

Daring the Difference: The 3 L's of Women's Empowerment

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Good afternoon. It is great to be here today among friends and kindred spirits. The National Democratic Institute is a passionate advocate for the full participation of women in the life of nations. I admire you, I salute you, I am with you.

Let me begin by thanking Madeleine Albright, a great public servant, a great inspiration to us all, and to me personally. I would also like to thank Kenneth Wollack, the president of the Institute, and the talented Claire Shipman.

Let me also recognize the wonderful organization being honored today, Aswat Nisaa, and its president, Ikram Ben Saïd. **This group is doing remarkable work in Tunisia** in furthering gender equality and women's leadership—and will set standards, I hope, in neighboring countries and around the world. The world needs more people who do what you do.

I want to begin today with a story—a well-known puzzle. A young boy is involved in a traffic accident, and is immediately rushed to the hospital for urgent surgery.

In the bustle and chaos of the hospital environment, the surgeon strides into the operating room. Think of a quintessential surgeon—brimming with confidence and authority, a true type-A personality, one who knows instinctively how to take charge.

Yet this distinguished surgeon looks down at the boy and gasps, saying: "I can't operate on this boy... it's my son".

Indeed, the boy is the surgeon's son. Yet the surgeon is not the boy's father. Who then?

I know that everyone in this room can see the answer immediately. It is simple—the surgeon is a she, she is the boy's mother.

Yet I also know that plenty of educated and erudite people—even educated and erudite *women*—do not see this at first blush. They puzzle over it and circle around it; suggesting

uncle, grandfather, stepfather—answers that really make little sense.

Unfortunately, this is the rub. When it comes to thinking about women in powerful positions, we are too often blinded by the daggers of the mind, infected by the malignant mind bugs that mire us in the prejudices of the past.

You know this. It is what you fight on a daily basis all over the world. And because we know it hurts the global economy, it is on the radar of the IMF.

My message is simple: we need a 21st century mentality for women's economic participation. We need to flush away the flotsam of ingrained gender inequality.

We need to, as I like to say, "dare the difference". To "dare" means to take risks, to step out of our cozy comfort zones, to let hope extinguish fear and courage conquer timidity.

Ultimately, daring the difference means wedging open the door to the contribution of women—their *learning*, their *labor*, and their *leadership*. The "3 L's" of women's empowerment. Let me talk briefly about each of them.

Learning

Let me begin with *learning*. By this I mean the over-riding importance of women's education, the foundation upon which everything else must be built.

Education is both an elevator and a springboard. It allows people to raise themselves up and to break down the divides that keep them apart. At its best, education is a breaker of shackles—the shackles of exclusion and insularity.

If we think of life as a long race, it is education that provides the training, the nourishment, and the support. Without good quality education, you walk up to the starting line with a severe disadvantage.

Education has always been the wide avenue of opportunity. It was the US's trailblazing education policy that helped drive its economic leadership across the 20th century—and gender equality was a crucial component of that strategy.

Now, as we face up to the great challenges of the 21st century, we must continue to bet on education, especially for women. We still have some ground to make up here. For example, while women account for 41 percent of science and engineering doctorates here in the US, they form less than a quarter of the workforce in science, technology, engineering and mathematics. We can do better, and we must do better.

But where investment in education is mission critical is in the developing countries, where girls and women can make a huge difference.

The gains for girls are substantial. One study suggests that an extra year of primary school boosts earning potential by 10-20 percent—and by 25 percent for an extra year of secondary school.

Ultimately, when women do well, society does better. A study of 60 developing countries estimated that the economic loss from not educating girls at the same level as boys amounted to \$90 billion a year.

Women are more likely to spend their resources on health and education, creating a powerful ripple effect across society and across generations. One study suggests that women invest up to 90 percent of their earnings this way, as opposed to just 30-40 percent for men.

As the old African adage goes: "If you educate a boy, you train a man. If you educate a girl, you train a village".

So we must carry the banner for women's education. Women's education is not a threat, it is a blessing. We must make it a global priority, because it is one of the leading causes of our day.

This is why girls like Malala Yousafzai from Pakistan, who faced down Taliban assassins to demand the right to an education, are admirable.

This is why groups like Boko Haram in Nigeria, who kidnap and sell into slavery young girls who simply want to go to school, are despicable—they themselves should be found and forced to go to school for life.

In a deep sense, the actions of Boko Haram represent the complete antithesis of the values inherent in education. For their action degrades the dignity of the human being, while education uplifts, enflames, and ennobles the human spirit.

So let us join our voices to the voices of the world, and let loose an impassioned plea: bring back our girls, bring back our girls. Respect our girls.

Labor

Let me now turn to my second "L" this morning, to what comes after *learning*—*labor*. Letting women flourish and achieve their true potential in the world of work.

Women represent half of the world's population. Yet they represent far less than half of measured economic activity.

Today, there are about 865 million women around the world who have the potential to contribute more fully—almost a "blocked billion".

Everywhere around the world, men participate more than women. These gender gaps range from 12 percent in the OECD economies to 50 percent in the Middle East and North Africa.

When women do participate, they tend to be stuck in low-paying, low-status jobs. Globally, women earn only three-quarters as much as men—this is true even with the same level of education, and in the same occupation. Surely one of the most basic norms of justice is "equal pay for equal work"?

Women are also over-represented in the informal sector of the

economy—unprotected, in unskilled work, with unstable earnings.

Too often, they carry the burden of work that is unpaid, unseen, unreported—and underappreciated. Globally, women spend twice as much time on household chores as men, and four times as much time on childcare.

With this stark reality, it is not surprising that girls and women are the main victims of extreme poverty in the world today. They make up 70 percent of the billion people trying to eke out an existence on less than a dollar a day. They are the first to be submerged by economic crisis.

We must do better than this. Too many women are unaccounted for, underutilized, and over-exploited. It is a moral imperative, but it is also an economic imperative. The evidence is plain—when women contribute more, the economy does better.

We have done research on this at the IMF. We know that eliminating gender gaps in economic participation can lead to big jumps in income per capita, our crucial measure of economic wellbeing. These gains are visible everywhere, but they are especially large in regions like the Middle East and North Africa—27 percent—and South Asia—23 percent.

Remember, women control the purse strings. They account for over 70 percent of global consumer spending. So if we want more spending and more economic growth, then we need to empower more women as agents of aggregate demand.

How can we get women to participate more? Sometimes it is about changing laws—for example, to make sure that property and inheritance laws do not discriminate against women.

Economic policy can also be a forceful agent of change. In developing countries, the uplifting of women begins with better access to healthcare—and yes—to education and training. It means getting women greater access to credit, so that they can free themselves from dependency, and sow and harvest the seeds of a brighter future.

We take this seriously at the IMF. In our programs today, all across the world, we emphasize protecting social safety nets—even in tough times. We have evidence showing that, among developing countries, spending on health and education rises faster in countries with programs we support.

We are also doing work on the economics of inequality and exclusion—and it is usually women who are left out. I have just come from a conference in Amman on the Arab transition countries, where a big takeaway was that the region needs more of an inclusive economy. Again, I want to commend the great work that Aswat Nisaa—our award winner today—is doing to empower women across this region.

Richer countries also have work to do to level the playing field of labor. They need more pro-women, pro-family, policies. Policies like publicly-funded parental leave schemes; quality,

affordable, childcare; individual instead of family income taxation; tax credits or benefits for low-wage workers.

For its part, the IMF has recommended policies to increase female labor participation in countries like Japan and Korea, where women could be more visible in the workplace.

We know that these kinds of policies can work. Just look at Brazil: thanks to pro-family and pro-poor policies, it managed to boost women's participation from 45 percent to 60 percent in two decades. Just look at Sweden: it has one of the highest female participation rates in the world, in large part because it invests heavily in childcare and early education, and puts a premium on flexible work arrangements and parental leave policies.

It is not just about policies, of course. It is also about culture, changing the way we work, and sweeping aside the macho mentality that still pervades the workplace.

In what she calls the "last chapter" of gender convergence, Claudia Goldin argues that the gender pay gap might go away if firms stopped insisting on people working excessively long hours. In other words, if they value creative time more than face time. This is already happening in areas like science and technology, but fields like law and finance—two professions I have seen firsthand—are still too wedded to old habits.

It is time to complete that last chapter. We must not rest until we have achieved gender equality in the workplace. It is within our grasp, if we reach out to all men and women of good will.

Leadership

This brings me to my third 'L' today. I have talked about *learning* and *labor*—the final link in the chain is *leadership*, letting women rise to the top on their strength of their innate abilities and talents.

We all know the problem—across all fields of work, the higher you climb, the fewer women you see.

The evidence is painfully obvious. Look at the world of business—only 4 percent of CEOs in the Standard and Poor's 500 company list are women. Plus, as this Institute has documented, only a fifth of parliamentary seats across the world are held by women. Less than 10 percent of countries have female leaders.

Here is the irony, though: when women get the chance to lead, they actually lead better. We have ample evidence of this. For example, one study shows that the Fortune 500 firms with the best track record in raising women to prominent positions are 18-69 percent more profitable than median firms in their area.

Women are also far less likely to engage in the kind of reckless risk-taking behavior that sparked the global financial crisis. For example, an experiment from the investment community in the 1990s shows that men trade 45 percent more than women, and are more likely to lose big.

Is it really any coincidence that, while the men were cheerleading, it was the women who were worrying most about financial sector excess and misbehavior before the crisis? I am thinking of women like Sheila Bair, Brooksley Born, Janet Yellen, and Elizabeth Warren. Too often, they were ignored and dismissed—but they were proven right.

We also know that women are good managers and good crisis leaders. For example, a study of over 7000 leaders showed that women fared better in 12 of 16 competencies in 12 of 15 sectors. Another recent study shows that women are often parachuted in to save companies in deep trouble—although they are also more likely to be fired from these positions, allegedly because of the risk taken in hiring them.

None of this will surprise you. It certainly does not surprise me. We know that women are more inclined to make decisions based on consensus-building, inclusion, compassion, and focus on long-term sustainability. They draw from deep wells of wisdom, from the tenacity taken from a lifetime of tempests and tribulations.

As one of my personal heroes, Daw Aung San Suu Kyi, put it: the empowerment of women “cannot fail to result in a more caring, tolerant, just and peaceful life for all”.

Once again, real change must begin with changing attitudes. We need to put an end to the idea that toughness flows from testosterone, and that toughness is top.

Often, it all boils down to confidence. What holds women back is not competence, which they usually have; but confidence, which they often lack. While underqualified and underprepared men leap forward, overqualified and overprepared women hide in the shadows, doubting their abilities, holding themselves to an impossible standard of perfection.

This needs to change. How? By crushing these nasty mind bugs that dull our sentiments and sensibilities. By changing the mindset and resetting the narrative.

I have come to the view that gender targets and quotas must play a role here. The mountain is simply too steep to climb without a little help on the way up. We must force the change, or stay mired in the comfortable numbness of complacency.

I am also a passionate believer in mentors and role models. In survey after survey, women list this as a major barrier to advancement. We need to look out for each other.

Ultimately, I would love to see a world where women let their confidence roar from the rooftops; their cups run over with self-assurance; their voices resound across the pinnacles of power.

Conclusion

Let me conclude today with some words from Sylvia Plath: “We shall by morning inherit the earth—our foot’s in the door”.

We have certainly made great strides toward gender equality.

But while our foot might be in the door, we are still standing outside—in the cold.

It is now time to fulfill the promise—to create a world where every little girl from every corner of every continent can fulfill her potential without impediment and without prejudice. To make sure that nobody ever again will doubt for even an instant that a woman can be a top surgeon, or indeed a leader in any field that she might choose.

If we dare the difference, the difference will deliver.

Thank you very much.

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