

# **The Relationship between LGBT Inclusion and Economic Development: Micro and Macro-Level Evidence**

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# Introduction

- Are countries that are more inclusive of LGBT people more economically successful?

*Flipside:*

Does exclusion of LGBT people hinder economic development (i.e. what is the cost of homophobia/transphobia)?

- Goals:
  - Move a human rights discussion into the realm of economic development and macroeconomics
  - Link up micro evidence of discrimination & stigma with macro consequences

# Introduction

- Study analyzes association between LGBT inclusion and economic development in 132 countries
- Tests theoretical prediction that inclusion of LGBT people is linked to a stronger economy
- Two approaches
  - Micro-level: literature review to identify barriers to freedoms for LGBT people that can affect economic growth
  - Macro-level: statistical analysis of association between LGBT rights and per capita income

# Introduction

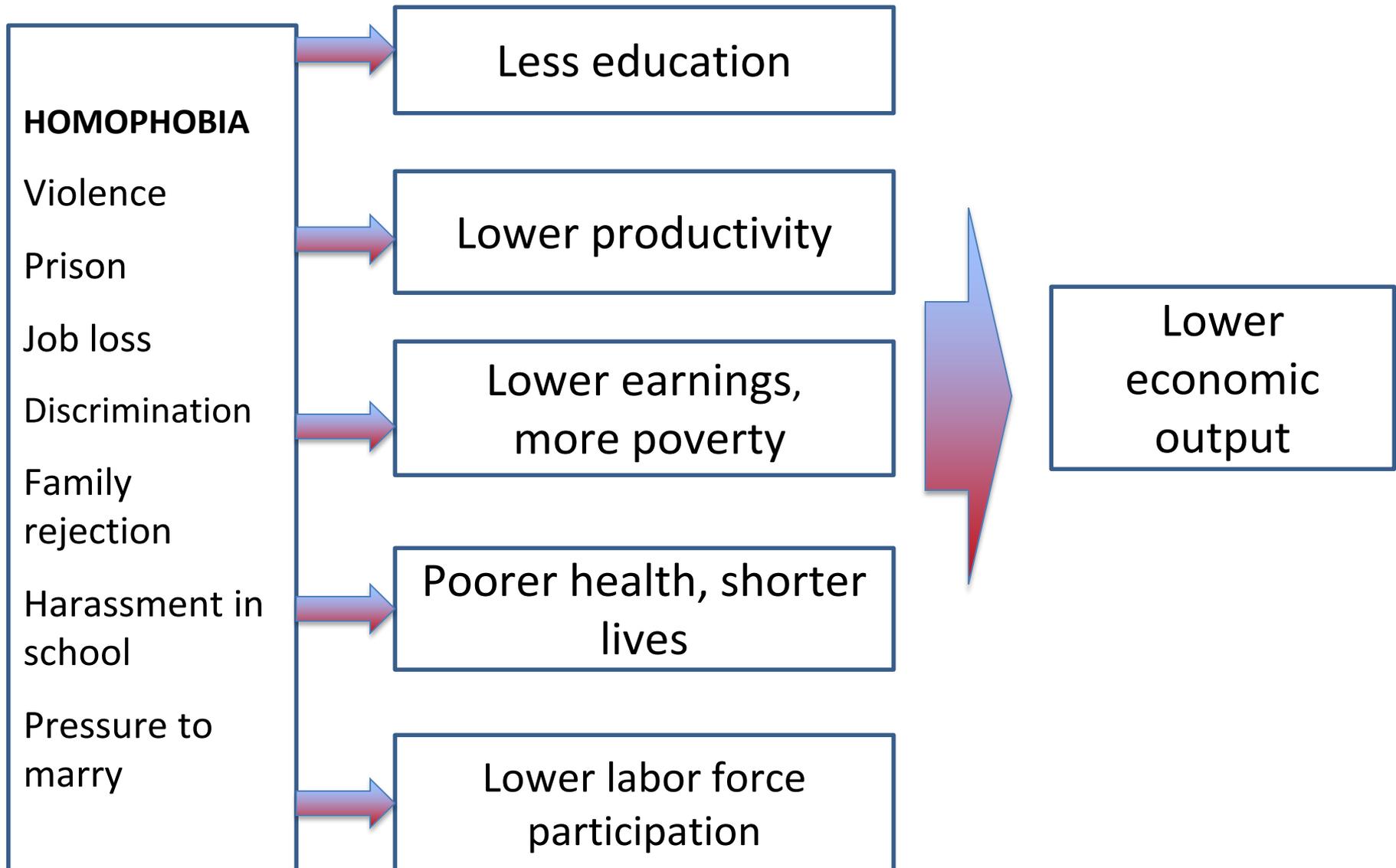
- Badgett et al. (2014): In 39 emerging economies, LGBT rights positively associated with GDP per capita.
- Berggren and Elinder (2012):
  - negative effect of tolerance toward homosexuality on growth rate in 54 countries; positive effect of tolerance toward people of different race.
  - Tolerance measured by using World Values Survey question about groups you would not want as neighbors: homosexuals and different race

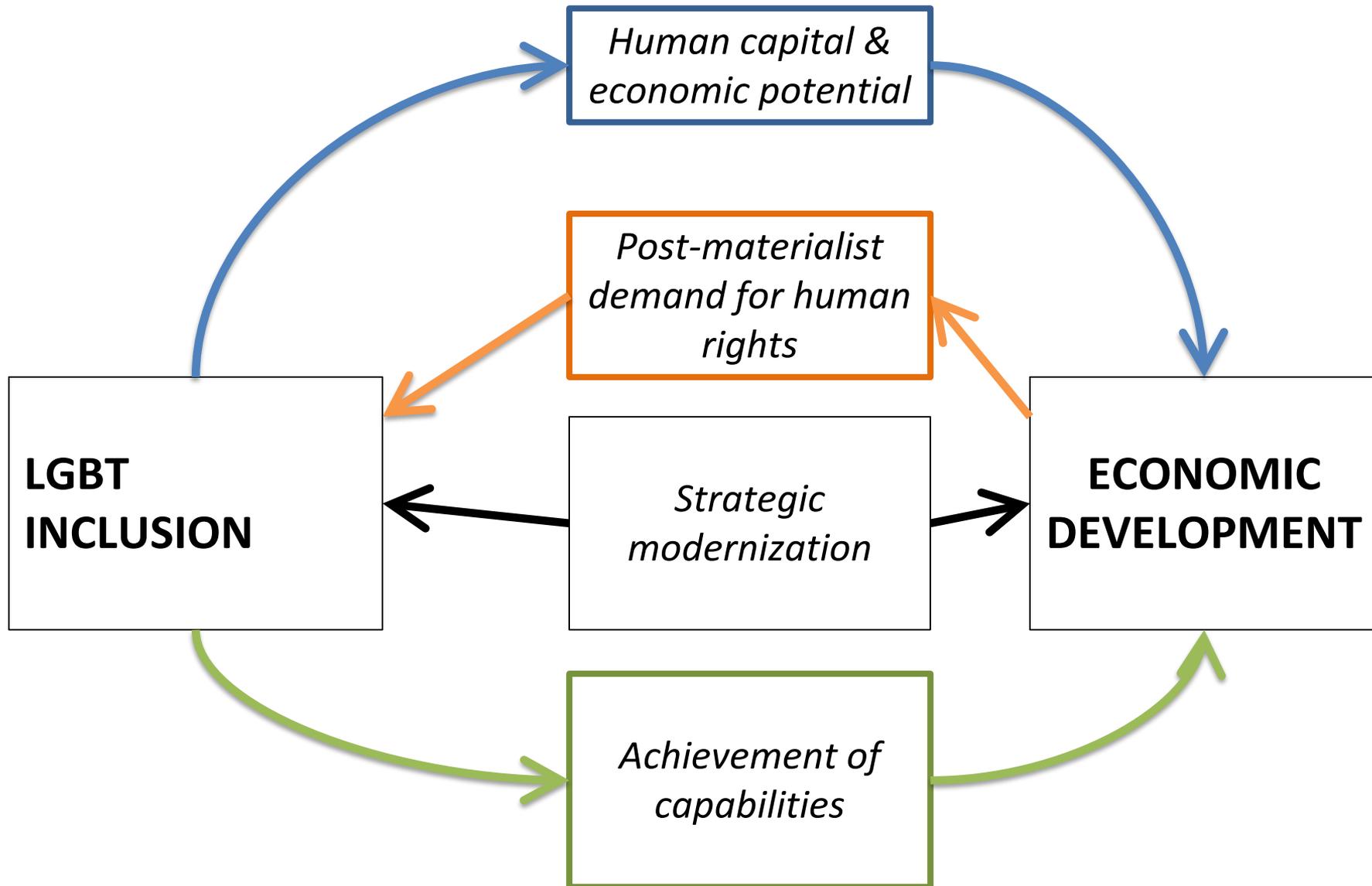
## Micro-Level Analysis

- Reviewed more than 200 peer-reviewed articles, book chapters, UN reports, U.S. State Department reports, and human rights reports from organizations to identify evidence of LGBT exclusion and negative freedoms for LGBT individuals
- Connect evidence of barriers to economic outcomes

# Micro-Level Analysis

- When LGBT people are denied full participation in society, their human rights are violated
  - Likely to have a harmful effect on a country's level of economic development
- Economic costs exclusionary treatment include:
  - lost labor time
  - lost productivity
  - underinvestment in human capital
  - inefficient allocation of human resources through discrimination in education and hiring practices
  - drag on economic output at the macroeconomic level

*Social Exclusion**Individual-level outcomes**Economy-level outcomes*



# Macro-Level Analysis: Methodology

- Use statistical methods to assess relationship between LGBT inclusion and economic development
- Inclusion measured by legal rights:
  - Global Index on Legal Recognition of Homosexual Orientation (GILRHO)
- Measure of economic development:
  - Real GDP per capita
- Database for development indicators has information for 132 countries from 1966 to 2011

## Macro-Level Analysis: Methodology

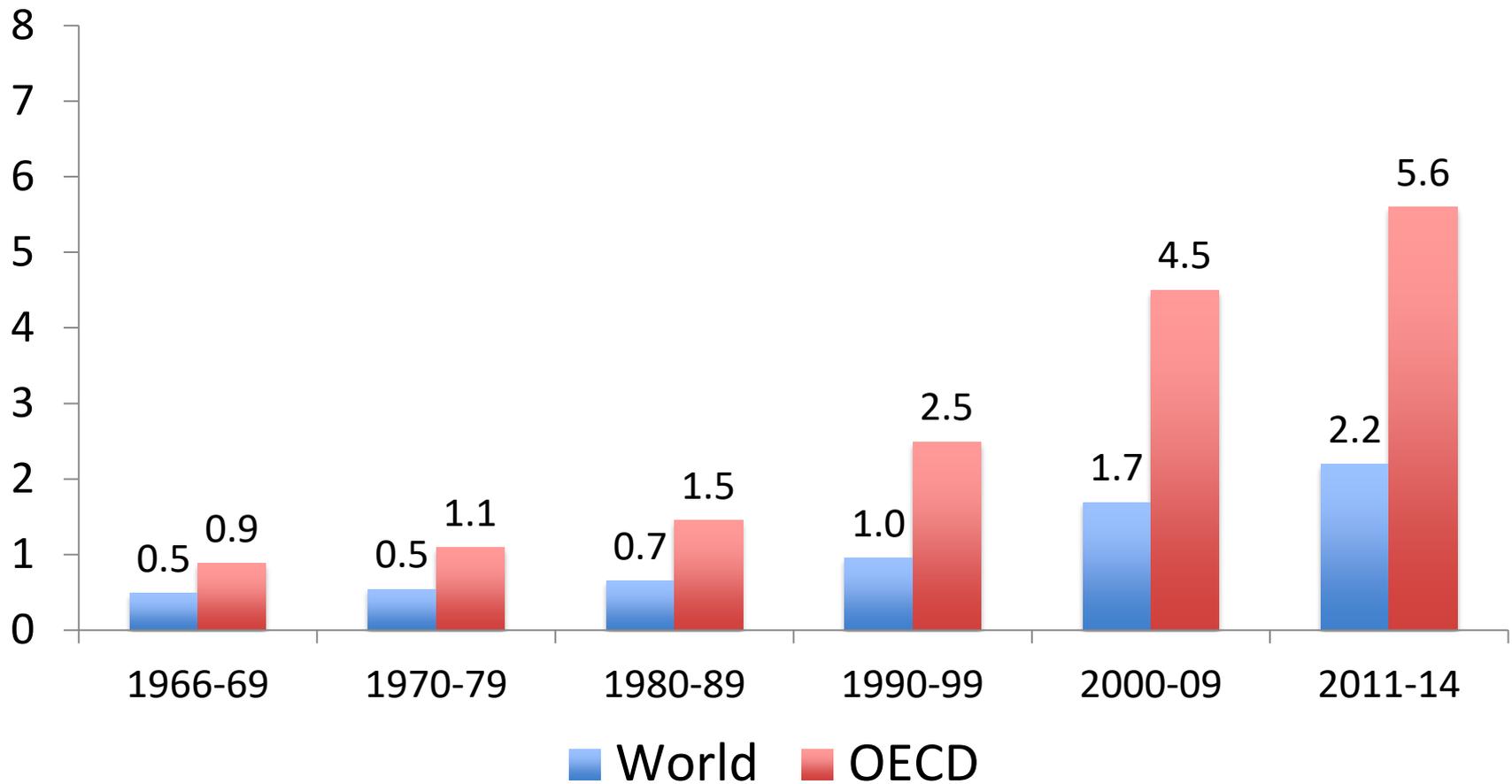
- Legal Measure of Inclusion: Global Index on Legal Recognition of Homosexual Orientation (GILRHO)
- GILRHO score ranges from 0 to 8
- Covers 8 types of rights related to:
  - legal consensual homosexual acts between adults
  - presence of nondiscrimination laws
  - family rights (adoption and recognition of partnerships)
- Available back to 1960s

# Macro-Level Analysis: GILRHO

1. Legality of homosexual acts between adults
2. Equal age limits for homosexual and heterosexual acts
3. Explicit prohibition of SO discrimination in employment
4. Explicit prohibition of SO discrim in goods & services
5. Any legal recognition of the non-registered cohabitation of same-sex couples
6. Registered partnership for same-sex couples
7. Possibility of adoption by same-sex partner(s)
8. Availability of marriage for same-sex couples

# Average GILRHO Index

(criminalization, nondiscrimination, family recognition)



## Macro-Level Findings

One additional  
right



+ \$2065 GDP  
per capita

- GILRHO has positive and statistically significant effect (meaning it is unlikely to have occurred by chance)

## Macro-Level Findings

- This effect controls for other factors that may influence GDP per capita (population, employment, capital stock, international trade, and education)
- GILRHO has positive and statistically significant effect in Europe & Central Asia; East Asia & Pacific; European Union

## Other Tests

- ***Data sets***: Tried alternative databases for GDP data and control variables, and main result stays the same
- ***Sub-indices***: Coefficient sizes increase from decriminalization (\$3070) to anti-discrimination (\$6165) to partnership recognition (\$7452)
- ***Is it a gender effect? No***. Added a variable measuring the representation of women in Parliament and the coefficient is unchanged.

# Findings and Recommendations

- *Micro:* We find evidence of widespread barriers to LGBT people in developing countries that would hinder economic development.
- *Macro:* Countries with more legal rights for LGBT people have higher per capita GDP.

# Findings and Recommendations

- Incorporate links between LGBT human rights into economic development programs and policies
- *Build local LGBT research infrastructure* in developing countries: data, training, research dissemination
- Future research: Update datasets, study other outcomes (tourism, FDI, growth rates)
- Extend statistical analysis to transgender rights

# Trans Rights Index: 16 Measures

## Legal recognition

- Legal Change of Name
- Legal Change of Gender

## Legal Protection:

- Anti-discrimination legislation
- Hate crime (Trans-specific)
- Asylum (Trans-specific)
- Inclusion in constitution

## Legal discrimination

- Criminalization
- Prosecution
- State-sponsored discrimination

## Hormone Access:

- Medical supervision
- Without Medical supervision
- Funding

## Gender-related surgery:

- Available forms
- Requirements
- Funding
- Alternatives: when no or limited GRT/GRS

# Transgender rights positively correlated with GDP per capita 2011

