

Better policies would get women to contribute more to the economy ^[1]

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EXCERPTS

If women participated in the labour force at the same rate as men, the economy of a developed country such as Canada would experience a 12-per-cent jump in GDP, according to Dr. Doom, a.k.a. Nouriel Roubini, the economist who gained international prominence when he correctly predicted the U.S. housing crash and the ensuing financial crisis.

The boost would be much greater in emerging economies, where opportunities for women are commonly much more constrained.

And if women were paid as much as men for the work they do? The calculation is complex, he said, as discrimination appears to be only one factor — albeit a big one — in the gender pay gap that was recently calculated to average \$8,000 a year in Canada. Part of this gap is also explained by differences in education and experience, by the tendency of women to work in non-union, service-sector jobs, and by periodic interruption of many careers when women take on child-rearing or other caregiver duties.

But eliminating wage discrimination — the big chunk of the wage gap that can't be explained by other factors — would also provide a huge economic boost for the whole country, Roubini said in an interview following his keynote address to a conference entitled *The Next Billion: Women and the Economy of the Future*. The daylong event examined in depth the role of women as workers, entrepreneurs, executives and consumers.

Roubini said the pay gap has been narrowing for years in developed countries, improving from 60 cents of a women's earnings for each dollar earned by a man in the 1970s to 78 cents today.

"But it's too slow," he said. "At the present rate, it will take 80 years to reach full equality."

It could be quicker to fix the participation rate, or at least make it more equal. This is a question of policy — of governments and corporations providing supports to encourage women to hold jobs. These include things like flexible hours and greater ability to work from home, as well as accessible and affordable child care.

Child care support falls broadly into two camps, he said. Some countries provide more time off for parents to care for their children, and others have policies to make other child-care options affordable. Evidence suggests the second approach is better if the goal is to get more women in the workforce, he said. Policies that support one parent staying home can backfire as some parents will never go back to work.

Roubini didn't mention housing in his presentation. But when the man famed for forecasting the bursting of the American housing bubble is in town, I couldn't resist asking him what parallels and what differences he sees in our market today compared to the U.S. before the crash.

"The similarities are that there has been a good deal of home price inflation," he said. "There are increases in household debt related to mortgages.

"But there are differences related to your financial system, which is slightly better regulated and supervised. So the excesses of subprime lending that occurred in the United States have not occurred in Canada.

"In the U.S., a massive glut of supply led to the prices falling. Here, especially in Vancouver, some of the demand is driven by foreigners coming from Asia and buying property as a long-term investment. That demand is going to stay.

"So I wouldn't say the Canadian market is in a bubble. I would say there is some frothiness in terms of excessive price inflation and the valuation of homes compared to rentals."

In short, "I don't see a housing bust in Canada. But there may be some correction in prices."

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