

## Why Christine Lagarde says women are the answer to the world's economic growth problem

Written by The Conversation

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IMF managing director Christine Lagarde has once again [reminded global leaders](#) that if they want economic growth they could start by investing in women.

All too often the response to such a suggestion is an uncomfortable silence. Lagarde's most recent comments were directed at Canada. Canadian Prime Minister Justin Trudeau agrees with Lagarde that "poverty is sexist".

But Canada has some serious areas to work on in terms of the [pay gap](#), lack of women in senior management and so on. What is known is the benefits to the wider economy. What is missing is a plan.

More women in the formal labour market [would help many advanced economies](#) meet the challenges of ageing, generate higher productivity and reduce higher dependency ratios. At the same time, recognising the contribution of many women who care for children and the elderly would help estimate the contribution to growth from many economic activities that are not formally measured.

Women's economic empowerment is not just good for women but for society overall. If the number of female workers were to increase to match the number of men, [GDP would expand by 5% in the United States, by 9% in Japan and by 27% in India](#). Unfortunately, however, the population-weighted G20 average rate of female labour force participation fell from about 58% in 1990 to 54% in 2013.

The goal of empowering women in the economy is urgent given the many economic challenges that advanced as well as developing countries are facing.

Lagarde and others have been pushing for progress on the G20's commitments on women at more than one G20 summit. In 2012 the commitment was to "women's full economic and social participation". In St Petersburg in 2013 it was "women's financial inclusion and education". In 2014 in Brisbane the commitment was to "reducing the gap in participation rates between men and women by 25% by 2025". The Chinese presidency has five references to women and gender equality in the Hangzhou communique, in the context of inclusive growth.

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Opening this year's G20 summit, Chinese Vice-President Li Yuanchao talked of the increasing legitimacy and urgency of the gender and growth agenda, which the Chinese term "she-power".

It is all the more important to pool women's wisdom and strength at a time when the global economic recovery remains fragile. As the Chinese economy moves into a New Normal, efforts are made to encourage mass innovation and entrepreneurship and women are essential in this endeavour.

W20 delegates underlined the importance of seeing demonstrable progress on the 25 by 25 target by the G20 employment and labor ministers and the Employment Working Group. W20 delegates urged member states to update and publish their strategies towards the target, and adopt transparent and rigorous monitoring with, if necessary, the technical support of international organisations to make the data more comparable and more accessible to the public.

There are lots of ways to reduce the gap, including tax and transfer reforms, and social investments. G20 members could take special measures to encourage inclusive sourcing policies by governments and by corporations, and to include more women as suppliers in global value chains by establishing baseline data, setting targets and reporting on progress.

They could support women's entrepreneurship and launch specific G20-wide programs to help women overcome business startup barriers and grow and sustain their businesses, including through trade.

Governments can improve women's access to credit and investor networks, training, information services and technical support. Governments can provide economic and trade incentives for businesses that are at least 51% owned, managed and controlled by one or more women. There are excellent precedents for these policies in Malaysia, the US and Israel.

Time is of the essence as the world moves into the Fourth Industrial Revolution. Some developing countries have been able to leapfrog developed nations in infrastructure terms: straight to mobiles with no need for laying cables; renewables without power stations. China went straight to DVDs without VHS. There must be the potential for increased female labour

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participation to move straight to decent quality work in the new skills economy, supported by adequate social protections.

This may present some challenges to traditional economic thinking. G20 members are debating how best to recalibrate Gross Domestic Product to include activity in the digital economy. This presents an opportunity to systematically recognise and measure all forms of work and value, including creating a national income accounting that includes [unpaid care work](#).

As German Chancellor Angela Merkel takes over the G20 presidency, it is time to heed the evidence.

*Susan Harris Rimmer receives funding from the Australian Research Council. She is affiliated with the W20 as Australia's representative, in an independent and self-funded capacity.*

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