

Lecture Note

Gender Economics (EE364)

Chapter 10: Roles of the LGBT in the economy



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10.1 Economic inclusion of LGBTI Groups in Thailand

World Bank (2018) launched the first report on LGBTI in Thailand in 2018 – “Economic inclusion of LGBTI Groups in Thailand”. The motivation to study this issue is that Thailand is more advanced than many middle-income countries in terms of the role and participation of the LGBTI community. This report analyzed quantitative data and results from the sample and qualitative data from interviews. By emphasizing the LGBTI roles in the economy and finance, the report also considered opportunities and participation—discrimination and exclusion—focusing on the labor market and employment. Furthermore, the report also addressed the barriers and challenges faced by LGBTI people in accessing education, health, and public service opportunities in the country.

Results show that discrimination is evident in accessing job opportunities, government services, education, training, and public health services, and in buying or renting real estate. Furthermore, there is an inability to access a career in the police department, law enforcement sectors, and military and religious institutions. However, there are opportunities to work in the agricultural sector, retail, business, beauty, and health. In addition, there is difficulty accessing government services, experiencing mocking, discrimination in receiving education and training, life insurance, health insurance, and financial products. The most severe discrimination in the labor market is job application rejection and workplace harassment.

Based on the statistics, 77% were rejected in the job application process because of their gender identity. 40% were harassed. More than 50% said that their application was rejected due to having an identity - Homosexual. In addition, 60 % of transgender people, 30% of lesbians, and 20% of gay men are discriminated against at work. Approximately one in five gay men was overlooked when being considered for promotion or not receiving work-related benefits because of their LGBTQ status. Contrary to the Gender Equality Act of 2015, which stipulates that discrimination against persons whose appearance does not match their gender is illegal.

The most shocking results of this report are that 37.4% of non-LGBT respondents said it is acceptable if employers discriminate against LGBTI people. 48% said it makes sense that LGBT people experience some form of discrimination when they use government services.

10.2 Tolerance but not inclusion

UNDP (2019) launched a report on the attitude of Thai toward LGBT in 2019 – “Tolerance but not inclusion.” The 2019 UNDP research surveyed the experience of being discriminated against and the attitudes of Thai people toward LGBT people (Lesbian, Gay, Bisexual, and Transgender). The survey included 2,210 Thai people aged 18-57 across the country. This could be classified as 1,349 LGBT+ people and Thai people who did not specify that they are LGBTQ people of 861 people. Furthermore, there are 12 group discussions of 93 LGBT participants.

The main finding shows a positive attitude regarding legislation and policies that support and protect this group. For example, it supports access to services and equal rights in registering the right to adopt a child and in gender identification other than male/female in government-issued documents. However, acceptance of LGBTI people remains elusive, especially among family, friends, and rural areas. Thai people tend to accept LGBTI people outside their families rather than those in their own families.

In addition, LGBT people are also discriminated against and face violence. 53% of LGBT people reported verbal abuse. 16% had been sexually harassed. 42% said they had to pretend they were heterosexual to be accepted by someone at school, work, or home. Furthermore, discrimination negatively affects LGBTI people. 49% of the respondents are LGBT and said they had thought of suicide, while 17% had attempted suicide. Nearly half of LGBT respondents prioritize access to mental health services. However, there have been reports of barriers to service and discrimination in health facilities.

The group that was most discriminated against was transgender women and bisexual men. The report found that 61% of transgender women have been teased or nicknamed. 22% had been sexually violent. 11% had been beaten or assaulted. 8% had been intimidated by the police. 14% of bisexual men have lost friends because of their sexual orientation, and 9% are homeless.

Furthermore, 10% of the respondents are LGBT and facing discrimination in the workplace (the current job) or the old workplace. 32% of the transgender respondents said they have been discriminated against in their old workplace. Furthermore, 16% of LGBT+ respondents have experienced some form of discrimination, or more than one, in access to health services.

10.3 Economic analysis of the LGBTI role in economy

Principles of economic analysis are used to study the role of the LGBTI community in the economy. We apply the market mechanisms and government policies on bias and problems arising from discrimination with economic consequences (or homophobia and hatred for those in the LGBTI community). Economic inequality and discrimination against LGBTI people, as government policies on this community of people, impact jobs and income.

Why do we need to ensure the inclusion of those in the LGBTI community?

Economic impact – Badgett (2014a) describes the economic impact of GDP on issues including the acceptance of LGBTI people, which can positively affect the economy. The main economic reasons are the same as the driving role of women in this new era. The unequal treatment of LGBTI people can negatively impact the economy. Economic productivity will decrease. Remedying this situation begins at the individual, business, and country levels. Furthermore, a country's GDP growth rate will increase if it enacts policies promoting LGBTI communities. Thus, from an economic perspective, the country will experience a loss when a group is denied or not entitled to participate equally in society.

The example of Egypt – Eight men were sentenced to three years in prison after appearing in a video that seemed to portray a gay marriage. How can this incident be linked to economic losses? The answer would be that there is a significant link between discrimination and direct economic loss. When eight men were imprisoned, meaning they would not be able to participate in the economy for three years. Economically, this creates an opportunity cost of participating in the labor market. Essentially, these eight men will not be able to use their abilities, skills, and knowledge at work and, when released, will face dwindling human capital. Prospective employers tend to discriminate against people presumed to be gay. Their options may be limited to working in less productive positions.

The economic impact of GDP – Indirect effects such as injuries from physical violence or discrimination's negative mental health effects will result in poorer health for LGBTI workers, resulting in reduced work efficiency. Workers who have been discriminated against experience a negative impact in terms of business, a lack of work, low productivity, and insufficient training. The high turnover results in labor costs and lower profits. Although the proportion of LGBTI people to the total population is small in any country, the economic costs of unequal treatment can quickly increase.

The example of India – What are the costs of discrimination against and exclusion of LGBTI people in India? As confirmed in studies on gender inequality and other forms of discrimination, this has been found to damage the nation's economy.

According to Ashar (2019), How Homophobia is Costing India 1.7% of its GDP. The economic losses stemming from the homophobia, discrimination, and inequality experienced by LGBTI people in India are predictable. It is estimated that India's economy ranges from 0.1–1.7% of the country's GDP.

Badgett et al. (2014) studied “The Relationship Between LGBT Inclusion and Economic Development: Emerging Economies” and found positive effects on the economy of 39 countries. By comparing the measure of rights, each given to LGBTI groups with a focus on discrimination, laws regarding non-discrimination and family rights affect the per capita GDP and other measures of economic outcomes. Countries that treat LGBTI people equally have better economic outcomes. There is a positive correlation between rights and the level of development. Countries with equality for LGBTI people tend to have a higher per capita GDP over 22 years of education. There is also a positive correlation between LGBTI rights and GDP growth, such as capital and international trade.

Each additional entitlement is associated with a \$320 increase in GDP per capita or approximately 3% of the economy's average productivity. A favorable environment for LGBTI people is a factor in attracting transnational investment or increasing the number of tourists. A conservative ideology that excludes LGBTI people and policymakers who are unaware of their human rights will prevent the economy from achieving its full potential. Non-discrimination laws may not immediately lead to increased economic productivity, but reducing discrimination leads to greater productivity. Wealthy and less economically disadvantaged countries emphasize fundamental rights.

10.4 Draft of the Life Partnership Bill in Thailand

The Life Partnership Bill.... This is the first time Thailand has a law to support relationships between people of the same sex. The Life Partnership Bill allows two persons “naturally of the same sex” to register as a married couple. The Draft Act states that a group of people with gender identity or expressions that differ from their natural sex, which can be considered a person who is sexually diverse, have lived together like a typical family. However, no law supports their rights and duties as a partner like a spouse. This is considered unfair discrimination and contrary to the principles recognized in the constitution and universal human rights principles in accordance with the international obligations to which Thailand is a party. Therefore, it is necessary to enact the Act to ensure the rights of such persons.

The Cabinet passed the Life Partnership Bill, but there was a resolution not to accept the draft of the Marriage Equality Act. The weakness of the Life Partnership Act is that it does not cover access to welfare and some benefits for spouses, such as spouse tax deductions. Life partner lacks opportunities to access welfare or benefits the state has set for the spouse, such as the spouse's tax deduction.

10.5 Economic growth from the legalization of same-sex marriage in the southeastern United States

Office of International Trade Promotion (2022) provided the study of Economic growth from the legalization of same-sex marriage in the southeastern United States. **Same-sex marriage laws in the United States (marriage equality)** – The US Supreme Court decided on June 26, 2015, to recognize same-sex marriage in the United States. Economists are interested in studying this group's spending behavior and lifestyle because of its essential role in the US economy and society. The William Institute (University of California - Los Angeles or UCLA) researches studied the economic data of the LGBTI population in the United States to forecast economic outcomes over the next three years. After the US Supreme Court passed the Same-Sex Marriage Recognition Law, the William Institute examined the number of same-sex couples deciding to marry, wedding and related expenses, state taxation income, and local employment in each state.

Example of Florida – Florida has an LGBT population of approximately 540,000 people, accounting for 3.5% of the adult population. Recognizing same-sex marriage will benefit the Florida economy in the first three years, including: (1) Generate a total increase in the cash flow in the economy from wedding spending and marriage-related expenses, totaling 182.2 million US dollars (approximately 6,559 million baht); (2) Increase income from taxation to the state totaling \$12.1 million (approximately 436 million baht); (3) Generates employment in both part-time and full-time positions of approximately 875 - 2,626 positions.

Example of Georgia – Georgia has an LGBT population of approximately 260,000, or 3.5% of the adult population. The latest census data reveals that 21,318 same-sex couples live in Georgia. It is estimated that 10,659 couples will decide to marry within three years after the US Supreme Court passed the bill. Recognition of same-sex marriage in the United States has benefitted the economy by stimulating wedding spending and post-wedding travel, generating more money. It has generated tax revenue for the state, which has been spent on developing local facilities and government projects to stimulate the economy, benefitting the

US economy in the long term. Marriage-related industries also benefit, including businesses related to wedding receptions, those selling gifts and souvenirs, tourism, real estate, and companies renting construction equipment.

10.6 The Wage Gap Among LGBTQ+ Workers in the United States

HRC Foundation (2022a) studied the LGBTQ+ wage gap in the US by analyzing nearly 7,000 full-time LGBTQ+ workers. According to the latest Bureau of Labor Statistics report, the median income is about \$900 a week, or about 90% of the \$1,001 average weekly wage the average worker earns in the United States. LGBTQ+ workers are paid about 90 cents for each dollar the average worker earns. LGBTQ+ people of color, transgender women, men, and non-male and female groups. have less income than general labor. LGBTQ+ Native Americans and LGBTQ+ Blacks are the lowest earners among LGBTQ+ workers by race.

The wage gap in each labor group – Native American LGBTQ+ workers earn 70 cents for every \$1 that the general worker earns. LGBTQ+ workers of color are paid about 80 cents for each dollar the average worker earns. Latino LGBTQ+ workers are paid about 90 cents per dollar earned by the general worker. White LGBTQ+ workers earn about 97 cents for every dollar the average worker earns. LGBTQ+ workers in Asia/Pacific They earn about \$1.00 for every \$1 that the average worker earns.

LGBTQ+ working women who earn similar incomes to all women. However, earn less than LGBTQ+ men and working-age men. LGBTQ+ earn significantly less than working men and women. LGBTQ+ women earn about 87 cents per dollar earned by the general worker. LGBTQ+ women of color and transgender face the widest wage gap in the United States. LGBTQ+ black women earn 85 cents for every dollar that ordinary workers earn. Transgender men earn about 70 cents per dollar the average worker earns. Transgender women earn about 60 cents per dollar that ordinary workers earn.

HRC Foundation (2022b) studied “The Economic Impact of COVID-19 on the LGBTQ Community,” Transgender people, especially people of color, are most likely to face negative economic impacts. These economic disparities were evident during the pandemic. Before the outbreak of COVID-19, nearly 1 in 10 LGBTQ+ people lost their jobs. In the first quarter of 2021, HRC and PSB research found that unemployment among LGBTQ+ people increased to 22% of LGBTQ+ workers and 24% of LGBTQ+ workers of color.

Exercise

- 1) From the UNDP (2019) study on Tolerance but not inclusion, what is your viewpoint on this issue? Discuss your view by including the forecasting impact on the economic sector and what policies government should implement to solve any challenges.
- 2) Discuss the negative impact on the economy in the case of a country with a society characterized by homophobia. This lack of inclusion negatively affects the economy. Thus, what are the main economic reasons why a country should include this group in society?
- 3) Give examples of policies of countries with strong support for the LGBTI community or research showing the positive results of these policies on economic and social outcomes. Please also provide any other research studies investigating this issue and discuss them.
- 4) In Thailand, there has been much criticism regarding the rights granted by the Life Partners Act, which differs from those in the marriage of a man and woman. Discuss the Life Partners Act's and Marriage Equality Act's strengths and weaknesses.
- 5) HRC Foundation (2022a) presented the results of a study on the wage gap for LGBTQ+ workers in the United States, finding a gap of about 10% between the wages of LGBTQ+ and general workers. Explain the factors causing the wage gap in the country, and discuss the policies the government has implemented to reduce this gap. Please provide any other research studies investigating this issue and discuss them.
- 6) HRC Foundation (2022b) presented the results of the Economic Impact of COVID-19 on the LGBTQ Community. Pick one country and discuss the impact of COVID-19 on these LGBTQ people and provide an example of policies the government has implemented to mitigate the impact on this group.

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