

## Be smart, be decent: empower women

by Lorento La Posta, CFA

I think we, as human species, have proved how advanced and smart we are in many ways: we have sent people in to space, observed the smallest atoms, cured diseases and invented pizza. Yet, many people still fall foul of one of the most extreme idiocies: sexism. There is no justifiable or objective reason behind the discrimination based on the absence (or presence) of the Y chromosome, so, in a world of cognitive human beings, such a thing should not exist at all. Yet it does, and I can't really understand why, because gender discrimination is not only terribly wrong, but also plain stupid.

This is too vast a topic, that unfortunately permeates many areas of societies and people's lives, so I want to focus on just one component of it: the workplace and economic discrimination between males and females. I promise, no sterile critique. Rather, I'm here to quantify some of the economic consequences of gender inequality.

To summarise what one part of the problem is, today<sup>1</sup> on average women all over the world tend to earn less than men, being typically underrepresented in senior positions within firms and overrepresented in low-paying jobs. Also, women are underrepresented in national parliaments and local governments, despite effectively half the world's population being female. If some progress has been made in the past 20 years or so to reduce these and the many more existing inequalities, there is still a long way to go until full parity.

Regardless of where you live or what gender you identify with, gender equality is a fundamental human right and promoting it should need no additional incentivisation. Yet, I promised to be practical.

According to US government data<sup>2</sup>, boosting female labour equality could add as much as \$1.5 trillion to US GDP each year. In fact, increasing female labour participation by 15 million people and closing the wage gap, would add as much as 12% to labour income that would in turn translate to around a 7% increase in GDP.

So, even taking a few steps in favour of labour force inclusivity and pay equity would bring substantial advantages for the entire population. Everyone, men and women, would benefit from gender equality.

According to the World Bank<sup>3</sup>, the economic cost of gender inequality has been about \$160 trillion for the entire globe. On average, each one of us is missing out on around £23,620 in wealth, because of the barriers that women face to fully participate in the work force and earn as much as men. Currently women account for only 38% of their country's human capital wealth, compared to 62% for men. The largest losses are observed in larger and more developed economies, such as North America, Europe, the Pacific and Eastern-Central Asia so I, as a European worker, am missing out on much more than average!

These two examples of clear, quantifiable consequences of gender inequality should convince even the more stubborn (and I'm being nice here) people that promoting equality is not only the very least one could do as a human being, but is also very advantageous for everyone, even for those who do not directly suffer from discrimination. I want to borrow from the United Nations in saying that "Gender equality it is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world".

1 United Nations Sustainable Development Goal n.5

2 US Bureau of Labor Statistics and Goldman Sachs Asset Management, as of January 31st, 2021

3 The World Bank Group, "Unrealized potential: the high cost of gender inequality in earnings"

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