The Economic Cost of Exclusion of LGBT people

M. V. Lee Badgett
University of Massachusetts Amherst
Williams Institute, UCLA
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Should Society Accept Homosexuality?

Source: Pew Research Global Attitudes Project
Relatively accepting of homosexuality

Should Society Accept Homosexuality?

<table>
<thead>
<tr>
<th>Country</th>
<th>No</th>
<th>Yes</th>
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</thead>
<tbody>
<tr>
<td>Australia</td>
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<td>Philippines</td>
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<td>Japan</td>
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<td>S. Korea</td>
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<td>Malaysia</td>
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<td>Indonesia</td>
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<td>3</td>
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<tr>
<td>Pakistan</td>
<td>87</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Pew Research
Global Attitudes Project
% would not want homosexual neighbor

World Values Survey

- Philippines
- China
- Taiwan
- Malaysia
- Singapore
- Thailand

2005-2009

2010-2014

Graph shows the percentage of respondents who would not want a homosexual neighbor in various countries from 2005 to 2014, according to the World Values Survey.
But most believe homosexuality is morally unacceptable

Source: Pew Research Center Global Views on Morality
Social Exclusion

HOMOPHOBIA
Violence
Prison
Job loss
Discrimination
Family rejection
Harassment in school
Pressure to marry

Individual-level outcomes

Less education
Lower productivity
Lower earnings, more poverty
Poorer health, shorter lives
Lower labor force participation
Social Exclusion

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Economy-level outcomes
Higher health care & social program costs
Lower economic output
Fewer incentives to invest in human capital
**Social Exclusion**
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  - Violence
  - Prison
  - Job loss
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**Economy-level outcomes**
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“[Discriminatory laws] can impede business efforts to recruit, hire, and retain the best workers in an environment that enables them to perform at their best.”
LGBT-supportive policies and workplace climates generate economic benefits for employers

- Greater job commitment: 16
- Improved health outcomes: 14
- Increased job satisfaction: 11
- More openness about being LGBT: 8
- Improved workplace relationships: 3
- Less discrimination: 1
- Increased productivity: 1

Positive business relationship
No business relationship
Negative business relationship
Cross-national

Country

Employer

Person
Social Exclusion

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World Bank Case Study: Cost of LGBT Exclusion in India

The model can estimate:

- Lost productivity caused by discrimination in \textit{workplace}
- Impact of family constraints on decision-making about \textit{labor force participation}
- Cost of \textit{health} disparities: HIV, depression, suicide

\textit{Rough estimate:} 0.1 to 1.4\% of GDP
A sketch of a model for The Philippines (Zhang, 2015)

(1) **Lost labor productivity**

- ~ 3% of young Filipino young men reported same-sex attraction (Manalastas, 2013)
- Assumption: 10% global gay wage gap
- \((10\% \times \text{average earnings}) \times (3\% \times \text{labor force}) = \$254 \text{ million}\)
A sketch of a model for
The Philippines (Zhang, 2015)

(2) Health disparities

• HIV (UNAIDS)
  – MSM prevalence: 3.3%
  – Assume about 3 times higher than population (less than 1%), rate cut in half without stigma and exclusion

• Suicide
  – Population: 2.9 per 100,000 (WHO)
  – Suicide ideation for young same-sex attracted men twice that of diff-sex (Manalastas, 2013)
  – Assume LGBT suicide rate twice than of population

• Use DALYs for cost: total $293 million
A sketch of a model for The Philippines (Zhang, 2015)

• Workplace: $284 million
• Two Health disparities: $293 million
• TOTAL: $548 million

→ 0.2% of GDP
Cross-national

Country

Employer

Person
Compare countries
(USAID & Williams Inst. 2014)

Inclusion
Index of legal rights (GILRHO)

Economic outcomes
GDP per capita, Human Dev Index
Positive correlation of rights with GDP per capita, 2011
Transgender rights positively correlated with GDP per capita 2011

Transgender Rights Index

GDP per capita (Thousands USD)

Transgender Rights Index

Argentina, Bosnia-Herzegovina, Brazil, Chile, Ecuador, Egypt, El Salvador, India, Kenya, Philippines, Poland, Russia, Serbia, South Africa, Thailand, Turkey, Venezuela, Brazil, Ecuador, Philippines, India, El Salvador.
Econometric findings

One additional right

+ $320 GDP per cap (3%)
LGBT INCLUSION

Human capital & economic potential

Post-materialist demand for human rights

Strategic modernization

Achievement of capabilities

ECONOMIC DEVELOPMENT
Ideas → Action

• UN Development Programme
• World Bank
• Inter-American Development Bank
• Development agencies in
  – United States (USAID)
  – Sweden
  – Norway
  – Netherlands
  – UK
  – Germany