

Transgender Economics

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Overview — Transgender Economics

Background: Since 2020, there has been a surge in research on the economic outcomes of transgender populations.

Goal 1: Review research on transgender health and discrimination, presenting **four facts**.

- 1 Pervasive discrimination
- 2 Poor health outcomes
- 3 Conversion therapy is harmful
- 4 Gender transitions are nonlinear in wellbeing

Goal 2: Introduce a **simple economic model of gender** to explain stylized facts.

- Weigh **benefits of expressing identity** against **costs from resources, discrimination, and gender dysphoria**
- Designed to be accessible to undergraduates

Doing Gender

We formalize the theory of *“Doing Gender”* (West & Zimmerman, 1987).

Sex assigned at birth The sex designation (typically male or female) recorded on a birth certificate.

Gender category A set of socially defined displays that signal membership in a category (e.g., man, woman).

Gender identity The gender category a person understands themselves to be.

Gender expression How appearance and behavior are socially classified as feminine and/or masculine.

Gender perception A person’s gender category as understood by others.

Gender is the activity of managing **expression** in light of the social norms for the gender category one **identifies with** and/or is **perceived to be**.



Sociologists Candace West and Don Zimmerman discussing gender on *Today*, early 1980s.

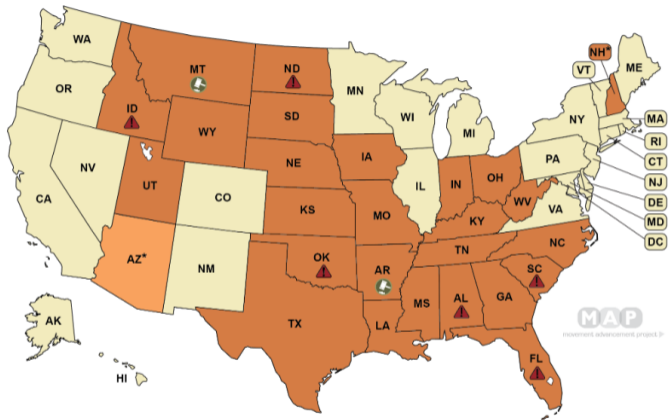
Of the 27,715 transgender respondents of the United States Transgender Survey 2015,

40% had attempted suicide at least once in their lives – nearly nine times the attempted suicide rate in the U.S. population (4.6%).¹

¹James, S. E., Herman, J. L., Rankin, S., Keisling, M., Mottet, L., and Anafi, M. (2016). The Report of the 2015 U.S. Transgender Survey.

Gender-affirming care is a legislative priority

Data current as of 01/15/2026



- State bans best practice medication and surgical care for transgender youth, though ban may not be in effect (see note) (26 states, 1 territory)
- State bans best practice surgical care for transgender youth (1 state)
- State does not ban best practice medical care for transgender youth (23 states, 4 territories + D.C.)
- State ban makes it a felony crime to provide certain forms of best practice medical care for transgender youth (6 states, 1 territory)
- Court ruling is currently blocking enforcement of state's healthcare ban (2 states)

U.S. Territories

American Samoa

Commonwealth of the Northern Mariana Islands

Guam

Puerto Rico

U.S. Virgin Islands



Since 2020, gender-affirming medical care for transgender youth has been restricted in [Argentina](#), [Denmark](#), [Finland](#), [New Zealand](#), [Norway](#), [Russia](#), [Sweden](#), [Turkey](#), and the [UK](#).



Four Facts on Transgender Economic Outcomes



Fact 1 — Transgender People Face Widespread Discrimination

- Surveys covering most countries document widespread perceptions of discrimination.
- Correspondence and audit studies document discrimination in employment, healthcare and housing.
- **Stated name change** → discrimination.
- **They/them pronouns** → mixed results.
 - Little evidence among large U.S. employers.
 - Strong evidence in low-skill jobs.
 - Why? Large firms use screening that omits pronouns.

Positive Response Rates in Field Experiments

Author	Year(s)	Location	N	Trans (%)	Cis (%)
Outcome: Job interview					
Make NY	2008	NYC	48	8.3*	50.0
Bardales	2013	TX	218	22*	34
Winter	2016–17	SE Asia	6,000	11.1*	16.9
Granberg	2019	Sweden	2,224	34.0*	40.3
Martinez	2024	Mexico	1,100	19.0*	29.6
Drydakis	2022	UK	507	10.4*	33.2
Stanton	2023–24	US	2,868	11.4*	12.7
Kline	2019–21	US	69,102	24.2	25.1
Eames	2023	US	5,390	25.8*	31.3
Outcome: Mental health care					
Fumarco	2020	US	1,000	52.8*	60.6
Outcome: Rental housing					
Abbate	2022	LatAm	3,624	24.9*	30.5
Jansson	2021	Sweden	800	57.8*	60.2
Tomlin	2021–22	CA	495	58.9*	68.5

Fact 2 — Trans People Have Worse Health Outcomes

Common disparities:

- Higher rates of anxiety, depression, self-harm, and suicidality
- Greater disability, chronic illness, and HIV prevalence
- Higher mortality—especially among transfeminine and nonbinary people
- Some health gaps widening

Two leading explanations:

- **Gender dysphoria** — distress caused by incongruence between gender identity and expression or perception.
- **Minority stress** — stress from discrimination, identity concealment, or internalized transphobia.



Fact 3 — Conversion Therapy Worsens Mental Health

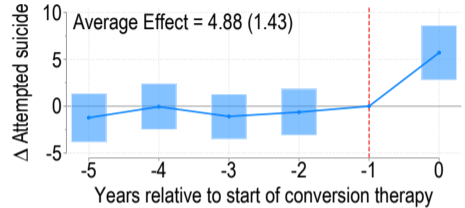
What it is:

- Practices aiming to change a person's sexual orientation or gender identity
- Most common today: talk therapy
- Earlier aversive methods included shocks, nausea, hypnosis, and others.

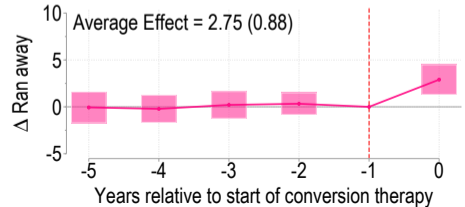
No evidence of efficacy, strong evidence of harm:

- Conversion therapy → ↑ **suicide attempts** and ↑ **running away**
- Bans on conversion therapy improve mental health outcomes
- Linked to poor adult mental health in China, Colombia, South Korea, and the U.S.

Conversion Therapy Increases **Attempted Suicide**

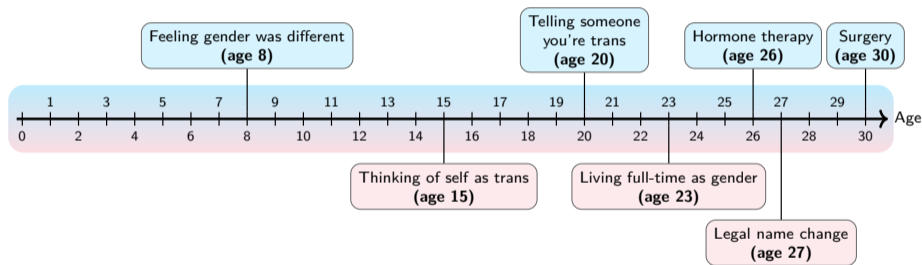


Conversion Therapy Increases **Running Away**



Fact 4 — Economic Effects of Gender Transitions are Nonlinear

Identity development and transitions often follow a series of milestones (**median age**, 2015 USTS):



Research suggests:

- Early milestones \Rightarrow worsen mental health
- Later milestones \Rightarrow improve mental health

Summary of Four Stylized Facts

- 1 Transgender people face **discrimination** in employment, healthcare, and housing
- 2 Transgender people have **worse health outcomes**
 - **Gender dysphoria**: distress caused by misalignment between gender identity and expression or perception.
 - **Minority stress**: stress from discrimination, identity concealment, or internalized transphobia.
- 3 **Conversion therapy** worsens mental health
- 4 Economic effects of **gender transitions** are nonlinear
 - Early milestones (e.g., social transition) increase stress and worsen mental health.
 - Later milestones (e.g., medical transition) improve mental health and economic outcomes.

Gender as a Constrained Choice

What the Model Tells Us

Key Ideas:

- People gain utility when gender expression aligns with gender identity, but face constraints (biology, time, money, technology, and social norms).
- Expression **incongruent** with identity → gender dysphoria (↓ utility).
- Expression **congruent** with identity → gender euphoria (↑ utility).
- Expression **incongruent** with perceived gender → discrimination and minority stress (↓ utility).

Key Predictions:

- Discrimination → two equilibria in gender expression (masculine vs. feminine), with transitions between them that are nonlinear in utility.
- Persistent disparities in mental health and discrimination for transgender people.

Social Identity Theory

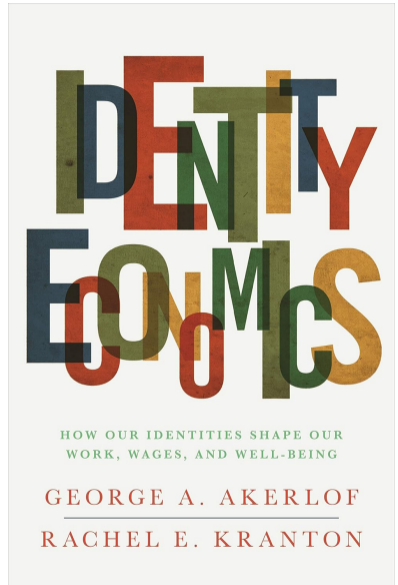
Consider the following utility function:

$$U = u(l, c)$$

where

$$l = g(x) * (1 - d(x))$$

- U : utility
- l : gender identity utility, adjusted for discrimination
- c : consumption (e.g., time, money)
- x : gender expression, from femininity ($x \rightarrow -\infty$), through androgyny ($x = 0$), to masculinity ($x \rightarrow \infty$)
- $g(x)$: gender identity (how expression maps to wellbeing)
- $d(x)$: discrimination coefficient



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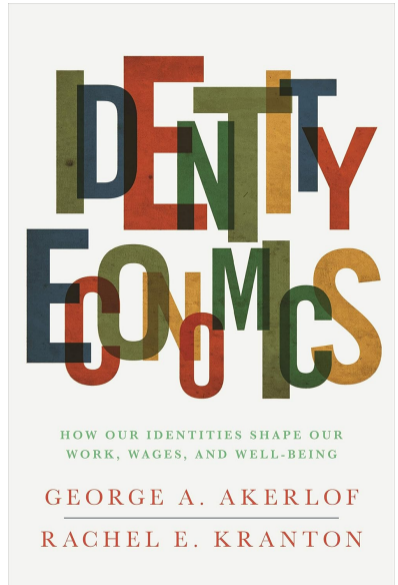
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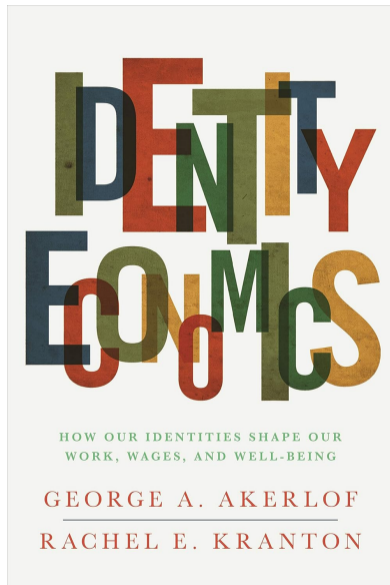
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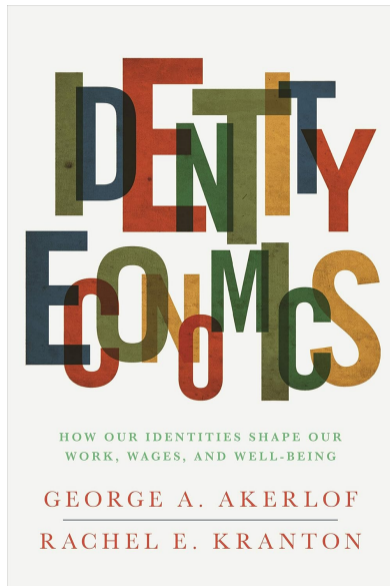
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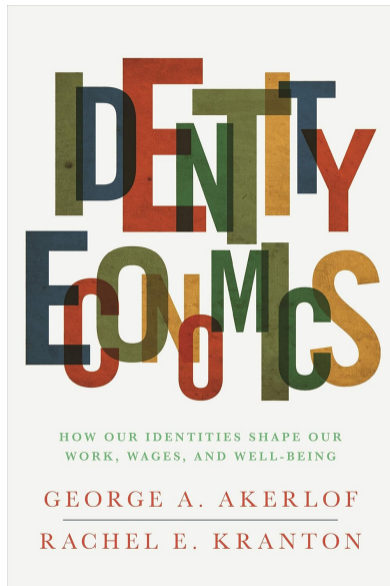
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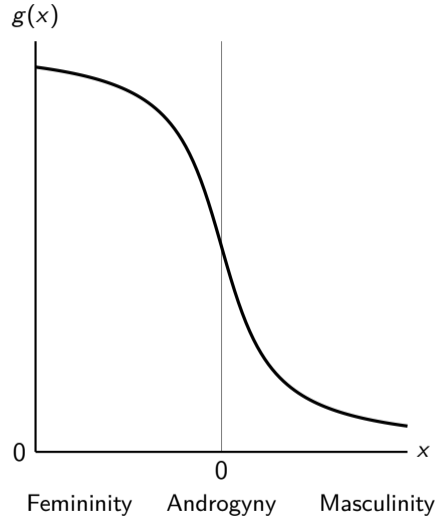
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Gender Identity of a Woman



Social Identity Theory

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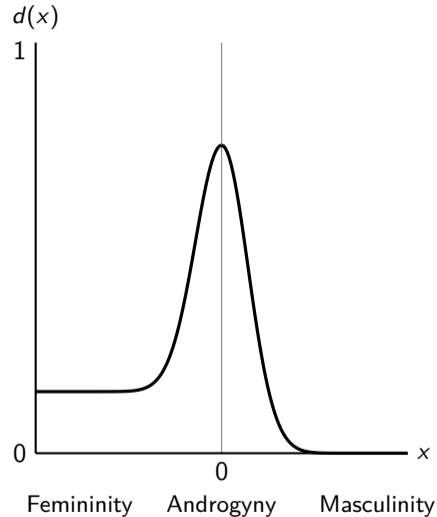
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Discrimination Coefficient



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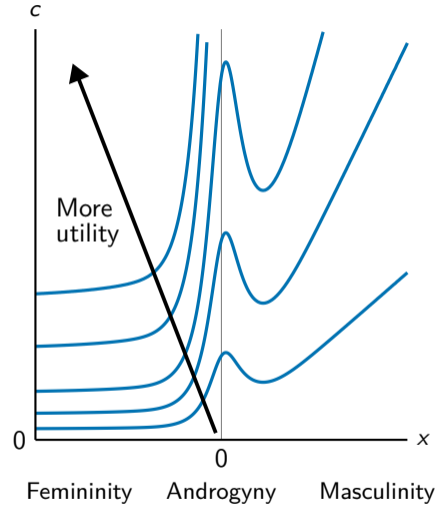
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Indifference Curves of a Woman



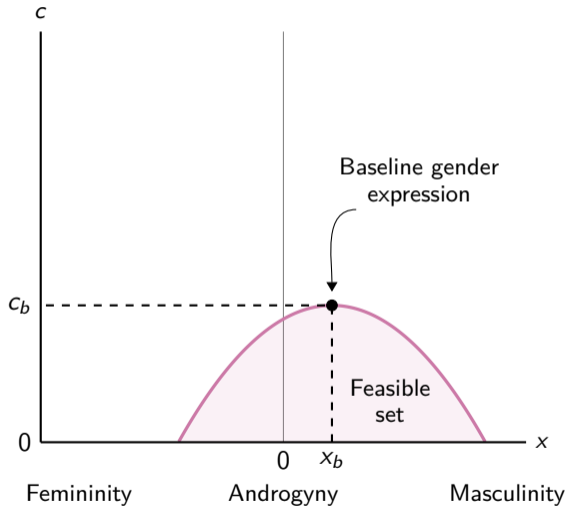
Budget Constraint

Gender affirmation often requires time, money, and social support, creating a barrier.

Model resource cost with a *budget constraint*:

- c_b : endowed consumption
- x_b : baseline expression (no investment)
- $x_b > 0$ typically if assigned male at birth
- $x_b < 0$ typically if assigned female at birth.
- Endowments \rightarrow range of **feasible expressions**

Budget Constraint of a Male



Budget Constraint

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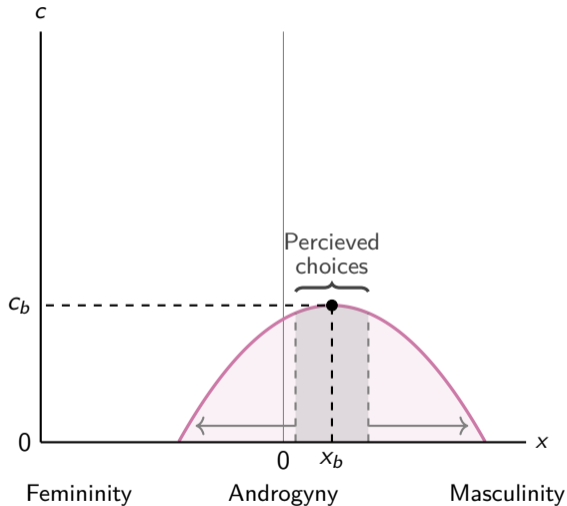
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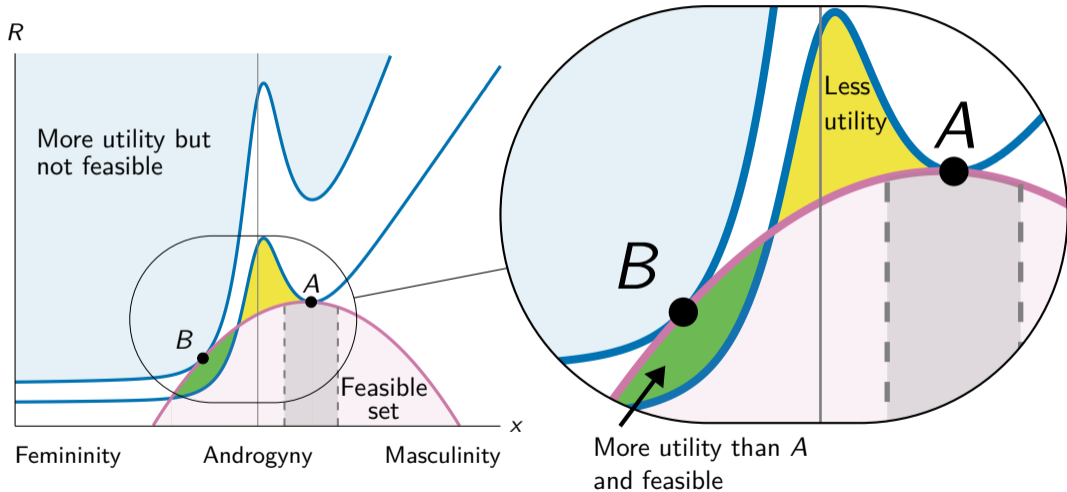
Socialized as boy → *bounded rationality*:

- Only grey area is **perceived** as feasible
- With exogenous info, **perceived set** → **feasible set**

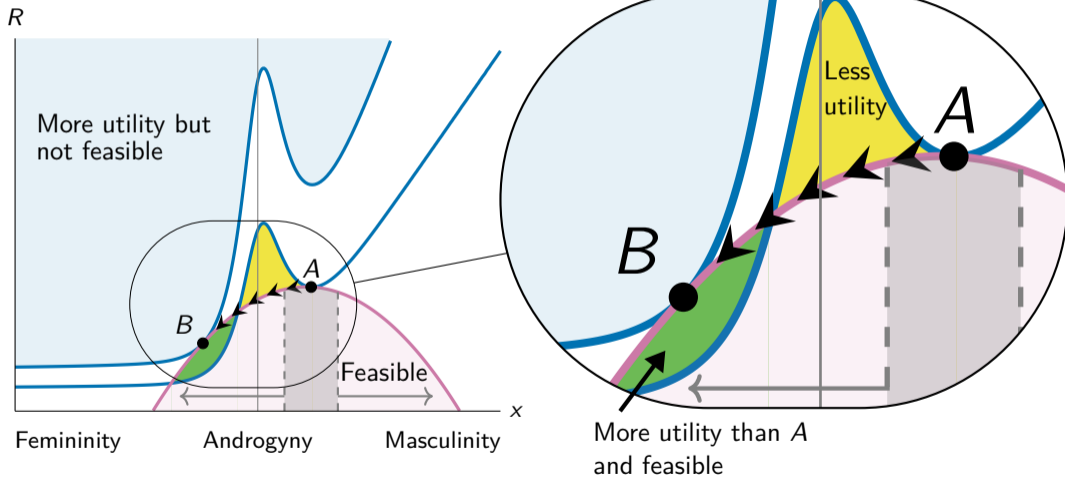
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Equilibrium



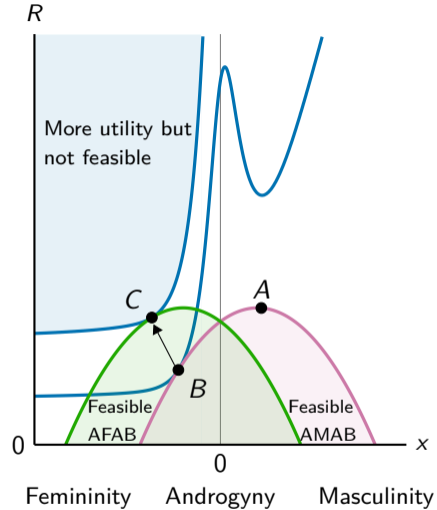
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Comparative Statics

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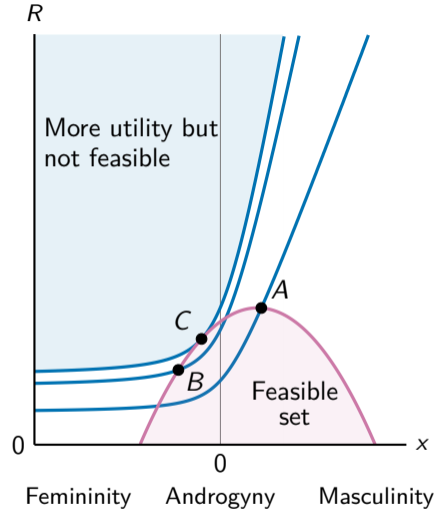
- **Economic disparities between cis and trans people**
- Reducing discrimination improves economic outcomes
- Lowering the cost of gender affirmation improves economic outcomes
- Wealth enables more gender affirmation without depleting resources
- Intersectional extensions



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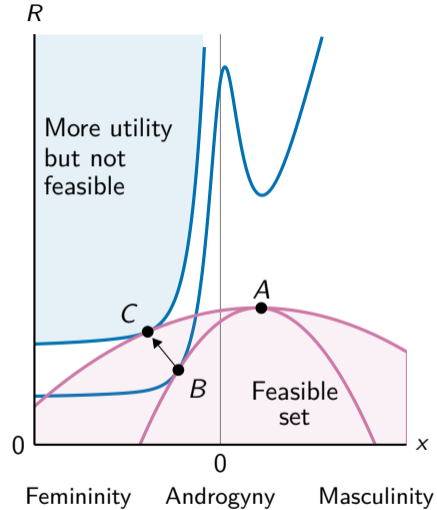
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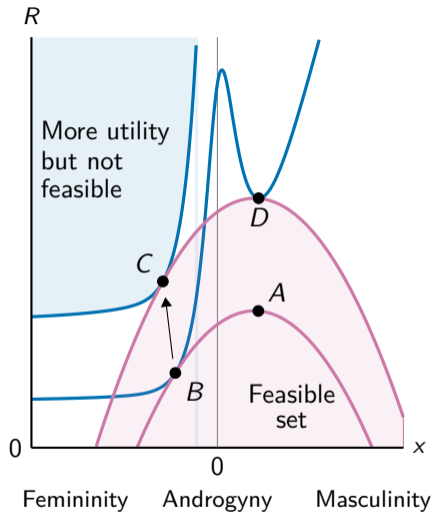
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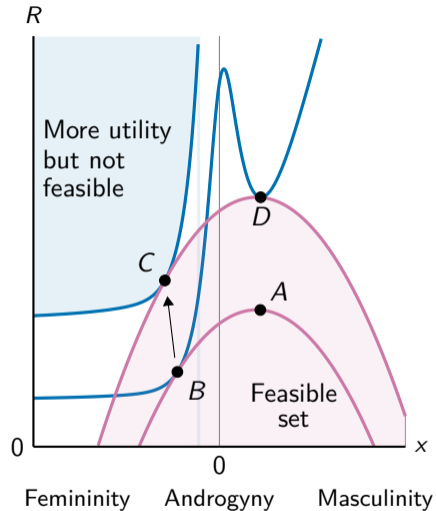
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Summary

- **Four stylized facts** from a comprehensive review:
 - ① Widespread discrimination drives disparities in labor markets, educational, housing, and healthcare outcomes
 - ② Transgender people have worse health outcomes
 - ③ Conversion therapy worsens health outcomes
 - ④ Gender transitions are costly and have nonlinear effects on health
- A **simple economic model** to explain these facts.
 - Weigh **benefits of expressing identity** against **costs from forgone consumption, discrimination, and gender dysphoria**
 - Designed to be accessible to undergraduate students