No Mujeres, No Money: Gender Inequality and Development in Latin America

Brooke L. Abrams, McNair Scholar
The Pennsylvania State University

McNair Faculty Research Advisor:
Gretchen G. Casper, Ph.D
Professor of Political Science
Department of Political Science
The Pennsylvania State University

Abstract

Previous research on unequal distribution of asset ownership, education, and income amongst men and women in Latin America (LA) inspired studies by Gaspirini and Lustig (2011); Deere, Alvarado, and Twyman (2012); and Klasan and Lamanna (2009). However, the direct correlation between gender inequality and poverty in this region has yet to be confirmed as the force that compels such social, political, and economic equality. In this paper I argue that high levels of gender inequality, not income distribution or lack of education, are the root of high levels of poverty in many Latin American countries. I examine this correlation through a mixed methodology of a statistical analysis of all countries in LA and case studies of Brazil, Costa Rica and Honduras from 1981-2004. The data conclude that with every increment of inequality between men and women, Gross Domestic Product decreases significantly by over a million dollars. To continue eradicating poverty and implementing policies equating gender in all fields, the source of this epidemic must be acknowledged.

Introduction

Latin America is named the world’s most unequal region (De Ferranti, D.M., ed. 2004). In past studies, the correlation between gender inequality and poverty in LA countries was not determined; however, scholars researched the two variables separately. Moreover, many researchers defined equality and inequality and poverty in a manner that did not fully encompass the depth of these issues. Where the relationship was researched, the scales used to measure well-being excluded important variables that are imperative when assessing educational, social, and financial development. This provides the basis for constituting my study of gender inequality and poverty. By assigning specific variables to poverty and inequality, I can determine why this relationship exists and how to begin reducing the negative effects of this correlation. This study examines all twenty Latin American countries from the years 1981 to 2004 through a mixed methodology of case studies and pre-existing data sets, from the Quality of Governance Codebook, to research the link between gender inequality and welfare conditions in both rich and poor countries. Policy implications can contribute to increasing overall GDP and its well-being to become competitive with developing and already-developed countries.
The primary variable by which I measure gender inequality is expected years of schooling and mean years of schooling (United Nations Development Program). Countries with low levels of education have been shown to affect GDP per capita, average income and costs of living. Gacel-Ávila (2012) found that the lack of development in tertiary education throughout Latin American countries hinders globalization because of low levels of social and human capital. She argues that “economic growth and social progress are increasingly dependent on the production, distribution and application of knowledge, the availability of a competitive skilled human capital, as well as a high added value service sector like education” (Gacel-Ávila 2012). Frankema’s (2009) analysis similarly stated that while there has been a significant expansion of education in Latin America, primary school enrollment does not suggest substantial gains in the quality of education. Thus the question arises: why are populations of certain countries in LA experiencing low levels of education, enrollment, and mean years of schooling amongst the populations of these countries? I believe this stems from an inequality that the literature is skimming over when discussing poverty and development in Latin America. First, I review previous literature and conclude that in the presence of inequality of females relative to males within the social and political realm, low levels of GDP per capita exist. Then, I present my thesis and hypotheses, and follow up by explaining the operation of each variable and how they are analyzed. Next, I describe the data sets and explain how I analyzed them quantitatively. After the results are discussed, I outline my case studies with a template and apply that to the countries chosen for the qualitative analysis. The final section concludes those findings.

Review of the Literature

The conversation about poverty in Latin America (LA) is a controversial, yet popular, dialogue in the literature. Scholars such as Gasparini and Lustig (2011) studied patterns of inequality of income distribution in reference to economically diverse regions from 1980-2008. The authors associated market-oriented forms and unskilled labor with rising inequality in the labor market. They concluded in the early 2000s that there had been a “decrease in the earnings gap of skilled/low-skilled workers and an increase in government transfers to the poor which have become progressive” (Gasparini and Lustig 2002). Although their article highlighted that accessibility to quality services (capital) must improve in order to progress, it largely targeted income inequality amongst social classes.

Klasen and Lamanna (2009) discussed gender inequality in human capital, employment and salary, which all reduce economic growth. They argued that female education is extremely relevant in reducing fertility rates, child mortality, and promoting education generationally (Klasen & Lamanna, 2009). Their methodology includes a descriptive cross-section analysis and panel regression to compare Latin American countries to other areas in the world encountering gender inequality and low economic growth. Klasen and Lamanna concluded that despite significant declines in gender gaps in labor force participation and formal-sector employment, Latin American countries are the second to last economically growing regions above Sub-Saharan Africa (Klasen & Lamanna, 2009). Although the authors demonstrated the relevance of female labor participation and wealth when looking at Latin America’s stagnant economic growth as a region, the study did not explicitly attribute gender inequality to poverty nor does it compare Latin American countries to one another.
The Brandt Commission (1980) and Braveboy-Wagner (2003) disclosed major concerns of poverty in LA as an effect of its geographic location. Their findings suggested that countries in the South are far more impoverished than countries in the North. Tanzer (2012) further considered geographic location and country prosperity by concluding that equatorial regions, such as Central/South America, accrued a lower GDP per capita and thus were far poorer than regions farther from the equator.

Researchers such as Alvarez, Aranguren, Chuchryk, and Sternback (1997) examined Latin American feminism and feminist struggles in demanding gender equality in dependent, capitalist, and patriarchal states. The authors covered origins of feminism in LA from the late 1980s in countries like Peru, Chile, Argentina, Uruguay, and Brazil. The findings gathered from this study concluded that gender inequality in each of these countries was heavily dependent on government regime type, and therefore affected the accessibility of women to capital. Gender in Latin America written by Chant and Craske (2003) raised disputes about whether gender inequality is lessening or simply changing in nature. Chant and Craske evaluated gender inequality through democracy, policy making, civil society, and home life. They used data sets from the United Nations since 1964 on Argentina, Bolivia, Brazil, Chile, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela. Their results additionally uncovered that Latin American women were gaining considerable equality in political participation, education, the work force, within their households, and public expression. Evidence to support the argument that women in LA are making considerable gains towards equality can rely on Lipset’s (1963) discovery of the Modernization theory which uses modernization as a catalyst for sustainability in social and political development, hence producing richer countries. Therefore, countries that fail to undergo modernization processes become destitute and less suitable for economic and social reforms.

While the literature mentioned above uncovers various factors that may influence poverty in such a unique region, a common disagreement remains on the source of poverty in comparison to all other countries within LA. Moreover, a huge debate persists on the amount of progress made towards development and equality in LA. Ultimately, while scholars, such as Chant and Craske (2003), defend great amelioration among Latin American women in social, political, and economic development, their methodology stimulated questions. For example, they specifically stated that the majority of their examples and tests are derived from only four of the countries listed above, which are predominantly high-income countries. Chant and Craske also do not clarify their method of case selection, or why their sample size for countries is nineteen but the majority of their research and data are largely contracted from only four of those countries. Chant and Craske, therefore, cannot accurately make the claim that Latin American women have made gains towards equality in the areas listed above, when they do not have data to compare more underprivileged locations. Their work will be most relevant to my study because my results will demonstrate that, on the contrary, Latin America has not made considerable gains towards gender equality through social, financial, or human capital, which will explain the current, poor economic status of most Latin American countries.
Hypotheses

My research question is as follows: Is there a positive association between gender inequality and poverty based upon the accessibility to human, financial, and social capital in Latin American countries? My hypotheses are listed below:

1. Where gender inequality is or has been recently practiced, that Latin American country will experience poverty.
2. In the presence of inequality of females relative to males, women participation in the labor force and in politics will be little to non-existent.
3. Regime type in Latin American countries affects accessibility to capital.
4. Regime type in Latin American countries affects the amount of gender inequality present.
5. Latin American women have not made significant gains towards equality in political participation, education, or the work force.

Data and Methodology

In order to test my hypotheses, I will use a mixed methodology of a quantitative analysis of twenty LA countries, (Cuba, Haiti, Dominican Republic, Mexico, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, Brazil, Bolivia, Uruguay, Paraguay, Argentina, Chile, Peru, Venezuela, Panama, Colombia, and Ecuador) and case studies of Costa Rica, Brazil and Honduras in order to carry out my qualitative study. For my quantitative analysis, I will operationalize the independent variable of inequality with indicators from the Quality of Governance data set codebook (2011) such as women’s political rights and average years of education of males and females. All of the following indicators for gender inequality have been pulled from the Cingranelli and Richards Human Rights data set and the Institute for Health Metrics and Evaluation from the University of Washington by using a cross-sectional methodology. Women’s economic rights are defined as the amount of flaws pertaining to women’s economic rights and government practices in enforcing laws on gender equality. It is measured on a scale of zero to three. Zero equals no economic rights under the law; one is equivalent to some economic rights under the law, however, the government does not enforce it. Two signifies that there are some economic rights under law and the government does enforce them, however, they tolerate low levels of discrimination against women. Three means all or most economic rights of women under law are enforced strictly. Women’s political rights are also measured on a scale from zero to three. Zero represents no women’s political rights are guaranteed, one means that political equality is guaranteed by law; however, there are great limitations where women hold 5 percent or less of government or high ranking positions. Two is defined as political equality guaranteed by law and more than 5 percent but less than 30 percent hold government or high ranking positions. Three assures that political equality is guaranteed by law and more than 30 percent of high ranking positions are held by women. Average years of education of males and females is defined as the average number of years of education of men and women 25 years of age and older (Quality of Governance Codebook, 2011).

The dependent variable, poverty, will be operationalized by indicators of the Quality of Governance data set codebook, such as investment share of GDP and GDP per capita (Quality of Governance Codebook, 2011). The following indicators for poverty have been pulled from the Gleditsch Expanded GDP and Trade data set; Heston, Summers, and Aten Penn World Table; and the Maddison data set. Expanded trade and GDP is an imputed missing data set by Gleditsch.
that estimates exports of other countries based on the imports of others, substitution on the basis of reverse trade flows, and linear interpolation within and beyond time-series, and assuming trade exchange rates of zero for remaining dyads with no observed data. Total imports are represented by millions of current year US dollars as a sum of import figures of all countries. Total exports are the same. Lastly, trade is defined as the sum of imports and exports in a country. Share of investment is measured as a percentage of GDP.

In order to account for other factors that may impede with the accuracy of my results, I accounted for the following controls: al_ethnic, al_language, al_religion from the Alesina, Devleeschauwer, Easterly, Kurlat & Wacziarg data set; lp_lat_abst and lp_catho80 from the La Porta, López-De-Silanes, Shleifer & Vishn data set; and wdi_urban from the World Development Indicators data set. Al_ethnic codes for ethnic fractionalization measured by using a cross-section and time-series analysis from 1979-2001. Ethnic fractionalization described by Alesina is the probability that two randomly selected individuals from a particular country will not belong to the same ethnic or linguistic group; the higher the probability, the more divided the society. Alesina is defining ethnicity as a group composed of a similar language and racial background. Al_language codes for linguistic fractionalization measured through time-series and cross-section methodology in 2001, which also represents the probability that two randomly selected people originating from a specific country will not speak the same language. The higher the probability, the more linguistically fractionalized the population. Al_religion is measured and defined exactly the same: codes for religious fractionalization that provides the probability that two randomly selected persons from a country will not belong to the same religion. The higher the probability, the greater the number of religious groups that constitute that population (Alesina et al 2003). Lp_lat_abst codes for the distance of the capital city from the equator. It is measured by taking the absolute value of the latitude divided by 90 with values between 0 and 1. Lp_catho80 codes for catholic religion as a percentage of the population of a given country. I explicitly targeted Catholicism because, according to Democracy and Development in Latin America: Economics, Politics and Religion by David Lehman, Catholic politics has been extremely influential on governmental practices for decades. Therefore, I thought it could significantly interfere with the enforcement of gender inequality or even impact poverty since the Catholic Church acts as such a dominant institution in Latin America. Lastly, wdi_urban represents a data set created by the World Bank and the United Nations World Urbanization Prospects that calculates the percentage of a country’s population living in urban areas. Urban areas are determined by national statistical offices, which are responsible for gathering and reporting censuses on population, agriculture, commerce and industry according to the Commonwealth Act No. 591.

Results

The data that I use come from pre-existing data sets compiled by the Quality of Governance Dataset Codebook (2011). The available data cover each of the twenty countries in Latin America for the period 1981 to 2004. Table 1 presents the results for my model that examines the correlation between gender inequality and poverty in this region. The table explains the dependent variable, poverty, as logged Gross Domestic Product (GDP) per capita. To produce a normally distributed model, GDP is logged. Below logged GDP on Table 1 are the variables I use to represent gender inequality and various controls discussed in the methodology section. To understand the following coefficients in dollar format, I simply utilized an
exponential calculator online which represents GDP per capita expressed as millions of dollars (Quality of Governance, 2011).

I begin with women’s political rights in Table 1 as one of the variables representing gender inequality. According to the table, women’s political rights have a positive and significant effect on GDP per capita by 1.17 million dollars compared with the variable gender difference in average years of schooling (the second variable used to represent gender inequality), which shows a negative, significant association to GDP under a one percent probability of error. These results suggest that as political rights in Latin American countries increase by one unit, their GDP will also increase; and each one-unit climb in the average years of education men receive over women is associated with a decrease in GDP per capita by 1.51 million dollars. Also, ethnic and language fractionalization, operating as controls, are positively and significantly correlated with GDP per capita. These are significant below a one percent probability of error that higher levels of ethnic diversity has an effect on GDP per capita by 1.58 million dollars; and each increment of linguistic fractionalization increases GDP per capita by 2.08 million dollars.

In the same table, the association between religious fractionalization (operating as a control) and GDP per capita in Latin American countries is negative, yet significant below a one percent probability of error. Particularly, for each one-percent increase in religious fractionalization, average levels of GDP per capita in LA decrease by 1.46 million dollars. Although Table 1 reveals that religious diversity harms GDP, the data indicate that Catholicism is not the cause. When controlling for all regions in Latin America that are Catholic, it is not significant. Thus, in regions in Latin America where religious fractionalization is high, GDP is lower. Latin American countries farther away in latitude from the equator show increases in GDP per capita by 1.51 million dollars. More precisely, countries closer to the equator experience immense levels of destitution. This result is supported by the literature of Tazner (2012) who finds that every country close to the equator will demonstrate a GDP per capita below the world average. Furthermore, “79 percent of the world’s population lives closer to the equator while 21 percent are situated on the opposite side of the earth. Albeit the majority of countries cluster around the equator, only 31 percent of the world’s GDP per capita concentrates these areas. The remaining 69 percent of the world’s GDP per capita derives from those countries constituting that 21 percent” (Tazner, 2012). Contrary to my findings on the geographical location of a country, the literature provided by the Brandt Commission (1980) and Braveboy-Wagner (2003) suggests countries further south experience immense social and economic disparity far more than those in the North. This is supported by many studies that countries south of the equator suffer reductions in socio-economic reforms, total exports, and profits from key products, trade, and industrialization because of exploitation from richer countries (Brandt, 1980).

The results affirm that larger populations have a positive, however, less significant effect on GDP per capita by 1.03 million dollars. Likewise, elevated levels of urbanization correlate positively to higher levels of GDP by 1.02 million dollars under a one percent probability of error. My findings are further supported by Lipset (1963). In his interpretation of the Modernization theory, he states that modernization produces well-sustained democracies. These well-sustained democracies are rooted in practices aiding its citizens to flourish in economic, educational, social, and urban development (Lipset, 1963). Moreover, Table 1 shows that as investment in these countries increase, GDP will positively correlate by approximately one
million dollars. To illustrate GDP per capita for each country, the constant from the data generated predicts that any country in the sample has roughly a value of 454.9 million dollars of GDP.

<table>
<thead>
<tr>
<th>Source</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>Number of obs = 404</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>70.8606233</td>
<td>10</td>
<td>7.08606233</td>
<td>F( 10, 393) = 160.18</td>
</tr>
<tr>
<td>Residual</td>
<td>17.385878</td>
<td>393</td>
<td>0.044238875</td>
<td>Prob &gt; F = 0.0000</td>
</tr>
<tr>
<td>Total</td>
<td>88.2465013</td>
<td>403</td>
<td>0.218973949</td>
<td>R-squared = 0.8030</td>
</tr>
</tbody>
</table>

While looking at the results from Table 1 of the effect of women’s political rights on GDP per capital, I surprisingly find that women’s political rights do not tremendously affect GDP in Latin American countries. However, as stated in the methodology section, women’s political rights can be measured from 0 to 3—0 signifying an absence of political rights and 3 indicating full enforcement and encouragement of women participation in politics.

To illuminate the effect of women’s political rights on GDP per capita, Table 2 displays the breakdown of the amount of presence in women’s political rights in Latin American countries. Although the data in Table 1 reveal no substantial hike in GDP from one rank of women’s political rights to the next, there is a notable effect on GDP per capita when women’s political rights jumps from a 0 to a 3—meaning the actual impact on GDP per capita in dollars according to Table 2 rises from 1.03 to 1.48 million dollars. Thus, a country will show a greater increase in GDP if their women’s political rights went from a 0 to 3 rather than just a 0 to 1 or a 1 to 2 ranking in women’s political rights.

<table>
<thead>
<tr>
<th>Source</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>Number of obs = 404</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>70.9189722</td>
<td>12</td>
<td>5.99091435</td>
<td>F( 12, 391) = 133.36</td>
</tr>
<tr>
<td>Residual</td>
<td>17.3275291</td>
<td>391</td>
<td>0.04315931</td>
<td>Prob &gt; F = 0.0000</td>
</tr>
<tr>
<td>Total</td>
<td>88.2465013</td>
<td>403</td>
<td>0.218973949</td>
<td>R-squared = 0.8030</td>
</tr>
</tbody>
</table>

Table 2
Based upon these findings, there is a positive association between gender inequality and poverty in Latin America. As mentioned earlier, the variables I use to represent gender inequality conclude that a country with high political rights and political participation for women will be richer. Also, as gaps in average years of schooling continue to increase between males and females, countries will suffer fiscally. In reference to my thesis that this association is based upon the accessibility to human, financial, and social capital in Latin America, the results only support that this association is based upon human and financial capital. The access to human capital stems from an equal opportunity of women to attend school and complete equal years of schooling relative to their counterparts. If this occurs, the results support that GDP per capita will increase. The access to financial capital relates to a country’s privilege to invest; the higher the percentage of investment in LA, the richer the country. Although my findings prove my thesis correct, they cannot answer hypotheses 2 through 4, which argue that regime type in this region affects the accessibility to certain avenues of capital and the extent to which gender inequality is enforced. The temporal coverage from years 1981 to 2004 undoubtedly confirms that Latin American women have not made significant gains towards equality in political participation and education. To accurately predict present-day progress and development, a qualitative analysis is crucial when discussing government influence, women contribution to the labor force, and policy enforcement uplifting women participation in social activities and capital.

Table 3 compares the numerical closeness of my robust standard errors of my variables with the original standard errors to further validate my estimates. According to Gary King and Margaret Roberts (2014), the closer your standard error estimates are to your robust standard error estimates, the higher the precision in the model. In reference to Table 3, my standard errors are fairly close to one another.

Qualitative Analysis

Case Validation

To better demonstrate the relationship between gender inequality and development, I use case studies that explore a country’s social and institutional make-up in ways that numbers do
not adequately explain. The large number of cases in this region forces a case-selection of only a few countries. To determine which countries would best represent the data in the quantitative analysis, I plotted studentized residuals in figure A (below). The figure shows how well the quantitative model explains the countries in my sample. According to the case-selection criteria of Seawright and Gerring (2008), I analyze a typical case and two countries that represent extreme cases. Brazil is a typical case, in that the residuals for that country are low; this indicates that the model best explains the level of development in Brazil. A number of other countries are similarly distributed, for which the outcomes in Brazil may be generalizable. Costa Rica and Honduras represent extreme cases—the model appears to under-predict Costa Rica and over-predict Honduras. I provide a uniform template describing variables representing gender equality and poverty in order to ensure a consistent evaluation of each LA case. I represent gender equality using birth rates, the percentage of women in the labor force, the percentage of women with professional degrees, the leading sector in the labor force in which women concentrate, and presence of organizations advocating women’s rights. I represent poverty with the leading sector that contributes the most towards a country’s economic prosperity, industrialization, technological innovation, and growth in Gross Domestic Product (GDP) over time.

Figure A
**Honduras as an Extreme Case**

An extreme case exemplifies an unusual X value or standard deviation far from the mean (Seawright and Gerring, 2008). Honduras exhibits precisely an extreme case to the left of the mean of the graph, which signifies an over prediction. Relative to the rest of Latin America, roughly 75 percent of the population still lives below the poverty line. Although Honduras is a democratic state similar to the rest of Latin America (LA), one must not skip over its fairly recent democratic status just decades prior to the twenty-first century. Up until the end of the 1980s, Honduras was under extensive military rule for centuries. Since its democratic state is pretty unstable, Honduras cannot properly protect its citizens from violence. Honduras is highly corrupt and shows signs of widespread abuse of power. Furthermore, Honduras is one of the six most corrupt countries in Latin America (Wiarda & Kline, 2006). The inhabitants of Honduras live in “miserable living conditions” (Wiarda & Kline, 2006). Currently, there have been little reforms improving living standards to the underprivileged. To serve the destitute and their many disadvantageous situations, various organizations developed.

Although it was not until 1992 that a human rights commissioner began, organizations such as the Civic Council of Popular and Indigenous Organization of Honduras (COPINH), the Women’s Cultural Society, the Honduran Center for Women’s Studies, and the Honduran Federation of Women’s Association sprung up during the 1980s and 1990s. These organizations served as advocates for the indigenous and peasant women, fought for economic and political rights, and gave legal assistance to women lobbyist (Sullivan, 2010). However the military’s collegial decision-making body was not abolished until 1999. This serves as one explanation as to why I over-predicted Honduras. There is a presence of women’s activist and feminist groups; however, the military still remained the strongest in power up until the late 1990s. Also, in comparison with other LA countries, Honduras’ ties with the United States are rather weak. I attribute this to the strong, seemingly ever-lasting military influence in Honduras in which the United States wanted no ties. I also support my data by looking at a map of Latin America. Any map of Latin America affirms that Honduras is one of the closest countries to the equator in comparison to most LA countries. This further highlights my quantitative findings that the further south of the equator a country is, the more a country will flourish economically.

Another explanation as to why Honduras represents an extreme case is because labor unions and peasant organizations are well organized systems relative to other LA countries. This is very contradicting because, usually, benefits such as livable minimum wages, social security, and welfare are not provided to most workers. Government clinics are inefficient because of little available access to medicine and medical supplies. Systems of punishment in Honduras are split by gender, and medical care in these facilities barely exists. An education system wasn’t established until the 1950s, and even then, school materials were costly. Teaching is among the worst paid professions in Honduras because of unaccredited universities, dated teacher resources and inadequate teacher training (Echeverri-Gent, 2010). If these systems and advocacy groups are well organized, why are there no gains in health and social services?

Birth rates help to explain the effectiveness of women’s health care and health care in general. The higher the birth rates per 1,000 people in a population, the more poor and crowded the country. According to the World Bank Data, birth rates in Honduras began at around 43 births per 1,000 people in the 1980s. Most other LA countries during this time measured about 30 births per 1,000 people. Nearing the end of the 1990s, birth rates were still high at 33 births.
per 1,000 people. It was not until 2003-2008 that birthrates dropped from 30-28 births per 1,000 people. However, as of 2012, the birth rate remains around 26 births per 1,000 people, which is roughly 11 more births higher per 1,000 people relative to most LA countries (The World Bank Data, 2014). A percentage of females in the labor force starting from fifteen years of age also indicates the equality within the workforce and a more affluent and developed country. The World Bank Data actually shows that Honduras has similar percentages of females in the labor force as Costa Rica and, in some time periods, even higher than Costa Rica whose GDP and democratic society is more developed. During the 1990s, the percentage of women participating in the labor force was around 29-32 percent. In 1999 the percentage increased to about 34 percent, and then decreased to roughly 32-33 percent from years 2003-2008. As of 2012, women participating in the labor force is approximately 34 percent (The World Bank Data, 2014). While a percentage of females are participating in the labor force, it is noteworthy to have knowledge on the leading employment sectors that contribute to a country’s GDP and the percentage of women that concentrate each sector.

As in most economies in the world, the employment sector is composed of three major categories: agriculture, industry, and service sectors. In Honduras, agriculture composes roughly 14 percent of its GDP, industry about 28 percent and the service sector approximately 58 percent. More specifically, in terms of occupations of these sectors, about 39 percent of jobs are in the agriculture sector, nearly 21 percent in industry, and close to 40 percent in the service sector (Barrientos & Soria, 2014). The percentage of female employees within Honduran agriculture ranges from roughly 8 percent nearing the end of the 1990s to about 11 percent in 2011. The percentage of females employed in industry jobs ranges from up to 29 percent in the late 1990s to 21 percent in 2008 and 2011. Table 4 lists maquiladoras (factories) as the fundamental source of industry in Honduras. These factories are placed in Honduras from other countries. The placement of these factories does create jobs and benefits; however, exploitation of Hondurans may occur. Furthermore, these factories are really only creating management and assembly-line occupations, which essentially require little education and credentials. Therefore, there are not many large business owners and entrepreneurs in Honduras when compared to the average country in LA. The percentage of female employees in the service sector ranges from 69 percent in 1992 down to 65 percent in 1994 and 1995. The percentage rose to 69 percent in 2004, decreased to 63 percent in 2005, and increased to 70 percent in 2011 (Barrientos & Soria, 2014). I attribute the great fluctuation of these percentages to Hurricane Mitch in 1998 that caused five billion dollars in damage of cities. Even though the United States contributed to rebuilding, rates of inequality within the labor force, education, policy and economy imply that Honduras never fully recovered from this destruction (Wiarda & Kline, 2006). Lastly, investment as a percentage of GDP is roughly 25 percent which means 1/4 of the GDP generated is directed towards development in industry and overall development.

Overall, Honduras is suffering with higher birth and mortality rates relative to Brazil and Costa Rica. Honduras also has the lowest percentage of women in the workforce, and agriculture is the largest leading sector contributing to GDP per capita, which reflects its tremendously low GDP per capita. Moreover, Honduras is a fairly unstable democratic state in which its late abolishment of the military collegial decision-making body was just two decades prior. This also may account for why my model over-predicted this country. While it does have a presence of organizations advocating for women and is an official democracy, the extensive military
influence has undoubtedly affected the perception of women and their accessibility to existing capital in Honduras.

Costa Rica as an Extreme Case

Costa Rica (CR) exemplifies an extreme case because of its distance away from the mean cases in which my model precisely predicts. However, unlike Honduras, my model under-predicts Costa Rica—meaning that its social, economic and political development levels are higher than the average country in my sample in which my model predicts. Wiarda and Kline say, “Levels of social and economic development are higher in Costa Rica than elsewhere in Central America”. The life expectancy, as of 2001, was 78 years, exceeding the expectancy of every LA country and even the United States (Wiarda & Kline, 2006). Birth rates in this country ranged from 30 per 1,000 people in the 1980s to approximately 15 per 1,000 people as of 2012 (The World Bank Data, 2014). Mortality rates in CR (the probability that a new born will die before the age of 5) range from 21 per 1,000 live births in the 1980’s to 15 per 1,000 throughout the 1990s, and currently 10 per 1,000 live births (The World Bank Data, 2014). Other countries suffering crude living conditions or infringements on their human rights from the 1980s to the early 20th century neared 60 and even 100 deaths per 1,000 live births (The World Bank Data, 2014). Examples of these Latin American countries are Bolivia, Dominican Republic, Guatemala, Nicaragua, Ecuador, Peru, and Paraguay. Considering that CR is the oldest and most democratic LA country, it prides itself on rare cases of human rights violations and embodies the protection of its citizens and their civil liberties such as freedom of speech, press, and assembly along with free and open elections.

Due to its democratic ethics, CR has always dedicated policies and organizations towards advocating women equality and progression. According to the United Nations (UN) Refugee Agency, CR has an organization, Colectiva Por el Derecho a Decidir (CPDD), which advocates for preventive care for women and educates them on the rights of their own body and abortion. The National Women’s Institute of CR defends women’s rights and insures that its government institutes policies equating both sexes. The Women’s Delegation is a cost-free assistance program serving women in CR suffering from domestic violence. They arrange protection and legal, medical and psychological aid to women as well (UN Refugee Agency, 2014). Costa Rica also passed the gender quota law (1997) to encourage and increase women representatives in the policy-making processes of the legislature. Since the passing of this law, women political participation has increased, which could explain its higher percentages of women in the labor force over countries similar to Honduras but not yet equivalent to the richer Brazil (Wiarda & Kline, 2006).

In 1993, women comprised roughly 29 percent of the labor force. Between the years 1999 and 2003, women in the labor force expanded from around 32 percent to almost 34 percent. As of 2012, the percentage of women in the labor force is a little over 36 percent (The World Bank Data, 2014). Although CR is advanced in economic and social development relative to other Latin American countries, these percentages demonstrate fairly low levels of female participation in the workforce that should otherwise correspond to its higher levels of development. Costa Rica has also avoided the harsh labor systems previously present in most Latin American countries (Wiarda & Kline, 2006).

There are three major sectors that comprise any labor force: agriculture, industry, and service sectors. The service sector is the leading sector in which women concentrate. The
percentage of women who comprise this sector ranges from roughly 73 percent in the 1980s to 85 percent in 2012 (The World Bank Data, 2014). The service sector as a composition of Costa Rica’s GDP is about 72 percent, industry around 22 percent, and agriculture approximately 6 percent. The service sector also makes up roughly 64 percent of jobs in CR, industry 22 percent, and agriculture 14 percent (Barrientos & Soria, 2014). Within the labor force, there are small amounts of an indigenous presence and labor compared to other Latin American countries. As of 2010, GDP per capita for CR was an estimated $9,000, which was well above many countries in LA, including Guatemala ($4,500), Honduras ($2,500), Nicaragua ($3,600), Columbia ($7,000), Ecuador ($5,000), Peru ($5,100), Bolivia ($3,600), and Paraguay ($5,200) (Quality of Governance Codebook, 2011).

Tourism is very popular in CR: it contributes immensely to GDP (Wiarda & Kline, 2006). Under industrialization on Table 4, tourism is listed. While the tourism is not typically considered industrialization, the amount of reconstruction on roads, new hotels, and resorts for the tourist certainly accounts for investments in industry. So, as an industry, tourism is creating wealth in Costa Rica. This generated wealth could cloud the real circumstance of gender inequality. This means that it could be tourism that is accounting for its affluent state, not their high levels of gender equality. This could explain why my model under-predicted Costa Rica. Although there are high levels of development, this development may not even relate to the amount of gender equality in this country no matter the laws or government stability.

Brazil as a Typical Case

According to the model of studentized residuals, Brazil represents a typical case from the case-selection criteria of Seawright and Gerring (2008). As a typical case, relative to the outliers on that graph, Brazil demonstrates, on average, how most countries look in LA. Brazil is one of the richest countries in LA with a GDP of $11,208 per capita (World Bank Data, 2014). Although they are leading the race in affluence, they are still lagging behind in development and equality. As stated in Table 4 below, Brazil has low birth rates ranging from 32 per 1,000 in 1980 to 15 per 1,000 in 2012. Brazil also has current lower birth rates than countries like Honduras, yet higher birth rates than the less-developed CR (The World Bank Data, 2014). Why? Brazil contains crowded favelas in which they experience many droughts, unsanitary living conditions, and a concentration of impoverished people. This is the cause of extreme levels of urbanization. These areas lack clean water systems and sewer facilities (Wiarda & Kline, 2006). Additionally, diseases such as Leprosy and AIDS are most significantly affecting these mortality rates. While Brazil is the largest provider of the health maintenance organization and services compared to other LA countries, the services are low-budget and limited. Mostly affluent patients take advantage of advanced medical treatment and facilities (Tuyen, 2010). Many other countries in LA are experiencing this as well.

As a democratic state, Brazil has a large presence of organizations advocating for women’s and human rights according to Table 4. They even have indigenous councils. Organizations such as Ações em Gênero Cidadania e Desenvolvimento (AGENDE) strengthen democracy through feminist perspectives on political and social reforms. It also ensures policies eradicating racial and gender inequalities. The Centro Fenimista de Estudos e Assessoria (CFEMEA) helps women work for citizenship and fight for gender equality. The Comitê Latino-americano e do Caribe para a Defesa dos Direitos da Mulher (CLADEM) is a Latin American and Caribbean Committee for the Defense of Women’s Rights. Instituto Promundo promotes
gender equality attitudes and actions among youth. They also challenge traditional roles and prevent gendered violence. The Conselho Nacional dos Direitos da Mulher (CNDM) produces policies to deracinate discriminatory attitudes or actions against women. Similarly to CR, Brazil encourages political, economic, and social participation (National Resource Center on Domestic Violence, 2011). Even though Brazil does have a plethora of organizations combating existing gender inequalities, Congress, mayors, and checks and balance systems are weak (Wiarda & Kline, 2006). Therefore, this could explain why there are high amounts of gender inequality because these political-making bodies may not strictly articulate the importance of these organizations. Political appointment and government positions were within family regardless of qualifications. For example, in 2002, Lula da Silva was barely literate but won the presidency (Wiarda & Kline, 2006).

While Honduras was still living in extreme poverty and under military rule in 1988, Brazil’s newly constructed constitution ensured the right to strike, vote at sixteen, abolish censorship, and gave more power to state rule (Wiarda & Kline, 2006). This could attribute to why they have a higher percentage of women in the labor force compared to CR and Honduras. In Brazil, women constitute 44 percent of the labor force; in the 1990s this percentage was about 35 (The World Bank Data, 2014). Not even two decades ago, men held 61 percent of total jobs, yet women’s wages averaged 62 percent of men’s wages in 1997. Though roughly 1/5 of the population lives in extreme poverty, Brazil does have a strong middle class that actually accounts for a large amount of the population (Sawyer, 2010).

Brazil is largely composed of agriculture, mining, manufacturing and service sectors. It became a net external creditor with two ratings awarded in investment grade status to debt. Agriculture, as a sector, composes 5.2 percent of Brazil’s overall GDP. Industry composes about 26 percent, while the service sector composes 69 percent of GDP as of 2012 (Barrientos & Soria, 2014). By occupation, agriculture composes roughly 16 percent of the labor force, industry about 13 percent, and services around 71 percent as of 2011. The percentage of female employees in agriculture ranged from 20 percent in 1981 to 11 percent in 2011. Women accounted for up to 14 percent of employees in the industry sector in the 1980s and, in 2011, roughly 12 percent. Currently, females account for 77 percent of the employees in the service sector. Although Brazil has experienced high levels of industrialization, especially in its hydroelectric power plant, there was a low supply and even a blackout in April of 1997 (Mueller & Baer, 2010). Even as the world’s largest hydroelectric plant, the production of energy is very costly and inefficiently managed (Wiarda & Kline, 2006).

Overall, Brazil is competitive when considering GDP per capita; however, there are many improvements this country must undergo to thrive in development. Brazil also still faces high unsanitary living conditions and uncleanly drinking water. Urbanization is actually hindering Brazil because of its large population and over-crowded cities. While Brazil is receiving exposure for hosting and winning world-wide competitive events such as the World Cup, it faces problems with these earnings and even other entrepreneurs failing to contribute some of their wealth to improve the quality of Brazilian life (Wiarda and Kline, 2006). Brazil, then, illustrates a typical case because, while it is wealthy, it lacks key development in daily living and female progression like most other countries in this region.
Conclusion

This article focused on an aspect of the literature that fails to accurately examine the origins of poverty in Latin America—gender inequality amongst women. Prior research has largely addressed the roots of poverty stemming from Latin America’s inability to close its income gap amongst class stratification, establish adequate educational facilities, and change mentalities of traditional roles and women’s accessibility to asset ownership. This article has argued that poverty stems from a different type of inequality that will then affect the other areas of inequality just mentioned. The thesis of the article stated is that there is a positive correlation between gender inequality and poverty in LA. I hypothesized that the level of gender inequality in any given country in LA relies on women’s accessibility to human, financial, and social capital. I also hypothesized that regime type in each country will shape perceptions of women and their accessibility to the types of capital mentioned. To test these predictions, I drew data and variables from the Quality of Governance Codebook (2011) that represent gender inequality, poverty, and any controls in this study. STATA (statistical software) then analyzed these variables together to form the given results. Although missing data from the variable representing poverty and one of the controls constricted my temporal coverage to 1981 to 2004, the results supported my claim of a positive correlation between the independent and dependent
variable. To further analyze this relationship, I conducted case studies found on the studentized residual graph that illustrated two extreme outliers in which I further examined poverty in conditions unpredicted by my model. I created a template consisting of new variables from the International Labor Organization, Index Mundi, and the World Bank that I gathered to represent poverty and gender inequality. I then applied these variables for the two extreme cases (Honduras and Costa Rica) and a typical case (Brazil) in a context that might explain the over-development and under-development unaccounted for in the quantitative analysis.

This article has contributed to poverty and development in LA by proposing a different perception of how previous literature describes inequality and development. The temporal coverage lends significant insight to various time periods and political and economic activity from one decade to the next. It shows that, while previous research has been conducted to tackle this epidemic of poverty and development in LA, there is another correlation that serves to explain an origin not thoroughly studied. The results from the quantitative analysis shed light on the direction and significance of the correlation of the two variables. The findings also support that excluding women from the labor force and women political participation have colossal effects on Gross Domestic Product per capita by over one million dollars with every one unit increase. Religious fractionalization in LA actually decreases GDP per capita. This could add an additional reason as to why some countries are poor in this region since the widely-known belief is that Catholicism mostly constitutes this region. The quantitative results could neither support any hypotheses on the effects of regime-type influences on women equality nor add substance to explain Costa Rica and Honduras as extreme outliers and Brazil as a typical case in LA. The case studies, however, serve to answer these hypotheses and give background information to the new variables stated in the template. The case studies’ findings, Honduras and Costa Rica particularly, depict that regime type certainly shapes a country’s attitudes of women’s rights and wealth. Moreover, the stability of the government type affects the extent of enforcement of gender inequality in these countries.

While the findings from the case studies in this article report that industrialization is imperative to increase the wealth of each country, it can actually restrict development if the main source of industry actually assists other countries more than itself, like in the case of the maquiladoras in Honduras. The case studies also clarify that while industrialization in a country can cause wealth, it does not necessarily mean that this wealth is attributed to high levels of gender equality. As exemplified in the case of Costa Rica, tourism contributes largely to the industrialization, which then produces one of the highest GDP per capita in LA; therefore, it could cloud the actual effects of gender inequality on GDP per capita in this country.

In conclusion, this article supports the existing literature that inequalities in LA are driving poverty; however, the inequality described in this article develops a new outlook on the origin of poverty in this region. As a result of this newfound correlation, a contemporary approach of eradicating gender-related inequalities can be applied to tackle other inequalities in previous literature that domino after gender inequality. To create a more accurate, present-day illustration of poverty in LA, data sets with more extensive temporal coverage can be analyzed. Other measures of gender inequality, such as the percentage of females who completed tertiary education and the fields in which their degrees are received, can be assessed to obtain information on the types of positions they are appointed to after their education. These measures
could reveal how a woman’s degree in LA is valued, and if the labor force allows women to secure employment and wages respective to that degree.
References


