means that 0 indicates no gap between male and female. The first gender gap variable is the primary school enrollment gap, which is calculated as the following:

Primary School Enrollment Gap = (School enrollment, primary, male (% gross) / School enrollment, primary, female (% gross)) – 1

School enrollment, primary (% gross) “is the gross enrollment ratio of total enrollment, regardless of age, to the population of the age group that officially corresponds to the level of education shown. Primary education provides children with basic reading, writing, and mathematics skills along with an elementary understanding of such subjects as history, geography, natural science, social science, art, and music” (World Bank 2018).

The second gender gap variable is employment gap, which is calculated as the following:

Employment Gap = (Employment to population ratio, 15+, male (%) (modeled ILO estimate) / Employment to population ratio, 15+, female (%) (modeled ILO estimate)) - 1

Employment to population ratio, 15+, (%) (modeled ILO estimate) “is the proportion of a country's population that is employed. Employment is defined as persons of working age who, during a short reference period, were engaged in any activity to produce goods or provide services for pay or profit, whether at work during the reference period (i. e. who worked in a job for at least one hour) or not at work due to temporary absence from a job, or to working-time arrangements. Ages 15 and older are generally considered the working-age population” (World Bank 2018).

The third gender gap variable is the labor force gap, which is calculated as the following:

Labor Force Gap= (Labor force, Male (% of total labor force) / Labor force, female (% of total labor force)) - 1

Labor force (% of total labor force), “includes people ages 15 and older who supply labor for the production of goods and services during a specific period. This indicator consists of people who are currently employed and unemployed people seeking for work as well as first time job-seekers. Not everyone who works is included for example unpaid workers, family workers, and students are often omitted” (World Bank 2018).

For each of the three gender gap variables, the smallest value is 0, indicating perfect gender equality. A higher value for the gender gap variable indicates that a worse gender inequality

against women. For example, a gender gap of 0.5 for employment indicate that the number of employed male is 1.5 times of the number of employed female, or, for every 10 employed women, there are 15 employed men in the country. Using population percentage, the calculation is $(60\% / 40\%) - 1 = 0.5$.

In addition to the three gender gap variables, I also consider ethnic fractionalization as the independent variable. This variable is operationalized based on Alesina et al. (2003) ethnic fractionalization data. Alesina et al. (2003) provide a measurement of ethnic fragmentation based on a broader classification of groups by taking in consideration not only language, but also other racial cleavages. Their data is time-invariant for each country. Therefore, the value of fractionalization is fixed for each country throughout the whole time span in my dataset.

To test the hypotheses regarding the conditional effects of gender gap and ethnic fractionalization, I consider interaction terms of gender gap variables and fractionalization. My estimation strategy is to estimate one model for testing one hypothesis, so that there are three models in the empirical analyses. Specifically, primary school enrollment gap * ethnic fractionalization is included in the first model, labor force gap * ethnic fractionalization in the second model, and employment gap * ethnic fractionalization in the third model. According to my theoretical argument, I expect a negative association between the interaction terms and GDP growth.

4.1.3 Control Variables

Geography: Rodrik (2002) argues that geography matters for explaining economic performance. Therefore, I include a variable of average temperature for each country, which is based on monthly and annual temperatures by country for the period 1961-1999. Values are in Celsius degrees. The data was gathered from the Climate Change Knowledge Portal from the World Bank Group (World Bank Group 2020). In addition, I also control for the dependence of oil and mineral exports of a country. The data was gathered from Mainwaring and Perez-Liñan (2013). The variable is the dependence of oil and mineral exports from 1944-2010. It is coded 0 if a

country's oil and mineral exports is less than or equal to 10% of gross national income, and 1 if a country's oil and mineral exports is larger than 10% of gross national income.

Institutions: As explained earlier, institutional factors are crucial for initiating and sustaining economic growth. First, I control for the level of democracy, which is the Freedom House Score, operationalized as 15-(civil rights index + political right index). Freedom House provides the civil rights index and the political right index for each country from 1973 to 2018 and the index ranges from 1 being the best score to 7, the worst. A composite index was created, so that the best score will be 13 (=15-1-1) and the worse score will be 1 (=15-7-7). The data was gathered from Freedom House (Freedom House 2020).

Party orientation comes from the database of political institutions (2017) created by the Inter-American Development Bank, which classifies ideological orientation of the ruling party using the following criteria: Right (1) are conservative, Christian democratic, or right-wing parties; Left (3) are communist, socialist, social democratic, or left wing parties. Center (2) are centrist parties (Cruz, Keefer, and Scartascini 2018).

Proportional Representation (PR) system is a dummy variable in which every country that has a PR system is coded with 1 and otherwise is 0. The information comes from the electoral system family variable that was obtained from the International Institute for Democracy and Electoral Assistance (International Institute for Democracy and Electoral Assistance 2020).

Population: Researchers has explained that population size affects economic growth. Therefore, I control for population size (with natural log transformation) and urban population growth (annual %). I gathered the total population of the eighteen Latin America countries for the period of 1980-2018 from the World Development Indicator (World Bank 2018). Due to the importance of indigenous households in our research, I also control for indigenous population. The variable consists of the total percentage of indigenous population in the same countries and time period. The data comes from Madrid's (2016) Latin American Ethnicity Database.

The last control variable is log of GDP per capita. GDP per capita, at constant 2010 prices in USD, is the gross domestic product divided by midyear population. To avoid skewed estimation,

I employ a natural log transformation for this variable. The data was gathered from World Development Indicator (World Bank 2018).



Table 1: List of Variables.

Variables	Measurement	Data Sources
GDP Growth	GDP growth (annual %) is the annual percentage growth rate of GDP at market prices based on constant local currency.	World Bank (2018)
Ethnic Fractionalization	Ethnic fragmentation is the classification of groups by taking in consideration not only language but also other cleavages such as racial characteristics.	Alesina et al. (2003)
Primary School Enrollment Gap	The female-male ratio of primary school enrollment (% gross). (0= no gap between male and female).	World Bank (2018)
Employment Gap	The female-male ratio of the proportion (%) of a country's population that is employed. (0= no gap between male and female).	World Bank (2018)
Labor Force Gap	Female-male ratio of the total labor force (%). (0= no gap between male and female).	World Bank (2018)
Gender Gap Index Rev	The gender gap index score (0. 00 = inequality, 1. 00 = equality), indicates the gap among men and women in health and survival, economic participation, educational attainment and political empowerment.	World Economic Forum (2008)
Wage Gap	Female-to-male ratio for wage equality for similar work. (0= no gap between male and female).	World Bank (2018)
Log. Population	Population Size (with natural log transformation)	World Bank (2018)
Urban Population Growth	Urban population growth (annual %) is the annual percentage growth rate of urban population.	World Bank (2018)
Party Orientation	Right (1) are conservative, Christian democratic, or right-wing parties; Left (3) are communist, socialist, social democratic, or left wing parties. Center (2) are centrist parties.	Inter-American Development Bank (2017)

Temperature	Temperature is the mean monthly and annual temperatures by country for the period 1961-1999. Values are in degrees Celsius.	World Bank Group (2020)
Indigenous Population	Total percentage of indigenous population in the same countries and time period.	Madrid (2016)
PR System	Dummy variable in which every country that has a PR system is coded with 1 and otherwise is 0.	International Institute for Democracy and Electoral Assistance (2020)
Oil and Mineral Exports	The values rank from, 0 = Oil and mineral exports \leq 10% of Gross National Income and 1 = Oil and mineral exports $>$ 10% of Gross National Income.	Mainwaring and Perez-Liñan (2013)
Freedom House	Freedom House Score is operationalized as 15-(civil rights index + political right index). The best score is 13 and the worse score is 1.	Freedom House (2020)
Log of GDP per capita	GDP per capita, at constant 2010 prices in USD, is the gross domestic product divided by midyear population.	World Bank (2018)

Table 2 provides a summary of the variables used in the study. Eighteen countries were studied from 1980 to 2018 providing 702 observations over a period of 38 years. There were 698 observations documented for GDP growth. Amongst all countries in the study, Venezuela reported the highest GDP growth in the year 2004 with a value of 18.287%. On the other hand, Panama recorded the lowest GDP growth in the year 1988 with a value of -13.380%.

There were a total of 702 observations for ethnic fractionalization. The variable ranges from 0 to 1, where values close to 1 means that the country poses a large number of territorial ethnic minorities, while closer to 0 otherwise. Due to the fact that ethnic population barely changes through the years, each country presents a fixed value for this variable. Bolivia has the highest

value among all countries with an ethnic fractionalization of 0.740, followed by Peru with 0.66, while Paraguay and Chile have the lowest value with 0.169 and 0.186, correspondingly.

Of 572 observations related to primary school enrollment, Guatemala was the country that presented the largest gap throughout several years with the lowest value of 0.181 in 1980. While countries like Colombia, Costa Rica, Dominican Republic, Ecuador, Honduras, Nicaragua and Peru have consistently scored a value of 0 throughout the years. In addition, for the variables of employment and labor force (504 and 522 observations) Nicaragua presented the lowest value in 1995 with 1.554. As well, Costa Rica had the largest gap in 1990 in terms of labor force with a value of 1.553. However, Peru presented the lowest gap in 2010 for both employment and labor force with a value of 0.205 and 0.169, correspondingly.



Table 2: Summary Statistics of the Variables Used in the Empirical Analyses.

Variables	Min	Max	St. Dev.	Mean	Obs
GDP growth	-13.380	18.287	3.914	3.111	698
Ethnic Fractionalization	0.169	0.740	0.186	0.427	702
Primary School Enrollment Gap	0.000	0.181	0.031	0.026	572
Employment Gap	0.205	1.544	0.284	0.755	504
Labor Force Gap	0.169	1.553	0.279	0.648	522
Gender Gap Index	0.186	0.393	0.034	0.304	252
Wage Gap	0.000	1.222	0.260	0.728	249
Log. Population	14.498	19.167	1.148	16.339	702
Urban Population Growth	-1.758	4.704	1.018	2.441	702
Party Orientation	0.000	3.000	1.094	1.569	678
Temperature	8.370	25.320	4.302	21.606	702
Indigenous Population	0.000	0.420	0.131	0.106	702
PR System	0	1	0.373	0.833	702
Oil and Mineral Exports	0	1	0.416	0.222	702
Freedom House	2.000	13.000	2.280	9.339	684
Log of GDP per capita	20.733	28.593	1.629	24.260	682

4.2 Methods and Estimation Techniques

This research employs a mixed-method approach for conducting quantitative and qualitative analyses. This approach focuses on collecting, analyzing, and combining data from both methods into a single research with the goal to provide a better understanding of the research problem. Using both methods offers an opportunity to compensate for the inevitable biases of using only one of them in the research (Johnson and Onwuegbuzie 2004).

For the quantitative approach, I use a Time-Series Cross-Sectional (TSCS) analysis to test the hypotheses of gender inequality and ethnical fractionalization on the economic performances of the 18 Latin American countries for the time period of 1980 to 2018. Due to the nature of one of the main independent variables that has fixed values for each country, I employ robust errors clustered by country.

4.3 Empirical Results

Table 3 reports the results of our empirical models for explaining GDP growth in 18 Latin American countries. The results in the three models indicate that the coefficients for each interaction term of a certain gender gap variable and ethnic fractionalization are negative and statistically significant. Specifically, Model 2 shows that the reduction effect of education gender gap on GDP growth is stronger when a country's level of ethnic fractionalization is higher. In addition, Model 4 demonstrates that a country tends to have a lower GDP growth if it has a larger gender gap in labor force and a higher level of ethnic fractionalization. Furthermore, Model 6 shows that a country with a wider gender gap in employment tends to have a much lower GDP growth rate if it is more ethnically fractionalized. The above results provide strong evidence for H1, H2, and H3, respectively.

Table 3: Effects of Ethnic Fractionalization and Gender Gaps on GDP.

Variables	Model 1 (Education)	Model 2 (Education)	Model 3 (Labor)	Model 4 (Labor)	Model 5 (Employment)	Model 6 (Employment)
Ethnic Fractionalization	0.761 (1.715)	3.786 (2.255)**	3.156** (1.310)	10.789*** (2.020)	3.698** (1.450)	12.852*** (2.900)
Primary School Enrollment Gap	-2.982 (6.445)	67.678* (23.307)				
Ethnic Fractionalization x Primary School Enrollment Gap		-145.756*** (41.830)				
Labor Force Gap			1.073* (0.527)	6.787*** (1.863)		
Ethnic Fractionalization X Labor Force Gap				-12.088*** (3.336)		
Employment Gap					1.021* (0.579)	7.286*** (1.966)
Ethnic Fractionalization X Employment Gap						-12.821*** (3.401)
Log. Population	-1.234*** (0.331)	-1.168*** (0.273)	-1.534*** (0.312)	-1.793*** (0.385)	-1.342*** (0.268)	-1.641*** (0.325)
Urban Population Growth	0.473 (0.289)	0.611*** (0.251)	0.354 (0.255)	0.032 (0.220)	0.398 (0.255)	0.093 (0.215)
Party Orientation	-0.019 (0.232)	-0.125 (0.214)	0.032 (0.167)	0.025 (0.157)	0.029 (0.176)	0.014 (0.163)
Log of GDP per capita	1.025*** (0.196)	0.981*** (0.177)	0.909*** (0.224)	1.040*** (0.268)	0.743*** (0.202)	0.950*** (0.234)
Temperature	-0.012 (0.090)	-0.029 (0.075)	-0.074 (0.053)	-0.070* (0.036)	-0.098 (0.056)	-0.076* (0.041)
Indigenous Population	4.090 (2.584)	4.747** (2.311)	1.083 (2.157)	0.546 (1.081)	0.551 (2.270)	0.058 (1.326)
Freedom House	0.187 (0.127)	0.218* (0.111)	0.004 (0.010)	-0.045 (0.111)	0.039 (0.083)	-0.032 (0.093)
PR System	1.327** (0.560)	1.069* (0.514)	0.705 (0.580)	0.483 (0.333)	0.739 (0.602)	0.600 (0.364)
Oil and Mineral Exports	0.302 (0.552)	-0.007 (0.466)	-0.057 (0.533)	-0.453 (0.379)	-0.203 (0.578)	-0.600 (0.421)
Constant	-5.972 (4.830)	-7.351* (3.779)	4.532 (3.587)	3.288 (3.012)	5.350 (3.634)	1.640 (3.297)
N	547	547	496	496	478	478
R2	0.068	0.085	0.067	0.087	0.067	0.089
Adjusted R2	0.065	0.065	0.063	0.064	0.063	0.065
Residual Std. Error	3.665	3.632	3.257	3.225	3.227	3.192
F Statistic	5.61***	11.28***	8.25***	22.80***	9.97***	9.44***

Notes: standard errors are in parentheses.

*p<0.1; **p<0.05; ***p<0.01

Interestingly, the three gender gap variables have positive and statistically significant in each of the three models. It is noteworthy that the interpretation of the results for these gender gap variables is not straightforward due to the inclusion of the interaction terms. In other words, the interpretation of the results is conditional on the value of ethnic fractionalization. Specifically, the result for the primary school enrollment gap suggests that a 0.1 unit increase in the gap increases the GDP growth by 6.76% when the ethnic fractionalization score equals zero. The result for the labor force gap suggests that a one unit increase in the gap increases the GDP growth by 6.78% in a country with no ethnic fractionalization. Last, the result for the employment gap suggests that a one unit increase in the gap increases the GDP growth by 7.29% for a country composed with only one ethnic group. Because there is no country with zero ethnic fractionalization in my dataset, the interpretation of the results is based on a hypothetical scenario.

Likewise, the interpretation for the positive and statistically significant coefficients for ethnic fractionalization in Model 4 and Model 6 is also not straightforward. The result for the variable of ethnic fractionalization in Model 4 suggests that a one unit increase in the level of ethnic fractionalization increases the GDP growth by 10.79% in a country with perfect gender equality in labor force. The result for ethnic fractionalization in Model 5 suggests that a one unit increase in the level of ethnic fractionalization increases the GDP growth by 12.85% in a country where 50% of the employed population is male and 50% of the employed population is female. Again, because there is no country with zero labor force gap and zero employment gap in my dataset, the interpretation of the results is based on a hypothetical scenario.

In addition, Model 1, Model 3 and Model 5 demonstrate the results of the variables of education gap, labor gender gap and employment gap without the interaction term of ethnic fractionalization. In Model 1, I can identify that the variable of primary school enrollment gap shows no statistical significance. On the other hand, Model 3 and 5 show how the variables of labor force gap and employment gap show a positive statistical significance towards GDP growth. These results are similar to the existing literature that suggests that gender inequality in the labor market might increase economic growth (Braunstein 2012; Seguino 2000a, 2000b, 2010). Also the variable of ethnic fractionalization has a positive effect on economic growth. However, I need to emphasize that these results do not take in consideration the interaction effect

of ethnic fractionalization and gender gaps as my theory suggests. As mentioned before this interaction is a key factor to better understand what affects economic growth.

The results for two control variables, population (log) and GDP per capita (log), demonstrate consistent results for all of the five models. I find that a country with larger population tends to have lower economic growth. The positive and statistically significant coefficient of GDP per capita shows that a country with a higher level of economic development tends to have higher economic growth. In Model 4 and Model 6, temperature shows a negative and statistically significant effect, suggesting that countries with a higher temperature are likely to have lower economic growth.

In Model 2, I find that indigenous population has a positive effect on economic growth. This finding is interesting because it suggests that a country with a larger indigenous population tends to perform better in economic growth. Moreover, the results in Model 2 show that the level of economic growth increases with the level of democracy, which is similar to the finding of Rodrik (2002). Last, I demonstrate that countries that adopt PR system for the lower chamber elections tend to have higher level of GDP growth. This result is similar to the finding of North (1991).

In addition to the models in Table 3, I also estimate additional models using the variables of wage gap and a composite gender inequality index. Because of limited data availability for these two variables, the number of observations reduced dramatically. That is the main reason that I do not test the effects of these two variables for my main empirical results. In Model 7, I include the variable of wage gap, which is calculated as the following:

$$\text{Wage Gap} = (1 / \text{Wage equality for similar work (Female-to-male ratio)}) - 1$$

Wage equality for similar work (Female-to-male ratio) comes from a survey created by the World Economic Forum, Executive Opinion Survey. Responses for this question are related to each country and for similar works in which questions are asked about to what extent wages for women are equal to those of men. The answers scale from 1 meaning not at all significantly below, all the way to 7 which is fully equal to those of men. To better measure the gender gap against women, this measure is converted to a female-male ratio (World Bank 2018).

In Model 8, I include the reversed gender gap index score (0.00 = equality, 1.00 = inequality). The original data are gender gap index from World Economic Forum (2020), which measures the gap among men and women in four important sub-indexes and 14 different indicators that compose them. The sub-indexes are health and survival, economic participation, educational attainment and political empowerment. In the original data, the highest score (1) indicates perfect gender equality; while the lowest score (0) indicates perfect gender inequality. Since for our analysis is based on the impact of gender inequality, I use a reversed score that can go in same direction (World Bank 2018).



Table 4: Additional Models.

Explanatory Variables	Model 7 (Wage)	Model 8 (GGI rev)
Ethnic Fractionalization	14.776** (6.045)	20.932** (7.871)
Wage Gap	2.494 (3.398)	
Ethnic Fractionalization X Wage Gap	-11.599* (6.513)	
Gender Gap Index		26.970* (13.672)
Ethnic Fractionalization X Gender Gap Index		-45.734* (25.121)
Log. Population	0.367 (0.877)	-0.413 (0.626)
Urban Population Growth	0.263 (0.592)	0.497 (0.402)
Party Orientation	-0.315* (0.173)	-0.332 (0.212)
Log of GDP per capita	-1.011 (0.681)	-0.445 (0.481)
Temperature	-0.159* (0.092)	-0.198** (0.090)
Indigenous Population	-2.602 (2.641)	-4.354 (2.702)
Freedom House	0.404* (0.215)	0.246 (0.157)
PR System	-0.898 (0.951)	-0.345 (0.774)
Oil and Mineral Exports	-0.856 (0.778)	-1.007 (0.797)
Constant	19.885*** (4.492)	13.405 (4.813)
N	223	226
R2	0.166	0.153
Adjusted R2	0.119	0.105
Residual Std. Error	2.824	2.827
F Statistic	9.90***	20.82**

Notes: standard errors are in parentheses.

*p<0.1; **p<0.05; ***p<0.01

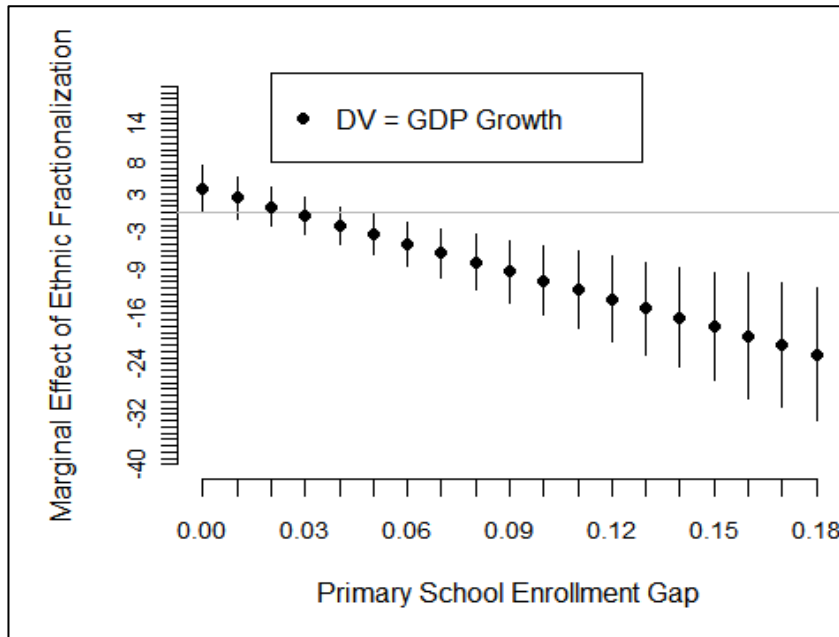
As can be seen in Table 4, the results in Model 7 show that the coefficient for the interaction term of wage gap and ethnic fractionalization is negative and statistically significant. This finding suggests that a country with a wider wage gender gap tends to have a lower economic growth if this country is more ethnically fractionalized. In Model 8, the coefficient for the interaction term of gender gap index and ethnic fractionalization is negative and statistically significant. This finding suggests that the reduction effect of the composite gender gap index on GDP growth is stronger when a country has a higher level of ethnic fractionalization.

To better examine the interaction effects of gender gaps and ethnic fractionalization on economic growth, I conduct simulation analyses to visualize the marginal effect of ethnic fractionalization under different scenarios of gender gaps. The analyses will show that when holding ethnic fractionalization and other variables at their mean, and setting the gender gap variables at different values, we can observe the predicted values of the GDP growth. I analyzed the gender gap variables of primary school enrollment, employment, labor force, wage, and gender inequality index.

Figure 1 shows that as the gender gap in primary school enrollment changes from 0 to 0.03, the predicted economic growth drops from 3% to -0.6%. This means that when the percentage of men enrolled in primary school is 3% higher than women, a country's economic growth might be -0.6% lower, compared to a country where the percentage of men and enrolled in primary school is 0 which means total equality. Analyzing this situation, we can state that a country that has a wider gender gap in education such as 0.10 might experience an economic growth of -11% compared to a country that has a smaller gender gap such as 0.01 that will only experience 2%.

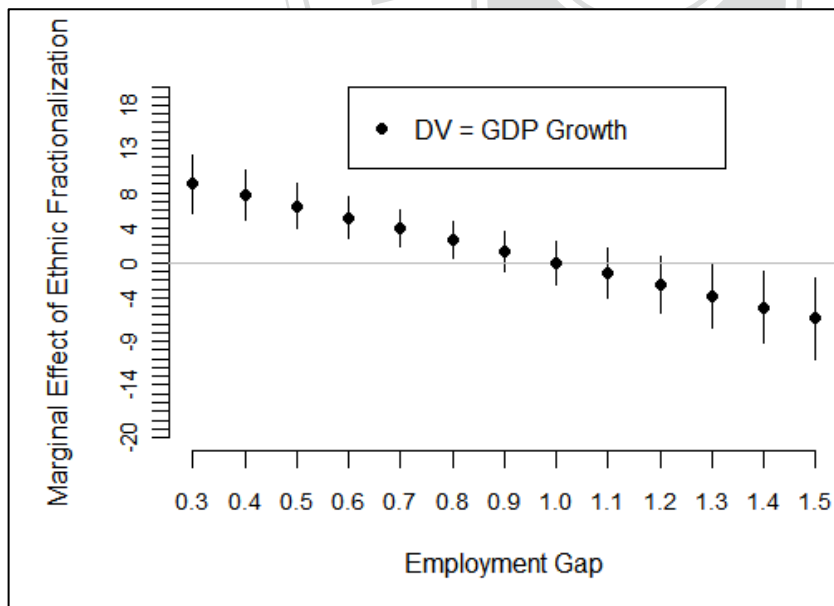
It is important to understand the effect of education has on economic growth. The analysis indicates that in a case in which the smallest gender gap of a country A is 0 which means total equality and the largest, 0.18, the difference in the effect on economic growth for country A and B is large. Country A might experience 3% of economic growth, but country B can experience an impact of almost -22% in their economy. This explains the important role that education has in a country's economic performance, due to the fact that women with obstacles to enroll in basic education on the long run will see themselves limited when they are introduced to the labor market.

Figure 1: Marginal Effects of Gender Gap in Primary School Enrollment on Economic Growth.



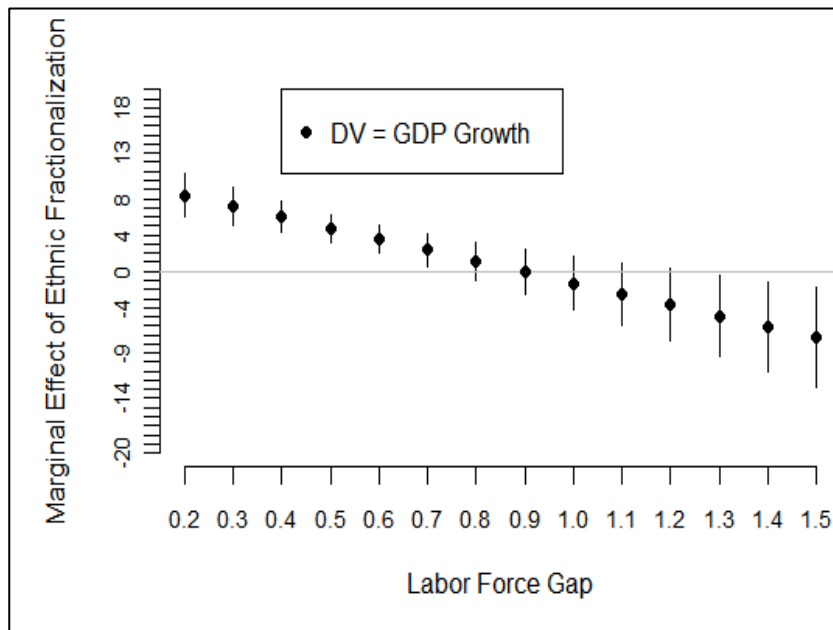
Source: Author.

Figure 2: Marginal Effects of Gender Gap in Employment on Economic Growth.



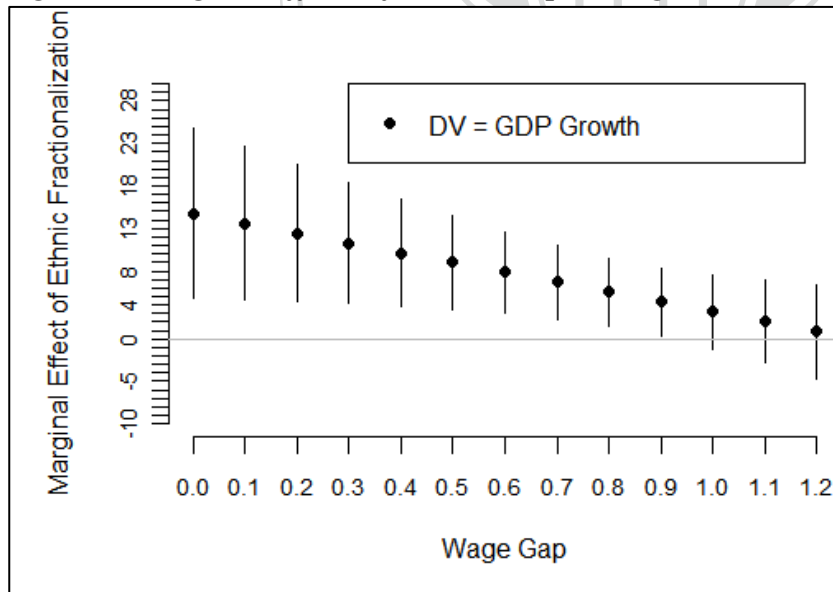
Source: Author.

Figure 3: Marginal Effects of Gender Gap in Labor Force on Economic Growth.



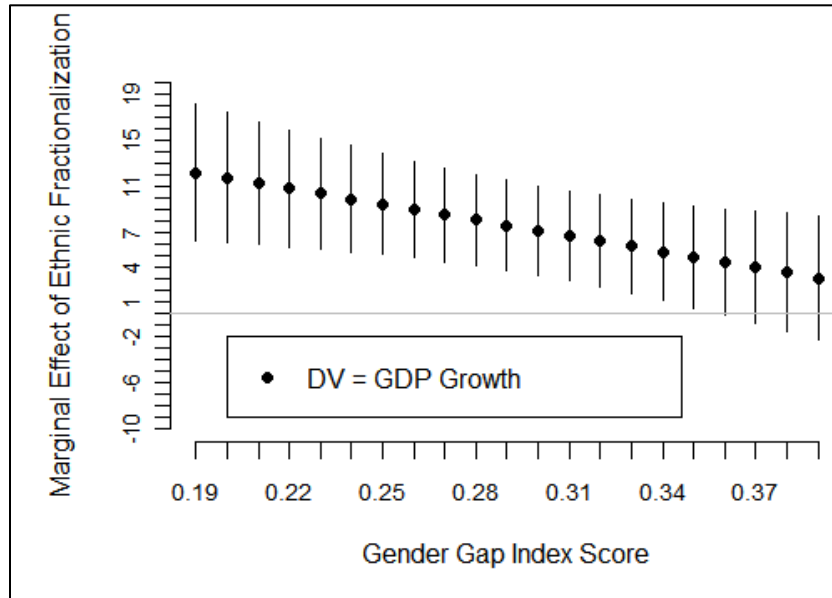
Source: Author.

Figure 4: Marginal Effects of Gender Gap in Wage on Economic Growth.



Source: Author.

Figure 5: Marginal Effects of Gender Gap Index Score on Economic Growth.



Source: Author.

In regards to employment, we can observe in *Figure 2*, as the gender gap in employment changes from 0.3 to 0.6, the predicted economic growth drops from 9% to 5%. This means that when the percentage of men employed in a country is 60% higher than women, a country's economic growth might be 5% lower; compared to a country where the percentage of men employed is 30% higher than women. If country A has a gender gap of 0.3 it may experience an economic growth of 9%, but if country B has a very wide gender gap such as 1.5 then their economy could experience a decrease of -6%.

Figure 3 shows that if the gender gap in the labor force changes from 0.2 to 0.5, the predicted economic growth drops from 8% to 4%. This means that when the percentage of men in the labor force is 50% higher than women, a country's economic growth might be 4% lower, compared to a country where the percentage of men in the labor force is 20% higher. For example, if country A has a gap of 0.3 men in the labor force higher than women its economic growth will be of 7%, but if country B has a wide gap in the labor force such as 1.5 then it will be of -7%.

I also created analyses for the additional variables. In *Figure 4*, as the gender gap in wage changes from 0 to 0.5, the predicted economic growth drops from 14% to 9%. This means that when a male's average wage is 50% higher than female, a country's economic growth might be 9% lower, compared to a country where a male's average wage is equal to a female's wage. For instance, if the average men's wage in country A is 0.10 higher than women they will experience an economic growth of 13% but if country B has a wide gender gap in respects of the average wage earned between men and women such as 1.2 higher for men then their economic growth will be of 0.9%.

In addition, in *Figure 5* we can observe the gender gap index score which helps us understand how unequal the situation is for women in health and survival, economic participation, educational attainment and political empowerment in a country. As the gender gap index changes from 0.19 to 0.39, the predicted economic growth drops from 12% to 3%. This means that when a country presents an unequal situation for women of 0.20 it will experience an economic growth of 12% compared to a country that has 0.30 which will be 7%.

Chapter Five: Qualitative Analyses

In this section, I utilized the method of comparative case study for examining Bolivia and Chile. This method covers two or more cases in a way that produces more generalizable knowledge about casual question; in other words, how and why a specific situation happens or not (Goodrick 2014). Comparative studies facilitate the comparison of different contexts and explain how factors influence a situation to success or fail. This method is employed by analyzing and summarizing similarities, differences and patterns through two or more cases to determine causality (Goodrick 2014).

5.1 Overview

Chile and Bolivia shared some similarities as countries, for instance, they are neighbors in the region and despite of Chile's long shape both are not very apart in terms of population. According to the World Bank (2019, 3), in 2018 Chile had 18,729,160 millions of people; on the other hand Bolivia had 11,353,142 million. Even though it appears to be a large amount these countries have the closest numbers compared to their other neighbors such as Peru with 31,989,256 million and Argentina with 44,494,502 (World Bank 2019, 3). Brazil was not taken in account in the analysis as well as Mexico due to their size and higher population. In respect of gender, the population of Chile consists of 50.7% female and 49%. Still not so apart, Bolivia's population is 49.8% female and 50% male (World Bank 2019, 3). In regards of land area, Bolivia is 1,083,300 square kilometers compared to Chile that is 743,532.0, Even though Bolivia is larger, the difference is not that significate as compared to other countries in the region (World Bank 2019, 3).

In terms of economic growth, Bolivia's economy expanded and poverty has been able to decline. The country relied on substantial public spending and increased domestic credit to maintain strong economic growth despite the decline, in 2014, of gas process and export volumes (World Bank 2020a, 1). Regarding GDP growth, since 2009 the economy has been going up with a growth of 3.357% to 6.796% in 2013. However, after reaching this peak growth have been declining to 5.461% in 2014 until 4.224% in 2018 (World Bank 2019, 1).

In comparison, Chile has demonstrated to be one of the fastest growing economies in the region due to their solid macroeconomic framework, which has helped the country to diminish the effects of a constant changing international setting and was also able to reduce from 30% in 2000 to 3.7% in 2017 the population living in poverty, on US\$ per day. However, there is more than 30% of the population that is economically vulnerable and the rates of income inequality remain very high in the country (World Bank 2020b, 1). In terms of GDP growth there was an increase of 4.025% in 2018 compared to 1.19% in 2017. However, it has decreased from 3.9% in 2018 to 1.1 % in 2019 (World Bank 2019, 2).

When comparing both countries using different indicators that explain gender and social inequality, Chile presents a better outcome than Bolivia. As showed in Table 5, the first indicator shows a better performance from Chile in regards of basic dimensions such as a person's healthy life, the access to education and a decent standard of living. In addition the other two indicators measures different gender inequalities such as a women's reproductive health, level of empowerment as well as economic and educational activities (UNDP 2019a, 3; UNDP 2019b, 3). Even though both countries are still facing difficulties in regards of gender inequality, why does Chile still has lower levels of gender inequality?

Therefore, these two countries share so many general commonalities expect for their social and economic development. Our analysis focuses in determine what factors have influenced these countries in such a way that they both have very different social and economic outcomes throughout time. We are going to focus in two determinant variables that are important for a countries development which are gender inequality and ethnicity. The comparison of these countries should enlighten the influence these variables have in the economy of Chile and Bolivia. Due to the fact that Chile has one of the best economies in the region, however is the opposite with Bolivia that suffers in many social and economic dimensions.

Table 5: Development Indexes.

Indicator	Chile	Bolivia
HDI Index	0.847	0.703
Gender Development Index	0.828	0.678
Gender Inequality Index (GII)	0.288	0.446

Source: Compiled by the Author using UNDP (2019) Human Development Index.

5.2 Case Study of Bolivia

To understand the development challenges of Bolivia is important to consider the gender relation and situation of women. Even though Bolivia has accomplished some progress towards gender equality; women still experience several inequalities in important dimension of well-being (Lundvall et al. 2015). Bolivia is a complex country in which about 50% of the population identify themselves as indigenous, Afro-descendants or part of an ethnic group in addition to the gender-based disparities are large intertwined with ethnicity (Lundvall et al. 2015).

The access women have to economic opportunities was improved due to the higher levels of enrollments in school, female labor force participation also increased as well as the share of women participating in the Parliament and Cabinet (Lundvall et al. 2015). Still, the outcomes for women continue to be poor compared to men. The importance ethnicity has in the Bolivian society adds to the complexity of the situation by making specific groups of women and men particularly vulnerable in several areas of social and economic progress (Lundvall et al. 2015).

In Bolivia, since the 1930s there have been universal education policies. Even a special department was created by the Ministry of Education to tackle the low levels of education especially in rural and indigenous areas (Lundvall et al. 2015, 6). In 1990s and in the last decade, further educational reforms have been implemented to focus on the access to bilingual and multicultural education. Even though education in Bolivia is an universal right, indicators have demonstrated several inequalities that still exist between men and women specially among ethnic groups (Lundvall et al. 2015, 6).

As mentioned before women in rural areas and women that belong to an ethnic minority have lower education results than any other group. School completion rates and literacy are most of the time better for men than women, especially in the rural areas, regardless of the ethnic status of being indigenous or non-indigenous. The literacy for men disregarding ethnicity is similar; however the rates for women and women belonging to an indigenous or Afro-descendant group are very far apart. For instance, Bolivia's largest indigenous groups are composed by the Aymara and the Quechua in terms of education levels between Quechua men and women are mainly low (Lundvall et al. 2015, 8).

In a real case scenario, being a women in Bolivia reduces the probability of completing secondary school by 5 percent, compared to a Spanish-speaking man. However if she is a Quechua woman-speaking women, the probability of completion would decline by 28% (World Bank 2013). In 2002 it was estimated that roughly 26 percent of the population have Aymara, Quechua, Guarani or another native language as their mother tongue, compared to the 74 percent that have Spanish as their mother tongue (Jimenez and Vera 2010, 6). The intersection of the social characteristics is the common marker of the disadvantage.

In the case of the Aymara group, the largest gap is between the Aymara men and women in terms of total lack of schooling, observing that almost 82 percent of the individuals with no schooling are female. In addition, the Aymara present the largest gender gap in literacy specially in primary and secondary school completion (Lundvall et al. 2015, 8). Even though, they have the highest overall accomplishments in comparison to other indigenous groups and they have the second highest in the country following non-indigenous groups. They also tend to live in urban centers around La Paz that is the capital of Bolivia, where schools present better infrastructure and education in general (Lundvall et al. 2015, 8).

To explain this behavior is important to identify several factors that affect women's decisions to not enroll or finish school. Women explained that situations such as pregnancy, the need to work and domestic care work were amongst the most common factors impeding them from achieving higher levels of education. Also, the female students that stopped their education explained that financial issues forced them to get out of school (Lundvall et al. 2015, 9). Another barrier presented is the extensive discrimination that girls and women receive specially in the Bolivian education system. One in five females on average between 15 and 24 years old has been victim

of discrimination in the academic environment; this is more noticeable among female students that belong to an ethnic minority. This marks another gap between ethnic groups and gender inequality (Lundvall et al. 2015, 9).

This wide gender gap in education especially for women belonging to different ethnic groups will have a great effect later on when introduced to the labor market. It is important to understand that for women in Bolivia to be able to escape poverty and contribute to the economy they must have access to the same economic opportunities as men. Bolivia presents one of the highest female labor force participations rate with an annual growth rate of female- to male labor force being very high in the region (Lundvall et al. 2015). However, women are still trapped in the female care taker cycle that most countries in the region experience. Women still hold the basic responsibilities of the household like child caring and chores. So in spite of the large participation that women have in the Bolivia's market, there are still considered as secondary wage and their wages are less compared to men (Lundvall et al. 2015).

The International Labor Organization (2013) estimated, in 2013, that the female labor force participation rate was much higher than the average of the region (International Labour Office 2013). If Bolivia presents this favorable conditions among the other countries in the region, what explains the challenges faced in terms of gender inequality in the labor force? Lundvall et al. (2015) explains that the female labor force of Bolivia is characterized by a concentration in low-productivity sectors and vulnerable employment and informality. These inequalities towards women in the labor market are product of several restraints that add up across their life cycle, meaning that these disadvantages are not only experienced at a worker's productive age. The restraints explained are the lack of basic legal rights; absence of mobility, time and abilities; and the exposure women experience to violence (Lundvall et al. 2015).

For example, of the total female workers most are in part time jobs; if compared with men. It is estimated that for 2009, more than half of the Bolivian women that were working experienced situations of vulnerability, being more than double the average of the region's rate for women (Lundvall et al. 2015, 15). The challenges that come from this type of employment are the high income variability, destabilization of the social and economic domains of workers. This creates a problem when families need to repay debt, loan money and manage external situations and emergencies (Lundvall et al. 2015, 15).

In addition, Bolivia has one of the greatest informal economies in the region with a great share of women working in it compared to men. The amount of women working in the informal sector is higher compared to the small percentage of women that actually works in the formal sector (Lundvall et al. 2015, 17). We can also see that Bolivia is the country with the second highest informal economy led by women just behind Peru. According to Lundvall et al. (2015, 17), Bolivia suffers the third –largest difference in regards to female –to-male participation in the informal sector, countries such as Ethiopia and Nepal are the only countries in the world demonstrating larger differences. The limited opportunities presented in the formal market, in addition to no flexibility, and the wide gender wage gaps all combined have forced women to incorporate in the informal sector, giving up most of their benefits and becoming one of the most vulnerable groups in society (Lundvall et al. 2015, 17).

Another aspect that impacts Bolivia's economy is the fact that women are more likely than men to be unemployed. The percentage of unemployment is directly related to the level of education. There has been an exceptional decrease in unemployment between men and women with education, while the share of unemployment for people that has higher secondary and tertiary education has been increasing throughout the years (Lundvall et al. 2015, 18).

Even though, the unemployment rates are considered among education levels and women from ethnic minorities are less likely to complete primary and secondary school than men and women that are not part of an ethnic minority. It can be identified that the quite poor situation women encounter in the labor market can be a reflection of the lack of opportunities to access education in a younger age affecting the rest of their life cycle (Lundvall et al. 2015, 18).

In terms of wage gaps, Bolivia still has a challenge to overcome. When trying to calculate these gaps the main problem is the type of data used in the methodology. In the case of Bolivia, the gender wage gaps tend to be more marked showing a gross gender gap in a monthly labor income as a whole increased from 0.71 in 2000 to 0.65 in 2008 (Lundvall et al. 2015, 18).

This situation comes due to the fact that wages in female-dominated sectors and occupations tend to be lower than those in sectors that are dominated mostly by men, this limits women mobility and has great impacts in poverty reduction. Bolivia presents a 0.53 female to male ratio, which positions the country among those that present the largest, observed gaps, ranking 118 out

of 130. Only countries such as Uruguay and Chile presented larger gaps in the region (Lundvall et al. 2015, 18).

In the report *Challenges and Constraints to Gender Equality and Women's empowerment* created by Lundvall et al. (2015, 19), they explain that education and demographic differences among ethnic minorities households seems to play a major role in identifying the wage gaps. For instance, women that belong to ethnic minorities are more likely than their women counterpart to be in the informal sector and self – employed. To explain the situation in Bolivia the report explains that of the indigenous and Afro-descendant women in the labor force, more than 60% are self-employed and in the informal sector compared to 40% of women don't identify in a minority group. However is important to highlight that ethnic minorities in Bolivia have in average four year less of education that which has a direct implication to the gap in development and economic outcomes(Lundvall et al. 2015, 19).

For example, in the case of Bolivia, if the household is headed by a women that belongs to an ethnic minority the probability of being poor and extremely poor by either living in rural or urban area increases compared to household headed by a men (World Bank 2015, 62). These poverty gaps that separate ethnic minorities especially women from men can be to some extent credited to way women are being introduced into the labor market and society in general, where education plays a defying role (World Bank 2015, 62).

To conclude the situation Bolivian women experience in the labor force it is important to understand the situation of distribution of paid and unpaid domestic work among women and men. Social norms are a key factor that influences high levels of inequality in several countries in the region. Women and men distribute their time based on several limitations, most of them related to the social roles constructed by gender that has being formed since decades ago. Even though, there is an increasing role of women entering the labor market, they still have to manage the majority of domestic responsibilities, which limits their time and well-being.

In the case of Bolivia, this time constrains affect the way women choose their personal development. Women in the country spend on average of four times more times undertaking domestic task, while men spend 38 hours a week in the labor market. In a comparison scale the difference in unpaid work occurs mainly in the duration of shifts, which means that on average,

women's unpaid domestic work shifts are three times longer than those of men (Lundvall et al. 2015).

On the other hand, women express that they could spend more time working and studying if they could actually devote less time to taking care of domestic responsibilities and care work. An average of 43% of women would work and the other 26% would study if they had more time. If we separate the analysis by ethnicity, 50% of the portion corresponding to indigenous or Afro-descendant women who would work if they had the time is higher compared to women that don't belong to these ethnic groups with a 39% (Lundvall et al. 2015, 20).

Several explanations can be used to explain the situation in the labor market which are based on social expectations, gender stereotypes, or different preferences, the existing gender gaps are directly related to women's low education and their access to lower-skill jobs (Lundvall et al. 2015, 17). As mentioned before, the level of education plays an extremely important role in explaining gender wage gaps and most of the other labor markets situations women face. In other words, social constructed norms in addition with the levels of the individual agency can help or also delay women's capacity to advance specially in the economic context (Lundvall et al. 2015, 17).

The way in which society and cultural factors affect women's decision can have direct influence in their social outcome. For example, women in Bolivia strongly believe that men should provide for the family and that also they should earn more than women. This highlights the persistence of gender stereotypes that set man as the principal provider of the home. In addition, women believe that they have fewer opportunities to obtain a job that a men have, and this specific thought is more marked between women that possess lower levels of education.

These social factors also have an effect in women's political participation. In order for a country to decrease the gaps in gender inequality political participation is a crucial factor that needs to be taken in consideration. Even though Bolivia has multiple legislative measures intended to promote and protect women's equality, social norms have limited the impact of the legally recognized and guaranteed rights of women (Lundvall et al. 2015).

As Lundvall et al. (2015, 24) explain social constructed norms are particularly restraining the increase of women's agency because it would threaten the balance of power in the household

specially women engaging in political participation. Even with laws that guarantee equality for women rights there are still several discriminations presented by several law enforcement and security services, lawyers, courts and even social services creating a main obstacle for women's security and access to justice (Lundvall et al. 2015).

For example, women's capacity to participate in political processes can be weakened or facilitated by political and electoral systems. But also social norms, and time constraints may limit and discourage women's political participation by limiting their capacities as leaders. In Bolivia, for example, women consider that they have fully guaranteed freedom to participate in politics and they are also very well represented in the political context. Since 2002, the share of quotas that help ensure female participation in the Parliament has been increasing (Lundvall et al. 2015, 24).

However, this high level of political presentation at national institutions has not meant into an increased participation at sub-national levels. Even though, the share of female elected in local government has considerably increased from 19% to 43% in the period of 2004 to 2010, reaching to 2013 where only 7% of the mayors were female (Lundvall et al. 2015, 25). This reflects the idea that the barrier to women's participation in politics is the dominant norm about the role of women in the political scene.

Women declared several constraints that discontinues them to participate. They explained that time limitation is the main obstacle for them to enhance in political participation (Lundvall et al. 2015, 25). Other interesting obstacles are political violence, economic reasons, family duties and even partners objection. For example, Villarroel (2011, 2) illustrate the different constraints women had to face when being part of Evo Morales government. The Minister of rural development of that time Nemecia Achacollo explained that social norms such as her partner and family questioning her family duties due to her long hours at work.

The Association of Women Counselors of Bolivia documented and criticized the political violence existing in the government. Regardless of high political representation rates several women that have been elected declared that in some situations they have been violently forced to resign their positions if the opposite candidate is a man (Villarroel 2011, 2). Even though, women in Bolivia have made several advancements in the political context they just represent a

very small elite group. The labor discrimination, the laws that guarantee equal pay have yet to be enacted women have still a long journey ahead for gender equality.

In addition, there is an insufficient presence of Afro-descendent women in the local level. A study on the political participation of indigenous and Afro-descendent women in Bolivia created by ECLAC (2018, 77) explains some advances in Afro-descendent female representation at the local level, however the progress is not linear and the achievements made have been lost at others. The study demonstrates that Afro-descendent organizations that are led by women tend to have a cultural imprint that has not been adapted in the decision-making processes, consequently of the merging of highly conservative communities and the national realities marked by obvious racist practices and discourses (ECLAC 2018, 77).

In summary, the intersection of gender and ethnicity create cumulative disadvantages on women in Bolivia especially if they belong to an ethnic group. However is important to comprehend the magnitude of the disadvantages related to gender and ethnicity and how this will affect possible outcomes in women's life. For instance, outcomes in education for women belonging to an ethnic group will be lower than those of men in the same situation. Furthermore, belonging to an ethnic fraction and being women aggravates their economic opportunities and their social outcomes later in their life cycle.

5.3 Case Study of Chile

One of the most important advances Chile has accomplished over the last decade in regards of gender inequality is the legal and institutional development created under the mandate of the Prime Minister Michele Bachelet, which has established the issue of gender equality at the top of their national policy agenda and has been able to reduce inequalities specially in terms of education (De Paula 2018). The country has achieved among the lowest gender inequalities in the region, only after Uruguay, Cuba and Costa Rica. However, gender gaps still persist in the country despite the legal framework for gender equality. Chile needs to work on improvements especially in the areas of the employment, types of jobs and the access to economic opportunities for women in addition to the inclusion to the labor force participation and earnings (De Paula 2018, 12). The political representation of women continues to be low despite all the efforts.

One of the greatest advances that Chile has accomplished is that there are no gender gaps regarding access to primary education in Chile. Although, gender gaps to the advantage of girls can be observed at the higher levels such as secondary and tertiary education. According to De Paula (2018) over 99% of both girl and boys were enrolled in primary education in 2015. Still, the net enrolment rates tend to be higher at the secondary level among women than men. In regards, to the tertiary level of education a rising and large gap can be observed in advantage of women. However, the years of education attained tend to be higher among men and women that don't belong to ethnic minority populations (De Paula 2018, 28).

Compared to education, Chile has still several challenges regarding the labor force participation. The gender gap in labor force participation remains relatively high. Over the last decade, the gap in labor force participation in Chile has slightly decreased between men and women. In 2015, the female force participation was a bit below 40% compared to men rates that were over 55%. Still, both rates are low compared to the regional average and standards, especially when considering the level of income of Chile (De Paula 2018, 30).

Different issues tend to be associated with female labor force participation in Chile; one of the most important is family structure and caring for children. The traditional roles regarding the division of labor create a considerably difference in the participation of women in the labor market compared to men. The interesting part is that the gap is lower in age groups among 15-24 years old due to the fact that marriage and children are not involved. This specific gap is more prominent in households headed by men (De Paula 2018).

However, Chile has one of the lowest levels of female labor force compared to other countries. Several reasons can explain this particular situation such as the prevalence of informal jobs in the country in which women generally are more attracted due to the more flexible schedules and locations. Also social and traditional values play an important role in this situation by overweighting the benefits of education (De Paula 2018).

In addition, since 1990s women's unemployment rates have been significantly higher than men. In 2017, the unemployment of women reached a 7.5% of the total female labor force compared to the 6.4% among men (De Paula 2018, 32). However, the gap among men and women is smaller than the average gap in the region but larger than the one observed in high income

countries. As we can see, the gap is larger among youth, 21.6 % of young women between 15 and 24 years old were unemployed in 201 compared to the 18.2 % of young men (De Paula 2018, 32).

Women are also disproportionately represented among the young people who neither work nor study. Since 1990s, the share has declined and the gender gap has faded over time; however there is still a gap between women and men, particularly at older ages. In 2015, 26.5% of the women between 19 and 24 years old by 2015 were in this position compared to the 16.2% of men in the same age group (De Paula 2018, 32).

According to the Gender Gaps in Chile an Overview report created by De Paula (2018, 34) compared to men women are also more likely to be working informal jobs, and work fewer hours. Even though the share of informal sector has been declining throughout the years, the gender gap is still present. In 2015, 26.6 % of men were engaged in such type of jobs compared to 34.2% of the women. However, gender discrimination also existing regarding the amount of hours worked. In 2015, women worked an average of 40 hours compared to men that worked 44.3 hours (De Paula 2018, 34).

In regards to unpaid work, women are the ones that carry it the most compared to men. The number of hours that women spend in unpaid work is twice of that of men. This gap exists among all age groups, though the difference is greater between those of 25-45 years old (De Paula 2018, 38). This must be caused due to the fact of women getting married and having children. Therefore, per week the total time load is about 8 hours and 22 minutes higher for women compared to men. Additionally, women in comparison to men tend to report less hours of time that they dedicate to leisure activities, and are usually more displeased with the quality of such time (De Paula 2018, 38).

In addition, income inequality gender gap has increased over time. According to the De Paula's report (2018, 38), women made about 17% less than men in hourly wages by 2015 in comparison to the 13.6% in 2006. This gap could be associated to discrimination as shown by different studies that have tried to explain the situation in Chile. According to these studies, there is a large share off the gap that has not been able to be explained through the differences in experience or education, and as a result they have been associated with discrimination practices.

Also, jobs that are traditionally for women are usually associated to low salaries compared to those that are typical for men (De Paula 2018, 39). There are certain aspects, sectors or occupations that seem to be more associated with larger gender gaps in income. For instance, the gender gaps are wider for those workers that have tertiary education with the highest being post-graduate education (42% in 2016). We can also observe that among employers the gap was of 39.7% and self-employed workers 41.2% (De Paula 2018, 39).

It's important to highlight the social norms and factors that influence Chile and cause several inequalities toward women. In a 2014 survey related to gender attitudes it was clear that in Chile the traditional social norms regarding the social role of women vis-a-vis men is still very persistent (De Paula 2018, 19). For example, of the population surveyed a large percentage agreed that at times of job scarcity men should be given the priority for a job position, as well almost thirty percent actually considered men make better political leaders than women (De Paula 2018, 19).

Despite the general gender inequalities women in Chile have to face, women belonging to an ethnic minority experience a greater level of discrimination not only because of their gender but also ethnicity. For example, the Mapuche are the largest indigenous group in Chile in which the majority of them live in Chile's cities. They also remain among the poorest groups and least educated in regards of ethnic minorities in the Chilean society (Minorities Rights Group 2019). The inequalities Mapuche women experience are directly linked to their indigenous identity or in other words their belonging to an ethnic minority (Richards 2005). They declare that their cultural background and also the several experiences of discrimination received make their problems and priorities different from women that don't belong to an ethnic minority.

In the regards of the discrimination in the labor market, Mapuche women express that they frequently experience higher levels of discrimination, in jobs such as salesclerks or bank tellers because of their indigenous appearance that does not match with the beauty standards established by the Chilean society (Richards 2005). In addition, Mapuche women tend to be disproportionately represented in domestic service jobs, where workers are more vulnerable and their rights are frequently invisible or ignored. Women that are part of a minority group not only face serious constraints that differ considerably from indigenous men, but also they have to

struggle in different ways that are different from non-indigenous women especially in the economic, political and health sectors (Richards 2005, 210).

Even though Chile has been able to make such advancements in several fields especially in the political environment Chile still has some legal differences that appear to occur between men and women. Chile is one of the few countries in the world that had recently a female Prime Minister becoming an international reference in regards of gender policies and institutions. The incorporation of gender aspects in the implementation of the Management Improvement Program was an important achievement which lead all public services to identify and tackle relevant gender inequality issues and also the implementation and design of plans to address them have modeled the constitution to create strategic alliances that has caused high political and social support for gender equality (De Paula 2018, 15).

In 2015, a minimum quota of 40% of women in candidate list for national elections was adopted. Despite, these advancements, the share of women represented in Parliaments of Chile remains low compared to the regions average (De Paula 2018, 16). The percentage of female legislators has been increasing gradually in the region. Still, the increase in Chile has hindered around 15% women members of the parliament (De Paula 2018, 16). Also, the percentage of women in minister positions significantly has decreased from the periods of 2005-2009 and 2013 and 2017. Regarding local representation of women, the percentage of mayors has kept almost the same in Chile since 1998 (De Paula 2018, 16).

However, Mapuche women and other women from different minority groups share the limitations that women still face to achieve their rights. In the 1995 World Women's conference that took place in Beijing, women belonging to several ethnic minorities created a formal statement which explained how neocolonialism has impacted the structural adjustment in addition to globalization that has affected the political processes of women (Richards 2005, 211).

For instance, ethnic minority women raised their issues of the cultural, racial, national and classed biased situations that have been deeply violating their rights. Situations such as the increased migration of women belonging to an ethnic group to more urban areas and other countries to look for domestic types of jobs, the obligation of forced family planning practices by

the government and international aid agencies, as well as the exploitation of their images and identities for tourism related purposes (Richards 2005, 211).

A more recent example is the struggle of Afro-descendants to be included in the country's census. Baez (2018, 2) explains in his article that the national institute of statistics had not included the question about Afro-descendant's identity nor even the category, justifying the exclusion because the census itself was abbreviated. This act of exclusion has been a priority for this ethnic minority since 2001 and has forced the Afro-Chilean community to denounce the census in local and national legal venues. To their surprise both the Chilean appeals court and the Supreme Court rejected the petition to the day the case is still being processed in the Inter-American Commission of Human Rights (Baez 2018, 2). In this situation the inequality experienced by these ethnic minorities can't even been identified due to the lack of precise information. This is the reason why there are so few references of the presence of African-descendants in the country.

In summary, Chile has been able to make important progress over time. The country has been able to create a legal framework that places a comprehensive institutional and legal framework for gender equality and became an international reference for other countries. The gaps in education have been closed and that has helped the country's outcome. However, the country still is behind due to the wide gender gap in the labor market especially for women belonging to an ethnic minority that suffer of several forms of discrimination. Women find themselves disproportionately represented in low quality jobs, unemployment and in sectors that are specially made for women.

5.4 Discussion

In conclusion, when comparing the economic and social outcomes of Bolivia and Chile we can demonstrate that are very far behind. That leads too many questions, in specific, what factors influence the economic and social outcomes of these countries and to what level? To answer this question, we need to identify how the levels of gender inequality impact each country. Women in Bolivia and Chile experience different types of discrimination especially in the labor market. However it is important to highlight that women belonging to an ethnic minority have been

negatively affected not only by gender but also due to their ethnicity and low socio-economic position that has been constructed by society.

In terms of education, Chile has made one of the greatest advances closing the gender gap between men and women. Still, we could identify that there is still a high gap in higher levels of education. In the case of Bolivia, education is a very great constrain specially for women belonging to an ethnic minority which are the more vulnerable in this situation. The importance of education is vital for the outcome in a person's wellbeing. But, when the ethnic and gender dimensions are brought into place, the disadvantages faced by women from an indigenous or Afro-descent group are directly linked to their outcomes and the quality of employment when introduced to the labor market.

One of the most important patterns that we could observe is that both countries present the highest inequalities in the labor market. Both countries suffered from the same types of gender inequality in the labor market which are employment in vulnerable and informal sectors, female unemployment, high wage gaps and the distribution of paid and unpaid domestic work. These situations affect both countries with different levels of impact, but still is a communality that is very interesting because we can conclude that both countries experience high levels of gender inequality in the exact same ways in the labor market.

It's also important to explain the importance of the social norms and cultural factors that women acquired especially related to political participation and the labor market. Women are still exposed to the gender stereotypes and social expectations. Both Chile and Bolivia show how the role of the women as a care taker and the man as a provider has influenced women to take part time jobs or low skill employment. This situation was also experienced in regards to the political participation of women.

Both countries presented a high amount of women in their government positions, but still the idea that women can participate in politics and also the fear of discrimination along with other constrains hinders their participation. In addition, as demonstrated in the analysis it's important to understand that women of an ethnic minority have encountered even more difficulties when trying to incorporate in political participations.

After analyzing the situation regarding gender in both countries, we have reached the conclusions that even though Chile presents wide levels of inequality in the labor market they have been able to reduce the gap in important sectors such as education and have created stronger inclusive policies toward gender inequality. When the gap in education is reduced it provides women more opportunities later when incorporated to the labor market.

As well, Chile has been able to integrate gender aspects in their social programs identifying gender related issues. However, Bolivia has not been able to implement policies that benefit women especially from ethnic minorities which are the group that have the least primary school competition. Also, the legislative measures that are intended to promote and protect women's equality have limited of social impact and legal recognition.

The intersection of gender and ethnicity confers cumulative constraints on women, especially indigenous, in Bolivia. However, Chile has also several ethnic groups in their region that suffer of several discriminations, so how is that they don't have more severe outcomes such as the ones Bolivia experiences. The answer to this puzzle is the fact that Chile presents a lower percentage of ethnic fractions in their region and in addition has been able to create policies that include the inclusion of gender equality. In contrast to Bolivia that has larger levels of ethnic fractions and their policy and legal frameworks are not strong enough to tackle the wide gaps of gender inequality affecting women from ethnic minorities the most.

This means that the magnitudes of the disadvantages that women received are related not only to gender, but also to ethnicity. For instance, educational outcomes for indigenous and afro-descendent women are lower compared to indigenous men, but also to women from an ethnic majority. This suggests that ethnicity and gender play a dual role in disadvantages. We can see the same in the education, labor market, and poverty vulnerability and in political participation.

In other words, women in Chile demonstrated gender gaps specifically in the labor force but not in education. Suggesting, that women and men received primary education without disadvantages and then women face constraints in the labor market against men. On the other hand, there are so many constraints for women belonging to an ethnic minority since they are born. Not only, they have a higher probability to be poor and vulnerable but also they are most

likely not going to be able to access primary school having a negative effect later in the labor force and causing negative impacts in the economy.

I have demonstrated the way in which the intersection of gender and ethnicity has played a critical role in the economic and social outcomes of Bolivia and Chile. Both countries experience gender inequality in several aspects of society but the difference between their economic outcomes is the intersectionality gender has with ethnicity.

Chile presents a lower fraction of ethnic groups and a stronger legal framework which provides them with more advantages to move forward in terms of poverty, education gaps and other aspects in their economic and social context. On the other hand, Bolivia has a high percentage of ethnic groups creating a society with multiple social structures and realms which interacts in such a complex way that it influences social relations, human experiences and specially outcomes.

Both countries confront the challenges of including policies and development plans that include ethnic minorities so that women belonging to these groups can fully access to their human rights. A country that reaches for social development not will eradicate poverty, but also will promote inclusive development with greater equality that increases the capacities of individuals and this will produce growth. But if a country has wide inequalities especially between men and women and a complex structural heterogeneity so it will be impossible to achieve high and sustained economic growth (ECLAC 2016, 83).

Chapter Six: Conclusion

6.1 Research Summary

Latin America as a region has experienced political, social, and economic difficulties that originated since colonial times. Even though advances in several areas such as poverty, economic growth and inequality have been made, the region appears to have gone into reverse especially in social progress, which has slowed down and created a fragile economic environment. In a region where multiple social structures interact with each other in such a complex way, it is crucial to understand how such interactions shape economic outcomes. This causal relationship of gender gaps and ethnicity has been quite overlooked in the Latin American context.

In trying to address the question of why some countries have better economic performance than others, I argue that gender gaps matter for the explaining the variation in economic growth, but the effects of gender gaps are conditioned to their level of ethnic cleavages. My hypotheses are that Latin American countries with a high degree of ethnical cleavages and with wider gender gaps in education, employment, and labor force are more likely to have lower economic growth. I test the hypotheses about the interaction effects of gender gaps and ethnic fractionalization using quantitative and qualitative analyses.

Based on the data on GDP growth in 18 Latin American countries from 1980 to 2018, the empirical analysis demonstrates that countries that present high levels of ethnic fractionalization and wide gender gaps in school enrollment, employment, and labor force tend to have slower economic growth. The interaction terms simulation shows that even if two countries hold the same degree of ethnic fractionalization, the country that presents the wider gap in gender will experience less GDP growth. The comparative case studies of Bolivia and Chile further offers support for this argument.

The results in the three models indicate that the coefficients for each interaction term of a certain gender gap variable and ethnic fractionalization are negative and statistically significant. Specifically, I find that the reduction effect of education gender gap on GDP growth is stronger

when a country's level of ethnic fractionalization is higher. In addition, a country tends to have a lower GDP growth if it has a larger gender gap in labor force and a higher level of ethnic fractionalization. Furthermore, a country with a wider gender gap in employment tends to have a much lower GDP growth rate if it is more ethnically fractionalized. The results of additional models also show that the combined effect of wage gap and ethnic fractionalization and the combined effect of gender gap index and ethnic fractionalization tend to reduce GDP growth. Overall, the statistical results provide strong evidence to support my theoretical hypotheses.

In regards to the control variables, the results show that population (log) has a negative effect on GDP growth, meaning that having a large population can affect a country's economic growth. Moreover, GDP per capita (log) shows a positive and statistically significant effect on GDP growth. Other variables such as temperature, urban population growth, indigenous population, freedom house and PR system have inconsistent results in different models.

6.2 Policy Implications

The results of this thesis demonstrate significant factors that implicate countries with low economic growth and development. As observed, gender inequality does have an effect on economic growth in every country. However, the key factor is how crucial the moderating variable of ethnic fractionalization is in the relationship between gender inequality and economic growth. This finding facilitates the understanding that countries can improve their standard of living if they take in consideration both factors of ethnicity and gender inequality.

Latin American countries have made advancements in regards of creating legal frameworks that focused on improving women's and indigenous groups' lives. The issue of gender equality has also been improved since the consolidation of the Gender Equality Observatory for Latin America and the Caribbean in 2008. As a result, institutions like ILO have made advances to help women, as seen in the nineteenth International Conference of Labor Statisticians in 2013 in which they express: "work comprises any activity performed by persons of any sex and age to produce goods or to provide services for use by others or for own use" (International Labour Office 2013, 56).

Several organizations such as ECLAC (2019b) have created equity plans that are placed in each country of the region, there is an existing design, content and basic pillars, as well that it is tied

with the current legislation and with each countries development plans. They serve as a guide to the government in the planning and carrying out of joint work between different sectors of society, therefore increasing the institutionalization and mainstreaming gender (ECLAC 2019b). This has helped the governments to create new forms of public policy planning, which have made it possible to start gender equality as a public policy objective.

In addition, there have been some positive changes for indigenous people's rights in the political and legal frameworks in Latin America. Law and public policy has clearly moved towards the integration of indigenous people into the mainstream society, aiming to protect their rights and cultural differences in a way that they can reproduce their culture and languages, also the ability to manage their lands and natural resources as well as govern themselves using their own political system and laws (World Bank 2015). These advanced where created by indigenous people themselves, which started gaining global attention and notoriety in the ILO Convention on Indigenous and Tribal Peoples (ILO No. 169, 1989) and was able to reach its highest point with the UN Declaration on the Rights of Indigenous Peoples (World Bank 2015).

Even though there are several other factors affecting economic growth, policy makers need to take in consideration these two very influential factors that have a directly impact in a county's economic growth. The adoption of better policies and strategies to help sustained growth have to be done in a way that is suitable for Latin America. Some of the policies that have been recently implemented in the region have several flaws such as, the lack of follow-up, evaluation and legal precision. The fact that evaluation and follow-up procedures have not yet been created to the point where governments can actually measure results and effects reflects the present shortcomings of gender equality in policy planning(ECLAC 2019b, 13).

Indigenous groups have even more disadvantageous due to the absence of universal and clear legal definition of what constitutes as an "indigenous" person. These obstacles have motivated some states to assume, predisposed or not, several discriminatory practices (World Bank 2015). This creates several arguments and also constant violation of indigenous peoples' rights, over who is and who is not protected by the law.

ECLAC (2014) explains that the legal and political situation is even more complex for indigenous women, due to the prevalent practices of exclusion and lack of recognition of their

contributions to the society. Only a few indigenous women take charge of the decision making positions in important political organizations. This disadvantageous outcome is largely due to the discrimination and structural racism these indigenous women are subjected as belonging to an household and also their position as women in patriarchy (ECLAC 2014).

In other words, most of the policies regarding gender and ethnicity are created to tackle the issues in a separate manner. Latin American countries need to design and implement social programs that are effective for women especially the ones that belong to a minority group. Instead of tackling the issue of gender inequality and ethnicity as different factors, they should start considering them as interdimensional factors that depend on each other.

In conclusion, policy makers need to take in consideration the social inequality matrix that each country presents. The intersections that occur in society have not yet been given enough importance but they are the key to people's well-being. The way in which gender and ethnic differences interact intensify the inequalities at different stages in life. Factors such as the lack of education, unemployment and decent work opportunities intersect and reinforce each other. Policy and social programming need to be design taking in consideration the distinctive demographic situations, specifically focus in indigenous women. The intersection of gender and ethnicity create a deepening ethnic division and it is vital to design policies that reflect the current international standards regarding rights. In order to develop these policies countries will need to compromise in the commitment to inter-agency mechanisms to set policy priorities and create planning tools that are linked in with the national development strategies of each country.

The results offered in this research contribute to the existing literature and opens the doors for future research. Overall, this thesis provides solid argument for the combined impact of gender inequality and ethnic groups on economic performance. Future studies could focus on collecting more primary data in the region for measuring gender gaps in other aspects to deepen the analysis. Also, future research could examine my theoretical hypotheses in other contexts of developing countries such as the Caribbean region or Africa.

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