

Event Transcript

Panel Discussion: Women as a Driver of Economic Growth

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Unedited transcript

Adam Posen: Thank you, Heidi. That was terrific, comprehensive, forceful, good example for all of us. I just have to put in, before I turn to discussants, these two comments from a parochial institutional point of view that Heidi suggested there are some institutions outside government that occasionally influence things, so we try to be one of those.

First is just to say I was delighted to have Heidi focus so much on the recent initiatives by the Abe government in Japan. I was on record both here and in Tokyo pushing very hard the prime minister that women's labor supply was the single biggest thing he could do for long-term growth prospects in Japan. And I agree with her that this is obviously not enough, but is a major step forward in a country that many did not expect that to happen.

Just speaking from the personal experience on that, it is one of the things I think was most profound and important about Heidi's remarks is to remind us that this isn't just about all the horrible impression that some poor underdeveloped economies put on their women, although of course that is critical and key. It is as well in the U.S. and in Japan and in many of the rich countries where potential is being squandered.

And I remember viscerally when I was working in Germany after German reunification back in '92-'93—I wasn't as brave as Heidi, I didn't go further East—that there was a massive shift in women's labor force participation downwards after reunification. Because for all its faults, the Deutsche Democratic Republic East Germany had very actively promoted child care and very actively promoted leave and very actively promoted women's equality in the workforce, and that there was a huge negative shock in Germany. Part of the reunification shock was because of that. So this is I think a very real issue and the kind of thing we confront.

The second institutional matter I would say, I did say welcome to the people who are here for the first time and I hope this is not the last time by any means, but just to say not only in my personal work in Japan, but in this institution, we are committed to continuing to work on these issues. Right now, under working with Barbara Kotschwar, Marcus Noland and Arvind Subramanian from our research team were working with Ernst & Young on our large-scale project in sport and women's leadership around the world, jumping off the World Cup and the Olympics and trying to make that both a symbolic but also a substantive contribution, and we're very proud to be doing that.

Anyway, the institutional plugs, sincere though they are, are nothing to compare to our next discussant Dr. Nemat Shafik. Minouche is deputy managing director of the IMF since April 2011. She's done incredible variety of things in academia, in management and policymaking. She was the youngest-ever vice president at the World Bank where she was in the hardcore area of managing the IFC. She spent some time as the permanent secretary of the U.K. Department for International Development. I can attest from my time in the U.K. that throughout the time she was there, DFID was seen as the gold standard both for development agencies around the world but also for a well-run department in the U.K. And, it is really my pleasure to have her here as a discussant of today's topic. Minouche.

Dr. Nemat Shafik:

Well, good afternoon, everyone. It's a real pleasure to be here. It's really hard to discuss a paper which you fundamentally agree with. So, let me try and do something slightly different, which is to try and answer three questions which kind of take off from where Heidi left off. And I'm going to talk about three things: First, where are the missing women? Two, is it mostly fiscal? And three, what can the IMF do about it?

So let me start with where are the missing women. Some of you may recall a very famous article that the Nobel Prize winning economist Amartya Sen wrote in 1991 in the *New York Review of Books*, which talked about 100 million missing women in the world. And the point he was making was that if you looked at the demographics, there were a 100 million women in the world who are missing because they had been deprived of nutrition and healthcare as girls and so they had died prematurely. And they became a symbol--that 100 million number became a symbol of the lack of equality in health and education.

Now, while these problems still exist to some extent, probably one of the most remarkable stories of the last 20 years is the fact that we have essentially closed the gap in health and education for girls. The health gap is now about 96% between healthcare access for boys and girls and in education, the gender gap is down to about 93% globally. And in fact, in

many countries in the world, if you look at tertiary education, there are actually more girls in tertiary education than there are boys.

Now when I was a college student in the early 1980s, I remember writing an essay for one of my classes, which basically argued that once we had closed the gender gap in education, we were there in terms of equality; that everything else would fall out from having gapped girls globally access to the same levels of education as boys. But the fact is 20 years on, the gap is still there, but it's changed. The girls are alive and they've been educated, but they're not in the labor market.

So if you look at the gap in female labor force participation globally, it's about 60% and if you look at the gap in political participation, it's only 20%. So in many ways, the new frontier for where the women are missing is in the labor market and in political power.

So, why are there hundreds and millions of missing women in the world's labor markets? Well first, let me just say there's a sort of sequential logic to this. First, you have to keep them alive and then you have to educate them, and then they're more likely to get jobs and have political power. So, we are on a journey as they say, as the consultant say, we're on a journey, but that's not the whole story.

One of the things that we discovered when we looked across countries at different stages of development in different levels of per capita income is that, like in many things in economics, there's a Kuznets curve as we call it. At different levels of per capita--if you plot countries on income and female labor force participation; it has a "U" shape. So what does that mean? That means at very low levels of per capita income, you have very high levels of female labor force participation because women have no option but to work. So not surprisingly, pretty high levels of female labor force participation in places like Africa.

But then as countries get richer and go to sort of middle income status, what we now call the emerging markets, you see female labor force participation dropped as families can afford to have women stay at home and take care of children. And then at higher levels of per capita income, it tends to go up again. So you have the highest levels of female labor force participation in the OECD countries.

And the question is then what does it take to change that pattern to bring forward increasing female labor force participation and also, how do we explain that some countries are deviance on this U-shaped path as their incomes rise, countries like Japan or many countries in Southern Europe. So, let me turn to the policy question and that will be my second point, which is it's mostly fiscal.

For those of you who are not aficionados of the joke, it is often joked that the acronym IMF stands for “It’s Mostly Fiscal” because whenever we see any problem, we say, “Aha, it’s mostly fiscal.” But in the case of women in economics, there is a huge role for fiscal policy in determining the patterns that we see in female labor force participation.

Let me start with tax policies. We know that many countries discriminate in their tax policies on second earners so that women who tend to be the second earners in many households, their marginal tax rate is higher as a result or the households tax rate is higher if there’s a second earner. This is a big issue in the U.S., in France, in Portugal. Many countries offer tax credit for low-wage earners, which often are also women. Those countries tend to see more women participating in the labor force if you have lower tax rates or tax credits for low-wage earners.

And then we move to the area of expenditure policy where parental leave policies deviate enormously from the extreme where in this country you get zero weeks of parental leave mandated by government to a high of a 162 weeks in a country like France. Many countries also link child benefits to female labor force participation, access to childcare, affordable and high quality childcare is key research has shown. If you can bring childcare cost down by 50%, young mothers will increase their labor of supply by 6.5% to 10%. Pension reforms that don’t discriminate against maternity leave, investing in education for women obviously and infrastructure that supports them, flexible work arrangements and providing access to training and finance are all expenditure-type policies, which can have huge impacts on whether or not women enter the labor market.

Now, I have to say, it’s not just fiscal. It’s also probably cultural, but we don’t do culture at the IMF. So, I leave that to others to opine on. But, I recently had to give a speech in Italy and I noted that Italy has a highly educated female labor force. It has the lowest female labor force participation rate in the OECD. It also has the lowest birth rate. So, the women aren’t staying at home to take care of lots of babies as we traditionally thought of in Italy. And so clearly, the question for Italian women might have something to do with the Italian men are not doing a great job of helping at home to enable their wives to be able to go and participate in the labor force. So there is obviously a cultural element to this, but we haven’t got a research on that at the IMF.

Let me turn though to the role of the IMF and what we could do and what we are doing in this important agenda. Now, the IMF is famous for being an organization that sticks to its knitting, so to use a female metaphor. Our mandate is clearly macro and financial stability in the world, but for many

countries, the issue that will determine their fiscal and their debt sustainability, as well as the stability of their financial systems is growth. And that is the lens through which we will look at this issue of the role of women in economics, the critical role and the critical contribution they can make to economic growth.

We recently looked at our Article IV's, which Heidi mentioned, which is our sort of annual report that we write on all the economies of the world. And as of now, 40% of them actually talk about disaggregate labor market data by gender and talk about female labor force participation in some way. And a quarter of our program documents where countries come to the IMF for programs, now look at the issue of female labor force participation. It was the particularly important issue in the Article IV reports that we did on Japan, which was mentioned by Heidi and Adam, as well as on Germany and in Italy. And it's increasingly getting mentioned in some of the work we're doing on Southern European countries for whom getting women into the labor force to support growth and recovery is a key issue. It's also obviously an issue in the Middle East and North Africa, which has the lowest female labor force participation rates in the world.

But in addition to this work that we're doing with countries and with our interactions with authorities in those countries, we've also issued some recent thematic papers on a variety of topics. The role of female labor force participation in aging societies for example, the work on gender budgeting which was mentioned, and we shortly, hopefully in the next couple of months, hope to bring out a new paper on jobs and gender.

So, let me just close by congratulating Heidi on raising this issue and providing so much compelling evidence in support of it, and really just to reiterate the three key messages for me. The missing women are—note—they're alive, they're well and they're educated, but they are missing from the labor market. So employment is really the new frontier for thinking about where women are missing. Second, the key to increasing female labor force participation is it's mostly fiscal. And three, the IMF can contribute to this agenda, not alone, but in partnership with others and we think we have some pretty important things to say and some pretty powerful levers to help advance this very important agenda. Thank you very much.

Adam Posen:

It's so much better when she says it, instead of just saying, "It's about jobs, it's about jobs," which is of course the eternal Washington refrain. We move to another legend and inspiring figure, Carly Fiorina, who brings us a perspective from the world of business and very U.S.-based but obviously internationally cognizant. All of you I think know Carly as the chairperson and chief executive officer of Hewlett-Packard from '99 to

2005 where she had incredible record of mergers and of charges [inaudible 00:14:57] of success, but she's also been, as I hope any of you know, extremely active in a number of NGOs and causes related to today's topic.

She's chairman of Good360, the world's largest product philanthropy organization. She's been involved with Vital Voices. She's the founder of the One Woman Initiative and serves as a global ambassador for Opportunity International. She's been a founding support of the African Leadership Academy and she has tried to bring business insight into government, which maybe even one notch harder than what we do, as chairman of the CIA's External Advisory Board, and on the Advisory Group for Transformational Diplomacy at the Department of State.

I got to know Carly just a little bit through the work she and I did together with some others on the task force on inclusive capitalism that Dom Barton and Lynn Rothschild were running. And, it was very exciting for me to hear her voice in discussion live up to what I had heard about through the press. So it's a particular pleasure for me to get to invite her to our stage for the first time. Thank you, Carly.

Carly Fiorina:

Well, thank you, Adam, so much for that gracious introduction. Good afternoon. And thanks to you and to the Peterson Institute for convening this important group to discuss this critical topic. And I must say I'm really honored to follow both Minouche and Heidi, both of whom gave really excellent presentations here today.

As Minouche says, it's hard to be a discussant—by the way, that's a new term to me, a discussant. Someone who discusses I presume. But it's hard sometimes to be a discussant when you agree so violently with everything that has been said before you. But, perhaps, I can add to the discussion by taking a slightly different point of view.

And the point of view I'd like to take is honestly, why are we still discussing this at all? Why is it that we are still trying to make the case? As I look out around this audience, I see both the potential of this conversation and the problem with this conversation. This is, still, mostly a female audience. Every speaker has been a woman. Thank you, Adam—a wonderful man for getting us together. But still, somehow, a lot of women in positions of power or not are spending a lot of time, decades I would argue, trying to make the case that women being allowed to fulfill their potential is good for everyone. So why? Why is it we still are having to make the case?

Let me suggest three or four reasons, some of which might be provocative or even controversial. First of all, let me confirm and punctuate everything that Minouche and Heidi said. The data is actually crystal clear. The data

has been clear for a long time. It is not that the new research that Heidi referenced in Minouche's engagement, it's not that this research doesn't add to our understanding of the problem and the opportunity. It of course does, but it fundamentally doesn't tell us anything new.

Every problem that exists in the world is made better when women get to play. The data is clear. If you want to reduce the incidence of AIDS, you must engage women. If you want to resolve conflicts, you must engage women. If you want to reduce the rate of poverty, you must engage women. If you want to grow economies, you must engage women. If you want to make democratic reforms, you must engage women. The list goes on and on and on. If you want to solve problems and make progress, women must be more engaged and yet, we're still making the case. So, why?

Because, reason number one, I think there is a lack of outrage. And I start with this on a day when Nelson Mandela lies in critical condition in a South African hospital. Why do I start with him? Because remember for a moment, the justifiable and, indeed many would argue, long overdue outrage throughout the world that was directed at the apartheid regime in South Africa. Remember that outrage, the political outrage, the economic consequences, the virtual shunning of this society because of its subjugation of a huge group of people. Where is a similar outrage? Unless you think they are not comparable. I disagree with Minouche slightly in terms of the amount of progress we've made, although we've clearly made a great deal of progress, 70%, seven-zero percent of the people living on less than \$2 a day are women.

In this country, one in six people live in poverty and the burden of poverty rest most heavily on women and their children, and that is true here. It is true in every country around the world. There are still millions of missing women. They may be children that are aborted simply because they are female. They may be babies who are left exposed to die simply because they are female. They may be young girls who are sold into slavery, sexual slavery, but there is a horrific degree of subjugation of women that still goes on. And for which there is, in my view, shockingly little outrage.

Second reason that we're still trying to make the case. There is a big difference between women's issues and the issue of women being permitted to fulfill their potential for the benefit of all. Women's issues in this country and elsewhere are political issues, and they are frequently divisive political issues. Susan B. Anthony EMILY's List, pro-life, pro-choice, these are things that are described routinely as women's issues. They are divisive issues and they are used to rally political support one party or candidate against another. Even some of the solutions that are put

forward from the legislative point of view turned out to be quite controversial.

On the one hand and I'm not taking a position on any of these points of view, but some would argue Lilly Ledbetter is an absolutely vital step in ensuring a quality for pay in the workplace. Others would say it merely extends the statute of limitations for one group of people in filing suit. It doesn't matter what you think about that. What matters at least for this discussion is that is at a political, divisive issue, which cause us women and men to argue with each other about women's issues. It's not just that they are political issues these women's issues. It's not just that they are divisive issues. They are wedge issues.

Third, we must say it. The issue of women, their inability to fulfill their potential everywhere is the issue of power. Women's rights or the absence of those rights is cloaked in many things. It can be cloaked in culture, it can be cloaked in religion, it can be cloaked in tradition, it can be cloaked in a group of people saying, "You know, I don't know her. I've never worked with her. It's too big a risk to go with her." But all of those things, honestly, are about power and it is human nature that those who have power want to keep it. It is just human nature.

So whether we are talking about the fact that yes it is huge progress that we should celebrate that when I became the CEO of HP, I was the first woman to lead a Fortune 50 company. And with that first status, came a degree of scrutiny and criticism that was unlike anything I had been prepared for and certainly, unlike something a man would have received. And today, the two largest technology companies in the world are both run by women. It's a tremendous achievement and yet, today in the boardroom in this country, still less than 20% of board members are women, less than 20%. The number is far fewer in Europe.

And of course, there are horror stories around the world of women's inability to gain access even to the most fundamental rights: the right to justice. We celebrate that women are being educated around the world and yet, a young girl is stoned to death in Pakistan because she dares to be educated. We look at pictures of women in Afghanistan completely covered, but nevertheless holding up their purple fingers saying that they voted and yet, a beautiful young woman's nose and ears are chopped off in retribution for her daring to believe that she could be an equal member of society. Change is hard, and change comes very slowly sometimes.

So, when you add all that up, a lack of outrage about things that are without question, outrageous, a set of issues characterized as women's issues that turn out to divide us not unite us, a protection of power and the rationale for why change is hard, whether it's risk aversion or cultural or

religious. You add all that up and it's no wonder that Heidi made the point that actually nobody sometimes really wants to talk about this. It's a difficult subject for people to delve into. These are sometimes delicate issues, divisive issues, they are threatening issues sometimes, they're viewed as interfering in the normal workings of policy and politics.

I think part of what we need to do is to reframe the question. I think we should stop talking about this as a woman's issue. I think the reality is this. The more that girls and women are permitted to fulfill their potential, whatever that potential is, the more problems we solve, the more growth we achieve, the more progress we make, the better our communities are, our companies are, our world is; and the data is crystal clear whether it's micro or macro.

Micro, I happen to be engaged in micro lending around the world when Muhammad Yunus, the pioneer of micro lending. Muhammad Yunus, as many of you know, started out trying to lend money to men. Why? Because that's just how you did it. You lend the money to men. But what he found out was that in too many cases, they were bad credit risks. They invested the money poorly and so he began out of necessity to invest in women. And today, women represent 96% to 97% of all the micro loans in the world. Why? Because women invest more wisely. They invest in their children, they invest in their communities, they build businesses that build opportunities for others, not just themselves. When women and girls are permitted to fulfill their potential, every one's life gets better.

That is the issue. Men have to talk about this, too. Congratulations, Adam, the Peterson Institute and to all of you who are here who are men. And it isn't about men versus women. It is about the reality that women—half the population in the world—are the most impoverished people in the world, the most subjugated people in the world and the most underutilized economic resource in the world, in every country, in every nation, in every corner of the world. And here we are in a world with so much to do, so many problems, so many opportunities. I reject the pessimistic economist view that we will not grow, but we will not grow unless everyone. Fifty percent of our population has the opportunity to fulfill their potential.

So I think as important as it is that we create special commissions and special positions to highlight this, that we will have succeeded when there is sustained outrage about the state of the world on this topic. Where we stop using women's issues as a way of distracting from the larger issue, which is about power, its retention, people's unwillingness or uneasiness about relinquishing power, and most especially when everyone, men and women, will say, "You know what, we have a lot of problems—disease, illiteracy, conflict, poverty, we have a lot of problems. And in every case,

the way to make more rapid progress on that problem is to engage women.”

The data is crystal clear. Now I think what it takes is outrage, sustained conversation and a willingness to acknowledge that the solution is sitting right in front of us. Thank you so very much.

Adam Posen:

Thank you so much, Carly. I'll ask Heidi and Minouche as well to come up on stage and we'll start a conversation with the audience. Despite--let me--

Hello. Beautiful. Let me start this off by not doing a male thing, but a very Washington thing, which is to take Carly's outrage and ask how do we turn outrage into traction. Because that always is the Washington problem and even in much more bloodless pieces of economics, one is very used to the idea that there are \$50 notes or ¥50,000 notes on the sidewalk that countries simply won't pick up for a variety of reasons.

And so, turning to Heidi and to Minouche, I think we did have a commonality there in what Carly spoke about about not having it be a women's issue was in more nice Washington speak and more functional Washington speak what Heidi was talking about about mainstreaming this, that this is part of the ongoing discussion of every policy. I commend that.

But, practical terms, Heidi, Minouche, in your day-to-day leadership roles in your organizations, what can you do to ramp up the outrage or utilize the outrage? And let me push it one step further. In the South African case, which especially those of us who did, I also went to college in the '80s. Remember the Anti-Apartheid Movement; there was a clear sanctioning mechanism as well as a boycott. Is that something which you can see functioning in this way and where then do you draw the line? Do you draw it at Italy? Do you draw it at Pakistan? Do you draw it somewhere in between?

So, just a minor of little Washington question for the two of you. Heidi?

Heidi Crebo-Rediker: So, I think that framing--that the idea that we all have a consistent framework of approaching this as literally not a women's issue, but that we need to in the case of what I was talking about, this is an economic issue, this was meant to be a speech about growth and--

Dr. Nemat Shafik: Which it was.

Heidi Crebo-Rediker: And women do play a role in that, but in terms of how you mainstream and translate that into policy, that we have various channels and institutions through which we do that. The mainstreaming that I referred to

took decades to achieve in many institutions, from the U.N., to the World Bank and to the extent that we all challenge our own institutions to continue along those paths and also the ones quite frankly where you have the key into economic decision-makers at the top of the totem pole that are very, very concerned about growth right now.

One of those institutions being the IMF, I go back to what Melanne Verveer said, which is that the conversations with senior economic policymakers about growth that translate into GDP are the ones that get their attention. And to the extent that we can do that and use the institutions that we have to further in this sphere, I think that's really our challenge.

Adam Posen: Thank you. Minouche?

Dr. Nemat Shafik: I mean, I think necessity is the mother of invention and at the moment, countries like Japan, which has not grown in decades, country like Italy, which has not grown in a decade, are having to look for new answers. And I think that enormous pressure and the demographics are also, for the events to come is a huge issue.

Heidi Crebo-Rediker: Yes.

Dr. Nemat Shafik: I mean, you cannot sustain these pension systems and Social Security systems unless you have more people contributing to them. It's just not tenable. So, I think that all of those pressures, the demographic and the growth challenges, will force policymakers who would never call themselves card-carrying feminists, but just have to go there.

Adam Posen: Mm-hmm.

Carly Fiorina: And many use a very simple example

Adam Posen: I was about to get to you. So, please.

Carly Fiorina: So, when I say we need to reframe the question, which I think both Heidi and Minouche have done, so let me be clear, I agree with everything they've said and what they are trying to do in their respective institutions. Let's take an issue like food production, a growing concern in the world. We now know that women make extremely good farmers. We know in places around the world that if you give women the training and the tools to become farmers that they're really very good at it; and in fact, there is a whole trend now around the feminization of agriculture that demonstrates that when you have more women as farmers, your food production goes up.

So, one way of tackling this is not to say we're not here to talk about women, but when we are engaged with another government on the issue of food production, we're going to start asking very basic questions. How many women do you have rural farmers? Are you training them? Do they have the same access? I mean, there are just basic questions that would get asked if you start with the mindset. In Washington and capitals around the world, that women are the most underutilized resource in the world, how do I use this resource more effectively? What questions do I ask? What tools to do I give?

Adam Posen: I want to open up for discussion, but I have to push back slightly in that as you yourself articulated and I think all three of you have put forward very clearly, the issue isn't the data. The issue isn't telling people of good faith and other governments this is money to be have for your budget. There are other issues as you mentioned: power, and tradition, and the missing political representation that Minouche spoke about. So, that's why I was trying to push you three on the issue of traction.

Carly Fiorina: Absolutely. And by the way, when we for example, we took a big step forward, I believe, in economic development when we linked development dollars to metrics around government corruption.

Adam Posen: Right.

Carly Fiorina: Well, let's take it a step further. What if we link development dollars to metrics around women's participation in agriculture and a whole set of economies? I mean, yes, it's very difficult on their issues of power. My only point is and I think Heidi and Minouche's point is, this actually isn't rocket science.

Adam Posen: No, no.

Carly Fiorina: It's pretty actually straightforward. It is delicate, divisive and hard to talk about.

Adam Posen: Well, we're trying. I'm sure there are people in the audience who want to raise questions to any of our speakers. There is a roving mic up front if you're near the back, head to the standing mic. All we ask is that you identify yourself when you raise your hand and give a question. Anybody out there, otherwise, I will force things. Carolyn, please.

Caroline Freund: Caroline Freund, the Peterson Institute, and I'm also the former chief economist of the Middle East and North Africa at the World Bank. So I'm going to talk with respect to that region because we recently put out after a lot of work report on gender, that was one of the last flagship reports I put out in that position. And, one thing it showed with which Minouche talked

about was this huge gain in education and other human development indicators, but the low labor force participation under 30% and on top of that, you actually have the highest unemployment rate of women versus men. So even though there are so few of them out there, they're not getting employed.

And so, this is where I want to push Minouche a bit on that it's mostly fiscal because what our report I think showed pretty robustly was that it's actually social norms. And, this also links to the point of outrage that there's not enough outrage because how do you tackle social norms. And I find the word mainstream versus outrage, which have come up here, in some sense to be kind of opposites, that one way you can take outrage and—I have the same thought as Adam—that should be sanctioned. That should mean we sanction just like we did South Africa, countries that really mistreat women.

On the other hand, there's mainstreaming where we tried to work within the system. And clearly, the mainstreaming has been the way that institutions have been working. So I just want to push a bit on how do we tackle this issue of social norms and again, raise this issue of sanctions because I don't think anyone really addressed it directly and I know it's difficult. Thank you.

Adam Posen: Thank you.

Caroline Freund: Excellent session. I very much enjoyed it. I should have said that at the beginning.

Adam Posen: And I should just say we're very delighted. Caroline Freund joined the institute as a senior fellow in early May and she could just as easily have been up here for the session, but we decided to not overwhelm you with speakers. So please, Minouche and others, if you want to respond.

Dr. Nemat Shafik: Yeah, I mean, I think on the Middle East, I mean I did acknowledge we think it's mostly fiscal, but there is this culture piece which we're not experts on so I'm deferring to others on that and there clearly is a social element to this. And that's why many countries deviate from the pattern we observed, which is as you get richer, more women enter the workforce. I guess what I'd say is though that social norms change. And, if you'd look at--if you got labor force participation for women in the Middle East, it is--I think the real worry there--the argument you often hear in the Middle East is we have such high unemployment rates, the men can't get jobs, why should we give the women jobs? We should be focusing on employing all these young, unemployed, testosterone-filled men who might cause a revolution if we don't employ them. So, let's give the women--let's leave the women at home.

I think that reflects a completely kind of old-fashioned, zero-sum game view of how economies work. The problem in the Middle East is that nobody gets jobs be it men or women and if these economies are failing to create jobs because as you all know, the business environment, the way the public sector works, the way the public sector has distorted the labor markets and so on. So, I guess for the Middle East, I think you can actually get quite far simply by pushing the reform for jobs agenda. And then beyond that, I think you do have to get into the realm of culture and I suspect someone other than the IMF, should speak to that issue.

And then, just--I wouldn't mind just commenting on your point about mainstreaming versus outrage because I think it's kind of--you're right, it's a--going back to college in the '80s, I remember the debates in college. Do you change the world in the system or from outside the system? Do you protest or do you--right? And in some sense, mainstreaming is the inside the system approach and your outrage is the--and what was the lesson we learned from South Africa? You needed a bit of both. And I suspect for women in women's economic roles, we need to bit of both, some outrage and some mainstreaming.

Adam Posen: Very well said. Heidi, did you want to?

Heidi Crebo-Rediker: Just a couple of points. The first is that it's very clear when we have introduced metrics into our development policy that are gender-related that you do see--you see responsiveness to it because usually, they have to do with receiving some kind of a funding or support on the other side. The second is for some countries in the Middle East, you do have an increasingly highly educated female population. I just was in the Middle East a couple of weeks ago and heard from a senior official in U.A.E. that they're benefiting right now from a huge influx of Saudi highly educated women that are all getting driver's licenses and trying to start businesses there and that's great and that's very good. Not great for Saudi, but great for U.A.E and they were pleased with that.

Adam Posen: Yeah.

Heidi Crebo-Rediker: The question in the way that the U.S. government both through the State Department and USAID have tried to tackle this very sensitive issue around culture is really drive home back towards the good work that you do or did at the World Bank, which is look at what are the instructions, inheritance policies, what are some of the things that result in policy that can actually--that more deeply ingrained some of those cultural and social issues. And also, hitting at entrepreneurship in private sector empowerment through credit and mentoring and all sorts of programs that

can get women access to the types of things that they will be able to use to empower themselves in that kind of an environment.

Adam Posen: Great!

Carly Fiorina: May I just add one thing? First of all, I think we have far more tools in our toolkit than sanctions. So, I wasn't even proposing sanctions. I think there are many issues around which we apply in a very sensible mainstream way the levers of metrics and policy. Climate change would be an example where there's actually a great deal of outrage and people--whatever you think of that issue, and people are using the tools of policy and persuasion and influence and metrics to try and make a difference. My point however is that frequently, action and innovative thinking in policies and metrics come from a sustained sense that something is truly amiss and that it has to be fixed to move forward.

Adam Posen: Great! I'm very conscious of the time. We usually cut off at 2:00. I'm willing to go a little over, but I want to get in some more of the audience comments. Please, at the back mic.

Stella Dawson: Yes, thank you very much. My name is Stella Dawson from the Thomson Reuters Foundation and may I congratulate you on the discussion and particularly Carly Fiorina, I thought your comments about the lack of outrage were extremely interesting. As a woman who grew up in the 1970s British feminism, I think the outrage there was absolutely critical to the changes we make, but I had to leave Britain in order to have a successful career, there were no opportunities for me.

Anyway, to my question, I'd be very interested to know what your views are on having specific quotas for women in political positions. It's a strategy that's being used in a number of countries around the world. An academic research has indicated that you need something over 30% number of women in key positions before you have much change in policymaking.

Adam Posen: Thank you. That's addressed to Carly first; I guess then if one of the other ones wants to comment.

Carly Fiorina: So, I think there are many points of view about quotas. In my business experience, I will say I have not found quotas per se to be that effective; however, what I have found to be extremely effective is to constrain people's choices. So what do I mean by that? Let me just give you a very brief example. When I came to HP, a company that prided itself on diversity, I found that the senior team was incredibly homogenous and had been for decades.

So, I had two choices: establish quotas, which by the way existed at lower levels in the organization; or say to people for each and every senior position, you must interview a diverse set of qualified candidates, which will include women and people of color. For every position, you must interview diverse and qualified candidates. And frequently, what would happen is people would come to me and say, “Oh, I can’t find any qualified women.” And I would say, “Yes, you can. Yes, you can. You haven’t looked. Go back and look again.”

In other words, the constraint I put on the problem was, you must have a full slate diverse candidates before you get to fill the position. And what happened over time, what happened over time is people picked the most qualified candidate. And within several years, our senior team, that is people who reported directly to me, were half women.

Now, the gains were also fragile. Eighty percent of our senior women had left HP within nine months of my departure. It’s a very fragile environment that gets created. But I guess what I would say from my own experience is if you put quotas on things, sometimes what people will do is grab the first one they can find, check a box and then say to people, “I had to do it because I have a quota.” As opposed to asking them to step up a little higher, find qualified people and then make a choice and own that choice.

Adam Posen: I’m not sure how well that translates to an electorate, but it’s a very good perspective to have. At the back mic and then there’s someone else who will ask to go to the back mic after them. So if you could.

Judith Williams: Hi, I’m Judith Williams. I’m with the Government Accountability Office in our International Affairs and Trade team. I’ve been trying to get the Hill interested in us doing a review on U.S. policy regarding women in general for years. I’ve kind of taken it from a development perspective. Perhaps, I should go more toward the trade perspective, but I’d be interested in hearing from any of you if there’s anyone on the Hill that you know of who has been a champion for these issues, who might be interested in these issues or has it been crickets for you all as well.

Adam Posen: Heidi comes directly from the Hill to her current job so maybe we can start there.

Heidi Crebo-Rediker: Well, I worked on the Senate Foreign Relations Committee and one of the things that then Senator Kerry did, one of the first things he did was create the first subcommittee on Global Women’s Issues. So that’s one place that I would look to and that was a committee that Senator Barbara Boxer chaired and felt quite passionately about. So, I don’t think there’s an absence of desire to engage on these issues on the Hill. But I think again,

there's always--there's a need to kind of get. If you want to mainstream and tackle something, then you have to find leadership at the top that's going to help propel that through the institution.

Adam Posen: Okay. The gentleman at the back, if you could move to the microphone. Yeah, that's you.

Glen Fukushima: I'm Glen Fukushima, the Center for American Progress. There was quite a bit of discussion about Japan. So I wanted to make two points about Japan. I speak from the perspective of someone who worked in Japan for 20 years. I just returned to the United States last year. And my wife who was Japanese has been on the board of about I think 13 or so Japanese companies, major Japanese companies, usually the first and only woman to join the board of Sony, Bridgestone, Mitsubishi and other companies.

And I worked with Carly actually about 20 years ago. You probably don't remember it.

Carly Fiorina: Oh, yes, I do.

Glen Fukushima: With Bill Marks and network systems trying to sell [inaudible 00:51:05] and switches in Japan to NTT. The two parts I want to make. Number one is that I think the problems in Japan about women having the ability to participate fully in the workforce is a very, very deeply rooted issue that's not only fiscal and cultural, but institutional.

I'll give you one example. Mrs. Iwata, the wife of the former governor of the Bank of Japan, who was for many years a senior executive at Shiseido, the cosmetics company, said that the whole way of working in Japanese companies has to change in order for women to be able to participate in the sense that the men are required to spend so many hours in the office, so many hours playing golf in the weekends. It is so onerous for the men that--and their performance evaluation is done not only on the results, but on the amount of time one spent.

So in Shiseido, one of the ways to get women to be able to participate more fully was to change the way that people work so they could be more efficient, but that's a huge undertaking. And with the CEO who was very committed, they finally were able to get about 18% of the managers to be women. So, it is a very deeply rooted institutional structure in Japan that makes it difficult and the cultural issue of men not wanting to spend time raising kids and so forth.

So, the second point-

Adam Posen: Glen, do you have a question for our panel? Do you have a question for our panel?

Glen Fukushima: Yes. So, my question is, given that how does one effectively change that and I think that to borrow from the trade negotiations of many years ago, the attention from the outside world is very important and focusing on that whether that's the IMF, the State Department or Peterson or whatever, it's very, very important. But, if it is done in the wrong, it can be very counterproductive and considered to be very ethnocentric and very U.S.-centric. So, how does one change a very, very deeply rooted institutional cultural system without engaging the negative effects? That's my question. Thank you.

Adam Posen: Okay. So how does one go about telling other governments and societies? It's really in your interest and even though it seems like we're attacking your culture, tough luck, change anyway.

Is there a good way to do that?

Carly Fiorina: I was hoping anyway that I characterized it as being incredibly supportive. I think this is a huge show of leadership from the prime minister and to the extent that this can actually move the needle, it will be a huge testament to the leadership of the Japanese government.

Adam Posen: I agree.

Carly Fiorina: So, I think to the extent that outside friendly governments can provide the kind of moral support in what is inevitably going to be a significant endeavor, but that's an inappropriate role.

Adam Posen: Well, let's take this just for one second beyond Japan even though I love doing that. Minouche, I mean, you spoke about this becoming a real issue in Article IV's, the annual consultations the IMF does with the member countries. I mean, how do you take Glen's concern into account in that way?

Dr. Nemat Shafik: I think in a lot of these countries, it's a question of national survival. If you look at Japan or Italy as the same story, you have very low female--labor force participation, but also, terrible demographics. So the women--what clearly happens is women go into the workforce where they play by these job rules for a while, but then as soon as they have a child, they withdraw from the labor market. That's the clear pattern in Japan, also similar in Italy. But, the conditions under which they can have a child and the lack of support they have, the lack of high quality childcare, the lack of adequate maternity leave and so on mean that they have no option to withdraw from the labor force. But if you look at the choices they make,

they'll have one child and you start the horrible cycle of demographic decline, which you see in both Japan and Italy.

So just from a question of national survival, your country will die out if you don't solve this problem. So, I think it's not--as I said, we don't do culture at the IMF, we don't advise on culture. That's not our business. But from an economic point of view, it is a question of survival. Now, countries can develop all sorts of--you know, they have to define their own culturally appropriate solutions, but I think when faced with this choice that is that stark, I think change is inevitable.

Adam Posen: Carly, do you want to add anything on this?

Carly Fiorina: Well, I would certainly agree with Heidi that when you see examples of leadership that is changing the order of things in a positive way, that leadership needs to be supported tremendously. And the prime minister will be criticized for this and so all of the support that we can give Abe for taking these steps and making this a part of his process I think is hugely helpful.

I certainly agree as well that the most compelling argument that one can make to someone is self-interest. Do this not because you're pleasing someone else but for your own self-interest; however, we know that it is in our nature as human beings to be self-destructive sometimes. We know that people are capable of hanging onto habits or traditions that are actually not productive for them.

So, the question I think is, how having made the cogent, rational case based on self-interest for higher and better inclusion of women, having celebrated and lifted up examples of leadership that are making a positive difference, having incorporate it in all of our policies the levers, the tools of metrics and all of the mainstreaming techniques that we can come up with to help encourage this, how in all of that is done? Is there an opportunity to engage with people on what is--in some cases, the heart of the matter? I'm afraid to change. I'm threatened by change. These are my cultural traditions. It's just too scary to contemplate. How does one engage in that conversation?

And that's where I think, honestly, there needs to be an equally powerful, profound sentiment against that fear of change, which is why I happen to use the word "outrage." We have to have something profound to go at that.

Adam Posen: Very nice. I'm afraid I'm going to cut off questions there. We're already over our time. I would like to let Heidi who started this off down this very substantive and important path to have the last word. Is there anything

particular coming out of Carly and Minouche's vociferous agreement with your remarks? Would like to pick up on in closing?

Heidi Crebo-Rediker: Well, first, I'd like to thank them for being such fantastic discussants and for agreeing and forwarding the case. And I'd like to thank you, Adam, for really taking the lead and hosting this at Peterson. I think that in and of itself is an enormous statement, and I give you a huge amount of credit for that. So thank you.

Adam Posen: No, thanks to you. Thanks to all of you. As I said, for those of you who are here the first time, not every issue is going to be this issue, not every speaker will be as brilliant as these speakers, but we hope this is not the last time you're with us and that will continue to contribute with people like this in our team. Thank you very much.