

**Indian Ocean Rim Association (IORA) Dialogue Event: Paths to Women's Economic Empowerment in IORA countries, with a focus on tourism and textiles**

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**Session 2: Why is women's economic empowerment important?**

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**Introduction:**

*"All peoples have the right of self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development."*<sup>2</sup>

Freely pursuing one's economic, social and cultural development is our fundamental human right. "The States Parties to the International Covenants on human rights have the obligation to ensure the equal rights of men and women to enjoy all economic, social, cultural, civil and political rights."<sup>3</sup> <sup>4</sup> That is, the State Parties are obliged to take all appropriate measures to eliminate discrimination against women; in the field of employment (CEDAW Article 11); in the right to family benefits and to financial loans and other forms of credit (Article 13); in access to adequate health care services, all types of training and education, economic opportunities through employment and self-employment and adequate housing, sanitation, electricity and water supply, transport and communications (Article 14); in the ownership, acquisition, management, administration, enjoyment and disposition of property (Article 15) among others.

These measures have been reflected upon various international development goals. Millennium Development Goal (MDG) 1 has a target to achieve full and productive employment and decent work for all, including women and young people. MDG 3 aimed to eliminate gender disparity in education at all levels by 2015 and improve share of women in wage employment in the non-agricultural sector. MDG 5 targeted a reduction in the maternal mortality ratio by improving access to skilled childbirth care and reproductive health care. MDG 7 aimed to improve access to safe drinking water and basic sanitation.

More than 30 years after CEDAW has been ratified and in the eve of the MDG deadline 2015, we know that achieving the measures to eliminate all forms of discrimination against women is far from reach<sup>5</sup>.

On the other hand, a buzz for women's economic empowerment through economic growth has become louder and louder among policy makers and business leaders in recent years. The World Bank's flagship publication the *World Development Report 2012*<sup>6</sup> was on gender equality and

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<sup>1</sup> I would like to thank Ms. Oonagh Eastmond for her editorial suggestions.

<sup>2</sup> International Covenant on Economic, Social and Cultural Rights, Article 1.

<sup>3</sup> Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW).

<sup>4</sup> 16 IORA member states are listed under the countries with ratification, accession and succession of the International Covenant on Economic, Social and Cultural Rights and 19 IORA member states for the CEDAW. United Nations Treaty Collection, <https://treaties.un.org/Home.aspx?lang=en>, accessed 4 August 2014.

<sup>5</sup> For example, in case of Asia-Pacific, achievement in MDG 5 and 7 on basic sanitation are lagging behind in across the region, including middle-income countries. UNESCAP, ADB, and UNDP (2013) *Asia-Pacific Aspirations: Perspectives for a Post-2015 Development Agenda*. <http://asia-pacific.undp.org/content/rbap/en/home/library/mdg/asia-pacific-mdg-2012-2013/>

<sup>6</sup> The World Development Report 2012: Gender Equality and Development (2011)

development, talking about gender inequality in employment and the impacts of globalization on gender equality. *Women, Work, and the Economy: Macroeconomic Gains from Gender Equity*<sup>7</sup> was the title of the International Monetary Fund's (IMF) staff paper in 2013. 'Gender-driven growth'<sup>8</sup> was one of the key panels at the 2014 World Economic Forum (known as Davos), having eminent speakers including the IMF Managing Director Christine Lagarde and Facebook COO Sheryl Sandberg. 'Womenomics' has been the key for economic growth by the Administration of Prime Minister Abe in Japan for his second term. It has also been the 'investment' catch for financial firms like Goldman Sachs.<sup>9</sup>

## Does women's economic empowerment lead to economic growth?

*Women are spending so much time collecting water and fodder that there is no time left for even employment guarantee work that had been started in the village.  
A 40 year old woman in Nimon Village, Maharashtra, India*<sup>10</sup>

'Women's economic empowerment for economic growth' sounds good, and feminist economists at least welcomed the fact that institutions such as World Bank and IMF, which has credibility and influence with finance ministers and central bankers, acknowledge that gender issues such as women's lower labour participation, lower wages and flagged women's unpaid work. In their critique to the WDR 2012, IMF staff note and PM Abe's womenomics, feminists also argued that there are a number of major gaps in their analyses and their policy implications require critical scrutiny.<sup>11</sup>

Karl Marx, for example, in his analysis of capitalism showed that capitalists accumulate their capital (wealth) by extracting as much labour from the workers as possible at the lowest possible cost. By studying semi-industrialized export-oriented economies in which women provide the bulk of labour in the export sector (e.g., ready-made garments and electronics), Seguino (2000) found that wider gender wage gaps (against women) were associated with higher GDP growth rates. Empirical analysis shows that relatively low women's wages contributed to lower labour costs, which helped raise saving – thus investment – to the company and improved its export performance. Growth in foreign exchange earnings in turn helped finance greater capital goods and intermediate inputs, which contributed to productivity and economic growth.

Noble Laureate Gary Becker's discrimination theory<sup>12</sup> discusses that gender segregation in employment and wage differentials are attributed to the tastes of discrimination among employers,

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<sup>7</sup> IMF staff discussion note (2013) by Katrin Elborgh-Woytek, Monique Newiak, Kalpana Kochhar, Stefania Fabrizio, Kangni Kpodar, Philippe Wingender, Benedict Clements, and Gerd Schwartz. Washington D.C.:IMF.

<https://www.imf.org/external/pubs/ft/sdn/2013/sdn1310.pdf>

<sup>8</sup> <http://www.weforum.org/videos/gender-driven-growth>

<sup>9</sup> Goldman Sachs (2014) "Womenomics 4.0: Time to Walk the Talk," Japan Portfolio Strategy, May 30, 2014

<http://www.goldmansachs.com/our-thinking/outlook/womenomics4.0.html>

<sup>10</sup> Cited in Mahajan (2012).

<sup>11</sup> For example, please see Razavi, Shahra (2011) "World Development Report 2012: Gender Equality and Development – An Opportunity Both Welcome and Missed (An Extended Commentary), 5 October 2011 UNRISD; Feminist Economists Respond to the Recent IMF Discussion Note "Women, Work and the Economy: Macroeconomic Gains from Gender Equity" Part I by Mariama Williams

<http://www.awid.org/News-Analysis/Friday-Files/Feminist-economists-respond-to-the-recent-IMF-Discussion-Note-Women-Work-and-the-Economy-Macroeconomic-Gains-from-Gender-Equity-Part-1> Part II by Stephanie Seguino, Elissa Braunstein and Anit N. Mukherjee,

<http://www.awid.org/News-Analysis/Friday-Files/Feminist-economists-respond-to-the-recent-IMF-Discussion-Note-Women-Work-and-the-Economy-Macroeconomic-gains-from-Gender-Equity-Part-2> (AWID Friday files 24 and 31 January 2014; "The IMF on gender and macro policy: Feminist economics education recommended" by Stephanie Seguino and Elissa Braunstein

<http://feministeconomicsposts.iaffe.org/2014/02/14/the-imf-on-gender-and-macro-policy-feminist-economics-education-recommended/> 14 February 2014.

<sup>12</sup> Becker, Gary (1957, 1971). *The Economics of Discrimination*. University of Chicago Press, Chicago.

employees, and customers, and such tastes for discrimination can result in higher wages for members of advantaged groups and higher prices for services rendered by advantaged groups. For example, if male workers dislike working with female superiors, the demand for female managers will be less than the demand for male managers. As a result, female managers will be hired only under the condition of wage discount, and wage differentials between men and women emerge. Even if employers do not have the tastes of discrimination against women, they will discriminate women when they realize such discriminatory tastes exist among their employees and customers. Employers need to reduce wages for women if they need to hire, in order to compensate the unfavorable feeling among employees and customers. As Reskin and Hartmann (1986) discuss, this taste for discrimination results in an opportunity cost of forgone productive efficiency in the economy as a whole. However, in the Becker's model, majority group of individuals are willing to bear such efficiency costs. Becker states that increased market competition will drive out costly discrimination in the long-run.

Feminist economists (Berik, Rodgers and Zveglic 2004; Menon and Rodgers 2006; Yamamoto 2007; Domínguez-Villalobos and Grossman 2010)<sup>13</sup> found that, in contrast to Becker's theory, global competition is positively associated with a wider gender wage gap. When the gender wage gap has narrowed, it was not attributed to women's economic gains. In case of Taiwan the gender wage gap narrowed because men's salary went down (Berik 2000). In case of the United States, narrowing the gender gap is due to an increase in the average wage of women workers who remained in the industry after many lost their jobs in low-wage production occupations that competed with rising imports (Konger 2008).<sup>14</sup> Despite the calls for implementation of labour standards and enforcement for worker's rights protection, multinational corporations follows the 'race to the bottom', moving the capital from one country to another, looking for cheaper labour. While economic empowerment for women in low-wage jobs or low-income households is desired, the reality is that income inequality among women tends to be rising.

In Asia (and elsewhere), the rates of the economic growth (i.e., the GDP growth) have been impressive over the decades. Particularly the economic growth of mineral-rich countries has marked remarkable rates in recent years due to price hike of the copper and others. Yet, income inequality between rich and poor households has been widening and gender inequality remains unchanged. Due to the prolonged jobless growth, youth unemployment and underemployment - especially among young women and girls - have become emerging issues which we need to tackle.

When we are blind about contribution of women's work to the economy and society, the promotion of women's economic empowerment may create the double burden the paid and unpaid work on women. Women's work is invisible in economic statistics such as the national accounts and labour force surveys when much of women's work is undertaken in the informal sector. Women account for the majority of own-account workers and contributing family workers, so-called 'vulnerable employment.' Often they are excluded from social protection schemes and lack decent working conditions.

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<sup>13</sup> For example, see Berik, Günseli, Yana van der Meulen Rodgers and Joseph E. Zveglic, Jr. 2004. "International Trade and Gender Wage Discrimination: Evidence from East Asia." *Review of Development Economics* 8(2): 237-254; Menon, Nidhiya and Yana van der Meulen Rodgers. 2006. "The Impact of Trade Liberalization on Gender Wage Differentials in India's Manufacturing Sector." Working Paper (Brandeis University); Yamamoto, Yumiko (2007) "Trade, Technology and Gender Wage Gap: A Case of Japan" the paper presented at the Annual Conference for Development and Change, Cape Town, South Africa, 9-11 December 2007. Domínguez-Villalobos, Lilia and Flor Brown Grossman. 2010. The Wage Gap and Trade Flows in Mexican Industry. *Feminist Economics*, vol. 16, no. 4.

<sup>14</sup> Berik, Günseli. 2000. Mature Export-Led Growth and Gender Wage Inequality in Taiwan. *Feminist Economics*, vol. 6, no. 3, November 2000. Konger, Ebru. 2008. Is deindustrialization good for women? Evidence from the United States, *Feminist Economics*, vol. 14. No. 1.

When time-use data is available, in almost all countries women work longer hours than men. That is, women rest and sleep fewer hours than men and have fewer hours to enjoy her life by talking to friends or pursuing their studies or other forms of education, which in turn have negative effects on their well-being. With increased women's participation in the paid labour market, women's income poverty can be reduced. However, if women's responsibility for social reproduction including care work (e.g., child care, care of the family members with disability and illness, elderly care, household chores) and other unpaid work (e.g., fetching water, food, fuel wood; subsistence farming) is not reduced or redistributed, women's 'time poverty' increases by reducing further their time for resting and leisure. This is likely to have significant long-term negative impacts on their health and learning (i.e., education, training).<sup>15</sup>

There are some European countries that have achieved both high economic growth and relatively small gender inequalities,<sup>16</sup> which is encouraging when we discuss women's economic empowerment for economic growth. We should note however, that the economic and political systems of such countries are different from what the Washington Consensus advocates for –e.g., small government and neoliberalism. Such economies reduce and redistribute unpaid work by providing public services including universal health care and child care. Relatively high tax rates with progressive tax system make it possible to finance those public services. For developing countries in Asia and Africa to follow their approach in terms of women's economic empowerment for economic growth, the countries first need to have major structural change in terms of tax reforms (against Washington Consensus), amend neoliberal economic and trade policies, and have reliable tax collection as well as revenue distribution mechanism, which leads to anti-corruption, in place. Such reform itself is a big challenge in many developing countries (not to mention of women's empowerment).

### **So why is women's economic empowerment important?**

*It is a struggle to work and raise a family alone while dealing with HIV at the same time.*

*It is usually difficult to get clean drinking water at the fields.*

*This leads to frequent health problems.*

Nandini, 28 years old from Guntur, Andhra Pradesh, India<sup>17</sup>

Women's economic empowerment is important because it is a fundamental human right to pursue a women's own economic development. It is certainly important at the individual level that a woman has her own income and/or assets so that she is economically independent and can make her own decisions in both the production and reproduction spheres. Also, the States themselves are obliged to take all necessary measures to pursue the direction and finance these measures.

Many authors also suggest that women's access to and control over stable income, land, property and assets among others, increase women's bargaining power within the household. This would help her to make her own choices in various areas (e.g., consumption and investment decisions, family planning). This would also help in preventing women from domestic violence or allow them to escape from the household (or even community) from violence.

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<sup>15</sup> For example, see Raihan, Selim (2009) "Domestic Trade Liberalisation and introduction of VAT in Bangladesh during the 1990s: Examination of Welfare Effects Using a Sequential Dynamic Gendered CGE Model" in case of Bangladeshi ready-made garment workers.

<sup>16</sup> For example, see UNDP's Human Development Reports.

<sup>17</sup> UNDP India (2011) *Social protection that works for PLWHA: A compendium of case studies from 8 states*. Delhi India.

[http://www.in.undp.org/content/dam/india/docs/social\\_protection\\_that\\_works\\_for\\_plhiv\\_a\\_compendium\\_of\\_case\\_studies\\_from\\_8\\_states.pdf](http://www.in.undp.org/content/dam/india/docs/social_protection_that_works_for_plhiv_a_compendium_of_case_studies_from_8_states.pdf)

UNDP (2011)<sup>18</sup> reported a high percentage of HIV-positive widows who were denied by their family-in-law a share in their deceased husband's property or assets in India (79%), Indonesia (71%), and Viet Nam (62%), although most of them were infected through sexual contact with their husbands. In addition to stigma and discrimination they face at society, in the workplace and health facilities, the economic impact of HIV infection negatively affects women more than men. Therefore, it is crucial for women to own and have control over their own house and other properties.

In much of the literature it is shown that women's economic independence often leads to better outcomes of family well-being as women are the main care takers of the family members. Based on this assumption, a number of conditional cash transfers are provided to mothers with the expectation that they would increase their children's educational attainment or better allocation of food and other means within the household.

Women's economic empowerment will be a key (in my view) for sustainable development or the post-2015 development agenda. World leaders now understand that we need to amend the neoliberal economic policies, which led to widening inequalities and social turmoil such as the Arab Spring as well as environmental problems such as climate change. They are aware of the needs of different approaches to economic growth.

Sustainable Development Goals, which are currently under discussion, aim to promote an economically, socially and environmentally sustainable future for our planet and for present and future generations.

An economically and environmentally sustainable future has been receiving much attention so far, perhaps due to interests of the developed countries in this area and given on-going discussion on climate change and renewable energy. 'Green growth' or 'green economy' is another buzz word in recent development discourse.

Women are the main care takers of natural resources such as forests. Through their work of fetching water, fuel wood and food such as nuts and mushrooms and also their dependence on subsistence farming, women have great local knowledge about the surrounding natures and have good observations over the impacts of climate change on their crops, forests and water. There are gendered-differentiated impacts of climate change from natural disasters to food security.

Women are key players in sustaining environment and climate adaption. However, women's contribution to sustaining the environment is also invisible as they are taking up unpaid production work including subsistence farming. Women are not beneficiaries of agricultural subsidies or compensation from environmental degradation. Development discussion that does not incorporate women's economic empowerment will not be sustainable in all aspects.

For example, the textiles industry promotes organic cotton products as part of a green economic policy. Since the organic cotton sells at premium price, it may be contributing to environmental and economic sustainability. However, women who are cotton pickers receive very low wages at endure hard working environments, as cotton is often run on plantations. Or textiles weavers or production lines in garment factories also receive very low wages in developing countries. Then, not only the reproduction of human well-being is unsustainable but as such the economy and environment will

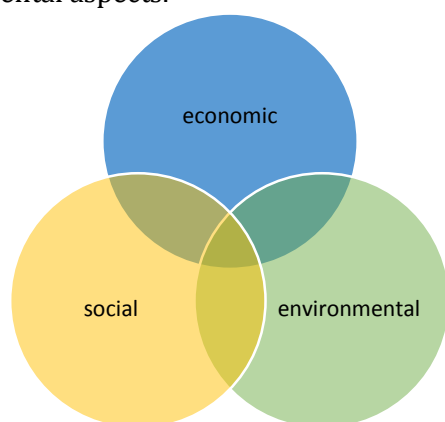
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<sup>18</sup> UNDP (2011). *The Socio-Economic Impact of HIV at the Household Level in Asia: A Regional Analysis of the Impact on Women and Girls*. Bangkok: UNDP Asia-Pacific Regional Centre.

not be sustainable either. A similar point can be made for eco-tourism. If those who are involved in eco-tourism are not receiving living wages, the concept of the eco-tourism itself is at risk.

Another example can be the issue of land grabbing. More countries now grant land titling to women, which could lead to women's economic empowerment. However, the same government also grant land concessions to multi-national or large corporations for the sake of development of mines, commercial farming including plantation, commercial buildings such as shopping malls and residential complex, industrial zones or free trade zones. As a result, women in low-income households and indigenous communities are fighting over their lands vis-a-vis the government that is in favour of big businesses and corporations, not only to protect their land rights but also to protect their own economic, cultural and social rights. Land is not only the source of their livelihood (e.g., agriculture, property assets) but the space of their spiritual and cultural practices. Women's battle over land is often beyond gender issues (e.g., women vs. men, wife vs. husbands, and inheritance to girls vs. boys). If the world is serious about women's economic empowerment, the governments cannot have contradictory policies like this example. This is also critical for the debates on sustainable development.

**Diagram:** Sustainable development goals will have three aspects – economic, social and environmental aspects.



**Conclusion – three calls to action for governments in support of women's economic empowerment:**

Women hold up half the sky.  
Chinese proverb

1. **Recognise, Reduce and Redistribute unpaid work** these are prerequisites for women's economic empowerment<sup>19</sup> (the 3R strategy<sup>20</sup>). Core actions are as follows:

Recognise – Measure time use; capture unpaid work in gender-responsive budget initiatives; understand country circumstances; value unpaid care work; raise awareness and build capacity; and assist caregivers:

<sup>19</sup> Falth, Anna and Mark Blackden (2009). "Unpaid Care Work," UNDP Policy Brief on Gender Equality and Poverty Reduction Issue 01. <http://www.undp.org/content/undp/en/home/librarypage/womens-empowerment/policy-brief-unpaid-care-work.html>

<sup>20</sup> Fontana, Marzia (n.d.) "Quick Guide to What and How: Unpaid Care Work – Entry points to Recognise, Reduce and Redistribute," OECD/ SIDA. <http://www.oecd.org/dac/gender-development/47565971.pdf>

Reduce – improve task productivity of unpaid care work by promoting investments in time and labour-saving technologies that are focused on domestic work; expand access to key infrastructure (e.g., irrigation systems, energy, rural transportation, maintain/ expand core public services that reduce unpaid care work

Redistribute – implement policies favourable to burden-sharing; expand access to health care and ensure high quality care; engage with men to discuss about a change in the traditional role of men and role of women in society and in the family; and promote the elimination of gender wage gaps.

Public investment in these areas will help reducing obstacles for women to participate in formal labour market and earn income without increasing time poverty. Such investment are counted in the GDP – ‘smart’ economics or ‘womenomics’ has to have this aspect – otherwise, it ends up creating double burden for women.

2. Have **macroeconomic policies** (e.g., gender-responsive budgeting - both taxation and expenditures), **industrial policies, and trade policies that enable women’s economic empowerment**, in place.

Promotion of women’s economic empowerment cannot be done at household or micro levels (within the firm). The country should have national development plan which support women’s economic empowerment from various sectors and levels. Securing the finance mechanism to support public services mentioned above is crucial.

3. **Reflect women’s voices (particularly women in low-income households) in decision-making.**

In order to achieve sustainable development, women in low-income households are key players as their lives are much more dependent on unpaid production and informal sector and suffer from lack of access to information, technology and finance. Their responsibility for care work at home often limits their mobility and thus their participation in paid work outside of home.

When the governments design the economic policy and programme, having consultations with women stakeholders is important to reflect their voices and perspectives from the planning, budgeting and implementation to monitoring and evaluation stages. In order to do so, the policy makers need to visit them at their villages and home, rather than having the meeting in the capital city, that requires overnight travel and accommodations. And gender-sensitive field-based research methods need to be applied.