

Heritage Lectures

No. 935

Delivered March 2, 2006



Published by The Heritage Foundation

April 28, 2006

Women and Development: Empowerment Through Economic Freedom

Ana Isabel Eiras

It is my great honor to speak to all of you today about the status of women around the world. When I was asked to address the issue of how different economic policies affect women, their families, and their possibility to prosper, I got very excited because I think that, in many ways, my own life experience shows how opportunity is all that people need—women perhaps especially—to realize their dreams.

All my life I was interested in the poor, the way they live, and tried to find ways to help. I grew up in what many would call a lower middle class in Argentina. As a young girl, I went many times with my school to the shantytowns of Argentina to take clothes and food to the poor and to spend time with the little kids in those neighborhoods. Later on, in college, I was convinced that the rich countries had the moral obligation to send more money to the poor countries, which hadn't been as lucky as the rich to build wealth and foster well-being.

I will always remember a professor of history who told me that if I really wanted to help the poor, I should study why they are poor and be a bridge between their needs and those in the rich world who are able to help them. I followed his advice, and although my interest in development and issues related to poverty is as strong as it was when I was young, my views on what can really eradicate poverty have substantially changed.

As a woman, I was naturally interested in the struggle of women in general, in many aspects of their lives. No matter their condition, women face the challenge of

Talking Points

- The world's freest economies have, on average, almost 10 times the income per capita of repressed economies and more than double the income per capita of mostly free economies.
- Women's income in free economies is, on average, almost 10 times the income of women in repressed economies and more than double the income in mostly free economies.
- The economically freest societies generate so many jobs and business opportunities that women also have a much greater chance to explore their own potential, whether that potential is at home or at work.
- Women's empowerment—defined as a composite measure of gender inequality in economic participation and decision-making, political participation and decision-making, and power over economic resources—is twice as large in free economies as in unfree ones.

This paper, in its entirety, can be found at:
www.heritage.org/research/worldwidefreedom/hl935.cfm

Produced by the Center for International
Trade and Economics (CITE)

Published by The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002-4999
(202) 546-4400 • heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

having to balance their personal goals with the goals of their families. They also have to struggle to advance in their careers many times in male-dominated work environments. This struggle is particularly challenging in poor countries, where women do not have resources to grow personally and to provide for the well-being of their families.

Realizing the Dream of Prosperity

At some point in their lives, every person on this planet, no matter how rich or how poor, has a dream of prosperity. For some people, that dream is to graduate and have a good business; for other people, that dream is to become a doctor and save lives; for others, it is to send their children to a good school; and yet for others, the dream can be just to be able to feed their families on a regular basis.

To make those dreams come true, people have skills that they can use to earn a living. Some people cook well; others sell well; others are good with numbers; and others are good with the arts. Whatever the skill, people use them to turn them into something productive that can help them earn income that they can use to achieve their dreams.

But people also face obstacles. Some obstacles are natural—if I want to be a singer but I am tone deaf, I probably won't be able to achieve my dream. But there are other obstacles, created by government policy, which can make a huge difference in people's possibilities to achieve their dreams.

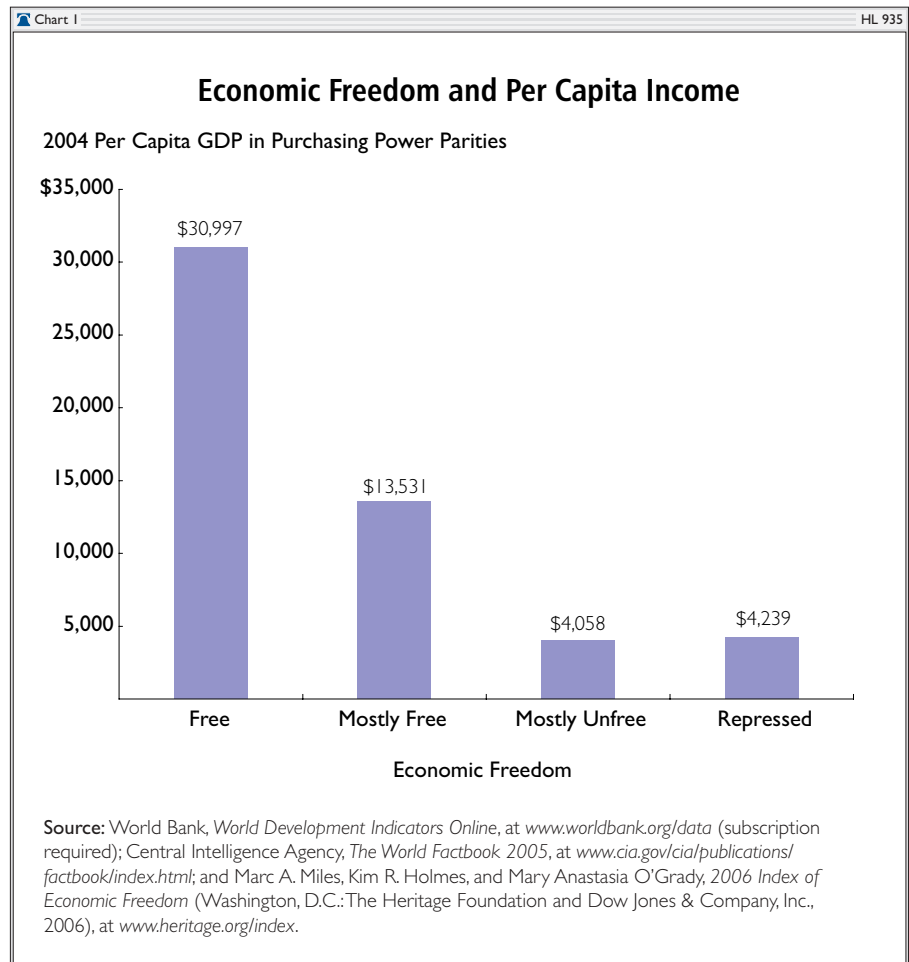
At the heart of The Heritage Foundation/Wall Street Journal annual *Index of Economic Freedom* is an assessment of the policy and institution-related obstacles that people face every day when they undertake an economic activity. If I had to reduce this idea to one equation, I would say that:

$$\text{Success} = \text{Dreams} + \text{Skills} - \text{Obstacles}$$

One of the most important findings of the *Index*—a finding year after year—is that free economies are also the wealthiest. (See Chart 1.) In the chart, you can see that over the history of the *Index*, the freest economies have, on average, almost 10 times the income per capita of repressed economies and more than double the income per capita of mostly free economies—which is no small achievement.

Overcoming Obstacles

The relationship in the chart is almost intuitive. It makes sense that if people face fewer obstacles to doing business (fewer regulations, fewer taxes, transparent rules, and judicial security), the risk associated with starting a business is also lower than in more repressed countries, so you will see more and more ordinary people willing and able to take a risk, start a



business, and participate in the legal economy. The wealth of a country is nothing else than the summation of the wealth of its people. The more the people are able to create wealth, the wealthier the country becomes.

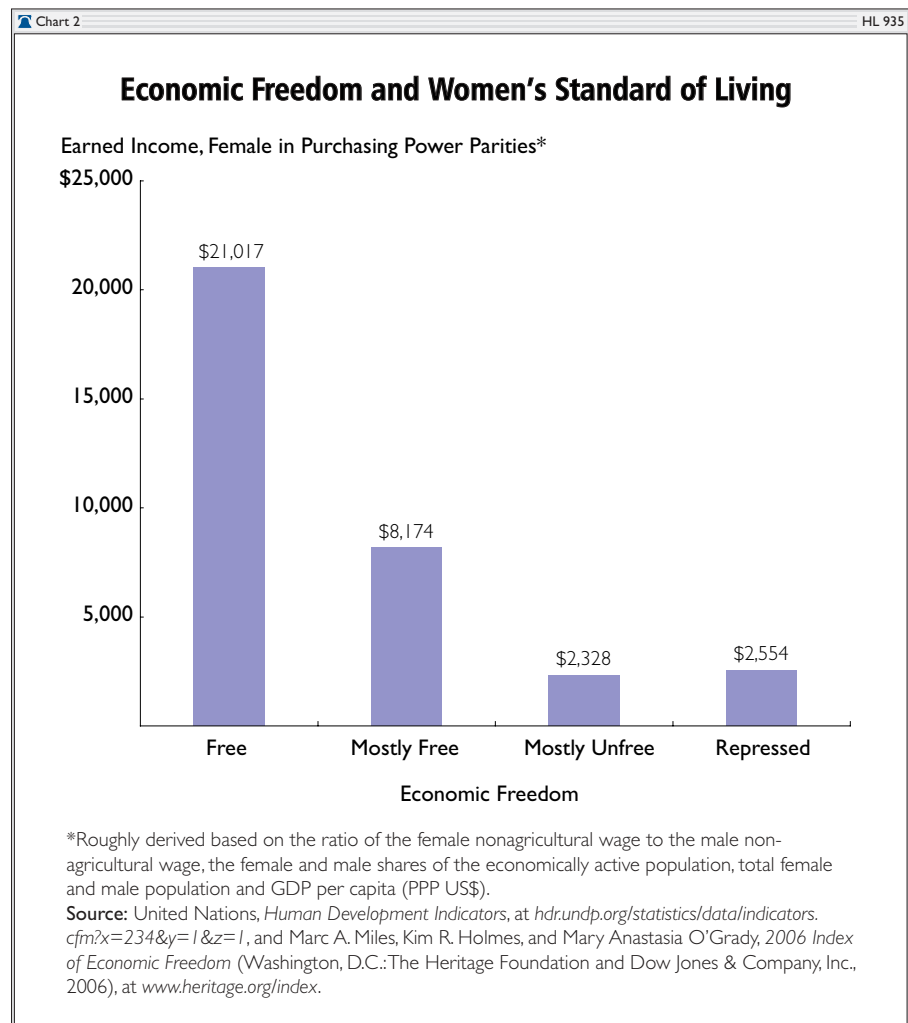
Women's opportunity to participate in the economy beyond a subsistence level and, therefore, to increase their living standards is also much greater in free economies than in repressed ones. (See Chart 2.) According to the chart, women's income in free economies is, on average, almost 10 times the income of women in repressed economies and more than double the income in mostly free economies, the next freedom category.

Because economic freedom creates opportunities for businesses, there are also more and better jobs available in free economies than in unfree economies. Women, therefore, enjoy a greater access to jobs and economic participation in free economies and see their income rise as well.

Empowerment Through Opportunity

The economically freest societies generate so many jobs and business opportunities that women also have a much greater chance to explore their own potential, whether that potential is at home or at work. As a result, women tend to be more empowered in free economies than in unfree ones. (See Chart 3.) Women's empowerment—defined as a composite measure of gender inequality in economic participation and decision-making, political participation and decision-making, and power over economic resources—is twice as large in free economies as in unfree ones.

I, myself, am in many ways a clear example of a woman empowered because of the opportunities



available to her. When I came to this country, the United States, 11 years ago, all I had with me was my brain. Today, I have a career, a home, and a family that I love, and I still dream about what things I would like to do for me and for my family in the future.

It took me a great deal of effort, juggling jobs and school at the same time, to get where I am today, but the important thing to me is that the opportunity to do so was there, and I was able to seize it. My female friends in my home country do not share, regrettably, the opportunities I had.

Work Still to Be Done

Unfortunately, most of the world still remains unfree or repressed, and these unfree areas are also some of the poorest in the world and some of the

ones with the most difficult internal struggles, ethnic conflicts, dictatorships, and no rule of law. Economic opportunity in these unfree areas is almost non-existent, and as a result, most people living in these economically unfree or repressed countries are only able to subsist, with little to no possibility of achieving their dreams.

Thank you very much for the opportunity to speak about this very important topic. For more information on our *Index*, and to view a map of economic freedom around the world, please visit our Web site at www.heritage.org/index.

—Ana Isabel Eiras is Senior Policy Analyst for International Economics in the Center for International Trade and Economics at The Heritage Foundation. These remarks were delivered at a briefing on “Data-Driven Policy: What Development Policies Are Best for Women?” sponsored by The Heritage Foundation and held at the United Nations in New York for foreign government officials and representatives of international non-governmental organizations.

