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# The new spirit of neoliberalism: equality and economic prosperity

Hélène Périvier and Réjane Sénac 

## Introduction

Throughout the twentieth century, European welfare states led to the creation of new rights and the redistribution of wealth, making the reduction of economic and social inequality the guarantee of a “decent society” (Spitz 2012) that is both long-lasting and just. “Freeing man from need” created a link between social justice and economic prosperity (Supiot 2010). National solidarity, as it was conceived of during the post-war period, was accompanied by a Keynesian approach to the economy: social protection and redistribution functioned as stabilisers during periods of crisis by supporting demand during recessions, thus preventing the collapse of economic activity. The interplay between the market, the welfare state and the family took a different shape in different countries (Esping-Andersen 1990; Sainsbury 1994). However, in all countries, this interplay was based on a gender-based division of work in which women took on domestic and familial responsibilities, while men entered the labour market via the workforce. This model, known as the “male breadwinner model” (Land 1980) discouraged paid work for women (in particular married women and mothers). And yet, from the 1960s onwards, the presence of women in the labour market continued to increase. The rise of the female workforce and the resulting transformations of familial norms (increase in the

number of divorces, common-law unions, etc.) called the male breadwinner model into question (Périvier 2015). This shift was supported by political forces (including feminist movements) that called for women’s rights and also by a favourable economic climate characterised by strong economic growth and a need for labour. The path towards potential economic emancipation via the labour market thus emerged, even if equality in the workplace was far from being a reality.

From the 1970s onwards, the various economic and social crises experienced by western societies led to a renewal of liberal theses put forward by the Chicago School of economists and in particular Milton Friedman. Welfare state interventions were henceforth seen to distort optimal choices by agents,<sup>1</sup> thus disrupting the laws of the market. The political version of this perspective took the shape of ultra-liberalism in the Thatcher/Reagan era (Audard 2009). In the US and the UK, policies for the redistribution of wealth and social programmes designed to combat poverty were reduced (Périvier 2012). This questioning of the welfare state which varied in intensity depending on the country, partly explains why new types of justification in support of equality policies emerged.

The early twenty-first century is characterised by a global economic and political crisis. In this context, the narrative is that policies aiming to ensure equality and tackle discrimination must be shown to “perform” well for decision-makers to

Hélène Périvier is at Sciences Po, OFCE, Paris, France.  
Email: [helene.perivier@sciencespo.fr](mailto:helene.perivier@sciencespo.fr)  
Réjane Sénac is Permanent Senior Research Fellow at Sciences Po, Centre de recherches politiques (CEVIPOF), CNRS, Paris, France.  
Email: [rejane.senac@sciencespo.fr](mailto:rejane.senac@sciencespo.fr)

remain convinced that priority should be given to implementing the principle of equality. Such “performance” is measured in terms of a cost-benefit analysis carried out from an economic and social perspective. We analyse public justification of contemporary policies on gender equality and anti-discrimination in order to highlight the consequences of this approach.

Contemporary public debate includes a number of ideas such as: “women do politics differently, women manage differently”, “more women at decision-making level in private companies provides added value”, “diversity is good for business”, “tackling discrimination is profitable”, etc. Are these arguments part of an effective and well-meaning pragmatism, or are they part of a conservative ideology that has been revamped to make it appear more respectable? Is this type of argument part of a strategy adopted by defenders of equality to circumvent neoliberal ideas by using their own arms against them, or, on the contrary, is it the sign of a victory for neoliberal strategies (Fraser 2009)?

Whatever the intention, the result is that when equality as a principle in itself is superseded to serve economic ends, it becomes depoliticised. Historically, cost-benefit calculations did lead to social and economic progress but also to social regression. While the need for qualified labour during the 1960s led to the removal of political barriers that prevented women from joining the workforce, economic realism also led to policies that were unfavourable to the employment of women. In France, the 1994 reform of the *allocation parentale d'éducation* (parental leave allowance) was facilitated by the wish to limit mass unemployment by encouraging unskilled mothers to take three years' leave for which they would receive 50 per cent of the minimum wage if they stayed at home to look after their child. For equality policies to be structural and not merely a response to a given political or economic context, they must be designed according to an unconditional, self-sufficient and non-negotiable principle of justice (Sénac 2015, 2016). Collateral benefits are possible but they must not supersede the political aim.

The first part of this article will look at the role of equality in market regulation in order to shed light on the complex links between economic development and social progress. In the second part, we show that today, justifications of equality policies tend to be based on cost-benefit analyses

which validate them in the name of the economic and social benefits expected when they are implemented. This approach will allow us to analyse how the foundations of equality and social justice are weakened when the supposed or imagined gains of equality policies and the anti-discrimination struggle are put in the foreground rather than the principle of justice itself. Equality that is subject to the demonstration of how it performs is no longer a principle but rather an option conditional on such demonstration.

## Market regulation and the role of equality

Defined as a place for the exchange of resources, the market contributes to social progress<sup>2</sup> provided it is subject to regulations that guarantee its status as a public good and that prevent any private reappropriation from taking place (fraud, monopolies, conflicts of interest, corruption, the withholding of information, etc.). In principle, the labour market creates access to resources for individuals (income, salaries, careers, etc.). However, while their presence in the labour market undoubtedly provides women with a pathway to financial independence and freedom from the constraints of the family, the conditions under which they are employed and the protection female workers benefit from (labour and social rights) determine the limits of their emancipation through work. Three cases illustrate the complex role played by the economy in the egalitarian transformation of society: the principle of equal wages in the European Common Market, the move from *welfare* to *workfare* in the United States and the links between gender equality and economic growth.

### The Common Market and equality

With respect to market regulation policies, gender equality policies drafted by the European Union highlight the tensions between the free market, regulation (Przeworski 2000) and principles of justice. The demand for equal pay for men and women was included in the Treaty of Rome (1957), where it is addressed in Article 119 (which later became Article 141). Article 119 specified that:

Each member State shall during the first phase ensure and subsequently maintain the application of the principle that men and women should receive equal pay for equal work.

Given that it was conceived of with application of the principle of competition in mind, the Article appears to be a component part of economic policy and common market organisation. The gaps in social rights between the member states called for regulation of the labour market in order to avoid distortions brought about by competition in the new free movement of workers of both genders which constituted the common market. France had introduced a law on equal pay and was particularly concerned about unfair competition in the textile sector, where the large majority of workers were female (Rossilli 1997). At no point when the Article was being drafted was the question of women's rights and the underlying principle of justice part of the thought process (Hoskyns 1996). The inclusion of the principle of equal pay in the Treaty of Rome was thus motivated not by ethical considerations but by economic ones. In spite of this, the principles of justice are not entirely absent: such an approach was part of the international context that affirmed human rights in the post-war period. There is little point in searching for the historical roots of the principle of equal pay as the economic argument is inextricably intermingled with the principle of justice. Such a dialectic led the actors of the time to defend one or reaffirm the other. The non-application of the principle of equal pay may also be the result of economic factors, as it would have led to a massive increase of salary costs (unless male salaries were reduced). At the end of the 1970s, driven as it was by feminist movements, the principle was progressively activated (Booth and Bennett 2002).

The political scientist Sophie Jacquot has analysed transformations of European gender equality policy. Her work shows the emergence of three series of action since the Treaty of Rome. Jacquot focuses on administrative, parliamentary, and expert reports, archives and budget data, together with qualitative surveys (2000–2006, 2012–2013) carried out on the political, institutional, trade union and academic actors who worked on the Treaty of Rome and up until the post-Lisbon era. She concludes that there exists: a certain correspondence between the stages of economic and subsequently political integration in the EU and the types of public policy which were successively implemented in the area of gender equality. The consistent factor is the internal functioning of market logic. (Jacquot 2014, p.34)

Equal treatment was in accordance with the *market making* dynamic until the Maastricht Treaty (1992), the equal opportunity strategy with *market correcting* until the Lisbon Treaty (2007), and subsequently gender mainstreaming when social engineering replaced economic integration. She analyses the post-Lisbon period as a sequence where the cognitive framework of European gender equality policy was thrown off kilter by the economic and budgetary crisis. “Equality became not only a subordinate but a truly secondary and indeed an accessory goal of the European project. In these new circumstances, equality could thus only exist “*in spite of the market*” (Jacquot 2014, p.329) in the lowering of ambitions and a refocusing on limited and consensual issues.

### *Workfare: from solidarity to individual responsibility*

Since the 1980s, discourse on the struggle to eliminate poverty has become hybrid, shifting from an approach based on assistance for the poor to an approach based on the effectiveness of social programmes. Such a change of perspective is based on the hypothesis that social benefits discourage recipients from seeking employment as they have nothing to gain financially in doing so. Benefits turn recipients away from the labour market and engender a spirit of dependence which is deemed to be ineffective. The scale of this shift varies from country to country. In the United States, from the 1970s onward, *welfare* became a symbol of a “poverty culture” and was replaced by *workfare* (Barbier 2013). During his 1976 presidential campaign, Ronald Reagan denounced the *Welfare Queen*, as an icon of social fraud (Périer 2012). He created a sexist and racist image of black women in Chicago suburbs sponging off the American welfare state, living off social benefits, and cultivating a taste for laziness. Although it had no statistical basis, the above allegory was designed to condemn the ineffectiveness of social programmes that were introduced in the 1930s and continued to expand up until the 1960s.

In the US of the 1990s, the semantics used to defend social benefits changed from terms such as “need, compassion, decency, eligibility” to words such as “work, responsibility, self-sufficiency, emancipation” (Peck 1998), thus transmitting the idea of a reconciliation between economic

efficiency and social justice. *Workfare* consisted of intertwining social programmes and the labour market by demanding that benefit recipients make an effort to find a job. The aim was to reinforce follow-up of benefit recipients to ensure a rapid return to employment according to the basic principle that “*any job is a good job*”. In 1996, the social benefits reform passed under the Clinton presidency institutionalised *workfare* as a means to regulate poverty. The social programme, *Aid for Families with Dependent Children* essentially targeted single mothers and later became *Temporary Aid for Needy Families*. Eligibility for the new programme required a minimum number of hours worked and was limited to five years’ duration per person. The reform was qualified by the sociologist Ann Orloff (2006) as heralding the end of US maternalism, in the sense that it encouraged single mothers to return to employment instead of remaining economically dependent on national solidarity. In terms of ending poverty and creating access to employment, the results are mitigated. However, the position of women in the most precarious situations has clearly deteriorated (Pérvier 2012). They face problems with transport, childcare, and atypical and irregular working hours. These problems are exacerbated as single mothers tend to live in the poorest areas, where there are few or no public services, or in rural areas where wages are low and less likely to extricate employees from the poverty trap. This case illustrates the fact that although the participation of women in the labour market is a necessary condition for their emancipation, it is not enough: the conditions under which the job is exercised, and the type and quality of the job held are also determining factors. The situation described shows the limits of an approach based on individual responsibility in the struggle against inequality and the ensuing need to understand equality policies in their structural and collective dimensions.

### *Female labour and economic growth*

Increases in the number of women in the labour market represent progress which is potentially both a source of female emancipation and a driver of economic growth. Economic activity corresponds to the production of goods and services that associates capital and labour with productivity. The literature on what determines economic growth has existed for a long time and is vast (Solow 1956). Recent

approaches aim to show that female inactivity in the labour market or their lower level of education in some countries constitutes an under-utilisation of the labour factor. They argue that access to education for women increases available human capital and that women’s presence in the labour market increases the size of the active population and, therefore, potential growth, provided that full employment is achieved (full employment is a situation in which frictional unemployment is confined to a short period between two jobs). Thus, the social advancement of women and the struggle to overcome all impediments to their access to education and to the labour market represent under-exploited growth drivers. Women are seen as “a major force of economic innovation” (Aglietta 1998) and as “the door into a virtuous circle for the creation of needs, activity and jobs” (Majnoni d’Intignano 1999).

Since the 2000s, international institutions have produced a number of publications that estimate the gains made as a result of women reaching higher levels of education (Thévenon *et al.* 2015) and their access to the labour market in both high income and low income countries (IMF 2012; OECD 2014; Woetzel *et al.* 2015). Some of these publications argue that the differences between countries in terms of gender inequality can partly explain the gaps in the economic development observed in high and low income countries (Ferrant and Kolev 2016). Conversely, academic research underlines the complexity, and indeed the ambiguity, of the relationship between economic growth and gender equality. On the one hand, while the increase in female activity and level of education lend a dynamic to economic development, the literature does not allow any conclusion to be drawn about the effects of economic growth on women’s rights (Duflo 2012; Kabeer and Natali 2013). On the other hand, the fact that the participation of women in the labour market is a factor in economic growth partly explains the massive increase of the female workforce from the 1960s onwards, whereas family norms and the political frame of the male breadwinner model were unfavourable to such a development. Nonetheless, female activity in the workforce does not guarantee emancipation (the same is true for men), or gender equality if discrimination persists. The conditions under which women are active in the labour market – women continue to undertake the vast majority of

domestic and family chores – must be taken into account.

The semantic shifts between “equality”, “parity”, and “diversity” cloud the issues between the *ends* (equality, individual emancipation, the respect of fundamental rights, etc.) and the *means* (the education and health systems, employment policies, policies on work/life balance, etc.). Statistical indicators (employment rates, activity rates, etc.) are useful, as from certain angles they shed light on the state of societies and the conditions under which individuals live, but they are not an end in themselves (Supiot 2010).

Generally speaking, the macro-economic approach focuses on the economic consequences of female labour or, in a certain sense, the collateral benefits which can result from equality (Duflo 2012). However, some research that evaluates the economic cost of inequality uses this as a substitute argument for the application of the principle of equality. This principle is seen as having reached the end of the line in terms of its ability to create social progress (see in particular Ferrant and Nowacka 2015). In this context, equality then becomes a tool at the service of economic growth (ILO-OECD-WBG-IMF report).

## The role of cost-benefit analysis in justifying equality policies

The current crisis calls both the financing and the legitimacy of the welfare state into question (Rosanvallon 1995). The survival of the welfare state is seen as being conditional on a profound re-foundation of how it functions. Even when a certain level of de-commodification persists, the redefinition of social and equality policies in the name of economic performance questions the role of the welfare state as an institution that “breaks with the liberal *Gesellschaft* to orient itself towards the more solidary *Gemeinschaft*” (Berman 2005; Lachaussee 2005).

In a world where resources are scarce, the cost-benefit analysis is an indispensable tool for public decision-making. This approach requires thinking about the real possibility of quantifying costs and benefits and is useful for implementing the principle of equality to the extent that it allows the most effective tools to be chosen to do this. Justifying

equality policies through their economic and social performance differs from this approach to the extent that it consists of evaluating not the effectiveness but rather the legitimacy of equality policies in terms of their expected consequences. In doing this, such an approach weakens the unconditional application of the basic principles of equality and individual emancipation by making them of secondary importance. The adoption of this type of consequentialism is part of a new neoliberal way of thinking (Boltanski and Chiapello 1999), analysed in this article on the basis of three types of justification: the social investment strategy, the performance of diversity argument, and the profitability of the anti-discrimination struggle.

### The social investment strategy

Since the 1990s, the social investment strategy has made its presence felt in Europe as a means of defending and reforming the welfare state and, in particular, social protection. The strategy consists of rethinking the missions and means of the welfare state, shifting from reparatory social policies to a so-called “active” welfare state that stresses the preventive dimension of public policy (Reman and Feltess 2004). It “explicitly aims to improve social inclusion, to avoid poverty from being transmitted from one generation to the next and to foster the adaptation of populations to contemporary labor market demands. If the objectives were attained, individuals and families would become fully responsible for their well-being as this would be placed on a solid financial basis derived from professional activity and intra-familial exchanges”. (Jenson 2011, p.23)

In public policy terms, this would manifest itself by “paying increasing attention to children, to human capital and to activation through employment” (Jenson 2011, p.23), thus stressing the productive potential of social policy (Morel *et al.* 2012). The social investment framework is incarnated both in the British Labour Party’s “third way” under Blair and Brown, inspired by Antony Giddens (2000), and in the Swedish social democrat approach (Morel 2013). The strategy is based on an alliance between “adjustment to the new economic contexts and the possibility of social progress” (Palier 2005, p.128). It raises a number of questions as the nature of the expected benefits calls for clarification. If they are limited to economic gains, the strategy risks perverting social policy from its



initial objective (the reduction of poverty, gender equality, etc.). In order to move beyond this purely economic interpretation of social investment, the political scientists Morel and Palme (2016) suggest using the Sen capabilities approach to make the expected social outcome explicit. Should this approach be adopted, the question of quantifying the gains expected from capabilities arises.

### *Measuring social profitability*

The social investment strategy legitimates state participation in financing crèches, health services, the family, schools, etc. through a demonstration of the profitability engendered by these policies for the collective in the medium to long term. When feasible, it is indeed relevant to evaluate the cost and effectiveness of equality or social policies from the perspective of the political objective targeted. It is relevant to determine whether the policies in question allow objectives such as gender equality, the reduction of economic and social inequality, the fight against poverty, etc. to be reached at less cost. For example, it is less costly for two-year-old children to be at school than to attend a crèche, but the effects of such early schooling on the future well-being of these children should not be neglected. The literature that evaluates different types of structures for very young children helps to better understand these issues so that the stated objective (here, providing education to all children) might be reached at less cost (Fougère 2016; Maurin and Goux 2009). This is about evaluating the tool (the type of structure which receives the children) and not the objective itself (education and cognitive development of the child). The issue is not to evaluate the financial result of the public expenditure but rather its effectiveness in terms of the policy objective of creating the most egalitarian access possible to education.

Other publications that emphasise economic and/or social performance justify the policies and, therefore, the objective they aim to achieve. This shift may seem trivial but it weakens equality as a principle of justice. In the US, social policies are being called into question as they are perceived to be expensive and ineffective (as analysed when *Aid for Families with Dependent Children* was introduced). From the perspective of preventing social risk, some research seeks to evaluate the benefits of programmes for young children from poorer families in terms of a reduction in criminality and access to

employment for future employees hosted in these programmes. Garcia, Heckman *et al.* (2016) have shown that every dollar invested in quality education for children from low-income families in the US resulted in an annual return of 5 to 7 per cent. The aim of this approach is to build a business case for quality care for young children. However, proving the profitability of social policies in all their complexity is difficult, if not impossible (Begg 2016). In particular, the social dimension of effectiveness questions the meaning of notions of social cohesion and/or social capital which are hard to define and to measure (Ponthieux 2006). How can a causal relationship be established between a social policy and its impact many years later after multiple other factors have interacted? How can not only the gains in terms of public expenditure but also the utility and disutility of all individuals involved in the process be integrated in the calculus?

Beyond these general issues with the rigour of this type of long-term evaluation, determining whether the effectiveness of a given public policy can be evaluated has repercussions in terms of the legitimacy (or, on the contrary, the illegitimacy) of the policy itself. Generalising the social investment perspective may lead to a situation where only projects whose social impact can be even partially evaluated are selected. Yet many social programmes cannot be evaluated. A cost-benefit evaluation of social and equality policies thus raises two problems: the problem of measuring the cost and benefits, and the problem of the role played by this calculation in public decision-making.

### *What role for principles of justice?*

The cost-benefit approach does not minimise the primacy of the political, provided it serves solely to determine the best choice of tool to reach the stated political objective. However, a dangerous shift occurs when the border between the objective and the tool becomes unclear. Let us return to the example of education. As part of a republican conception, education is a tool to be used for individual emancipation as a principle of justice. Public expenditure on education can have no other justification but this one. Clearly, on a global level, education leads to positive externalities and increases the level of human capital, which can be favourable to economic growth and innovation. But this does not mean that it is profitable to invest in every individual. If profitability is used as the criterion

to justify and arbitrate on education policies, the idea of individual emancipation is endangered. In his work on evaluating the profitability of programmes for impoverished children, the economist James Heckman (2011) does not deny the ethical dimension of these programmes, but he also sees another means of thinking about social justice through their economic effectiveness. On the other hand, he admits that frequently what is just is not economically effective. Justifying equality policies solely by their performance thus risks neoliberal thinking predominating and equality policies being called into question, if it can be proved that they do not lead to economic or social performance.

### *Diversified profiles in the workforce and economic performance*

#### *The added value of gender balance and diversity*

Private sector companies also use expected profitability to justify equality policies. Showing that companies with a largely female workforce (particularly in decision-making positions) perform better is an argument used to justify the integration of women in the workplace and also in company leadership. In particular, demonstrating the added value of diversified profiles in the workforce serves to legitimate quota policies among boards of directors. In the 1990s, as a result of demographic change that inevitably led companies to recruit women and individuals from ethno-cultural minorities, the number of publications on managing diversity and competitiveness expanded. In 1991, two researchers in management, Taylor Cox and Stacy Blake (1991) listed the advantages for private companies of hiring employees from diverse backgrounds. They distinguish between the “inevitable nature” of diversity (given demographic change, broadening the recruitment pool is inevitable) and the “advantages” of diversity (marketing/creativity/problem-solving/flexibility). A vast amount of literature on this theme seeking to measure the added value of workplace heterogeneity and, notably, the feminisation of power structures has emerged, although no consensus has yet been reached. While some studies find that the presence of women at decision-making level leads to a positive effect on company results (Belghiti-Mahut and Lafont 2009; Ferrary 2009; Smith and Verner 2005), others find no significant effects (Mohan and Chen 2004; Randoy 2006; Wolfers 2006). Finally, some

studies conclude that feminising the governance of companies has a negative effect on their economic performance (Adams and Ferreira 2009).

#### *Equality in the workplace at the service of profitability*

In France, the Gender Equality Charter (2004) promoted by the Ministry for Parity and Professional Equality illustrates a shift from the legal and constitutional principle of “equality in law for all citizens without distinction on the basis of origin, race or religion” (Article 1 of the French Constitution) and “without distinction on the basis of gender” (preamble of the French Constitution) to the rhetoric of diversity management. The Charter presents gender equality in employment [as] the driver of a new dynamic, which should no longer be experienced as a legislative and regulatory constraint but as an opportunity, as it creates jobs, wealth and growth.

The Charter’s reasoning is based on reports that highlight the promotion of female economic activity as an essential factor for growth in developed countries (Colmou 1999; Majnoni d’Intignano *et al.* 1999). With the same aim of demonstrating the advantages of policies that favour diversity, the *Observatoire de la responsabilité sociale des entreprises* (ORSE) has produced two publications entitled: “Men are the future of equality in the workplace” (2009) and “Men as subjects and actors of equality in the workplace” (2013). These are designed to convince companies that it is in their interest to promote gender equality. For its part, the study carried out by ORSE with the *Association française des managers de la diversité* (AFMD), “Social dialogue and the management of diversity” (Cornet 2014), justifies social dialogue on diversity on the basis of gains made in the economic performance of businesses.

#### *Neo-essentialism*

The linking of diversity to economic performance is based on two postulates. The first is that there are differences between the sexes in terms of competences (the rhetoric of specific talents, comparative advantages, etc.), or preferences (desires, hopes, etc.), or behaviour (rationality, altruism, attitudes to risk, etc.). The second is the idea that each gender complements the other, i.e. these differences complete and enrich each gender (in terms of productivity, for example). On this basis, diversity



policies that reduce the degree of segregation in social and public realms (workplace, for instance) improve performance.

The performance argument on diversity has both explicit and implicit implications – whether it is claimed as strategic or not – for both the conceptual and institutional framing of the terms of the debate surrounding equality policies.

If it were proved that it is profitable to promote women or, more broadly, individuals who are at risk of being discriminated against, there is a risk that these individuals would be even more tightly locked into a *mise en scène* of the differences linked to the real or supposed group they belong to. Underlining the added value of including such individuals is undoubtedly a step forward compared to the historic justification for excluding them because of their supposed lesser value, but it also modernises their being assigned to the status of complementarity. They continue not to be considered as unconditional equals (Sénac 2017). Justifying the inclusion of women and of the racialised not solely in the name of the fight against discrimination, but also – and above all – in the name of profitability and a *mise en scene* of complementary identities, thus contributes to the reproduction of a sexist and racist order. Furthermore, in order to maintain this real or supposed performance, the differences themselves must be preserved to avoid the risk of losing the added value of complementarity or diversity if they are not. And in a scenario where it was proved that discrimination and exclusion were profitable, what would happen then?

### ***The anti-discrimination struggle in terms of profitability***

#### *The cost of discrimination?*

In the same vein, the fight against discrimination is also promoted as a means of eliminating waste and increasing profitability. Showing the cost of discrimination, or indeed the gains to be made from the anti-discrimination struggle, has become the dominant approach that aims to build the “business case” for anti-discriminatory policies. Thus, the OECD has proposed a composite indicator of discrimination inherent to “social institutions”, SIGI (*the Social Institution and Gender Index*). SIGI groups discriminatory factors into five categories: discriminatory family code, restricted physical integrity, son bias, restricted resources

and assets, and restricted civil liberties. Based on measuring the degree of discrimination in institutions, researchers have estimated the cost of such discrimination in several countries (Ferrant and Kolev 2016). According to this research, the loss of revenue caused by this type of discrimination amounts to 16 per cent of GDP worldwide. The anti-discrimination struggle will lead to a yearly growth rise in GDP worldwide of between 0.03 per cent and 0.6 per cent until 2030, according to the scenarios retained. Similarly, an FMI paper (Gonzales *et al.* 2015) shows that laws which restrict women’s rights in a number of domains (property inheritance laws, freedom to work, to open a bank account, etc.) have a negative impact on GDP. The authors cautiously recommend that these hindrances to economic development be lifted, without nonetheless wishing to cause offence to the cultures and religious norms proper to the countries in question (Gonzales *et al.* 2015).

In 2015, the French government asked *France Stratégie*, an expert-led think-tank under the auspices of the Prime Minister, to estimate the economic cost of discrimination. This request was part of the May 2015 plan to combat discrimination in hiring practices and in the workplace, which itself was the prolongation of a report made by a stakeholder dialogue group on combatting discrimination in the workplace in private sector companies. In the engagement letter, the ministers heading the taskforce and elected politicians justified the request by stating that “from an economic point of view, discrimination leads to a shortfall as much for the victims as for society as a whole” (*France Stratégie* 2016a, p.81). Although it was cited as an indisputable preamble, the principle of equality is considered as not or no longer sufficient to convince “the actors and the public” that it merited being applied. In the report published in September 2016, *France Stratégie* concluded that discrimination is costly: according to the report, the underuse of available human capital deprives society of a source of wealth equivalent to four to ten points of GDP. These conclusions are similar to the analysis also published by *France Stratégie* one month previously (August 2016), that legitimised equal opportunity policies as a result of showing themselves to be “an important potential for growth and the reduction of inequality” (*France Stratégie* 2016b, p.7). The report affirmed that inequality in hiring practices and on the job which occurs “to the

detriment of women or individuals from immigrant populations (the ‘second generation’) has a negative impact on the level of wealth created” and that “the establishment of equitable access to the labor market and equalising the conditions of employment (wages, length of contracts) would significantly increase growth” (*France Stratégie* 2016b, p.7). The report estimated that, “by better distributing talent and by removing barriers to access to employment, the anti-discrimination struggle could increase GDP by around 7% annually” (around 150 billion euros).

#### *What happens if what is just is not profitable?*

In his foreword to the report on *The Economic Cost of Discrimination*, the Chief Commissioner of *France Stratégie*, Jean Pisani-Ferry, who joined the presidential candidate Emmanuel Macron’s campaign team in January 2017, affirmed that if proof were provided that discrimination “benefitted the economy, it would nonetheless not be acceptable” (*France Stratégie* 2016a, p.3). He continued: As it happens however, discrimination is punitive from an economic point of view, its cost to the collective is high and therefore eliminating discrimination would over time lead to substantial gains in growth and in revenue. (*France Stratégie* 2016a, p.3)

This authoritative argument is not sufficient, however, to put an end to the primacy of the economic over the political. If estimating the economic performance of equality policies is taken into account, there is no guarantee that the answer will be straightforward and unequivocal. The cost-benefit analysis of equality policies may well lead to the conclusion that they are not profitable. Thus, at a macroeconomic level, some studies have shown that discrimination against women in the workforce increases the attraction of certain countries in terms of foreign direct investment and, therefore, the economic dynamism of those countries. The economist Stéphanie Seguino (2000) shows that in semi-industrialised countries with open economies that are heavily involved in globalisation (e.g., Thailand and Taiwan), discrimination in the workforce stimulates economic growth. In these countries, the difference in male-female wages is higher than the gaps in productivity between the genders, which makes these countries attractive to foreign investment. The lower labour costs of women are therefore a source of profit.

#### *The win-win illusion*

Justifying the anti-discrimination struggle in the name of profitability is based on an incorrect vision of the discriminatory process, the “win-win” idea. According to this idea, combatting discrimination is beneficial to all: the individuals who are at risk of discrimination or not, private sector companies, and society as a whole. The win-win idea is based on the notion that there is a convergence between the political and legal objectives of equality, the ethical objectives to achieve a decent society, and the economic objectives of an effective and productive society. It reduces implementing the principle of equality to a simple question of resource allocation (in particular the labour factor). In this vein, inequalities are perceived as misallocations of resources that hamper economic growth and reduce company profits. However, the real problem is the redistribution of resources. The example of persistent gender-based discrimination is all the more revealing of the confusion between these two questions as in twenty-first century France, gender equality as an objective is no longer an issue even if the precise meaning of equality continues to be a controversial topic. The fact that for the same type of work and with equal competence women are less well paid than men is condemned across the board. If a woman is discriminated against on the grounds of her gender and she does not get a position which she is fully competent to occupy, her human capital is underused. In reality, the position she should have had access to has been given to someone else. There is therefore a gain to the advantage of someone else, whereas in a world without discrimination the gain would be hers in the form of a promotion. In other words, if discrimination were to disappear there would be winners but there would also be losers. The relevant question is about the just redistribution of resources and wealth and not about the costs linked to an under-usage of human capital. The anti-discrimination struggle may or may not increase the size of the pie. That is not the question. The question is about the just sharing of the pie – independently of its size.

## **Conclusion**

The apparent pragmatism of the economic promotion of equality policies or of the anti-discrimination struggle is part of a twofold misconception: the illusion of consensus (Mouffe 2016) and of the

“win-win” scenario. If what is “just” is profitable, why abandon such an argument, such a powerful and therefore unquestionable justification? Precisely because on the contrary, the argument is questionable given that if it were proved that discrimination is profitable, arguing with authority that such proof is unacceptable would not undo the damage done. Equality is not a principle if it is subject to the demonstration of performance. A cost-benefit analysis applied to political choices, and not to the tools used to implement them, leads to the creation of a hierarchy between those choices and indeed to the exclusion of some of them. The means accorded to public policy are then determined depending on whether the objective pursued is profitable or not. In such a scenario, the least costly and most profitable political objectives are then selected for implementation. Those which are deemed to be too costly or those whose economic value cannot be calculated can be abandoned with justification. In such circumstances, profitability becomes a selection process for objectives and principles rather than a tool for the allocation

of resources to the objectives themselves. “Why should we do this?” then becomes determined and conditioned by “what should we do?” and “how should we do it?” to the detriment of any underlying principle. If the struggle against gender-based discrimination were more “profitable” than the struggle against discrimination on the basis of ethnic origin, would that justify the establishment of a hierarchy among equality policies? If it were proved that discrimination is profitable, what would happen? Justifying equality policies in the name of profitability is a negation of both the structural dimension of inequality and the damage done to individuals who suffer discrimination and their legitimate calls for justice. Such justification paves the way for an objection to equality policies on the basis that they are not profitable from a cost-benefit perspective. More generally, this means the submission of political objectives to economic objectives (Supiot 2015). Basing the justification of equality on the notion of economic and social performance thus contributes to the new spirit of neo-liberalism.

## Notes

1. In economics, an agent is a decision-maker in a specific model.
2. « *Conquête sociale* » to quote Fontaine (2014).

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