

Female labour force key to healthy economy, IMF says^[1]

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EXCERPTS

Countries that hold women back from the workforce are actually hurting their economies and contributing to lost productivity despite slowing global growth, a new report from the International Monetary Fund says.

The estimated gain in GDP, or gross domestic product, for countries that close their gender gaps ranges from 15 to 35 per cent, the study released Monday says.

"The opportunity for women to earn and control income has been associated with broader economic development and total factor productivity gains," the report notes.

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The IMF's study found that despite progress on gender equity, almost 90 per cent of countries still have at least one legal restriction based on gender, and 28 countries have 10 or more such laws. (Canada is not on either list.)

These include limits on women's property rights and laws that allow husbands to prevent their wives from working or prohibit women from entering certain professions.

The laws remain despite International Women's Day coming up March 8 and at a time when world leaders are seeking ways to boost disappointing global growth.

Female labour participation rates in half the countries in the study jumped by about 5 percentage points in the five years after laws were changed to guarantee equity between the sexes, according to the staff report by the Washington-based fund.

Changes of that magnitude are likely to have a "significant effect on economic growth," the study says.

Losses in GDP due to economic gender gaps range from about 15 per cent in several countries, including Greece, Italy and Japan, to about 35 per cent in Qatar, Iran and the United Arab Emirates, the document shows, adding the losses would convert to similar increases in GDP if gender gaps were removed.

IMF managing director Christine Lagarde, the first woman to head the global financial institution, has renewed its push to strengthen the role of women in the world economy, arguing that doing so can raise growth prospects and improve development.

"By helping women reach their full economic potential, we can also help boost growth, prosperity and stability for the whole world," Lagarde wrote in a blog post about the report. "In a world in search of growth, women will help find it, if they face a level playing field."

The IMF report further says that in rapidly aging economies, higher female labour force participation "can directly yield growth and stability gains by mitigating the impact of a decline in the labour force on growth potential."

While many assume Canada may be beyond such issues, "the fact is there is a real, ongoing wage gap between men and women," said Sheryl Boswell, spokesperson for job search website Monster.ca

She pointed out that Canada ranks just 20th in the World Economic Forum's global survey of gender equity, behind Sri Lanka, Lesotho and Latvia. And for every hour of equal work put in by a woman in Canada, they get paid, on average, just 80 per cent of what a man makes.

"It's a disparity that hurts our country's overall economy," Boswell said.

She said one factor is the kind of work involved. Gender differences in earnings vary by occupation, with the largest gap in health jobs, where women earn just 47 cents for every dollar earned by men.

"That number hasn't changed much since 1986," she added.

Having children or dependent elders makes a large difference, too, Boswell said, noting there are nearly twice as many women working

part-time as men.

When asked why they work part-time, men and women provide very different answers. Most significantly, 19 per cent of women work part-time to provide care for children or to take care of other personal or family responsibilities, compared to just 2 per cent of men today, Boswell said.

The IMF report says that countries hungry for economic growth can find it by rooting out laws that discriminate against women, including limits on having bank accounts or inheriting property.

As an example, Lagarde cited Peru, where a new constitution in 1993 granted equality between men and women under the law and eliminated discrimination. Women's labour force participation then increased by 15 per cent, she said.

Other forces, such as increased educational opportunities and access to affordable child care and maternity leave, also resulted in more women joining the workforce, according to the study, written by Christian Gonzales, Sonali Jain-Chandra, Kalpana Kochhar and Monique Newiak.

"In addition to adopting family-friendly policies such as child care and maternity benefits, countries should strive to reform legal institutions, regulations and laws to remove discrimination against women," the study says.

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