



Economic benefits of gender equality in the EU



Improving gender equality has many positive impacts on individuals and also on the society at large. A more gender equal EU would have strong, positive GDP impacts growing over time, higher level of employment and productivity and could respond to challenges related to the ageing population in the EU.

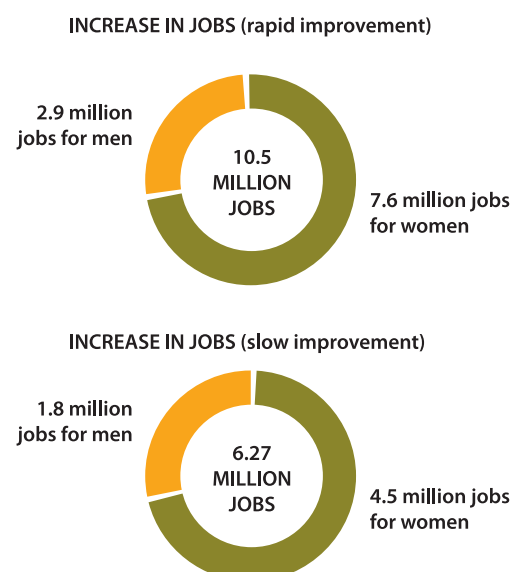
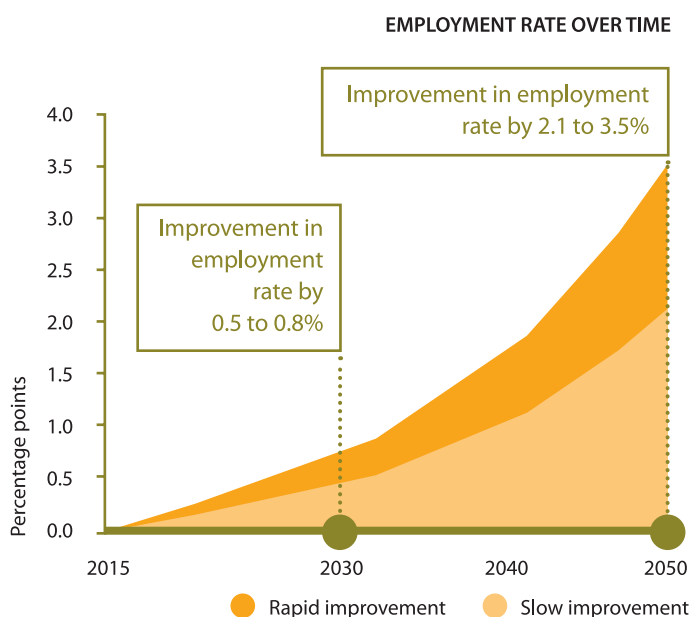
A study from the European Institute for Gender Equality on the 'economic benefits of gender equality' puts forth robust new evidence, showing the positive impacts of reducing gender inequalities in Science, Technology, Engineering and Mathematics (STEM) education, labour market activity and wages. It also shows that addressing different aspects of gender inequality together as a whole is likely to have more positive impacts, rather than tackling each aspect of gender inequality one by one as gender equality in one domain has spill-over effects in other domains.

What are the economic benefits of gender equality?

Higher employment and more jobs

The employment rate in the EU will make a substantial leap if women have more equal opportunities in STEM education and the labour market. This would lead to a growth of the EU employment rate of 0.5 to 0.8 percentage points by 2030 and by 2.1 to 3.5 percentage points by 2050. In 2050, the EU employment rate will reach almost 80% in case of substantial gender equality improvements. Without improvements the rate would be 76%. If more women join the labour force and/or get education in fields with skill shortages that have good future employment prospects e.g. STEM, they are likely to find employment and make substantial contributions to the economy. Such a move would contribute to increased earnings and reduced wage gaps for women. Reducing the gender pay gap can also play an important role in attracting more women to the labour force.

Figure 1: Effect of improved gender equality on employment



Closing the gender gaps in the EU would create as many new jobs as there are in a mid-sized European country

Improvements in gender equality would lead to an additional 10.5 million jobs in 2050, which would benefit both women and men. About 70% of these jobs would be taken by women, however female and male employment rates meet in the long run, reaching an 80% employment rate by 2050. The amount of new jobs roughly corresponds to the number of jobs in the Netherlands.

New jobs occupied by women are particularly important as they can help to reduce poverty, one of the key priorities of the EU 2020 strategy. As shown by findings in EIGE's recent study on women and poverty, women are generally affected by poverty more often than men because of lower employment and salary prospects (EIGE, 2016). Hence, being in employment lowers the risk for poverty of women.

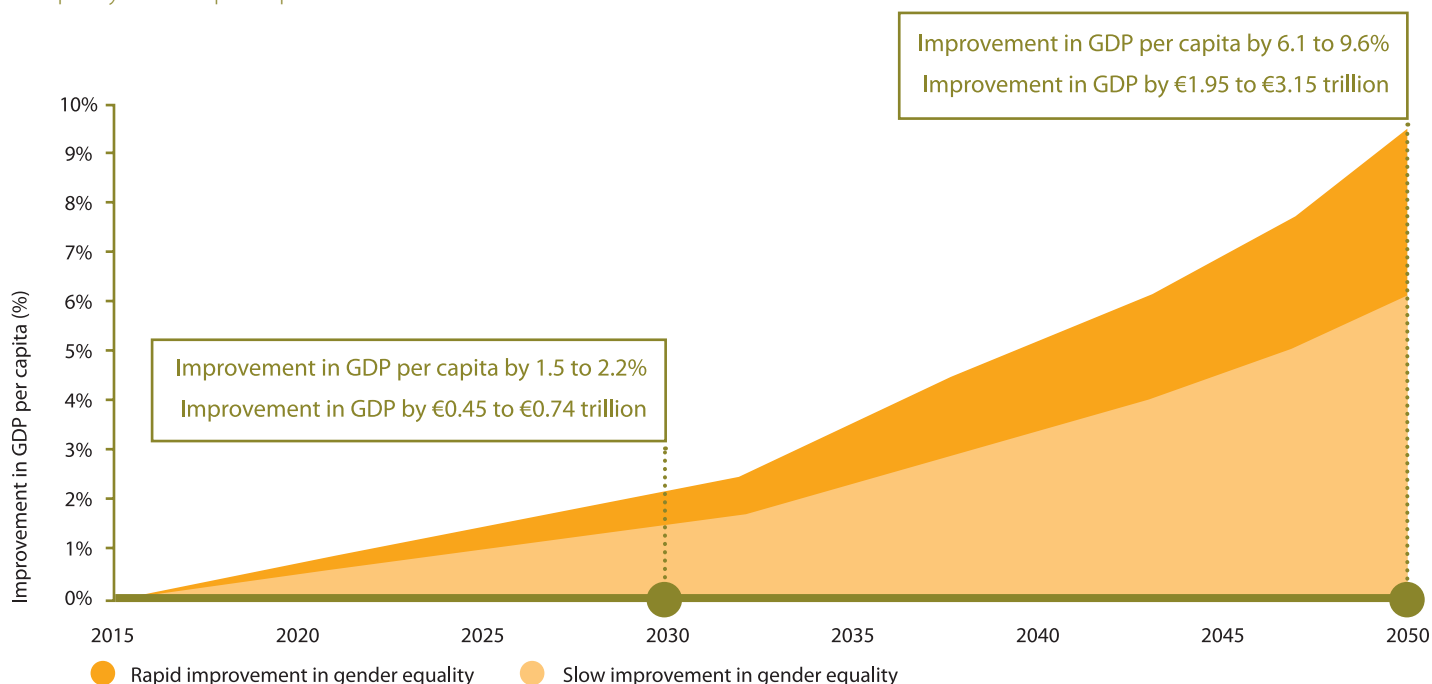
Increased GDP

Gender equality has strong, positive impacts on GDP, which grow over time and can exceed impacts of other labour market and education interventions

By 2050, improving gender equality would lead to an **increase in EU GDP per capita by 6.1 to 9.6%**, which amounts to €1.95 to €3.15 trillion. The increase would already be apparent in 2030, when GDP per capita would have increased by up to 2%. This increase is mainly a result of improved employment rate of women and their progression into more productive Science, Technology, Engineering and Mathematic (STEM) jobs.

Compared with labour market and education policies, gender equality policies have a strong impact on GDP. Therefore, gender equality is a highly relevant policy measure to foster economic growth. For example, a recent DG Education and Culture (EAC) study showed that improvements in educational attainment across EU Member States would lead to a 2.2% increase in EU GDP in 2050 (DG EAC, 2016), which is much lower than the impact forecast for gender equality improvements.

Figure 2: Effect of improved gender equality on GDP per capita



Countries that increase gender equality will reap bigger benefits

The estimated GDP impacts of increased gender equality vary considerably across Member States, depending on the present level of achievement of gender equality. Overall, the results are very positive, with some individual countries seeing around a 4% GDP increase and others exceeding 10%.

The larger impacts are typically in countries where gender equality is a low priority. The study shows that those countries would gain much by putting gender equality on the agenda. This is particularly important in the context of inclusive growth in the EU that aims to diminish disparities among regions and make sure that the benefits of growth reach all parts of the EU.

Countries with a lot of room for improvement can achieve substantial economical improvements as a result of more gender equality. On average, improved gender equality in these countries is expected to lead to an increase in GDP of about 12% by 2050.

Member States that currently have limited gender equality measures gain the most by closing the gender gaps

The best performing countries in the area of gender equality, according to EIGE's Gender Equality Index, have already achieved good levels of gender equality and therefore already enjoy some of the associated economic benefits. However, further improvements in gender equality can generate additional economic gains even in these Member States, often reaching around 4% of GDP.

Boost in competitiveness

Improved gender equality could boost the long-term competitiveness of the EU economy

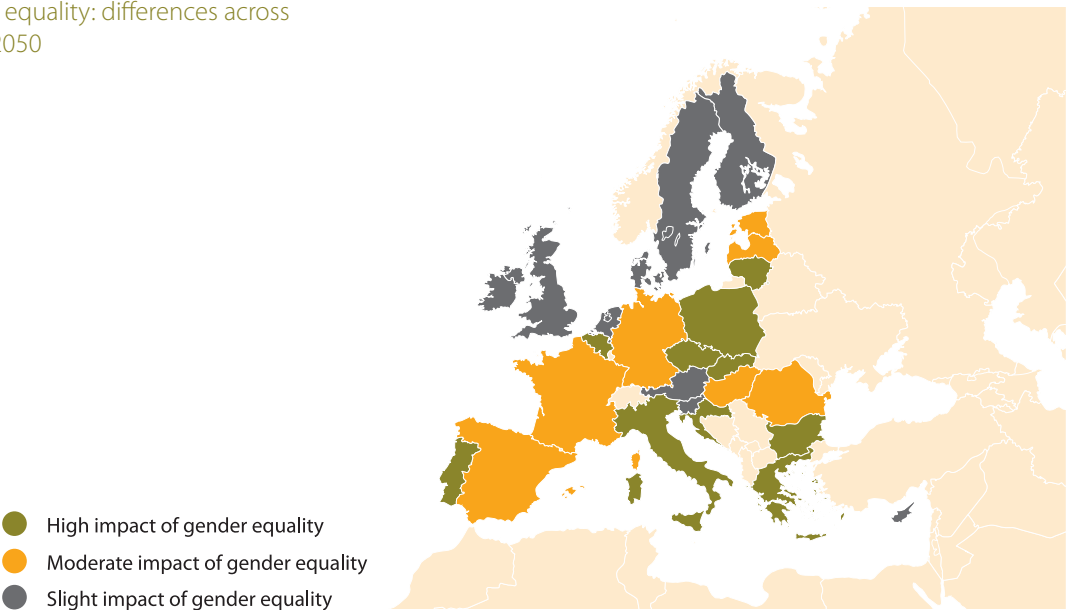
Gender equality measures could lead to an increase in the potential productive capacity of the economy and lower prices. Following these developments, the EU would be able to produce more goods and services domestically and also become more competitive in international markets. It would lead to improvements in the trade balance, where EU exports would increase by 1.6% to 2.3% and imports would decrease by 0.4% to 0.7% in 2050. Thus, it would help to maintain international trade as one of the key engines of European growth, in line with Europe 2020.

Addressing ageing population challenges in the EU

Improved gender equality in education, labour market participation and a more balanced sharing of unpaid work between women and men are assumed to lead to an increase in fertility, reflecting the recent research findings in this area. Higher fertility rates in turn lead to higher population and an increase in long-term labour supply. By 2050, increased fertility is estimated to lead to an increase in employment by 1.3 to 2.6 million people. Having more people in jobs is particularly important in light of current EU demographic projections, which predict a significant increase in the number of older people inactive in the labour market (EU2020 strategy).

¹ The clustering of countries is based on EIGE's Gender Equality Index.

Figure 3: Impact of gender equality: differences across Member States in GDP in 2050



Gender inequality: a missed opportunity for macroeconomic growth?

Gender equality has been a long-standing policy commitment of the European Union. However, gender inequalities persist in several areas, undermining women's economic opportunities and affecting the global economy.

A combination of factors over the course of a woman's life contribute to persisting inequalities:

- sex segregated educational choices
- low participation in the workforce
- lower pay
- precarious employment
- unequal division of unpaid responsibilities within the household.

Persisting inequalities come at a significant cost for women and men, employers and society as a whole, leaving a large part of talent under-utilised.

Gender inequality in Europe: Key facts and figures (2015)

- Women remain underrepresented in STEM (Science, Technology, Engineering and Mathematics) sectors. In these fields, 75% of students are men.
- On average the gender employment gap is 11.6% in the EU and increases with the number of children in the household.
- Women's over-representation in part-time work affects not only their labour market involvement, but also their risk of poverty or social exclusion. In 2015, on average, 32.1% of women worked part-time in contrast to 8.9% of men.
- Part-time employment rates of women also increase along with the number of children they have. 39% of women across the EU reported that the main reason for not seeking employment was 'looking after children or incapacitated adults', while this is the case for only 4% of men.
- Women earn 16.1% less than men on average across the EU, which means that they would have to work approximately 40 days more per year (or until the end of February), to earn what men had by the end of the previous year (Eurostat, 2016; 2016b).

References

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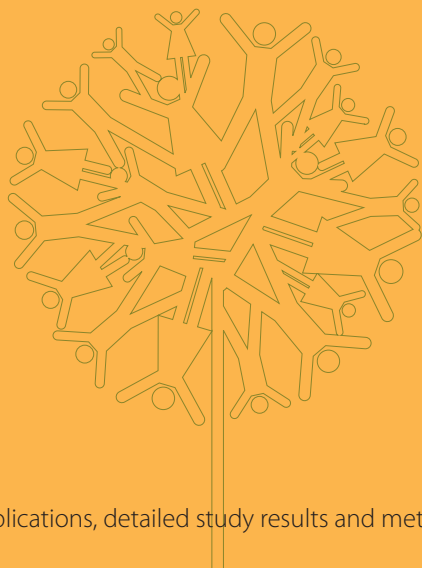
About the study

The study on the 'economic benefits of gender equality' is unique in the EU context. It's the first of its kind to use a robust econometric model to estimate a broad range of macroeconomic benefits of gender equality in several broad areas such as education, labour market activity and wages.

The overall results of the study show that more gender equality would lead to:

- Between 6.3 million and 10.5 million additional jobs in 2050 with about 70% of these jobs taken by women
- Positive GDP impacts that grow over time
- An increase in GDP per capita of up to nearly 10% in 2050

The study used the E3ME macroeconomic model to estimate the economic impacts of improvements in gender equality. E3ME is an empirical macroeconomic model tailored specifically to model outcomes at EU and Member State level.



All publications, detailed study results and methodology can be found on EIGE's website.






The outputs of the study on economic benefits of gender equality in the EU include 9 publications:

1. Literature review: existing evidence on the social and economic benefits of gender equality and methodological approaches
2. EU and EU Member States overviews
3. Report on the empirical application of the model
4. How the evidence was produced: briefing paper on the theoretical framework and model
5. How the evidence was produced: factsheet on the theoretical framework and model
6. Economic impacts of gender equality in the EU policy context: briefing paper
7. **Economic impacts of gender equality: briefing paper**
8. How gender equality in STEM education leads to economic growth: briefing paper
9. How closing the gender labour market activity and pay gaps leads to economic growth: briefing paper

European Institute for Gender Equality

The European Institute for Gender Equality (EIGE) is the EU knowledge centre on gender equality. EIGE supports policy makers and all relevant institutions in their efforts to make equality between women and men a reality for all Europeans by providing them with specific expertise and comparable and reliable data on gender equality in Europe.

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