The economic empowerment of women for more productive and inclusive societies

Written by: Michelle Bachelet, President of Chile

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This year’s OECD Ministerial Council Meeting (MCM), chaired by Chile, is devoted to productivity. Ministers will discuss what governments, firms and individuals can do to improve productivity with the aim of fostering inclusive growth. Their views will no doubt be nourished by public discussions at the annual OECD Forum, which precedes the MCM. The purpose of enhancing productivity should be to make economies grow faster and in a smarter way, while simultaneously decreasing inequalities and allowing everyone to be part of the productive system. The final goal is to improve the well-being of our citizens, providing people with better tools to meet their job requirements and to reach their full potential. This is a main challenge of our time, when the key drivers of growth and well-being will come from capital-based knowledge.

The OECD has confirmed that we began to experience a slowdown in productivity years before the 2008 crisis. The crisis deepened this deceleration. It is a paradoxical downturn considering the enormous recent advances in technology and the expectation that these innovations would provide new vitality to our economies. As we are all struggling with the same challenges, we could all benefit
from a co-ordinated and collective response. While productivity has slowed down, income inequality has risen. The OECD reports that in the 1980s the bottom 10% of the income distribution earned around seven times less than the top 10%; that figure had increased to almost ten times by 2013. These disparities are also applicable to wealth and well-being. The challenge is to set up policies to give the same opportunities to those at the bottom of the income scale.

We need a comprehensive approach to foster productivity and tackle inequalities at the same time. Policies should aim at increasing access and improving quality of education as well as improving access to new technologies. They also have to provide the appropriate tools to reap the benefits of the digital economy and future innovations.

Governments should stimulate innovation by providing incentives for R&D investment through enabling the diffusion of technologies. In order to reduce the gap between frontier firms and those lagging behind, we need stronger policy co-ordination at all levels. It is essential to better align local and national policies, but also to promote more co-operation between universities, firms and governments. Collaboration between these partners is key to increasing productivity. It is in this spirit that Chile is dedicating 2016 as the “Year of Productivity”. We are working on an ambitious agenda, launched two years ago, with the objective of increasing investment, providing sound regulation, adequate infrastructure and a level playing field for new entrants and incumbents. We are committed to revitalising the economy and diversifying the productive structure to turn Chile into a more innovative and inclusive country.

Gender equality and women’s empowerment are at the core of these efforts. Attaining gender equality will make a crucial contribution to progress across all goals of the new Agenda for Sustainable Development and is closely related to our MCM theme: productivity and inclusive growth.

The lives of girls and women have changed dramatically over the past 50 years. Today, more girls and women are literate than ever before. In OECD countries more women (40%) than men (30%) obtain a tertiary degree and women now make up over 40% of the global labour force. The pace of change has been astonishing, but progress has not come easily. Progress in closing gender gaps has been achieved in the areas of educational enrolment, life expectancy and labour force participation. In contrast, change has come slowly, or not at all, in many other dimensions: gender gaps in salaries, male-female differences in the level of responsibility in house and care work, gaps in asset ownership, and constraints on women’s agency in both the private and public spheres all fall into this category.
Greater gender equality can boost economic growth, enhance productivity, improve development outcomes for the next generation, and make institutions more representative. Misallocating women’s skills and talent comes at a high economic cost. The current level of gender-based discrimination is estimated to induce a loss of up to US$12 trillion or 16% of the global income, and OECD research shows that achieving parity in labour force participation rates between men and women in OECD countries could boost global GDP by 12% over the next 20 years.

Countries have much to gain from increased female labour force participation in terms of economic growth and welfare. But we have to do it right: women should be fully integrated in the labour force, not subjected to discriminatory gender wage gaps, nor involuntarily confined to part-time employment and to low-paying, low productivity and precarious jobs.

Empowering women in economic activities is a shared responsibility. We need all countries, international organisations and stakeholders on board. We need tailored policies for addressing our own national challenges, but we also need the support of the international community to complement our efforts and, more generally, to provide evidence-based advice on public action through better data, impact evaluation and good practices. The OECD has a special role to play in this regard as a leading source of expertise on sound public policies and high standards, and by encouraging a “race to the top” for better policies.

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