

# Gender Equality, Governance & Geopolitics – Need Rule of Law

Amlan Roy

We are amidst historically unprecedented times in terms of geo-economics, geopolitics and governance – all of which influence the conditions within which economic activity and investments take place. I combine three topics – Gender Inequality, poor Governance standard and Geopolitical Risks, all contributing to lowering GDP growth, increasing debt and inequality and unfavourably affecting investment returns. The Rule of Law and a fair legal system for all is a necessary anchor for practice of gender equality, good governance and lowering geopolitical risks.

Gender inequality keeps GDP growth lower than potential, leads to higher debt and leads to pensions gaps between gender. Good governance is a must for efficiencies in economics and investments while furthering proper norms and equity. Geopolitical risks create instability and negative impacts on economic variables and asset prices. Solid and accessible legal systems help provide the backbone which will promote gender equality, good governance standards and counter geopolitical risks.

the first to advocate women suffrage. He suggested standards for relationship between authority and liberty. He raised legitimate objections to government intervention. Public Economics theory cites John Rawls for his theories of justice as fairness. His theory recommended equal basic liberties, equality of opportunity and access to maximum benefits for the disadvantaged members of

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## LAWFULNESS IS CRITICAL TO GENDER EQUALITY, GOVERNANCE & GEOPOLITICAL RISK MANAGEMENT

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Since this is a special issue on Rule of Law, it is important to think about fairness and income distributions. Figure 1 below shows working age poverty across regions of the world measured as the proportion of employed persons (not population) living in households below international poverty lines (USD3 PPP). The inequality between low-income regions and the world or high-income countries is evident.

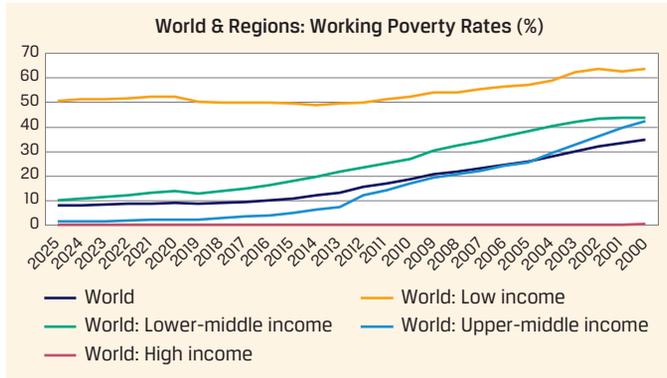
While most remember Adam Smith for the “Wealth of Nations (1776)” the book which laid out the principles of Capitalism, Smith’s earlier book “Theory of Moral Sentiments (1759)” is about philosophy, fairness and ethics. Smith examined the foundations of ethical behaviour, the limits of human moral capacity, and how self-interest paradoxically serves society’s broader good. John Stuart Mill, a prominent philosopher and political economist of the 19th century, moderated his free markets view based on the equality of taxes and *failure of social arrangements* to prevent poverty. Mill was a proponent of individuality and one of

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**Amlan Roy**  
Investment Partner at LCP; Research Associate LSE



Figure 1  
World Regions: working poverty rates



society. Rawls influenced Nobel laureate Amartya Sen to guide microeconomics and public economics disciplines to incorporate notions of welfare and inequality. Sen defined welfare and poverty indices and studied famines focusing on distributional issues. Public economics as a discipline has been guided by the notion of fairness and justice.

### GENDER EQUALITY

Mitigating gender inequality can lead to a fairer and more sustainable (commensurate with SDGs) growing world as shown in the report cited below which conducts using panel data econometric analysis based on data from 143 countries. Furthering gender equality generates four golden dividends: increased GDP growth, lower public debt to GDP, lower income inequality and increased sustainability.

### GENDER EQUALITY & LABOUR PARTICIPATION

Figure 2 illustrates that the gap between male and female labour force participation is huge. Lack of equal access to opportunities in labour, education and finance inhibits full potential use of the combined talent of women. This IMF note finds that greater inclusion of women as users, providers, and regulators of financial services would have greater benefits transcending those addressing gender inequality.

Figure 2  
Gender Differences in Labour Force Participation Rates (%)

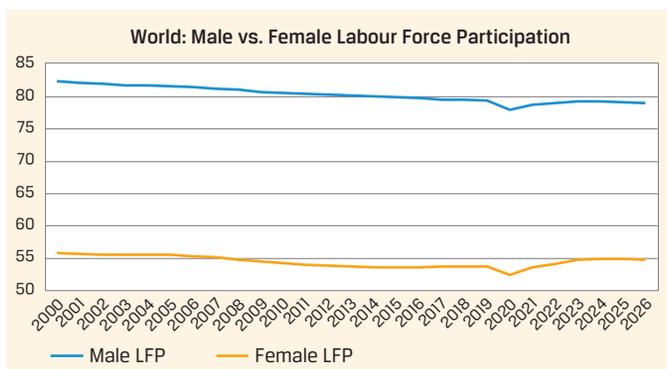


Table 1  
Gender Wage Gap (% of male wages)

Country	2005	2010	2015	2020	2023
Canada	21.3	20.2	18.7	17.6	16.1
Denmark	10.2	8.9	5.8	5.0	5.4
France		9.1			6.2
Germany	16.8	16.7	15.8	12.1	14.2
Italy		5.6			4.1
Japan	32.8	28.7	25.7	22.5	22.0
Netherlands		17.9			6.1
Norway	8.6	7.2	7.0	4.8	4.5
Sweden	11.3	9.4	8.3	7.4	7.3
UK	22.1	19.2	17.1	12.0	13.3
US	19.0	18.8	18.9	17.7	16.4
EU27	14.1	12.1	10.9	8.9	9.0

Source OECD

Narrowing the gender gap would foster greater stability in the banking system and enhance economic growth. Gender Equality is an imperative alongside few other policy measures for advanced ageing countries.

### GENDER WAGE GAP

Another indicator of gender inequality can be expressed with the wage gap as a percentage of median male earnings. Table 1 shows gender wage inequality in selected countries and the EU27. The data indicates progress over the last two decades. It is essential to have rule of law to implement gender equality on wages.

### GENDER GAP IN MANAGEMENT

Corporate policy attention is on demonstrating progress regarding the proportion of women in management. Table 2 below indicates there has been progress but more catch up needed in countries like Japan vs. Sweden.

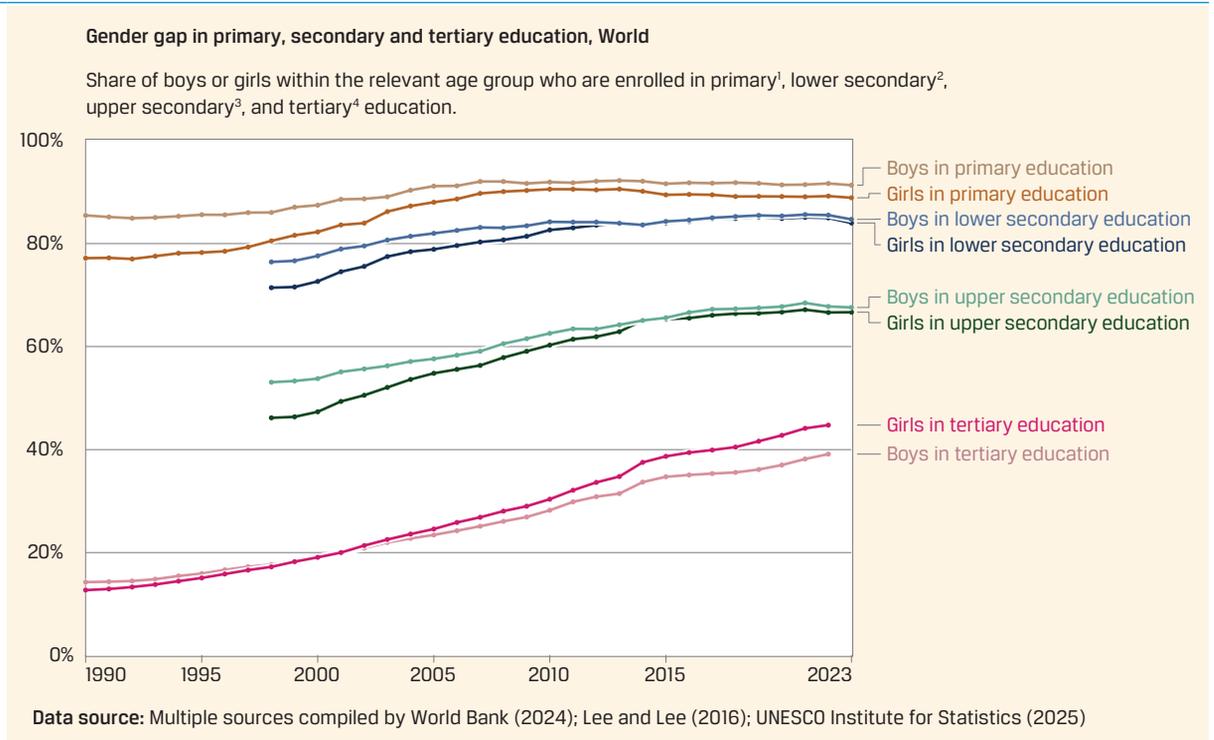
Note that this indicator is part of the UN's Sustainable Development Goals monitoring indicators for gender equality. As per the European Institute of Gender Equality, women need to work 27.5 months to earn what men make in a year.

Table 2  
Woman in Management

Year	World	G20	EU27	Japan	US	Sweden	Norway	Netherlands
2015	26.9	26.2	31.9	12.0	39.6	39.5	36.6	25.2
2020	27.8	27.2	34.1	13.1	41.1	42.3	34.2	24.8
2024	30.3	30.1	34.9	16.3	42.9	44.4	34.3	29.3
2025	30.5	30.3	35.0	14.4	42.7			

Source: ILOStat

Figure 3  
Gender gaps in  
Education (World)



### GENDER DIFFERENCES IN EDUCATION

As per the UNESCO institute for Statistics “women still account for nearly two-thirds of the 765 million adults without basic literacy skills. Poverty, geographical isolation, minority status, disability, early marriage and pregnancy, gender-based violence, and traditional attitudes about the status and role of women and men, are among the many obstacles that prevent children and youth from fulfilling their right to participate in, complete and benefit from education. As of 2023, globally 272 million children and youth are out of school, of which 78 million were of primary school age, 64 million of lower secondary school age and 130 million of upper secondary school age.

As shown in Figure 3, there exists a gap in educational enrolment between men and women. The encouraging trend is that male and female enrolment rates are converging, but it masks regional disparities as well as differences across primary, secondary and tertiary education levels. The Pew Research Center in the US also states that US women college undergraduates outnumber their counterpart US men.

The World Bank states “Girls’ education goes beyond getting girls into school. It is also about ensuring that girls learn and feel safe while in school; have the opportunity to complete all levels of education, acquiring the knowledge and skills to compete in the labour market; gain socio-emotional and life skills necessary to navigate and adapt to a changing world; make decisions about their own lives; and contribute to their communities and the world.” The legal system needs to support equality for women at all levels of education and work. The UNESCO Strategy For Gender Equality In and Through Education (2019-2025) focuses on a system-wide transformation to benefit all learners equally in three key areas: (i) *better data* to inform action (ii) *better legal and*

*policy frameworks* to advance rights and (iii) *better teaching and learning practices* to empower.

Women outlive men in general across all countries and if they are given equal access to finance, education and work, they would have accumulated a better sum of savings at retirement age.

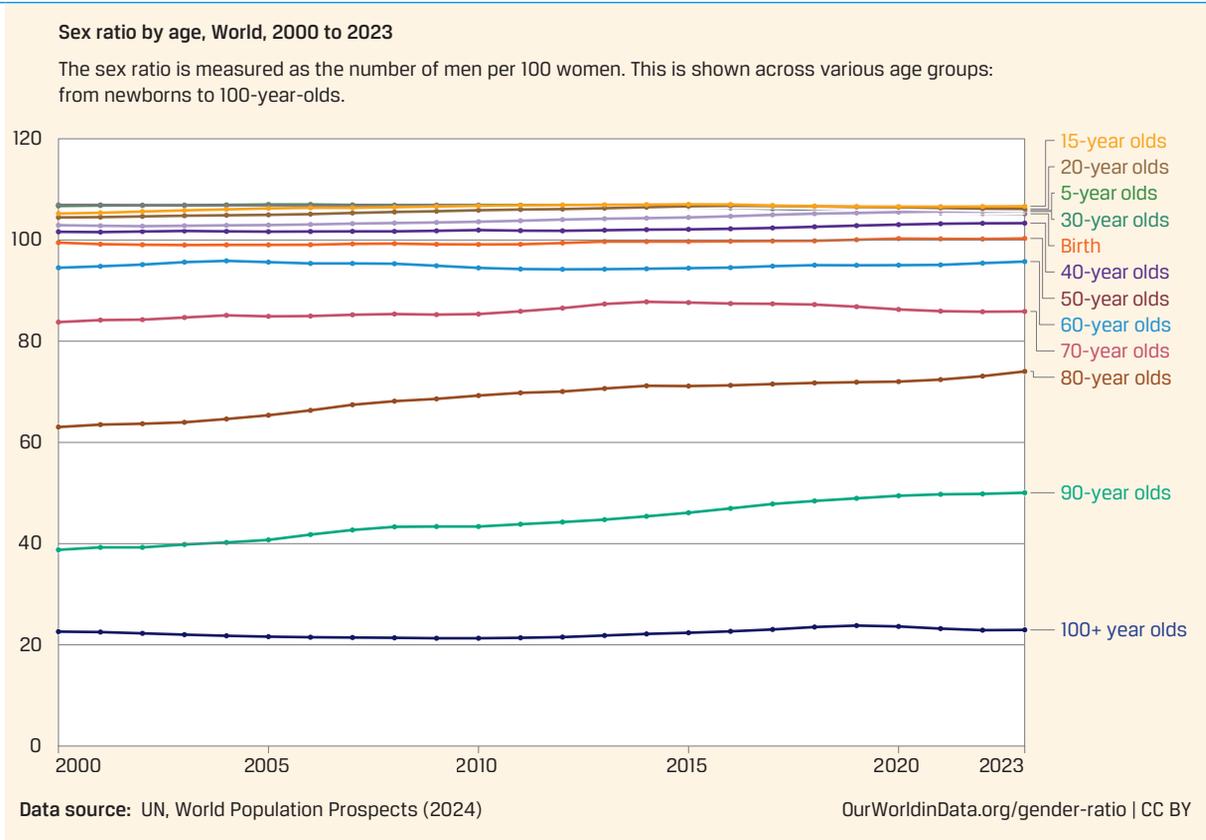
### THE GENDER SEX RATIO

The sex ratio at birth is very much in favour of men with numbers of 100+ males per 100 females, but as life goes on the women outlive men in general, not only in the rich advanced countries but also in many of the poorest countries. In the poorest of countries, women encounter many disadvantages relative to men right from birth in terms of access to health, education, nutrition, jobs. Figure 4 illustrates the evolution of sex ratio over age.

As depicted in Figure 4, the sex ratios at birth and in childhood are higher than 100, meaning there are more boys than girls at these ages (“male bias”), in almost every country. At ages 15 and 20, the sex ratio is still higher than 100. The ratio at a global level is affected by the male bias in birth ratios and the impact of the most populated countries, such as China and India, which have very skewed sex ratios. The sex ratio declines over the working age range. In 2021, among 50-year-olds the ratio was close to 100. Among 70-year-olds, there were only 86 men per 100 women. In the very oldest age bracket, people aged 100 and older, there were only 24 men per 100 women.

The current fertility rate decisions of women based on the cost of childbearing (both monetary and time) as well as other factors are leading to lower number of births as reflected in the decreasing

Figure 4  
Sex ratio by age,  
World, 2000 to 2023

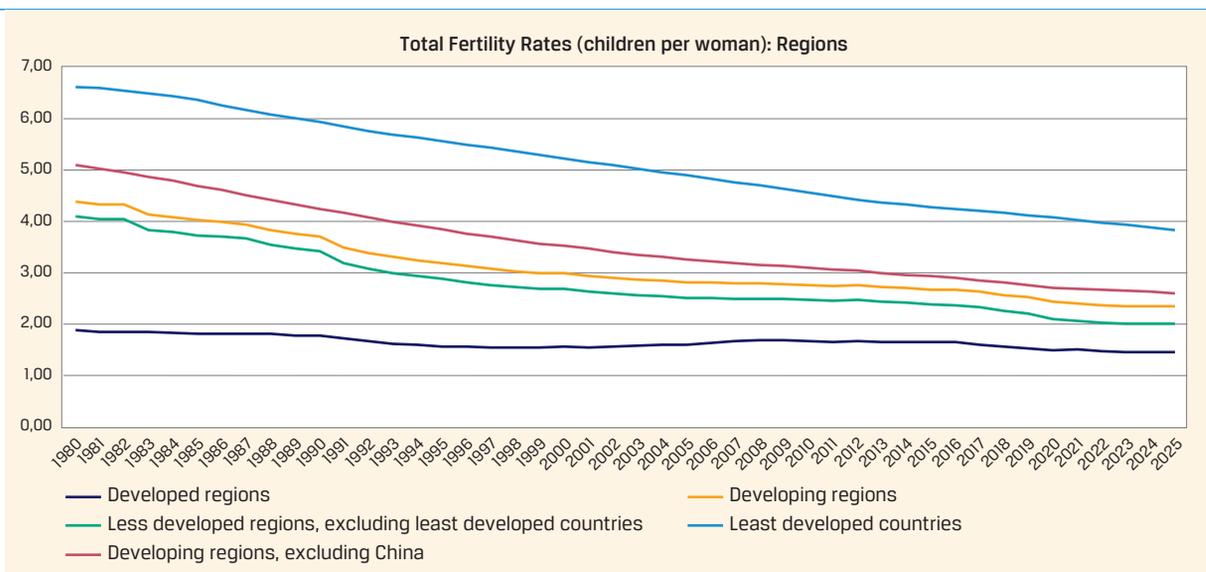


Total Fertility Rates (TFR). Childbearing and old age care burdens are largely borne by females too. Women should be afforded the choice to work commensurate with their ability and qualifications. This lack of equality is having a deleterious effect globally on the number of child births as well as fertility rates due to higher costs of raising children. To allow women to better balance work life with family, labour markets need to be flexible and use the skills of women throughout their working careers.

Protection of rights of women at all stages from childhood, motherhood and later, and until death through law and legal structures and is a fundamental need of society. Legal and financial access is not equal for women as the IMF has shown in many reports.

As in Figure 5, the TFRs show a stronger downtrend than the breakeven of 2.1 children per woman. Fertility and birth rate declines are nearly universal, even more dramatic across the poorer regions. Lower birth rates and fertility rates affect

Figure 5  
Total Fertility rates  
(children per  
woman): Regions



the future working age population growth (one of the demographic components of GDP growth in national accounting). This portends to be bad for the future GDP growth after a lag of 20 years when babies born today potentially enter the work force.

In summary, Gender Equality is a much-needed imperative for countries and societies as it is leading towards lower population growth, decreasing GDP growth, higher public debt, potentially higher inflation. It requires support from legal infrastructure to be successful.

**GENDER PENSIONS GAP (GPG)**

The 2025 edition of OECD’s Pensions at a Glance opens the chapter by stating that “Pension differences between men and women largely reflect and add up to gender disparities in the labour market and the disproportionate burden of unpaid care responsibilities faced by women. The higher longevity of women and the gender pension gaps (GPG) combine into higher women’s old-age poverty risks”. Their key findings are as follows:

- Women receive monthly pensions that are about one-quarter lower than men’s on average across OECD countries, ranging from less than 10% lower to even 47% lower.
- The large average gender pension gap (GPG) across OECD countries has declined from 28% in 2007 to 23% in 2024
- Gender differences in the expected career duration, hours worked and hourly wages between men and women make a similar contribution to the large gender gaps in expected lifetime earnings averaging 35% across OECD countries in 2023.
- At 34 years, the expected career duration for women was almost 6 years (or 15%) shorter than for men on average in the OECD in 2023.

Figure 6 below shows the decrease in the Gender Pensions Gap (GPG). A GPG has declined largely as a result of declining labour market differences between men and women.

As part of the Human Rights literature, women need to be accorded equal rights relative to men in every aspect. The establishment of laws, policies, and institutions ensure that people of all genders have equal rights, opportunities, and protections in society. Continued progress in the area of gender equality requires proper application of jurisprudence (theory of the philosophy of law which explores what law is, how it functions, and its relationship with society, ethics, and justice).

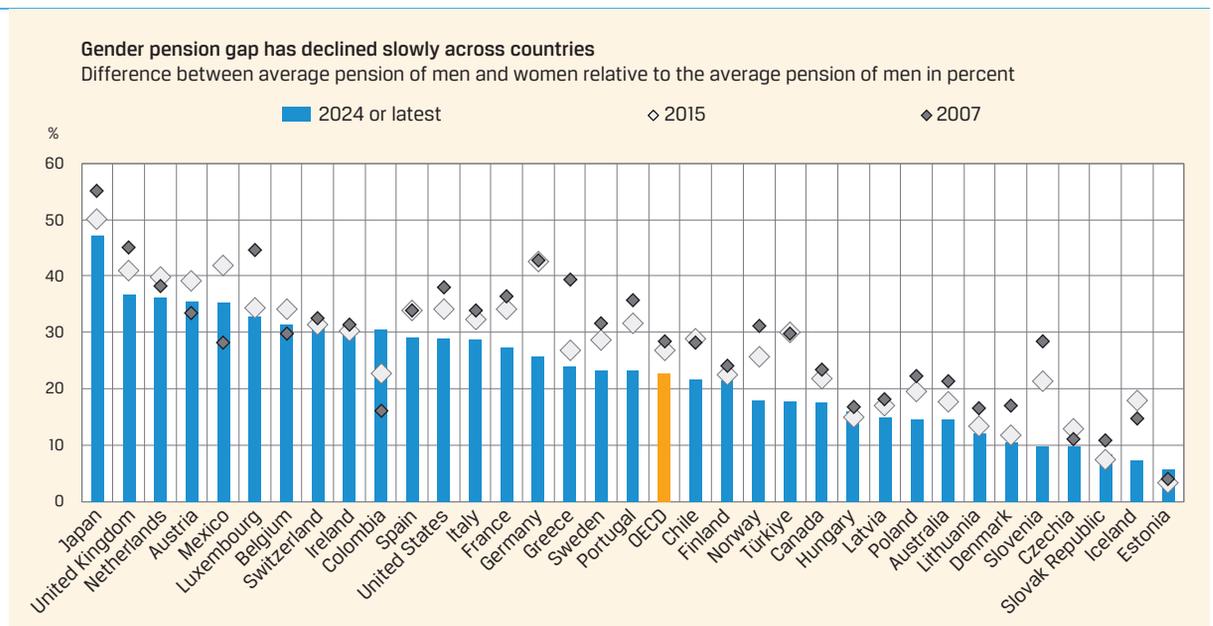
**GOVERNANCE (CORPORATE & NATIONAL)**

Technically, governance refers to the proper and efficient management of organisations and institutions, in both the private sector and the public sector. However, oftentimes as it is public money that is being deployed, lack of safeguards and risk management towards efficiency, other perverse motives including bribes, corruption and ethical issues lead to less than desired outcomes for the citizens.

In terms of the history of capitalism, different forms exist and actually as per Martin Wolf (2023) democratic capitalism is currently in a crisis. He asserts that political failings have undermined trust in liberal democracy and in the very notion of truth. He says “around the world, democratic capitalism, which depends on the determined separation of power from wealth, is in crisis”. Wolf however believes that capitalism still remains the best system for the world.

Randal Morck and Lloyd Steier (2005) outline and discuss the evolution of several types of capitalism in different countries and the governance differences. They compare different forms of capitalism including shareholder capitalism (as in the US and the UK), the more popular family capitalism elsewhere, bank capitalism and state capitalism. The history of different countries, their political system and organisation of industry all determined why different countries follow different paths to different forms of capitalism. The authors suggest that financial disasters,

Figure 6  
Gender Pensions Gap



Source: OECD Pensions at a Glance (2025)

ideology, families, institutions, business groups, legal system and laws all matter in explaining these differences across the systems they studied. They examine the history of corporate governance in Canada, France, Germany, Italy, Japan, UK and the US, Netherlands, Sweden, India and China. They found that the common theme across all countries was existence of *corporate insiders modifying the rules to minimize chances of becoming outsiders*.

Nobel laureates Daron Acemoglu, Simon Johnson and James Robinson (2001) use the different mortality rates of European colonialists to estimate the effect of institutions on economic performance. They state that “In places where mortality rates were high, they did not settle but set up extractive institutions that exist to the present day. By exploring the different mortality rates faced by soldiers, bishops and sailors in the colonies in the 17th, 18th and 19th centuries, they were able to estimate the long-term effect of colonial institutions on per capita income.

In an accounting framework, the principles that underly corporate governance are accountability, transparency, fairness, responsibility, risk management and impartiality. The World Bank evaluates global public governance across 200 countries stating that their research shows that inclusive and accountable institutions support higher economic growth, stronger public services and expanded opportunities.

The World Bank World Governance Indicators (WGI) summarise six governance dimensions of governance in each country (i) Voice and Accountability (ii) Political Stability (iii) Government Effectiveness (iv), Regulatory Quality (v) Rule of Law and (vi) Control of Corruption. The indicators draw on 35 data sources, including household and firm surveys, and expert assessments from multilateral organizations, nongovernmental organizations, academic institutions and commercial data providers. Table 3 shows scores for the six indicators in terms of progress over 2015 to 2024 for the G6 advanced developed countries which include France, Germany, Italy, Japan, UK and US. The data indicates mild regression albeit from high 2015 scores.

In addition to the World Bank, Transparency International has also been a well-reputed source for cross-country corruption perception scores. They rank 82 countries and their vision is to fight for social and economic justice, human rights, peace and security. They aim to expose corrupt systems and networks. Their Corruption Perceptions scores followed by country ranks are as follows for the EMG6 and G6 countries: Germany (77, 10), Japan (71, 18), UK (70, 20), France (66, 27), US (64, 29) and Italy (53, 52). China (43, 76), India (39, 91), Brazil (35, 107), Turkey (31, 124), Mexico (27, 141), Russia (22, 157). The scores (relative to 2024) have decreased for Turkey, France, Germany, Italy, UK and the US; stayed the same for China, Russia, Japan, and increased for Mexico and Brazil. Denmark, Finland and Singapore take the top 3 ranks in the Corruption Perceptions Index Ranking. They state “concerning picture of long-term decline in leadership to tackle corruption, alongside limited signs

Table 3  
G6 Governance Sub-Index scores

		Voice & Accountability					
		Germany	France	UK	Italy	Japan	US
2015		84,71	78,37	82,45	74,72	77,44	79,41
2024		84,82	76,95	79,61	75,53	76,38	72,37
		Political stability					
		Germany	France	UK	Italy	Japan	US
2015		80,09	68,86	75,07	72,64	86,78	77,27
2024		68,02	61,77	70,30	71,17	85,27	64,27
		Government Effectiveness					
		Germany	France	UK	Italy	Japan	US
2015		89,50	79,71	83,16	58,54	84,51	81,92
2024		81,41	74,69	74,38	66,75	91,94	77,78
		Regulatory Quality					
		Germany	France	UK	Italy	Japan	US
2015		80,75	72,43	83,47	64,12	77,12	75,24
2024		78,49	72,94	78,70	64,96	75,83	76,19
		Rule of Law					
		Germany	France	UK	Italy	Japan	US
2015		86,91	78,35	85,55	64,91	81,68	80,66
2024		84,95	73,81	78,82	67,62	82,98	73,52
		Control of Corruption					
		Germany	France	UK	Italy	Japan	US
2015		82,74	74,10	81,34	49,23	77,22	72,89
2024		83,75	72,51	78,41	59,05	75,32	69,86

Source: World Bank

of progress” articulating that Corruption is worsening globally amidst a decline in leadership.

The UN’s Human Development Index focuses on richness of human life instead of economic prosperity metrics. The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and having a decent standard of living. The latest HDI scores and ranks of countries that we discussed above are Brazil (0.786,64), China (0.797, 78), India (0.685, 130), Mexico (0.789, 81), Russia (0.832, 64) and Turkey (0.853, 51). For the richer G6 countries the scores and ranks are as follows: Germany (0.959, 5), UK (0.946, 13), US (0.938, 15), Japan (0.925, 23), France (0.92, 26) and Italy (0.915,29).

Progress in human Development and good governance requires a good and efficient legal framework to not only help to establish rules and norms but also to implement them. Many countries in the emerging world lack the institutional legal framework to efficiently deal with disputes, disagreements, unethical practices. Good governance, both public and private cannot exist in the absence of respect for law and order as well as institutional frameworks.

## GEOPOLITICS & GEOPOLITICAL RISK (GPR)

This is a new emerging and increasing risk faced by all countries in the world currently with wars, tariff retaliations, new blocs and connector countries. The rule of law and that of international institutions upholding standards, regulations and norms is critical in today's changing geo-economically fragmented world.

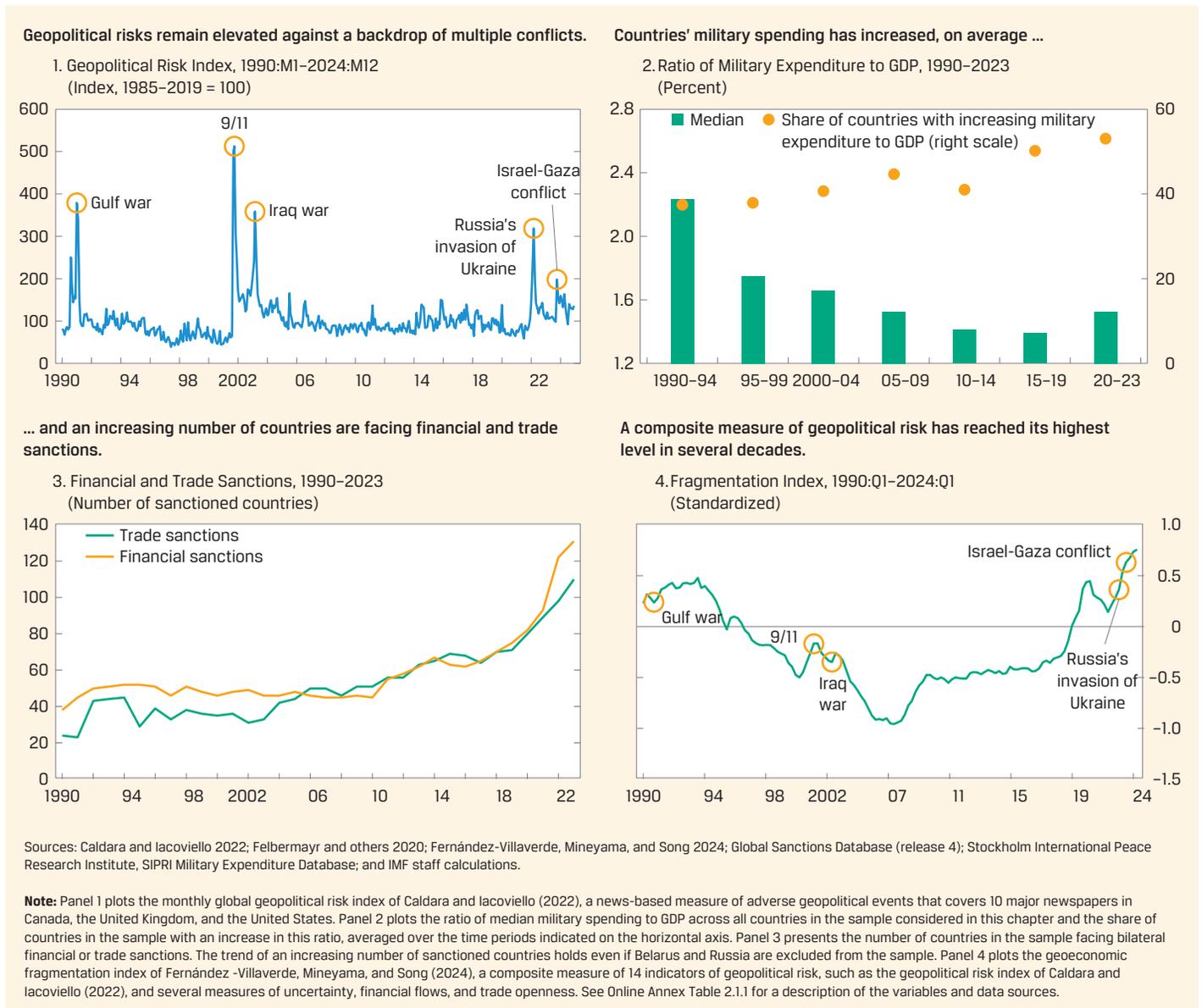
The late Professor Sam Huntington of Harvard wrote the epic "The Clash of Civilizations: the making of a New World Order". He argues that wars would be a clash of cultures rather than a clash between countries. The late Henry Kissinger called it the best book on international affairs post the Cold-War. The book was prescient in laying out the thesis for a Changing World Order highlighting China, Russia vs Crimea, the Muslim Youth Bulge in the Middle East and Africa, the potential decline of the US and its influence. His ideas were controversial too as some considered his theory to be simplifying and ignoring some realistic interdependencies. In his book "The Crisis of

Democratic Capitalism" Martin Wolf addresses why the relationship between democracy and capitalism is coming unstuck. The failings of democratic capitalism have resulted in slower growth, increasing inequality and widespread disenchantment with current regimes. This provided incentives for the emergence of the "strong man leadership" trend. However, Wolf maintains that democratic capitalism still remains the best system for the world.

In a recent blog and report, I synthesized the implications of GPRs for trade, bond prices, equity prices, currencies and volatilities. The Global Financial Stability Report (GFSR) of the IMF reports that geopolitics affects asset prices and EM countries should be cautious of GPRs as they are likely to be more susceptible to GPRs.

Figure 7 from the IMF's GFSR summarises (i) the rise of GPR as measured by the global geopolitical risk index of Caldera and

Figure 7 implications of GPRs for trade, bond prices, equity prices, currencies and volatilities.



Iacoviello (2020) (ii) increased military expenditures by many countries relative to the median (iii) increased financial and trade sanctions and (iv) increase in the fragmentation index. The GPR indices capture the realization as well as the perception of risks that could matter for asset prices.

IMFs' GFSR highlights two channels (the market sentiment and economic) through which geopolitical risk affects asset prices. The market sentiment channel is affected by indicators of transparency, political stability, corruption and the stability of the institutions as well as the regulatory regime to facilitate market efficiency while safeguarding overall stability. To prevent international misunderstandings and crimes, international legal protocols and institutions such as the International Court of Justice. An international legal framework which includes treaties, conventions, agreements, and customary laws governing how countries interact is essential to maintain peace and security, protect human rights and resolve disputes. This would result in lowering geopolitical threats and risks.

## CONCLUSION

We are in the midst of a very uncertain world with growing macroeconomic uncertainty, geoeconomic fragmentation, wars and trade conflicts, with global effects. In addition, the economic prospects over the last decade have trended towards lower GDP growth, higher public debt to GDP, more uncertain inflation and lower asset returns on average. Gender inequality, poor governance and geopolitical risks are the contributory risk factors towards this downtrend.

The role of institutions, legal framework and rules of law are critical to provide an anchor to promote gender equality, good governance and a mitigant for geopolitical risks. The world needs to tackle the issues of gender equality, governance and geopolitics to create a fairer, stabler and growing world.

## NOTES

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- All views represent those of the author and none of the institutions of affiliation.
- Amlan Roy is Partner at LCP (a Pensions investment consultant) [www.lcp.com](http://www.lcp.com), Research Associate at FMG & SRC of the London School of Economics [www.lse.ac.uk](http://www.lse.ac.uk) and an Honorary Associate of the Institute & Faculty of Actuaries <https://actuaries.org.uk/>.

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