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Gender Equality

-- The Right Thing Rather Than a Smart Thing to Do

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Abstract: The term 'gender equality is smart economics' was introduced by the Gender Unit at the World Bank as the key concept of its Action Plan (2007-2010). This article analyses whether smart economics can actually contribute to gender equality by understanding the logic behind 'gender equality is smart economics'. On the one hand, the market-mediated pathway and the family-mediated pathway argue that by investing efficiently in women, economic development can be maximised and gender equality can be promoted, thus achieving a win-win situation. On the other hand, this paper asserts that smart economics actually causes structural inequality and hinders the process of real gender equality. This paper argues for gender equality as a core goal in its own right that should be prioritised, avoiding the idea that it is only worth investing in women if they can 'solve the world's problems'. Regardless of the size of women's economic contribution, their power and needs need to be attended to and addressed. Gender equality is therefore the right thing to do, not the smart thing to do.

Keywords: smart economics, gender equality, market-mediated pathway, the family-mediated pathway, structural gender discrimination

1. Introduction

Smart economics can be traced back to the Latin American debt crisis of the 1980s, when many Latin American countries experienced negative economic growth, high unemployment, and low social purchasing power [1]. In this context, women were seen as a remedy to the economic crisis, used to repair and boost the economy [2][3]. This logic has been summarised as 'gender equality is smart economics', aiming to stimulate economic development by increasing women's participation in the labour market and effective investment in women [4]. On the one hand, voices citing 'smart economics' as a rationale for investing in women and girls have become ubiquitous. On the other hand, smart Economics Putting the responsibility for economic survival on women is thought to have a negative impact on women's sleep, leisure and eating [5]. Facing the debate, this paper will first introduce what is 'gender equality is smart economics' to understand the implications behind it. Next, the paper will go through the market-mediated pathway and the family-mediated pathway to argue that gender equality is good for economic development, which supports the idea of smart economics. Next, this study will refute this argument because the logic of smart economics ignores structural gender discrimination and hinders the process of true gender equality. Finally, in the conclusion, this study will bring these threads together to argue that gender equality should be the right thing to do rather than the smart thing to do. The central goal of women's equal rights should be seen as a priority and not based on instrumentality.

2. What Is Smart Economic

The term 'gender equality is smart economics' was introduced by the Gender Unit at the World Bank as the key concept of its Action Plan (2007-2010) [6]. Improving women's economic opportunities is crucial as it leads to reduced poverty and faster economic growth. The lack of economic empowerment for women not only affects growth and poverty reduction but also negatively impacts education and health outcomes. The lack of economic empowerment for women not only affects growth and poverty reduction but also negatively impacts education and health outcomes for children and increases the spread of HIV/AIDS [6]. It suggests that expanding women's economic opportunities is a smart choice, benefiting not only women but also men and society as a whole. Specifically, greater women's participation in the labour market not only makes more efficient use of resources to achieve productivity gains and economic development but also improves child survival and reduces fertility rates, thus offering considerable intergenerational returns. In other words, women as a means of promoting economic development can address the immediate needs of the economic crisis on the one hand; and increase women's economic opportunities, and access to human capital and agency, thereby achieving gender equality, on the other. In the logic of smart economics, gender equality is an important enabler that contributes to economic development and the achievement of other key development outcomes, thus 'investing' in women and girls is rationalised [7]. The result is not only the empowerment of women but for a more resilient economy and stable society.

3. Link Smart Economic to Gender Equality

'Gender equality is smart economics' essentially advocates a win-win model. In this model, gender equality aligns not only with the principles of fairness and humanism but also actively contributes to economic advancement [7]. More specifically, this view is based on the idea that people's talents and potential are maximised when women and men are given equal opportunities and rights in areas such as education, employment, politics and social participation. In this case, not only will women's well-being improve, but society and the economy will also progress and develop. This rationale is based on two pathways: the market-mediated pathway and the family-mediated pathway. The core idea behind the market-mediated pathway is that talent is evenly distributed between genders. Therefore, equalizing the distribution of resources and opportunities between genders maximizes the productivity of the workforce and boosts overall productivity levels [8]. Recently, neoclassical economists have explored the potential macroeconomic benefits of increased female labor force participation, as evidenced in studies by scholars like Klasen and Lamanna [9] and Cuberes and Teignier [10]. These studies argue that a selection bias issue arises when women's skills are underutilized due to their limited access to paid work and entrepreneurship, negatively affecting productivity and economic growth. In terms of education, the over-investment in education for less qualified men and the under-investment in education for less qualified women can depress overall societal productivity and hinder economic growth [11]. Thus, gender equality contributes to optimizing resource utilization by increasing female labor force participation, subsequently elevating overall productivity and fostering rapid economic growth. For instance, the McKinsey Global Institute, a consulting firm, asserts that eliminating gender gaps in labor force participation, working hours, and productivity could increase global wealth by US$28.4 trillion (equivalent to 26%) [12]. Similarly, Dalton and Kuchemann found that higher proportions of women in a company's executive team are linked to improved company performance [13]. They observe that in the service sector, a 10 percent increase in the proportion of female executives correlates with a 3.5 percent increase in firm profits, and in the manufacturing sector, a 10 percent increase in the proportion of female executives leads to a 2.0 percent increase in firm profits. This is because gender diversity encourages the emergence of diverse perspectives and experiences in the innovation and decision-making processes, ultimately enhancing firm performance. Therefore, from a market standpoint, increased female labor force participation leverages women's strengths to enhance societal productivity.

The family-mediated pathway means that women's increased human capital is more likely to be invested in children than men's, thereby increasing the labour productivity of the next generation [14]. It is shown that women's earnings are more likely to be invested in programmes related to family welfare, child health and education [15]. Moreover, greater educational equality could potentially have an indirect impact on economic growth by reducing fertility rates. The more educated a woman is, the lower her fertility rate will be [16][17]. Lower fertility rates would lead to an improvement in the quality of the labour force since more resources would be invested in fewer children. These respects combined higher the educational and income levels of women, the lower the fertility rates and the better the outcomes for child development [18][19]. Thus, women have a positive impact on human productivity gains in the short and long term. From a gender perspective, the argument that 'gender equality is smart economics' questions and changes the traditional paradigm of development, creating an opportunity to discuss development and gender equality [20]. The relevance of gender equality issues to sustainable economic development has led the world to take seriously and to address gender inequality [21].

4. Gender Equality Should Be the Right Thing to Do Not the Smart Thing to Do

However, smart economics has built gender equality on an instrumental rather than an intrinsic basis, which can entrench and deepen structural inequalities. This structural nature is reflected in the preference for women to receive more resources for the welfare of children, indicating the prevalence of an 'ideology of maternal altruism' [17]. It is the result of a social construction that sees the women as the primary caregiver of the family and their income as the income of the family. Following the logic of smart economics would then ignore this structural gender discrimination and prevent true gender equality. Gender equality as 'a core goal in and of itself' is a right rather than a smart choice that should be prioritised. Gender equality should not be based on instrumental justifications. Whether or not gender equality contributes to economic development, it should be prioritised as the primary development goal. It is because in many cases the win-win argument does not hold, economic growth is sometimes based on structural gender inequalities. Structural gender inequality encompasses the phenomenon of gender segregation within the labor market, where women tend to occupy lower-paying and lower-status positions compared to men. The globalisation of the economy has given rise to what is known as the "feminisation of the labor market" in the formal economy. This concept carries a dual implication: firstly, it signifies the increased participation of women in the labor force, while simultaneously highlighting a convergence of female employment trends toward precarious and insecure job types, particularly in labor-intensive sectors like garment manufacturing, which are oriented toward global exports [22][23][24][25]. For instance, in Bangladesh, despite a gradual increase in female labor participation from 4 percent in the 1970s to 36 percent in 2010, approximately 80 percent of women are concentrated in these insecure sectors, with 15 percent of women aged 15 to 30 working in the garment industry [14][26]. In these labor-intensive sectors geared toward exports, women's labor is perceived as more cost-effective compared to men's, making them the preferred choice for employers. Data reveals that employing women as low-cost labor can contribute positively to economic growth and bolster

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macroeconomic performance. To keep production costs down, employers often limit improvements in wages and working conditions, which directly impacts women's well-being [21][27][28]. In several other emerging market economies across Asia, Europe, and Latin America, over-reliance on female labor in labor-intensive, export-driven industries can enhance the profitability of these sectors and boost a country's competitiveness [29]. As Braunstein and Stephanie argue, gender discrimination, which reduces labor costs for employers without compromising the overall quality of the workforce, can have favourable effects on economic growth [30]. In this context, increased female participation in paid labor does contribute to greater equality of opportunity and fuels economic development. However, the perspective of "smart economics" overlooks the critical point that the quantity of employment does not equate to the quality of employment. This emphasis on quantity rather than quality perpetuates structural inequality and reinforces the ongoing segregation of labor markets. Consequently, if gender equality is solely perceived as a means for economic growth, it risks impeding genuine gender equality.

In addition, as trade liberalisation proceeded, women were more likely to enter the informal sector compared to men. The neoliberal growth model, characterized by labor market deregulation to stimulate economic dynamism, implies a greater prevalence of informal employment for women [25]. This trend is rooted in the fact that labor markets are gender-biased institutions that assign varying worth to male and female labor, irrespective of their level of skill or education [21]. It is a manifestation of structural discrimination, with women frequently being perceived as having less experience in the labor market and facing biases regarding their capabilities [31]. Consequently, women often find themselves restricted to informal work arrangements. Data illustrates that formal employment comprises merely 15 percent of the male labor force, whereas it accounts for only 8 percent of the female labor force. This overrepresentation of women in the informal economy is striking [32]. A significant proportion of the male workforce secures employment in larger, more protected establishments, while women predominantly work in smaller, less secure enterprises where employment records are less comprehensive [33][34]. Informal jobs not only offer lower hourly wages and fewer prospects for training and advancement but also provide diminished job security and fewer social safety nets [35]. Moreover, women's ability to negotiate for wage benefits is eroded by the high mobility of these sectors, where a constant supply of cheaper labor is readily available on a global scale [36]. Research by Chen, Vanek, and Lund reveals that hourly earnings from informal paid work as a percentage of hourly wages from formal private sector paid work ranged from 77% in Egypt, 63% in El Salvador, 60% in Costa Rica, to only 50% in South Africa [37]. This indicates that despite a significant surge in female labor force participation, structural gender discrimination has remained largely unchanged. Gender segregation in the labor market has resulted in a widening gender wage gap and heightened vulnerability among women in paid employment [33][38]. Regrettably, the logic of "smart economics" tends to downplay this structural discrimination. Smart economics often simplifies gender disparities as mere personal preferences without delving into the underlying social dynamics. This perpetuates existing gender stereotypes and reinforces the status quo rather than challenging it.

Furthermore, it is noteworthy that, especially in countries lacking strong care systems and adequate care services, economic development is often based on the exploitation of women [21]. As more women enter the paid workforce, there is insufficient capacity in these places to provide them with good infrastructure and services to address their absence in domestic labour [39]. And their wages can not replace their care work since most of them are in low-paid occupations. These combined result in a 'time squeeze' on social reproduction, with women entering the labour market and thus spending less time and quality on care work. It will reduce the well-being of individuals, families and society, and makes economic growth unstable. In this sense, structural gender inequality, although it may increase sectoral profitability and productivity in the short term, is based on the exploitation of women's labour and the depletion of human resources, and such economic development is not sustainable. These are the issues that smart economics ignores. The idea that gender equality is smart economics is essentially a demonstration that increased female participation in the labour market can increase economic efficiency, but by taking an economic perspective only, it may miss the true meaning of gender equality and ignore the problems of structural gender inequalities and the damage they can do to the economy in the long run.se problems can do to the economy in the long run. Overall, there is still discrimination and restrictions against women in the formal economy, where they are often confined to low-paying, labour-intensive jobs; women are over-represented in informal jobs; and in some underdeveloped countries, structural inequality in exchange for economic growth is fragile and unsustainable. This suggests that the gender equality advocated by smart economics is therefore only an equality of opportunity to participate in market labour, which does not really equalise men and women but rather reinforces structural discrimination. What society needs today, as opposed to smart economics, is an approach to gender and development that is based on the intrinsic value of gender equality. Gender equality is a central issue regardless of the extent of women's economic contribution. When the win-win argument does not hold, gender equality should all be seen as the right thing to do rather than a smart thing to do.

5. Conclusion

In summary, 'gender equality is smart economics' focuses on building women's capabilities for the sake of development, rather than on promoting gender equality per se. Smart economics emphasises the concept of investing in women for the benefit of society and others, while ignoring the well-being, empowerment or rights of women themselves. Whatever the original motivation, projects that provide women with more resources from a smart economics perspective benefit women by increasing their human resources and improving the productivity of society through the optimal allocation of resources. However, thinking about gender equality solely through the lens of smart economics can be very damaging to the gender equality agenda. The logic of smart economics maintains and fosters structural gender discrimination, which can lead to a range of undesirable outcomes such as employment segregation, feminisation of the labour market and a persistent widening of the gender wage gap. Structural inequalities will further confine women to subordinate positions. Therefore, when assessing the issue of gender equality, a distinction needs to be made between instrumental and intrinsic values. Gender equality as a core objective in itself should be given priority, avoiding the idea that it is only worth investing in women if they can 'fix the world'. Regardless of the extent of women's economic contribution, their power and needs need to be attended to and addressed. Therefore, Gender equality is the right thing to do rather than the smart thing to do.

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