

# Save the WOMEN or Save the ECONOMY?

Written by Mehak Gauba

## **Introduction**

Gender Equality (GE) is conceptualized as the provision of equal rights and treatment of genders without any discrimination between men and women. Historically, the issues relating to GE have been given lesser significance against the backdrop of other issues pertaining to the economy,<sup>1</sup> education sector,<sup>2</sup> and the environment.<sup>3</sup> This treatment of neglect has led the fundamental global issue of GE<sup>4</sup> to be perceived as a far lesser prominent issue, which has thus resulted in further deterioration in terms of GE. While the aforementioned factors seem independent of each other, they are in fact dependent on one another. In the field of international policy, this paper aims to establish a positive correlation between the economy and GE in a country.

## **EU Economy**

Economic development is a fundamental issue prioritized by countries as the economy is crucial for overall progression. Having a stable economy is essential in order to improve other aspects such as the standard of living, healthcare systems, education systems, employment, and political and social issues in the country.<sup>5</sup> Governments actively regulate the economy through different mechanisms to prevent barriers to its growth. EU Member States (MS) actively collaborate due to the principle of freedom of movement,<sup>6</sup> eliminating institutional barriers and opening many more economic opportunities for the MS. Economic growth is usually measured through the Gross Domestic Product referred to as GDP. An increase in the GDP positively reflects on the businesses and vice versa.<sup>7</sup>

EU countries which are part of the global leading economies are Germany, the UK (however, the UK recently left the EU), France, Italy, Spain, and the Netherlands.<sup>8</sup> Apart from these 6, EU countries that are in the top 10 of EU economies are Switzerland,<sup>9</sup> Sweden, Poland, and Belgium. For the purpose of this paper and fruitful analysis of the relationship between GE and the economy, these countries will be used as a reference point.

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<sup>1</sup> Newman & Thomson, 1989

<sup>2</sup> Sayed & UNESCO, 2013

<sup>3</sup> Craft & et al, 2006

<sup>4</sup> UN, 2020

<sup>5</sup> Acemodlu, 2012 & Tragakes, 2011

<sup>6</sup> The economy, 2020

<sup>7</sup> Amadeo, 2019

<sup>8</sup> Silver, 2020

<sup>9</sup> Switzerland was considered under the economies of countries in Europe but Switzerland will not be referred to in the paper's analysis.

## **Economy and Gender Equality**

The European Institute for Gender Equality (EIGE) has established the GE Index (GEI) to highlight the development of GE in different countries. This holistic index looks at various spheres where gender inequality might be evident such as work, knowledge, health, money, and power. The countries with the highest scores for the GEI are Sweden, Denmark, France, Finland, United Kingdom, Netherlands, Ireland, Belgium, Spain, and Luxembourg in that order. Sweden having the GEI of 83.6 points and Luxembourg having the GEI of 69.2 points.<sup>10</sup> These countries will be referred to through the paper to draw a comparison between GE and the economy.

On women's day 2008, the UN Secretary-General Ban Ki-Moon said that "investing in women was not only the right thing to do; it was the smart thing to do".<sup>11</sup> This view resonates: empowering women would not only solve the social issue of GE, but it would be useful in other dynamics as well. Further on, he elaborated that all of the UN Millennium Development Goals (MDG) have indirect repercussions on the economy, which implies that working on GE will positively impact the economy.<sup>12</sup>

To validate this connection, one can make a comparison between the top economies in the EU and the highest GEI scoring countries. Out of the top ten economies in the EU, six of these countries are among the highest GEI scoring countries. The exceptions out of the 10 leading economies are Germany (12<sup>th</sup> position for GEI in the EU), Italy (14<sup>th</sup> position for GEI in the EU), and Poland (24<sup>th</sup> position for GEI in the EU). As most of these leading economies are among the highest-scoring countries in the EU with regards to GE, the statistics establish a positive relationship between the two aspects. In order to confirm this relationship, a comparison between the worst performing economies in the EU alongside the lowest scoring GEI countries can be made. The lowest-scoring countries on the GEI are Greece, Hungary, Slovakia, Romania, Poland, Lithuania, Croatia, Czechia, Cyprus, and Bulgaria in that order.<sup>13</sup> Seven of these countries are the worst economies in the EU with the exception of Romania, Poland, and Czechia, which confirms a positive correlation between GE and the economic condition of the country.

## **Rationales**

There are various rationales that can justify the positive correlation between GE and a strong economy. This section will elucidate the four relevant domains of the GEI and link these domains to the economical uncontrolled impact. Labor and human capital are two economic factors linked to this rationale. Higher participation in the labor force leads to higher productivity and higher income per capita. Hence, having both genders participate actively in the labor force can significantly boost the economy as it would be an efficient utilization of a State's resources. In most cases, the leading economies correlate with the highest GEI due to their positive recognition of GE. For instance, France's work score is 72.4 points as the total

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<sup>10</sup> European Institute for Gender Equality [EIGE], 2019

<sup>11</sup> UN, 2020

<sup>12</sup> WHO, 2020

<sup>13</sup> [EIGE], 2019

employment rate is 68% for women and 75% for men.<sup>14</sup> Whereas, the work score for Greece (17<sup>th</sup> highest GDP in the EU) is 64.2 points with a participation rate of just 49% for women and 70% for men.<sup>15</sup> Consequently, GE is a relevant factor that impacts the economic performance of a country.

When there is a lack of female empowerment in the political sector and women are not given equal access to opportunities, then the country and economy subsequently suffer. For instance, Sweden's power score is 83.4 points as there is a higher number of women involved in parliament decision-making as ministers or in the regional assemblies.<sup>16</sup> However, Sweden doesn't have a perfect score as there is still scope for improvement from the economic perspective of women's involvement in corporations. On the other hand, Slovakia (19<sup>th</sup> highest GDP in the EU) has a power score of 26.8 points as there are more men compared to women involved in politics.<sup>17</sup> The same is the case for the economic aspect as there is a great gap between the two genders: only 18.1% of the leadership or director positions of corporations are filled by women and the rest are all men.<sup>18</sup> Hence, these examples show a positive correlation between GE and the economic condition of the country. Estonia (3<sup>rd</sup> lowest GDP in the EU) has the same issue as its power score is very low. The women have almost no representation in the economic aspect as 92.1% of members of boards, directors, and leaders are men.<sup>19</sup>

The roots of gender inequality in society are usually quite deep; it begins during an individual's childhood. Inequality in the onset of a girl's education may hinder her future prospects as she would always be a step behind on the basis of educational attainment. Education attainment in this case refers to the lower proportion of higher-education students for women. This impact may be visible in the economy as well. For instance, Lithuania (5<sup>th</sup> lowest GDP in the EU) has a knowledge score of 55.9 points, illustrating an immense gender gap in educational attainment.<sup>20</sup> On the other hand, Spain has a knowledge score of 67.4 points, showing a narrower gender gap in educational attainment.<sup>21</sup> Hence, given the economic position of Lithuania and Spain, it is evident that GE is correlated with the economic growth of countries. If inequality in education continues to persist, causing literacy difficulties for women, then the economy will be negatively impacted in the long run.

Further on, the gender pay gap can also have an unfavorable impact on the economy. The issue of the gender pay gap is still prevalent even in the most developed nations.<sup>22</sup> Women tend to be discriminated by employers, which is evident in the lower wages received by women across industries in contrast to the wage received by men for the same work.<sup>23</sup> This discrimination may be imposed because of the responsibilities a woman tends to have towards her family.<sup>24</sup> Equal pay would allow for supplementary income, an increase in overall income for families, and enhance the economy, given that men's salaries remain the same, but women are given a raise. This impact would be directly visible on the economy as women would increase their

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<sup>14</sup> [EIGE] "France", 2019

<sup>15</sup> [EIGE] "Greece", 2019

<sup>16</sup> [EIGE] "Sweden", 2019

<sup>17</sup> [EIGE] "Slovakia", 2019

<sup>18</sup> Ibid

<sup>19</sup> [EIGE] "Estonia", 2019

<sup>20</sup> [EIGE] "Lithuania", 2019

<sup>21</sup> [EIGE] "Spain", 2019

<sup>22</sup> Connley, 2020

<sup>23</sup> Future Women, 2020

<sup>24</sup> Drew & Humbert, 2012

expenditure given the rise in their income, which would positively boost the economy. Further on, it would enable working women to be rewarded for their skills and experience fairly.<sup>25</sup>

Taking the Netherlands and Estonia (3<sup>rd</sup> lowest GDP in the EU) into consideration, there is a great difference in the points for the money domain. The Netherlands still has an existing pay gap but has been recently evaluated at 86.7 points.<sup>26</sup> The Netherlands continuously makes efforts in improving its gender balance in society and additionally, contributes internationally as well to attain similar GE goals.<sup>27</sup> Whereas Estonia's money domain points are 69.4, there is still a gender gap of 29% between the women's pay and the men's pay which is the largest in the EU.<sup>28</sup> Hence, there is a positive correlation between a high GDP (good economic situation) and a high GEI.

However, an anomaly to the correlation between GE and the economy is Germany as it has the highest GDP in the EU but is 12<sup>th</sup> in the EU with 66.9 points for its GEI.<sup>29</sup> Most of the domain scores for Germany are high except for the knowledge, power, and time domain. The lowest points were 53.7 for the knowledge domain, exhibiting that the inequality in educational attainment requires work. As Germany has the highest GDP but a lower GEI, it exemplifies that Germany is an exception to the norm of direct correlation. As evident from the previous examples, GE aids in the progression of the economy. However, this impact might not always be direct and visible for every country, like in the case of Germany.

## **Recommendations**

Various recommendations can be made to cause an improvement in the country's GE, consequently positively impacting the economy. An efficient mechanism to tackle GE would require the implementation of strong policies and legislation promoting female empowerment in society. These GE policies will have to touch base on different principles, such as equal opportunities and rights. One aspect under this legislation would be an increment of minimum education years. For instance, the completion of secondary school until the age of 15-16 is compulsory regardless of gender in most EU states.

However, research shows more female students drop out due to personal reasons.<sup>30</sup> Therefore, it would be beneficial to increase the mandatory education years required to the age of 18, to ensure everyone completes secondary school that is until grade 12 (referred to as junior college in some countries). This would prevent girls, who are more prone to leaving early, to complete their higher education and break this never-ending cycle. This will have a substantial positive impact on gender balance in the society. Another legislation that should be strictly established and implemented along with these policies is the law for equal pay if gender is the only difference.<sup>31</sup> This would restrict companies from discriminating against women and reduce the pay gap present in societies, resulting in a meaningful improvement in the economy.

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<sup>25</sup> Milli et al, 2017

<sup>26</sup> [EIGE] "Netherlands", 2019

<sup>27</sup> Zaken, 2020

<sup>28</sup> [EIGE]"Estonia", 2019

<sup>29</sup> [EIGE]"Germany", 2019

<sup>30</sup> Casquero-Tomás et al, 2012

<sup>31</sup> Fredman, 2008

All of these policies have to be established with clear guidelines governing the consequences of non-compliance. The principal step would be the establishment of the law, but the monitoring of the implementation is imperative to successfully uphold the GE policy. On a positive note, the EU has passed several resolutions to improve the GE condition in society, for instance, the resolution on male-female parity passed in 2019 which promotes equal gender representation.<sup>32</sup> However, in order to ensure compliance with the GE policies in society, there needs to be both enforcement and monitoring.

This can extend to penalties for companies that do not accommodate to this approach in their company policies. Imposing such penalties would deter future offenders and serve as an example for society. Further on, the government will have to provide diverse incentives to companies to push them to hire women. On the outset, these incentives may seem unfair, however, it is required in order to truly achieve GE and rectify the neglect in the past.

Lastly, countries need to positively advocate for GE to the corporations and the individuals themselves. For instance, the “HeForShe” awareness campaign by UN Women spearheaded the movement for female empowerment. This campaign facilitated dialogue between global leaders, corporations, and other stakeholders, successfully increasing awareness about gender inequality and resulted in a fruitful discussion on feasible solutions. Further on, through the dialogue, Oliver Tonby, Partner at McKinsey, highlighted how effective tackling of GE would result in an increase of \$4.5 trillion of the economy for Asia itself.<sup>33</sup> The tremendous impact on the EU and globally is only imaginable. The continuous advocacy of GE through similar campaigns will lead to a rise in awareness and eradication of it.

## **Conclusion**

In conclusion, it is evident that there is a strong correlation between GE and the economy. As the GE in society leads to ineffective utilization of the state’s resources which negatively impacts the economy. In order to break this cycle, GE in society has to be effectively tackled. This paper sheds light on the impact GE can have on various spheres of the country and how it can consequently negatively impair the economy. Further on, it highlights the need for countries to pivot their perspective for the inclusion of GE in their system rather than solely focus on the resolving of other significant issues. Applying these recommendations would allow the country to progress its GE in society and subsequently enhance its economy at the same time.

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<sup>32</sup> Robert Schuman, 2020

<sup>33</sup> UN Women, 2019.

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