

Countries pay high price for gender gap

By HELEN MEES

NEW YORK — Working women throughout the world have long complained of the unfairness implied by lower pay than what men receive. But the wage disparity between men and women is more than unjust. It is also economically harmful.

Economists at the International Monetary Fund have calculated that the "gender gap" costs the world billions of dollars in economic growth each year. A cross section of 40 poor and rich countries shows that there is a strong relationship between women's economic and social status, and overall economic growth. Women's lack of education, health care, and economic and social opportunities — both absolutely and relative to men — inhibits economic growth. By contrast, economic growth ameliorates women's subordinated condition.

In "The State of the World's Children 2007," UNICEF reports that gender equality renders a double dividend: Healthy, educated women rear healthy, educated children. Women, according to UNICEF, feel greater responsibility than men for the household, and they spend more money on food, medicine and educating children.

But what UNICEF suggests as the solution for developing nations — that women be made responsible for the household and "child-rearing — is in fact the cause of the problem.

Indeed, the "double dividend" is a curse rather than a blessing, because it confines women to the home. Policy measures that cultivate traditional role patterns should be abolished. Instead, one must promote the economic empowerment of women to help generate economic growth.

Evidence for this can be found in Western Europe. According to Dutch historians Tine de Moor and Jan Luyten van Zanden, the early break with patriarchy in Europe in the late

Middle Ages (1200-1500) accounts for the rise of capitalism and growing prosperity in the Western World. Girls were no longer married off, but selected their own spouses. As a result, it became worthwhile for parents to invest in girls' education and well-being.

As a result, Europe's economy advanced much more than China's over the next five centuries. However, the tables have turned. As *The Economist* pointed out last year, women have become the engine of global growth, especially in China and other Asian countries. The Asian economies seem to make much better use of the resources that women have to offer than Europeans do.

In Asia, more women work, they work more hours, and they advance on the corporate ladder much faster than European women. In the Philippines, 89 percent of companies have women in senior management positions. China, Hong Kong, Indonesia, Taiwan and Singapore follow closely in terms of women in top jobs. Even in India, where more than half of girls and women are illiterate, more women hold senior management positions than in countries like Germany and the Netherlands.

In Europe, women long ago bridged the education gap with their male peers. Still, they occupy a mere 8.5 percent of corporate boardroom seats. Except for Scandinavia, the number of women on Europe's top company boards is stagnating.

In part, this is a classic insider-outsider tale. Male dominance in the marketplace works like a cartel, barring talented women from top jobs. On average, women's take-home pay is half that of men.

But European women are to blame as well. In European countries like Germany and the Netherlands, college-educated women often choose to be stay-at-home mothers or work part-time. Only one of 10 female professionals with children works full-time in the Netherlands, compared to nine of 10 male professionals with children. So it should not come as a surprise that employers don't take women seriously.

Women's contribution to the Dutch economy is around 27 percent. A raw estimate shows that if women would work a bit more outside the home and thus increase their

contribution to the Dutch economy to, say, 35 percent, this would generate an additional 11 percent in GDP growth, some 60 billion euro per year. Women would still be working only half as much as men outside the home. With the extra money women would generate, the government could take care of the aging population and still have billions to spend on education and child-care.

What is true in the Netherlands and Europe is true all over the world: Reducing the inequalities that exist between men and women is not only a matter of justice; it also makes economic sense.

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