Gender Empowerment, Global Competitiveness, Economic Freedom and Wealth: Validation Studies and Implications for Sustainable Policy
Paul G. Wilhelm, Kentucky State University
Jana P. Wilhelm, Sullivan University and Bluegrass Community and Technical College

EXECUTIVE SUMMARY

The gender empowerment measure (GEM) of the United Nations, the overall measure of global competitiveness (GC) by the World Economic Forum, and the ten economic freedom factors of the Index of Economic Freedom (IEF), both summarized as economic freedom (EF), and individually as factors, were tested as predictors of GDP per capita (with purchasing power parity). GC and GEM were stronger predictors of GDP/capita than EF although all three were very significantly, positively correlated with GDP/capita. Only seven of the ten factors of the IEF were significantly positively correlated with GDP/capita. Two of them, Fiscal Freedom (FF), and Government Size (GS), were significantly negatively correlated with GDP/capita, substantially reducing the validity and predictive power of the overall measure. Deducting these two factors from the IEF yielded an eight factor IEF which improved its predictive power substantially. The political reasons for the conservative Heritage Foundation including these invalid factors are discussed as is the importance of gender empowerment for public policy.

Keywords: Gender empowerment, Global competitiveness, Economic freedom, Wealth of Nations

INTRODUCTION

The progress of innovation is a central theme of entrepreneurship. Humans improve their technologies from generation to generation, innovating continuously. Mankind’s mastery of language, the capacity for imitation and social learning hold the key, above and beyond tinkering and necessity. Innovation is a collective phenomenon whereby both men and women contribute in some way to its achievement. The way mankind’s collective brain grows is by the exchange of goods and ideas. It does indeed take a village (Ridley, 2010). This includes the insights and contributions of women, even though they sometimes do not receive credit.

Some problems do require government intervention especially because free markets can sometimes fail spectacularly. After the financial meltdown of 2007-2009, more people are mistrustful of markets in capital and assets, controlled more by men. However, the markets of goods and services, controlled more by women are now trusted more. The liberalizing forces of globalization and internet linking, means that innovation is no longer the preserve of technocratic elites in ivory towers. Increasingly it is now an open, networked and democratic endeavor. Mankind’s greatest asset is the ability to harness that one natural resource remains infinite in quantity: human ingenuity (The Economist, 2010), which is also abundant in women.

SUSTAINABLE ECONOMIC FREEDOM AND GLOBAL COMPETITIVENESS

Over the last two years the world has seen the worst recession in over two generations. A sustained recovery will require the best ideas, talent and innovation of both genders. The skills of women will be integral to global economic recovery. Conservative think tanks such as the Heritage Foundation, funded by The Wall St. Journal, focus on their Index of Economic Freedom.