



wp
WOMEN AND PROGRESS

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Women's Economic Rights—**What's Changed and Why Does It Matter?**

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The most economically free countries are also the ones with the most equitable treatment of men and women under the law.

1.0

Introduction

Women’s ability to contribute to, and benefit from, market institutions has been, and continues to be, a topic of great economic importance. John Stuart Mill was among the earliest scholars to argue that society as a whole loses when women are not granted access to economic rights (in *Subjection of Women*, 1861). When entire groups of people, like women, are restricted from owning property, starting a business, or working in a particular occupation, everyone is robbed of the value that could have been created if they had been allowed to share their talents and ideas with the world. Cuberes and Tiegnier, in a recent study (2014), estimate that the opportunity cost of women having unequal access to markets is about 27% of GDP on average in places with severe restrictions on women’s economic rights; and, where restrictions are milder, about 10% of GDP.

Today, scholars studying markets from a feminist perspective highlight the ways in which the benefits of markets are not shared equally by women (see, for example, Folbre, 2009; Nussbaum, 2000). This raises an important question: how can women share equally in the benefits of markets if they are not able to participate equally in the market process? Understanding the relationship between markets and women’s well-being requires a better understanding of the degree of access women have to market institutions.

Feminists have also long raised concerns that “objective” measures of economic variables are biased towards a male’s perspective. Marilyn Waring’s seminal work, *If Women Counted* (1988), criticized GDP as our main measure of economic productivity as it excludes unpaid household labor and childcare activities that are disproportionately completed by women. A survey

by the PEW research center (2013) of American spouses who both work full time indicated that each week men spend on average 9.6 fewer hours than their female partners completing child-rearing and other unpaid household labor.

Why does this matter? If we are not including the vital, unpaid, contributions of women’s labor, like raising children, into our main measure of economic productivity, then we are judging those activities as unproductive. When we make policy decisions based on those measures that do not capture the experience of all parts of the population, we might miss opportunities to improve the lives of those who are not being measured, or even worse, we could pass policies that make things harder for them.

2.0 The Gender Disparity Index

The criticism of “objective” measures like GDP also applies to measures of economic freedom, and other indexes trying to capture a country’s institutional quality. If data exist that allows scholars to take into account the difference in access to markets available to men and women, then it is important to update our measures of institutional quality to reflect this reality.¹ Taking the feminist criticism of objective economic indicators seriously, the index published in *Economic Freedom of the World* (EFW index) has, since 2016, incorporated a gender adjustment—the Gender Disparity Index—into its measure of economic institutions.

The Gender Disparity Index (GDI) measures the degree to which women around the world have the same legal rights as men and is used to adjust the EFW index scores to account for any differences in access to economic rights. The Gender Disparity Index includes measures selected from the World Bank’s *Women, Business, and the Law* report (WB&L) which tracks gender inequality in the legal and regulatory code for 189 countries. The GDI only includes a subset of what is included in the WB&L report, specifically laws and regulations directly related to their economic rights.

These data, which were released for the first time in 2008, are updated every two years to incorporate legal and regulatory reforms that take place. The 2018 Gender Disparity Index includes 42 variables contained in 2018’s *Women Business and the Law* report, which provides a snapshot of the laws for 2017/2018. When combined with previous WB&L reports, the GDI data covers the period from 1970 to 2018.² Each of the variables included in the GDI captures some aspect of a woman’s legal rights to participate in the formal economy. These variables are broadly classified into five categories: Freedom of Movement; Property Rights; Financial Rights; Freedom to Work; and Legal Status.

¹ And when data become available to track other margins of inequality under the law, it is important to include an adjustment for these differences in access as well.

² Since the World Bank releases this report every other year, each report is used to calculate the GDI for two consecutive years. For example, the 2018 report was used to construct the GDI scores for 2017 and 2018.



The Five Categories of the Gender Disparity Index

FREEDOM OF MOVEMENT

This category measures the degree to which women and men have the same choice about where to live and the same freedom to travel outside their home, both within and outside their country. Freedom of movement is an economic right that provides people with a wider set of life choices. If job prospects are not promising where you currently live, freedom of movement means you can pursue opportunities in other locations. Without freedom of movement, women also have fewer options to escape undesirable family situations.

PROPERTY RIGHTS

Property rights provide people with powerful incentives that help allocate resources where they are most highly valued, encourage people to conserve resources when faced with increased scarcity, and to manage resources in a way that ensures that they will be available in the future. These rights also provide property owners with the means to better their own lives through improving, investing, or selling their property. Countries that do not recognize women's rights to own or inherit property deny women access to an important means of improving their lives.

FINANCIAL RIGHTS

This category captures the differences between men and women's legal access to financial institutions. Such limits on a woman's financial independence make it difficult for women to undertake business ventures, to save in order to create a financially secure future, or simply to have access to their own money.

FREEDOM TO WORK

Freedom to Work measures the extent to which men and women have equal freedom to engage in formal employment, the type of employment they wish to pursue, the hours they want to work, whether to open a business or enter into a voluntary contract with another individual. Participation in market transactions provides individuals with a means to improve their well-being through the act of generating value for others. When women are free to choose how to employ their time and efforts in the labor market, they have greater control over their lives; when they are cut off from such decisions, there is very little they can do to influence their situation.

LEGAL STATUS

The final category captures whether women have similar legal personhood as the men in a particular country. For example, in 16 countries, including Bahrain, Jordan, Sudan, Libya, and Mauritania, a woman's testimony in court does not carry the same weight as a man's does. When a woman is legally considered to be less of a person than a man, this reduces the control women have over their own lives and makes it more difficult for a woman to use the formal legal system to escape an abusive or violent situation.

As of 2018, 37 countries restrict a married woman's ability to obtain a passport, six restrict her ability to travel outside her country in other ways, and 17 restrict her ability to simply travel outside her home.

TABLE 2.1

Countries with No Gender Disparity under the Formal Law, 2017–2018

1	<i>Antigua and Barbuda</i>	20	Hong Kong	39	Peru
2	Armenia	21	Hungary	40	Poland
3	Australia	22	Iceland	41	Portugal
4	Austria	23	Ireland	42	<i>Puerto Rico</i>
5	Belgium	24	Italy	43	Romania
6	Bulgaria	25	<i>Kosovo</i>	44	Rwanda
7	Cambodia	26	Lao PDR	45	Serbia
8	Canada	27	Latvia	46	Slovak Republic
9	Cape Verde	28	Liberia	47	South Africa
10	Croatia	29	Lithuania	48	Spain
11	Denmark	30	Luxembourg	49	<i>St. Kitts and Nevis</i>
12	Dominican Republic	31	<i>Marshall Islands</i>	50	Sweden
13	El Salvador	32	Mexico	51	Switzerland
14	<i>Eritrea</i>	33	<i>Micronesia</i>	52	Taiwan
15	Estonia	34	Netherlands	53	Timor-Leste
16	Finland	35	New Zealand	54	United Kingdom
17	Georgia	36	Norway	55	United States
18	Germany	37	<i>Palau</i>	56	Venezuela
19	Greece	38	Paraguay	57	Zimbabwe

Note: The eight countries not included in the EFW Index are designated in italics.

Since the Gender Disparity Index (GDI) is derived from data that is based on the content of a country's legal and regulatory codes, it does not capture social norms, religious customs, and other informal rules. Even where there are formal institutions that treat men and women equally, women in many places face informal, social constraints that effectively prevent them from being able to participate fully in markets. In such cases, the Gender Disparity Index will not account for the entire range of barriers that women face and the adjusted economic freedom score will overstate the level of economic freedom women have in practice.

The Gender Disparity Index scores between 1.00 = no legal gender disparity in any of the variables used to construct the index; and 0.00 = legal gender disparity in every variable used to construct the index (table 2.1). For the years discussed, 2017 and 2018, Gender Disparity Index scores range from 0.3636 (Saudi Arabia) to 1.0000 (57 countries, 49 of which are included in the EFW index).

Average scores on the Gender Disparity Index

The global average score for the Gender Disparity Index increased from 0.74 in 1970 to 0.90 in 2010 (table 2.2). This indicates that the legal status of women

TABLE 2.2

Global Average GDI Scores, 1970–2018

Year	Global Average GDI Score
1970	0.7374
1975	0.7588
1980	0.7727
1985	0.8046
1990	0.8307
1995	0.8411
2000	0.8673
2005	0.8863
2009/10	0.9054
2015/16	0.8712
2017/18	0.8744

has improved in many societies in the past several decades. Hallward-Driemeier, Hasan, and Rusu (2013) indicate that half the formal barriers to women’s rights that were in place in 1960 had been removed by 2010. However, between 2010 and 2016 the global average score for the Gender Disparity Index decreased from 0.90 to 0.8712, mainly as a result of the increase in the data available for a greater number of components after 2010. In the 2017/18 data, the global average increased slightly to 0.8744 points indicating there has been a global movement towards greater equality in economic rights.

Lowest scores on the Gender Disparity Index

From 1970 through 1990 (table 2.3), the countries with the 15 lowest GDI scores were predominantly African countries. Several countries from the Middle East (Saudi Arabia, Bahrain, Iran, and Jordan) and Asia (Nepal and Indonesia) also made the list.

TABLE 2.3

Countries with the Lowest Scores on the Gender Disparity Index, 1970–1990

1970		1975		1980		1985		1990	
Lesotho	0.00	Lesotho	0.00	South Africa	0.00	South Africa	0.00	South Africa	0.00
South Africa	0.00	South Africa	0.00	Zimbabwe	0.00	Benin	0.11	Benin	0.11
Zimbabwe	0.00	Zimbabwe	0.00	Benin	0.11	Lesotho	0.11	Lesotho	0.11
Benin	0.11	Benin	0.00	Lesotho	0.11	Rwanda	0.17	Niger	0.29
Rwanda	0.17	Rwanda	0.17	Rwanda	0.17	Namibia	0.25	Congo, Dem. R.	0.33
Spain	0.22	Spain	0.22	Namibia	0.25	Niger	0.29	Mauritania	0.33
Namibia	0.25	Namibia	0.25	Niger	0.29	Congo, Dem. R.	0.33	Namibia	0.33
Niger	0.29	Niger	0.29	Congo, Dem. R.	0.33	Mauritania	0.33	Saudi Arabia	0.41
Austria	0.33	Congo, Dem. R.	0.33	Mauritania	0.33	Paraguay	0.33	Morocco	0.44
Congo, Dem. R.	0.33	Mauritania	0.33	Paraguay	0.33	Saudi Arabia	0.41	Bahrain	0.54
Indonesia	0.33	Paraguay	0.33	Saudi Arabia	0.41	Morocco	0.44	Cameroon	0.56
Mauritania	0.33	Saudi Arabia	0.41	Morocco	0.44	Bahrain	0.54	Indonesia	0.56
Paraguay	0.33	Morocco	0.44	Spain	0.44	Angola	0.56	Iran	0.56
Saudi Arabia	0.41	Mozambique	0.44	Bahrain	0.54	Brazil	0.56	Jordan	0.56
Morocco	0.44	Bahrain	0.54	Angola	0.56	Burkina Faso	0.56	Madagascar	0.56
				Brazil	0.56	Cameroon	0.56	Mozambique	0.56
				Burkina Faso	0.56	Iran	0.56	Nepal	0.56
				Cameroon	0.56	Jordan	0.56	Syria	0.56
				Cote d'Ivoire	0.56	Madagascar	0.56		
				Iran	0.56	Mozambique	0.56		
				Jordan	0.56	Nepal	0.56		
				Madagascar	0.56	Senegal	0.56		
				Mozambique	0.56	Syria	0.56		
				Nepal	0.56				
				Senegal	0.56				
				Switzerland	0.56				
				Syria	0.56				

Starting in 1995, however, Middle Eastern and North African countries began to appear near the top of the list of countries with the greatest gender disparity (table 2.4). By 2018, almost all 15 countries with the lowest GDI scores were from this region. While the

GDI scores of several of these countries have increased over the past few decades, their relative ranks have remained low as progress towards gender equality under the law has been more pronounced in other parts of the world.

TABLE 2.4

Countries with the Lowest Scores on the Gender Disparity Index, 1995–2018

1995		2000		2005		2010		2015/16		2017/18	
South Africa	0.00	Benin	0.11	Niger	0.29	Saudi Arabia	0.41	Saudi Arabia	0.41	Saudi Arabia	0.36
Benin	0.11	Niger	0.29	Congo, Democratic R.	0.33	Jordan	0.48	Sudan	0.46	Sudan	0.48
Niger	0.29	Congo, Democratic R.	0.33	Lesotho	0.33	Iran	0.52	Syria	0.46	Syria	0.48
Congo, Democratic R.	0.33	Lesotho	0.33	Mauritania	0.33	Bahrain	0.54	Jordan	0.49	United Arab Emirates	0.48
Lesotho	0.33	Mauritania	0.33	Saudi Arabia	0.41	Kuwait	0.59	Kuwait	0.49	Kuwait	0.50
Mauritania	0.33	Saudi Arabia	0.41	Bahrain	0.54	Oman	0.59	United Arab Emirates	0.51	Bahrain	0.52
Namibia	0.33	Bahrain	0.54	Cameroon	0.56	Syria	0.59	Bahrain	0.54	Jordan	0.52
Saudi Arabia	0.41	Cameroon	0.56	Iran	0.56	United Arab Emirates	0.59	Egypt	0.54	Egypt	0.55
Morocco	0.44	Iran	0.56	Jordan	0.56	Qatar	0.62	Cameroon	0.59	Cameroon	0.59
Bahrain	0.54	Jordan	0.56	Madagascar	0.56	Yemen, Rep.	0.62	Congo, Democratic R.	0.59	Malaysia	0.60
Cameroon	0.56	Madagascar	0.56	Mali	0.56	Mauritania	0.66	Iran	0.59	Iran	0.61
Indonesia	0.56	Mali	0.56	Yemen, R.	0.56	Malaysia	0.67	Iraq	0.59	Mauritania	0.61
Iran	0.56	Mozambique	0.56	Kuwait	0.59	Central African R.	0.69	Mauritania	0.61	Niger	0.63
Jordan	0.56	Nepal	0.56	Oman	0.59	Congo, Democratic R.	0.69	Oman	0.61	Madagascar	0.64
Madagascar	0.56	Syria	0.56	United Arab Emirates	0.59	eSwatini	0.69	Qatar	0.62	Oman	0.64
Mozambique	0.56	Yemen, R.	0.56								
Nepal	0.56										
Syria	0.56										

3.0

Advances and Setbacks in Women's Rights from 2016 to 2018

There were some notable changes in women's rights across the globe between 2016 and 2018.

Advances

Starting with the good news, there were 83 countries with an increased GDI score: these countries have made movements towards gender parity under the law by granting women greater access to economic institutions. The greatest overall improvement was the removal of several gender-specific labor regulations that were present in many countries.



In the least economically-free countries, only 33.5% of women have their own bank accounts compared to 86.4% of women in the freest economies.

Several countries stand out as the most improved, relaxing restrictions on women’s rights in ways that increased their overall GDI scores by over 0.10 points (table 3.1). The Democratic Republic of Congo improved the most, increasing its GDI score by 0.3194 points. Eswatini’s GDI increased by 0.1614 points, making it the country with the second most improved score. Following are Zimbabwe, Poland, and Bulgaria with GDI scores that all increased by 0.1538 points. Benin and Kiribati also saw their GDI scores increase by over 0.10 points, 0.1272 and 0.1154 points, respectively. An additional eight countries saw notable increases in their GDI scores of at least 0.05 points.

Setbacks

There have also been setbacks for women’s economic rights across the globe. Fifty-four countries show

decreases in their overall GDI scores: they have adopted greater restrictions on women’s economic rights (table 3.2). Nigeria was the only country that experienced a decline in GDI score of over 0.10 points—it declined by 0.1081 points. Another 15 countries saw decreases in their GDI scores of at least 0.05 points.

In what areas have these setbacks occurred? Most of these movements away from women’s economic freedom are the result of increased restrictions on the types of occupations that women are permitted pursue. Many countries (including the Democratic Republic of Congo) have implemented new restrictions on a woman’s ability to obtain a national ID card. Others, such as Guyana, Nigeria, and Zambia have placed more restrictions on women wanting to obtain a passport. Gabon has adopted new restrictions on women wanting to open a bank account, and become one of only five

TABLE 3.1

Countries with Improvements in Gender Disparity Index Scores of 0.01 or more, 2015/16–2017/18

Country	GDI Score 2017/18	GDI Score 2015/16	Change in GDI Score	Country	GDI Score 2017/18	GDI Score 2015/16	Change in GDI Score
1 Congo, Democratic Republic	0.9048	0.5854	0.3194	21 Philippines	0.9286	0.8974	0.0311
2 Eswatini	0.8537	0.6923	0.1614	22 Morocco	0.7857	0.7561	0.0296
3 Bulgaria	1.0000	0.8462	0.1538	23 Brazil	0.9524	0.9231	0.0293
4 Poland	1.0000	0.8462	0.1538	24 Czech Republic	0.9524	0.9231	0.0293
5 Zimbabwe	1.0000	0.8462	0.1538	25 Honduras	0.9524	0.9231	0.0293
6 Benin	0.7857	0.6585	0.1272	26 Iran, Islamic Republic	0.6136	0.5854	0.0283
7 Kiribati	0.9487	0.8333	0.1154	27 Qatar	0.6429	0.6154	0.0275
8 Ecuador	0.9524	0.8718	0.0806	28 Oman	0.6364	0.6098	0.0266
9 Mongolia	0.9524	0.8718	0.0806	29 Yemen, Republic	0.6591	0.6341	0.0249
10 Iraq	0.6591	0.5854	0.0737	30 Mali	0.6818	0.6585	0.0233
11 Bosnia and Herzegovina	0.9286	0.8718	0.0568	31 Equatorial Guinea	0.8571	0.8378	0.0193
12 Colombia	0.9286	0.8718	0.0568	32 Argentina	0.7857	0.7692	0.0165
13 Kenya	0.9762	0.9231	0.0531	33 São Tomé and Príncipe	0.8810	0.8649	0.0161
14 Croatia	1.0000	0.9487	0.0513	34 Sudan	0.4773	0.4634	0.0139
15 Afghanistan	0.6667	0.6154	0.0513	35 Syria	0.4773	0.4634	0.0139
16 Burundi	0.9524	0.9024	0.0499	36 Libya	0.8182	0.8049	0.0133
17 Togo	0.9762	0.9268	0.0494	37 Tanzania	0.9318	0.9189	0.0129
18 Rwanda	1.0000	0.9512	0.0488	38 Algeria	0.8333	0.8205	0.0128
19 Jordan	0.5227	0.4878	0.0349	39 Kuwait	0.5000	0.4872	0.0128
20 Cyprus	0.9286	0.8974	0.0311	40 Central African Republic	0.7045	0.6923	0.0122
				41 Solomon Islands	0.8750	0.8649	0.0101

TABLE 3.2

All Countries with Decreases in Gender Disparity Index Scores, 2015/16–2017/18

Country	GDI Score 2017/18	GDI Score 2015/16	Change in GDI Score	Country	GDI Score 2017/18	GDI Score 2015/16	Change in GDI Score
1 Nigeria	0.7381	0.8462	-0.1081	28 Bangladesh	0.7619	0.7949	-0.0330
2 Papua New Guinea	0.8095	0.8974	-0.0879	29 Nepal	0.8095	0.8378	-0.0283
3 Sierra Leone	0.7619	0.8462	-0.0842	30 Moldova	0.6905	0.7179	-0.0275
4 Malaysia	0.5952	0.6667	-0.0714	31 Tajikistan	0.6905	0.7179	-0.0275
5 Madagascar	0.6364	0.7073	-0.0710	32 Namibia	0.9762	1.0000	-0.0238
6 Belize	0.7750	0.8378	-0.0628	33 Zambia	0.9762	1.0000	-0.0238
7 Dominica	0.7750	0.8378	-0.0628	34 Niger	0.6250	0.6486	-0.0236
8 Uzbekistan	0.7250	0.7838	-0.0588	35 Myanmar	0.9048	0.9268	-0.0221
9 Belarus	0.6750	0.7297	-0.0547	36 Botswana	0.9524	0.9744	-0.0220
10 Kazakhstan	0.6905	0.7436	-0.0531	37 South Sudan	0.8000	0.8205	-0.0205
11 Kyrgyz Republic	0.6905	0.7436	-0.0531	38 Guatemala	0.9286	0.9487	-0.0201
12 Lebanon	0.6905	0.7436	-0.0531	39 Israel	0.9286	0.9487	-0.0201
13 Russian Federation	0.6905	0.7436	-0.0531	40 Fiji	0.9000	0.9189	-0.0189
14 Azerbaijan	0.6667	0.7179	-0.0513	41 Turkey	0.8810	0.8974	-0.0165
15 Ukraine	0.6667	0.7179	-0.0513	42 China	0.8571	0.8718	-0.0147
16 Saudi Arabia	0.3636	0.4146	-0.0510	43 Bahrain	0.5227	0.5366	-0.0139
17 Congo, Democratic R.	0.6591	0.7073	-0.0482	44 Chad	0.7045	0.7179	-0.0134
18 Maldives	0.9524	1.0000	-0.0476	45 Guinea	0.7045	0.7179	-0.0134
19 Uruguay	0.9524	1.0000	-0.0476	46 Thailand	0.8333	0.8462	-0.0128
20 Malta	0.9545	1.0000	-0.0455	47 Lesotho	0.8810	0.8919	-0.0109
21 Guinea-Bissau	0.7500	0.7949	-0.0449	48 Gabon	0.7955	0.8049	-0.0094
22 Ghana	0.9318	0.9756	-0.0438	49 Tunisia	0.7955	0.8049	-0.0094
23 Angola	0.8095	0.8462	-0.0366	50 Brunei Darussalam	0.7857	0.7949	-0.0092
24 St. Vincent and the Grenadines	0.8095	0.8462	-0.0366	51 India	0.7750	0.7838	-0.0088
25 United Arab Emirates	0.4773	0.5122	-0.0349	52 Vietnam	0.7727	0.7805	-0.0078
26 Montenegro	0.7857	0.8205	-0.0348	53 Pakistan	0.6905	0.6923	-0.0018
27 Comoros	0.8636	0.8974	-0.0338	54 Senegal	0.6818	0.6829	-0.0011

countries in the world that limits women's financial freedom in this manner (World Bank, 2018).

There were 29 more countries making legal reforms that increased economic freedom for women overall than there were implementing greater restrictions on women's economic freedom during this period. In addition, the magnitude of the largest decreases in GDI

scores (0.1081 in Nigeria, 0.0879 in Papua New Guinea, and 0.0842 in Sierra Leone) are far smaller than the magnitude of the largest increases. Further, there were 52 countries that experienced no change in their GDI scores, all of which had earned a score of "1" in 2015/16 and kept that score throughout 2017/18.



Women living in the most economically-free countries can expect to live 83 years, while their counterparts living in the least economically-free countries can only expect to live 67 years—a difference of almost 15 years.

Further, the global average GDI score increased from 0.8712 in 2015/16 to 0.8744 in 2017/18 (table 2.2). While there have been some reductions in women's access to economic rights, looking at how things have changed in the past few years provides some reason to be optimistic about the global progress that is being made towards sustainable improvements in women's access to economic rights.

Despite the overall global improvement in women's economic rights, there are still severe restrictions on women's rights in many countries. As of 2018, 37 countries restrict married a woman's ability to obtain a passport, six restrict her ability to travel outside her country in other ways, and 17 restrict her ability simply to travel outside her home.

Thirteen countries restrict a woman's ability to own property, 39 restrict the ability of daughters to inherit property, and 37 have laws that restrict a female spouse's ability to inherit from her husband. There is significant room for improvement in women's access to property rights across the globe—particularly in the Middle East, Africa, and South Asia.

In five countries, Cameroon, Chad, Gabon, Guinea-Bissau, and Niger, there are restrictions on a woman's

ability to open a bank account. Further, across the world, there are restrictions on women's pursuing a livelihood as men can. In Equatorial Guinea, women are unable to sign contracts in the same way as a man. In Bhutan, Guinea-Bissau, Pakistan, and Suriname, women cannot register businesses as men can.

In 2017/18, 19 countries had laws requiring a woman to obey her husband and, in such places, a woman needs explicit permission from her husband before she can pursue work outside the home. This prevents a woman from controlling her own employment decisions.

In other countries, restrictions on women's freedom to work might be less extreme, but present, nonetheless. In 2017/18, 103 countries earned a "0" on the question: "Can non-pregnant, non-nursing women work the same jobs as men?" indicating the existence of laws and regulations that prevent women from pursuing certain occupations.

While it is important to celebrate the progress that has been made, there is still much work to be done in achieving gender equality under the law.

4.0

Adjusting the *Economic Freedom of the World* Index for Gender Disparity

The index published by the Fraser Institute in *Economic Freedom of the World* measures the level of economic freedom in countries around the world using 43 distinct variables rated on a scale of 0 (least free) to 10 (most free). The variables used to measure economic freedom are grouped into five areas: 1. Size of Government; 2. Legal System and Property Rights; 3. Sound Money; 4. Freedom to Trade Internationally; and 5. Regulation.



Between 2016 and 2018, 83 countries improved their gender equality by granting women greater access to economic institutions.

Applying the Gender Disparity Index to Area 2: Legal System and Property Rights

Since unequal treatment under the law is predominantly a rule-of-law issue, the Gender Disparity Index is applied only to Area 2: Legal System and Property Rights, which measures protection of persons and their property. Such protection is a central element of both economic freedom and civil society and provides an incentive for owners to use resources efficiently by allowing them to capture the benefits of doing so. The EFW index provides a convenient relative ranking of countries from least economically free to most. Adjusting for gender disparity under the law alters these rankings and thus presents a clearer picture of how much economic opportunity exists in some countries.

The Gender Disparity Index is applied to Area 2 of the EFW index using the following formula:

$$.5 (\text{GDI Score} \times \text{Area 2 Score}) + .5 (\text{Area 2 Score}) \\ = \text{Gender-Adjusted Area 2 Score}$$

After the gender-adjusted Area 2 Score is calculated, the EFW summary score is calculated by taking an average of all five area scores.³

This process does not drastically alter the summary scores for most countries: 57 countries treat men and women equally under the formal legal and regulatory code, 49 of these countries are also included in the EFW index. For these 49 countries, their Gender Disparity Index is equal to 1.0 and neither their Area 2 scores nor overall EFW scores are adjusted downward. An additional 68 countries experienced slight decreases—less than 0.10—in their summary EFW score. Overall, for 117 of the 162 countries in the dataset the EFW scores are barely altered by the gender adjustment.

Significant decreases in EFW scores after adjustment

For a quarter of countries, primarily in the Middle East and North Africa, the gender adjustment results in a

TABLE 4.1
Countries with the Largest Decrease in EFW Rank after the Gender Adjustment, 2017

Country	Gender Disparity Index	Unadjusted Rank in Economic Freedom of the World	Adjusted Rank in Economic Freedom of the World	Change in Rank
Saudi Arabia	0.3636	79	107	-28
United Arab Emirates	0.4773	39	61	-22
Kuwait	0.5000	95	114	-19
Bahrain	0.5227	32	50	-18
Malaysia	0.5952	35	52	-17
Jordan	0.5527	27	43	-16
Qatar	0.6429	55	69	-14
Oman	0.6364	75	89	-14
Kazakhstan	0.6905	57	68	-11
Belarus	0.6750	89	99	-10
Kyrgyz Republic	0.6905	71	77	-6
Azerbaijan	0.6667	110	116	-6
Mauritania	0.6136	122	128	-6
Tajikistan	0.6905	126	132	-6
Niger	0.6205	136	142	-6
Lebanon	0.6905	70	75	-5
Russia	0.6905	80	85	-5
Moldova	0.6905	92	97	-5
Brunei Darussalam	0.7857	95	100	-5
Senegal	0.6818	119	124	-5

3. For a detailed discussion of how the gender-adjustment process works, see Fike, 2016.

substantial decrease in EFW score and their position in the EFW rankings. Fifteen countries saw reductions in EFW score of 0.20 points or higher, and the EFW score of an additional 30 countries decreased between 0.10 and 0.19 points.

Table 4.1 provides a list of the largest decreases in EFW rank for the most recent year (2017) after the Gender Disparity Index was applied to the EFW index. The group of countries listed is similar to the those in the last column of table 2.4. Countries in the Middle East had the largest decreases in EFW rank. Saudi Arabia and the United Arab Emirates both decline by over 20 positions (29 and 22 positions, respectively). Kuwait, Bahrain, Malaysia, Jordan, Qatar, Oman, Kazakhstan, and Belarus all decline in the EFW rankings by more than 10 positions, but less than 20 positions. These countries are the ones for which the level of economic freedom would be the most overstated if measured without taking gender disparity under the law into consideration.

In response to feminist concerns about the extent to which markets benefit women, an important question to ask is whether there is a relationship between greater economic freedom and gender equality under the law. The average difference between the EFW scores that have not been gender-adjusted and the gender-adjusted EFW scores are sorted into quartiles based on unadjusted scores from most to least free in figure 4.1.

FIGURE 4.1
Difference between Unadjusted and Gender-Adjusted EFW Scores, 2017

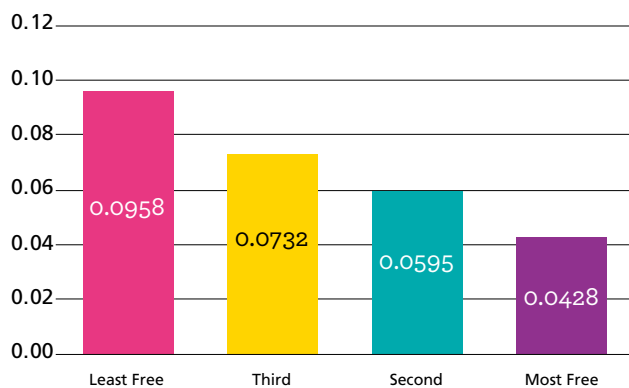
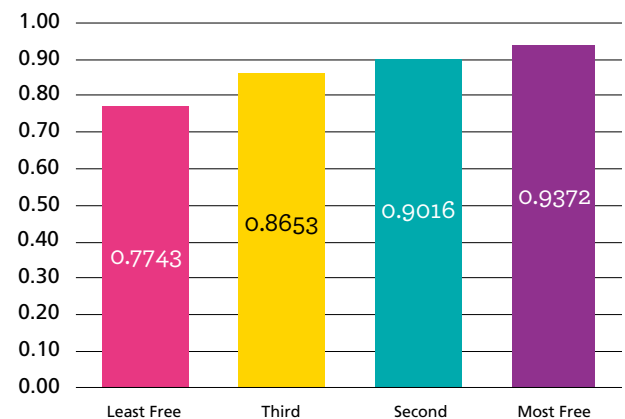


Figure 4.1 indicates that countries that are the most economically free before accounting for gender disparity have the least gender disparity under the law since they also have the smallest average difference between their unadjusted EFW scores and their scores as adjusted for gender disparity. On average, countries with unadjusted economic freedom scores in the top quartile have a 0.0428-point difference between their gender-disparity-adjusted and unadjusted scores. This average difference steadily increases when moving through each quartile: Quartile 2 (0.0595); Quartile 3 (0.0732); and Quartile 4 (0.0958).

Figure 4.2 also examines the relationship between economic freedom (without the gender adjustment) and gender equality under the law as measured by the Gender Disparity Index. The average GDI score for the most economically free societies (Quartile 1) is 0.9372. The GDI scores steadily decrease along with the level of economic freedom: Quartile 2 (0.9016); Quartile 3 (0.8653); and Quartile 4 (0.7743). This further supports the idea that gender equality under the law and economic freedom go hand in hand.

FIGURE 4.2
Gender Disparity Index, 2017



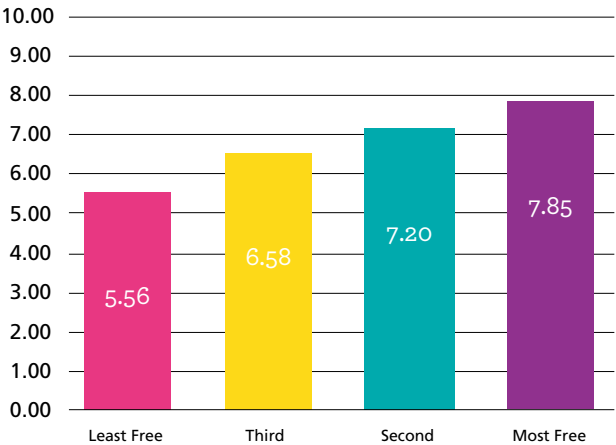
5.0

Economic Freedom and Measures of Women’s Well-being

After adjusting the EFW index for gender inequality, this more inclusive measure of economic freedom can be used to examine whether women tend to flourish more in economically free societies. This can be explored through examining a broad sample of economic indicators of women’s well-being like health outcomes, labor market outcomes, and educational outcomes. All measures of well-being have been obtained from the World Bank’s database of development indicators (World Bank, 2019). Where possible, the data for men and women are presented side-by-side for comparison.

In order to make sense of the data, countries are sorted into quartiles according to their gender-adjusted economic freedom scores and the average outcomes are compared across quartiles. As the figures that follow will show, countries with greater economic freedom tend to have more desirable scores on the measures of well-being examined in this report. Figure 5.1 shows the average, gender-adjusted EFW score associated with each quartile in 2017.

FIGURE 5.1
Gender-Adjusted EFW Summary Score, 2017

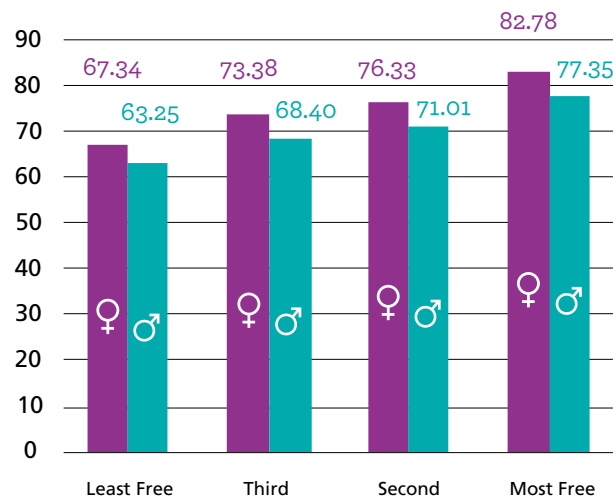


Health

One of the key relationships that is established in the academic literature on economic freedom is that greater economic freedom leads to higher per-capita income, and improvements in economic freedom scores lead to increases in economic growth (Hall and Lawson, 2013). With greater economic prosperity comes improvements across a variety of health measures.

Life expectancy is one of our most basic measures of human health and well-being. As Figure 5.2 shows, on average, women living in the most economically free countries can expect to live to 82.78 years old, while their counterparts living in the least economically free countries can only expect to live to be 67.34 years old. This is a difference of almost 15 years.

FIGURE 5.2
Life Expectancy at Birth (in years), 2017



There are other health outcomes that are important to women besides longevity, such as how likely you are to survive childbirth, how likely you are to die of communicable diseases or malnutrition, as well as how healthy you can expect your children to be. Figure 5.3 depicts an inverse relationship between economic freedom and maternal mortality rates. In the most economically free countries, an average of 13.23 women die for every 100,000 live births. But in the least economically free countries, the maternal mortality rate is over 25 times higher (340.98 women die for every 100,000 births).

FIGURE 5.3
Maternal Mortality Rates (per 100,000 live births), 2017

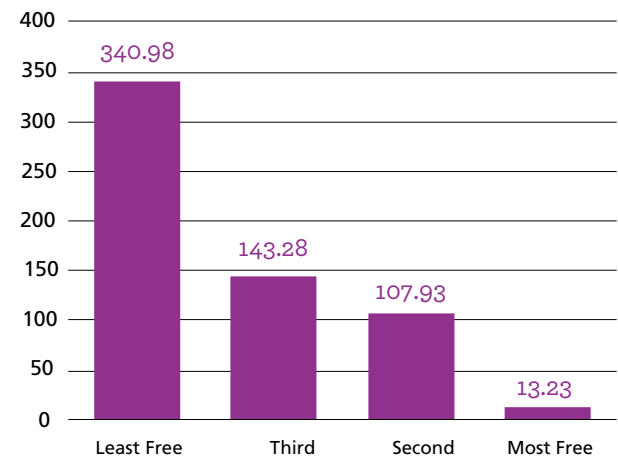


Figure 5.4 looks at the relationship between economic freedom and infant mortality rates. In the most economically free countries, only 4.91 out of 1,000 infants die. However, these figures are nearly 10 times higher for the least economically free countries. For countries in the least free quartile, 41.17 out of 1,000 infants are expected to die. Women and their families are far less likely to endure the heartbreak of losing a child in economically free countries.

Successful control over relatively preventable diseases and medical ailments is useful gauge of health outcomes.

FIGURE 5.4
Infant Mortality Rates (per 1,000 live births), 2017

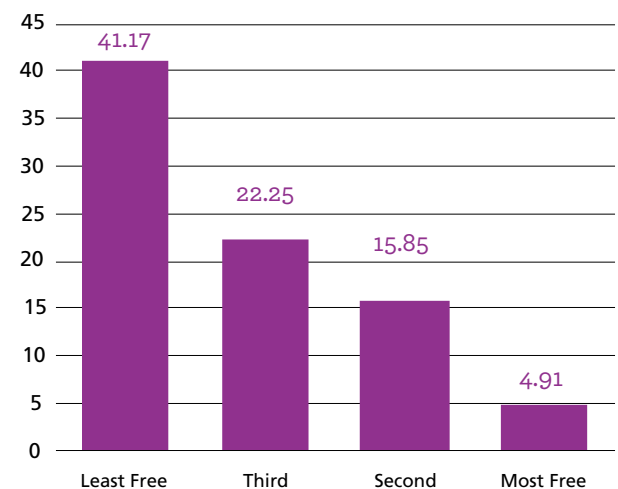
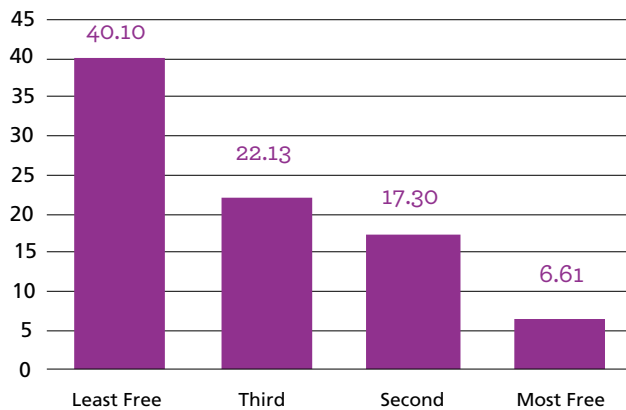


Figure 5.5 looks at the relationship between economic freedom and the percentage of deaths that are caused by communicable diseases or maternal, prenatal, and nutritional conditions (such as malnourishment). In the

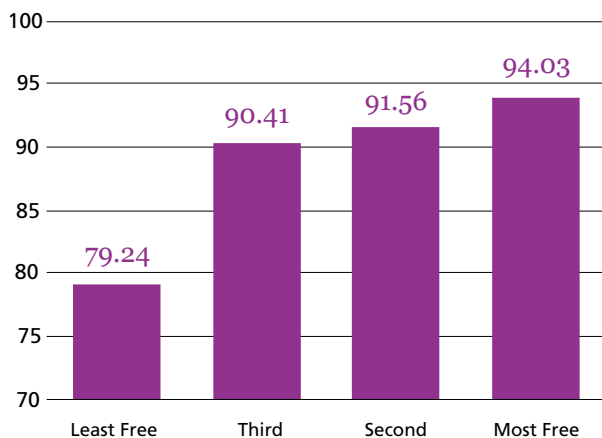
most economically free countries, only 6.61% of deaths are the result of these preventable causes, whereas in the least economically free countries, these conditions are the cause of 40.10% of all deaths.

FIGURE 5.5
Percentage of Deaths Due to Communicable Diseases as well as Nutritional, Maternal, and Prenatal Conditions (% of total), 2017



Figures 5.6 and 5.7 show the relationship between economic freedom and child immunization rates for two preventable diseases: Diphtheria, Pertussis, and Tetanus (DPT); and Hepatitis B. The greater the immunization rates for these diseases, the less likely your child will contract, suffer, and possibly die from one of these preventable diseases. Figure 5.6 indicates that DPT immunization rates for the most economically free countries is 14.79 percentage-points higher than

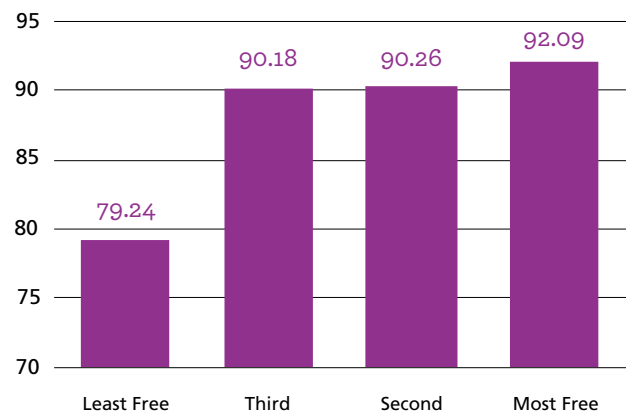
FIGURE 5.6
DPT Immunization Rates (% of children ages 12-23 months), 2017



immunization rates for the least free countries (94.03% in Quartile 1 and 79.24% in Quartile 4).

Figure 5.7 indicates a similar relationship between economic freedom and immunization rates for hepatitis B with 92.09% of one-year-olds living in the most economically free nations receiving vaccinations and only 79.24% of one-year-olds living in the least free nations receiving them.

FIGURE 5.7
Hepatitis B Immunization Rates (% children ages 21-23 months), 2017



Overall, these graphs suggest that women and children living in economically free countries are healthier and can expect to live longer than women and children living in societies without economic freedom. This relationship seems linear, with scores steadily worsening as you move from the freest quartile to the least free quartile.

Education

Another informative indicator of women's well-being is the relationship between economic freedom and various measures of educational attainment. The next set of figures asks whether greater economic freedom leads to greater investment in acquiring knowledge and practical skills. Because economic freedom requires you to take greater responsibility for the direction of your life, it provides you with incentives to pursue options that offer a higher return for your efforts. As a result, in economically free societies there is a higher benefit to improving your marketable skills.

FIGURE 5.8
Rate of Persistence to the Last Grade of Primary School (% age cohort), 2017

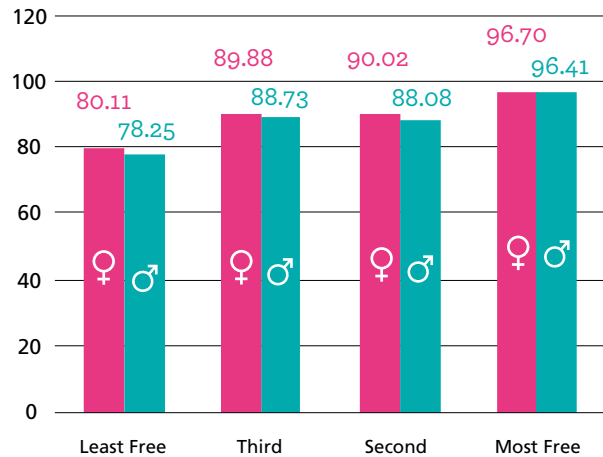
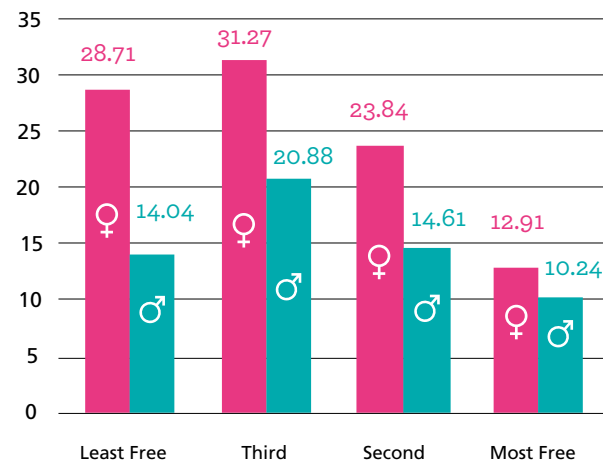


Figure 5.8 displays the relationship between economic freedom and persistence to the last grade of primary school. We see that 96.70% of girls persist to the last grade of primary school in the most economically free countries, and only 80.11% in the least free countries. Thus, economic freedom is associated with an increased likelihood of finishing primary school once enrolled.

Another important question is whether economic freedom has any relationship to the percentage of young adults who choose not to pursue opportunities to acquire knowledge and develop marketable skills. Figure 5.9 examines how the share of youth (15–29 years old) not in education, employment, or training changes across each

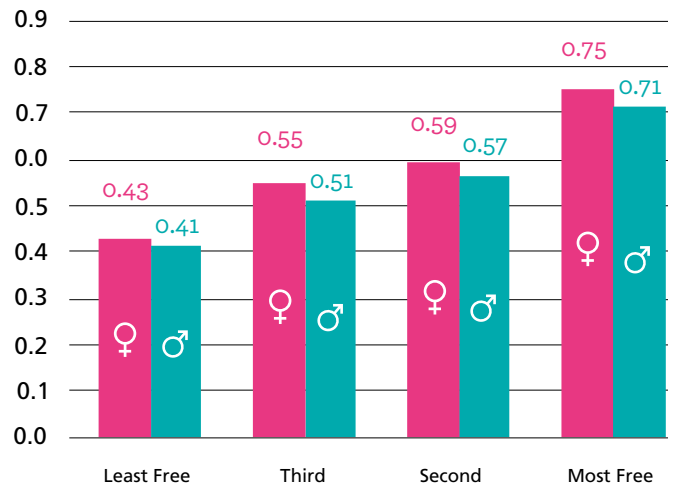
FIGURE 5.9
Share (%) of Youth (aged 15–29) not in Education, Employment, or Training, 2017



of the economic freedom quartiles. While the relationship between economic freedom and this variable is less linear than in some cases, nevertheless the percentage of youth not acquiring some form of training is only 12.91% in the freest countries while it is more than twice as high in the least free countries (28.71%).

The final educational measure is the World Bank’s Human Capital Index (figure 5.10). This index attempts to measure the impact of health and education on the productivity of the labor force. It estimates the expected productivity that a child born today has in a given country relative to a theoretical benchmark of full health and a completed education. The Human Capital Index ranges from 0 to 1, where 1 represents fully healthy and educated workers and lower scores are associated with worse health and lower levels of educational attainment. The labor force in the most economically free countries has the highest average scores on the Human Capital Index (for both men and women), and average scores steadily decline along with the levels of economic freedom. The average Human Capital Index score for women living in the freest countries is 0.75 while the score for women living in the least free countries is only 0.43.

FIGURE 5.10
Human Capital Index (scale 0–1), 2017

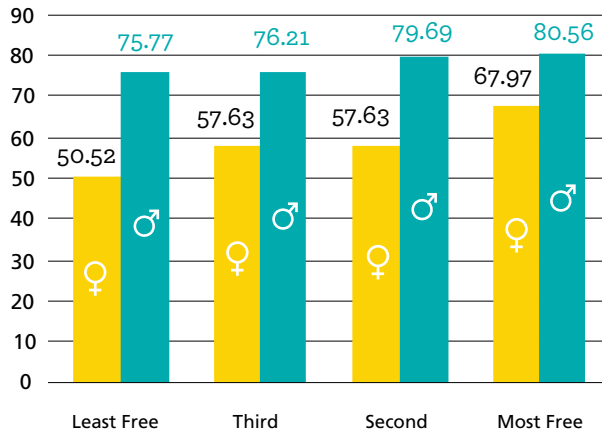


Overall, the figures in this section suggest that greater economic freedom is associated with higher educational attainment and a larger stock of human capital.

Labor Market

There is a strong correlation between economic freedom and improvements on measures of women’s labor market outcomes. Figure 5.11 shows the relationship between economic freedom and labor-force participation for workers aged 15 to 64: greater economic freedom is associated with a higher labor-force participation rate for women. In the freest countries, women in this age range have a labor-force participation rate of 67.97% compared to a participation rate of only 50.52% for women living in the least free countries.

FIGURE 5.11
Labor Force Participation Rate
(% of population aged 15–64), 2017



The type of labor contracts women are likely to enter into also varies across economic freedom quartiles. Figures 5.12–5.13 examine the relationship between economic freedom and likelihood a woman will be working through formal employment channels.

Figure 5.12 indicates that 84.76% of working women in the most economically free countries are employed with formal wage and salary contracts compared to only 32.89% of women working in the least free economies.

FIGURE 5.12
Wage and Salaried Workers as a Percentage of Total Employment, 2017

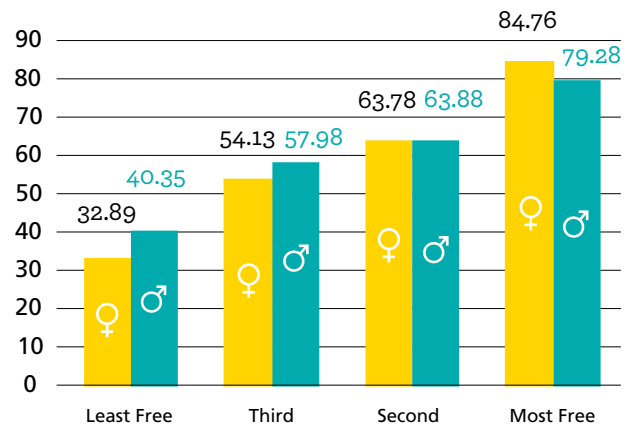
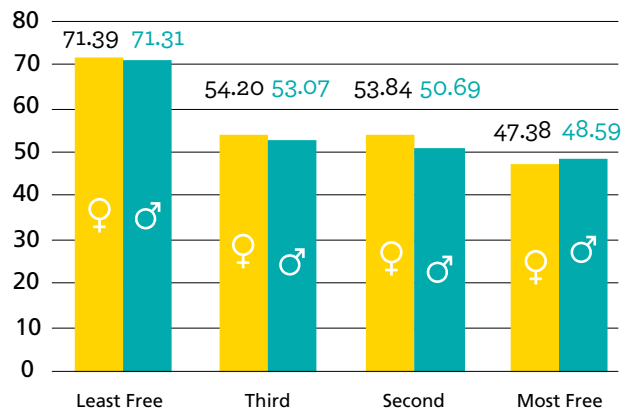


Figure 5.13 indicates that only 47.38% of women employed in economically free countries have informal labor contracts while 71.39% of employed women in the least free economies have informal employment arrangements. Taken together, figures 5.12 and 5.13 suggest that economic freedom is associated with more secure and formal employment arrangements.

FIGURE 5.13
Economic Freedom and Informal Employment
as a Percentage of Total Non-Agricultural
Employment, 2017



The relationship between economic freedom and the likelihood that someone looking for work will be able to find is examined in figures 5.14 and 5.15.

In figure 5.14, the average unemployment rate for the entire labor force is shown for each economic freedom quartile. As economic freedom declines, the unemployment rate for women increases sharply. Women in the least free nations experience a 17.21% unemployment rate, while in the freest countries only 6.21% of women are unable to find work.

FIGURE 5.14
Unemployment Rate, 2017

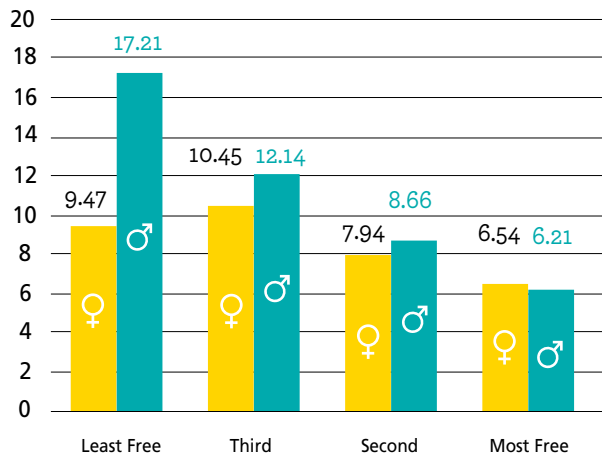


FIGURE 5.15
Unemployment Rate for Workers with Advanced Education, 2017

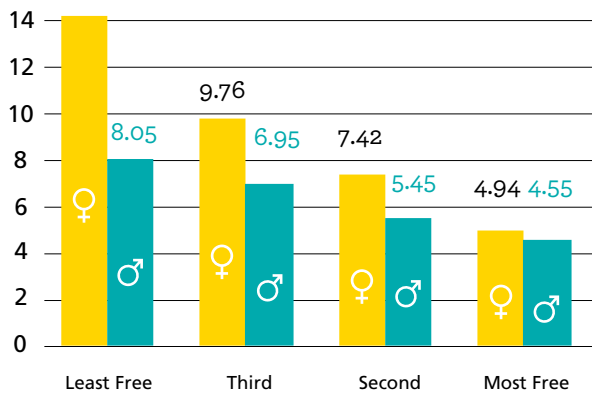


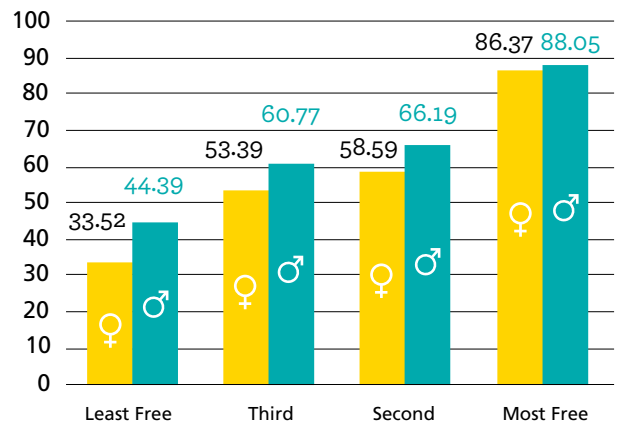
Figure 5.15 looks at how the unemployment rate for workers with advanced education (beyond secondary school) varies across the four economic freedom quartiles. For women with higher levels of human capital living in the most economically free societies, only 4.94% will be unemployed. However, 14.23% of women with advanced education living in the least

free economies can expect to be unemployed. The relationship for men follows the same pattern, but is of a much smaller magnitude.

Taken together, figures 5.14 and 5.15 suggest that economic freedom provides women with a greater incentive to participate in the economy and gives them greater access to formal forms of employment. In addition, fewer women are unemployed in economically free countries, and there is a greater incentive to accumulating human capital in order to have a higher level of skills.

There is one final measure of women’s well-being that is of great importance—financial independence. Figure 5.16 depicts the relationship between economic freedom and the percentage of the population aged 15 and older who have their own account at a financial institution. In the least economically free countries, only 33.52% of women have their own financial accounts compared to 86.37% in the freest economies.

FIGURE 5.16
Percentage of Population Aged 15+ with Account Ownership at a Financial Institution, 2017



These 15 measures of economic well-being show a strong positive relationship between greater economic freedom and greater human flourishing for women (as well as men in many cases). Women living in economically free societies are healthier, better educated, have more success in the labor market, and have more financial independence. This suggests that feminists need to seriously consider the benefits that movements towards greater economic freedom can have on the lives of women across the world.



Between 2016 and 2018, there were 29 more countries increasing economic freedom for women than there were countries imposing greater restrictions on women's economic freedom.

6.0

Concluding Remarks

The Gender Disparity Index (GDI) discussed in this report was created to address feminist criticisms both of markets and of the biases that exist in the prevailing methods for measuring economic variables. This *Women and Progress* report has discussed how the GDI is calculated and how it is used to adjust the EFW Index for gender differences in economic rights. Many notable changes in GDI scores have occurred between 2015/16 and 2017/18.

It is encouraging that the global average GDI score has increased from 0.8712 in 2015/16 to 0.8744 in 2017/18. In addition, 83 countries saw an increase in their GDI scores while fewer, 54, saw a decrease between 2015/16 and 2017/18. Several countries such as the Democratic Republic of Congo, Zimbabwe, Eswatini, Kiribati, Bulgaria, and Poland should be commended for relaxing many restrictions on a woman's ability to pursue an occupation of her own choosing. As John Stuart Mill and Adam Smith argued, increasing women's economic freedom will expand the scope of the market and allow everyone to benefit from talent and ideas that were previously excluded.

While there have been notable global movements towards increased economic freedom for women in the past few years, there have also been setbacks. Many countries that saw decreases in their GDI scores implemented restrictions on women's ability to pursue an occupation as well as restrictions on their freedom of movement. These setbacks to gender equality make engaging in discussions about the benefits of extending economic freedom to all members of society even more timely and important.

The data discussed in this report indicate that a strong correlation exists between greater economic freedom and both gender equality under the law and better performance on a broad sample of measures of women's well-being. Women living in economically free countries live longer, are healthier, have healthier children, are better educated, and have more success in the labor market and greater financial independence than women living in places that lack economic freedom. In the majority of the graphs in this year's *Women and Progress* report, the relationship between greater economic freedom and an improvement in well-being is more pronounced for women than it is for men.

All of this suggests that capitalism is not incompatible with achieving feminist goals, such as greater equality under the law and improvements in women's quality of life. On the contrary, economic freedom is associated with greater progress towards those goals. As such, economic freedom should be viewed as a vital, basic human right without which women are cut off from making decisions that shape the direction of their lives. It should not be overlooked as a means to achieve greater gender equality.

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Women in economically unfree countries suffer from a 17.2% unemployment rate, while only 6.2% of women in the freest countries are unable to find work.

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