

**United Nations Commission on the Status of Women  
52nd Session**

**Financing for Gender Equality  
And the Empowerment of Women: Leadership for a Sustainable Future**

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I would like to divide my remarks today in three parts:

- Explore briefly the possible links between productivity—which is the engine of economic growth—and women's empowerment.
- I would then like to describe briefly the ways in which wrong economic policy choices or, to put it less diplomatically, “bad policies,” end up disproportionately affecting women and slowing down her development. What does this suggest about current government priorities?
- Finally, I would like to say a few words about fiscal policy and the role of the budget as a mechanism of social transformation, with particular regard to gender inequalities.

**I.**

There is a broad range of factors which have a bearing on productivity. Some are of a macroeconomic nature, others are institutional. Twenty years ago economists at the IMF and the World Bank accorded great weight to macroeconomic stability, as there was ample empirical evidence that suggested that it was difficult to create the conditions for sustainable growth against the background of budgets out of control, high inflation, sharply devaluing currencies, and the associated financial instability.

As more and more countries began to recognize the importance of establishing a foundation of macro-stability, the focus in the economics profession shifted and greater emphasis was placed on the role of institutional factors, such as property rights, the independence of the judiciary, accountability, transparency and, more generally, the need to foster good governance.

As our global economy rose in complexity it was noticed that those countries that had been most successful in integrating themselves to the global marketplace and boosting their levels of income per capita, were also countries that had invested heavily in education and training, in boosting the skills of the labor force to enable them to adopt

the latest technologies and smoothly make the transition to the knowledge-based economy.

More and more, productivity improvements were linked to better use of human resources and the ability of companies, governments and other economic actors to tap into pools of human talents and skills.

Against this background it is not surprising to me that those countries that have been the most successful in narrowing the gap between women and men (however we measure it, whether in terms of educational attainment, political empowerment, and economic participation) also happen to have the most competitive economies in the world. When, because of tradition, a misunderstanding of the purpose of religion, social taboos or plain prejudices, half of the world's population is prevented from making its contribution to the life of a nation, the economy will suffer. The skills set to which the private sector can tap will be necessarily narrower and shallower and productivity, the engine of sustainable growth, will be impaired.

## **II.**

The debate on the future of the globalization process seems to be converging to a central idea: to mitigate its adverse effects and enhance its positive features, it will be necessary to manage the process better. What does this mean in practice? It would mean reorienting government spending priorities so as to put greater emphasis on the protection of the poor and other disadvantaged groups in society; making sure that there are in place programs for temporarily displaced workers in declining industries—one of the inevitable consequences of a rapidly changing global economy—including those aimed at training and providing new skills. This is not a call for large increases in public spending. Latin American countries, for instance, spent \$24 billion in 2006 in defence. This figure eloquently highlights the huge scope in the world for a better allocation of resources, to more productive uses, like education, public health, the prevention and eradication of disease, improvements in infrastructure, and so on.

Boosting the share of education budgets to broaden the range of opportunities available to women is likely to be a central component of this, given the overwhelming scientific evidence linking female education and literacy to reductions in mortality rates for children, fertility rates, and levels of poverty.

In addition to better prioritization of expenditures, it is also necessary to do more to prevent the leakage of public resources through misuse and corruption. Twenty years ago there was very little debate about the role of corruption in the development process. It was certainly a taboo subject in the corridors of the IMF and the World Bank, where there was a tendency to separate technical judgments about the intricacies of macroeconomic policy, from value judgments about the domestic political dimension. So, both organizations had no qualms for many years about lending money to corrupt dictators. Today, happily, there is broad understanding that openness and transparency is a key driver of competitiveness.

And we do not need to frame this debate in moral, ethical, or religious terms. It is enough to see it as an economic efficiency issue. Where corruption is rampant, companies and individuals see paying taxes as a bad business proposition. In contrast, in the Nordic countries, with the lowest levels of corruption in the world and the highest tax burdens, everybody pays taxes because the benefits of doing so are immediately visible: superb infrastructure, a highly trained labor force, an extensive social safety net, all of which has empowered women to be active participants in the economic, cultural and political life of the nation.

### III.

Irresponsible management of the public finances ties the hands of government. Debt burdens greatly limit their ability to respond to needs in key areas, such as education, infrastructure, public health, which enhance productivity. Argentina—a country with a chronic problem in efficient management of its public finances—has had one of the worst growth performances in the developing world. Between 1960 and 2000—average annual real per capita GDP growth was 1 percent, lower than that of all country groupings other than sub-Saharan Africa. The logic of compound interest means that, whereas Argentina increased its real per capita income by some 48 percent over this 40-year period, a growth rate closer to 3 percent (not particularly high for some of the better managed economies) would have boosted income per capita by over 200 percent, a huge difference, with dramatic implications for people's welfare, including that of women and children. Of course, I need not remind you that in the interwar period, Argentina was the equivalent of a G-10 country.

I have raised the above issues because one should be wary of governments which allude to scarcity of resources as an excuse not to be more ambitious in terms of the promotion of greater gender equality. My own experience suggests that the persistence of a distressingly large gender gap worldwide has little to do with lack of financial resources. It has much more to do with:

- Age-old prejudices and taboos;
- With interpretations of the teachings of religion which have often perverted the original intent of their founders;
- With the exercise of power and the comfort and the benefits which men have enjoyed for so long in running (or should I say mismanaging?) the world. This, in turn, leads male-dominated governments to place gender equality on the margins of public policy.

Much is at stake in this debate. Gender inequality should not be seen purely in its ethical or moral dimension, important as this dimension no doubt is, given the injustices that are perpetrated in its name. Despite what I said at the High Level Roundtable on Monday, it is not even primarily an issue of economic efficiency and, thus, at the very basis of

creating a more prosperous world, important as this dimension also is. Gender inequality, Bahá'ís claim, is the primary reason for the existence of violence and war as recurring features of our blood-stained history.

Let me conclude my remarks by sharing with you a statement from the Bahá'í writings which speaks to the promise of gender equality:

“When all mankind shall receive the same opportunity of education and the equality of men and women be realized, the foundations of war will be utterly destroyed....There is no doubt that when women obtain equality of rights, war will entirely cease among mankind.”

(‘Abdu’l-Bahá, *The Promulgation of Universal Peace*, Wilmette, Illinois, Bahá'í Publishing Trust, 1982, pp. 174-175)