

## The Benefits of Gender Equality for the European Economy

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Zoe Lanara-Tzotze

Head of International Relations,  
Greek General Confederation of Labour

I thank the EESC and the Section for the kind invitation to speak at this important panel.

From the outset, I would like to commend the EESC for its dedicated work on gender equality,<sup>1</sup>. If the European Union does well on the international gender equality scoreboard, it is also thanks to the voice of civil society expressed in the work of this committee.

As we approach the third decade of the century, we witness increasing recognition<sup>2</sup> regarding the benefits of gender equality for economic growth, sustainable development and the wellbeing of society.

Looking at global trends, however, the World Economic Forum tells us that gender equality has stalled. At the current rate of change, it will take **108 years** to close the overall gender gap; 202 years to bring parity to the workplace, ~~and 107 years to close the political empowerment/participation gap (WEF 2018).~~<sup>3</sup>

Within the EU gender inequalities persist in almost all areas of economic and social life. 60 years since the equal pay principle was inscribed into the European Treaties, women still face discrimination and segregation across European labour markets. ~~The EU 2020 target of 75% of women and men in employment seems most likely will not be met.~~

Some gaps are closing, for example in relation to employment rates, others persist, for example

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<sup>1</sup> Among others, [OJC 240/3 16.7.2019](#); [OJ C110 22.3.2019](#)

<sup>2</sup> Europeans feel strongly about promoting gender equality: in 2015, 91% of respondents to a Eurobarometer survey<sup>2</sup> agreed that tackling inequality between men and women is indispensable for a fairer society.

<sup>3</sup> In contrast, the ILO (2016) estimates that if the current trends prevail, it will take more than 70 years before the gender wage gap is closed completely.

in job quality while new gaps emerge, e.g. disparities between regions, MS or within MS. The situation is even more disquieting when we contemplate gaps related to the digital transformation of the world of work. <sup>4</sup>

**In other words, the benefits and the value of gender equality are widely recognised. But like a mirage, the closer we get to it, the farther it seems to recede into the future.**

**What, then, prevents Europe from enjoying the benefits of gender equality?**

**Women's economic empowerment is central to gender equality and the enjoyment of its benefits. This prospect is blocked by the persisting gender pay gap.**

**The gender pay gap:**<sup>5</sup>

- Varies significantly across countries, but persists at 16.2% (gross hourly earnings).<sup>6</sup>
- Is estimated to cost the European Union 240 billion in GDP by 2030. The overall gender earnings gap stands at around 40% in the EU-28.
- Implies that in almost all occupations, on average men are paid more than women
- European women work two months for free compared to their male colleagues—on top of other unpaid work they do as primary care givers for the family.
- The gender pay gap results from multiple interrelated imbalances in labour markets. 27% of women, for various reasons, populate lower paid sectors and precarious jobs (compared to 15% of men). They are the primary care givers of their families. They hit the corporate glass-ceiling and don't make it to the top. They represent the largest untapped entrepreneurial potential but only 29% of entrepreneurs and less than 6.9% of top companies' CEOs. <sup>7</sup>
- Trapping women in a vicious circle, the gender pay gap, accumulates over careers and lifetimes, leading to a staggering pension gap of 39%, which in turn maximises the

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<sup>4</sup> In 2016, only 17% of ICT specialists in the EU were women; regarding education gaps, women represent only 46% of PhD degree holders, 33% of researchers and 20% of the highest academic staff. Women are underrepresented in STEM (sciences, technology, engineering and mathematics) occupations. (CEC 2017).

<sup>5</sup> COM (2017) 678 final.

<sup>6</sup> Eurostat. 2018. *Gender overall earnings gap*. Eurostat Products Datasets. <https://ec.europa.eu/eurostat/databrowser/view/teqges01/default/table?lang=en>

<sup>7</sup> Eurostat. 2019. *Gender Statistics, Eurostat Statistics Explained*. February. Updated expected in March 2020.

gender poverty gap among the oldest age group (65 or over).<sup>8</sup>

- Companies that close the gender gap increase their skills diversity, collective intelligence and their bottom lines. Businesses with women in top management positions are more profitable. A study of 22,000 companies worldwide found that having at least 30 percent of women in the C-suite adds 6 percent to net profit margin.

All these imbalances emanate, also, from gender stereotypes and enduring unconscious gender bias, which adversely affect the proper application of the equal pay for work of equal value principle. One way to address these factors is to improve the work-life balance of parents and carers.<sup>9</sup>

**The other way is to ensure pay transparency, which is lacking in number of European countries. Because we cannot properly evaluate the relative weights of causal factors behind the wage gap without pay transparency.**

**In other words, we cannot hope to close the gender pay gap without tackling hidden pay discrimination.**

Lifting the veil of secrecy clouding pay structures will help understand the systematic undervaluation of women's work that underscores pay inequalities. It will empower women to claim their rights, once they ascertain their violation.

In this respect, we can only welcome the commitment by the new Commission President Von der Leyen that in her first 100 days she will introduce binding pay-transparency measures, a pledge that follows the end of the EU Action Plan 2017-2019 ~~on Tackling the Gender Pay Gap~~.<sup>10</sup>

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<sup>8</sup> In 2015 in the EU the gender gap in pensions, defined as the gap between the average pre-tax income received as a pension by women and that received by men, stood at 38,3 % in the 65 and over age group, and has increased in half of the Member States in the past five years; whereas the financial crisis of the last few years has had a negative impact on many women's incomes while in some MS 11 to 36 % of women have no access at all to any pension. (European Parliament resolution of 14 June 2017 on the need for an EU strategy to end and prevent the gender pension gap [http://www.europarl.europa.eu/doceo/document/TA-8-2017-0260\\_EN.html](http://www.europarl.europa.eu/doceo/document/TA-8-2017-0260_EN.html) )

<sup>9</sup> In April 2017, the Commission adopted, in the context of the European Pillar of Social Rights, the initiative on work-life balance for working parents and carers, comprising a comprehensive package of policy and legal measures, including a proposal for a Directive to modernise EU legislation on family-related leave and flexible working arrangements.

The ETUC supports this commitment and has set out detailed objectives for an effective Gender Pay Transparency Directive, comparable to views expressed by the EESC in its 2018 Opinion on "Gender equality in European labour markets".

An effective directive should include:

- The right of workers to access information on pay levels;
- Annual reporting by companies employing more than 10 staff based on the entire pay package, including benefits and bonuses;
- Sanctions for companies who fail in their reporting obligations, and compensation to victims;
- Preventing pay secrecy clauses in contracts

The emphasis on transparency is welcome, we should keep in mind that action at the enterprise level cannot provide the main route to gender equality.

Some final points deserve attention here.

Gender pay equality does not materialize in a vacuum and depends on general wage trends, political economy outlooks and on developing appropriate policies.

First, one problem with the EU gender pay gap policy is that the EU needs to focus on the overall distribution of pay and the systematic rise in earnings inequalities across Europe, which were precipitated by the economic and financial crisis in 2009. To effectively address the gender pay gap, the EU needs **to consider the structural and institutional drivers of wage inequality**. It needs to rethink growth strategies based low wage and focus on the coordination of national wage policies (Vaughan-Whitehead 2011; Allègre 2018).

Second, the EU needs to revitalise the emphasis on gender equality, gender mainstreaming in particular, which appears to be steadily fading in EU policy and the EES, particularly from 2002 onwards. Notwithstanding some positive developments under the 2000–2010 Lisbon strategy (setting targets for female employment rate and pre-school childcare), gender equality almost disappeared during the financial crisis, to reappear under the Juncker Commission's pillar of social rights which includes commitments to specific gender measures (Smith and Villa 2010; Rubery 2017; Stratigaki 2004).

Third, we need to revisit the negative impact of austerity policies on the gender pay gap, particularly those imposed as crisis remedy by the troika. Deregulating labour market

institutions and discouraging collective bargaining can hardly be positive for gender equality. Policies, implemented in Greece and other MS, such as cutting minimum wages, diminishing the coverage and the scope of collective agreements, prohibiting their extension, were not assessed for their effect on the gender pay gap (Rubery 2015; Rubery and Koukiadaki).

These are not things of the past that concern indebted countries. The deregulation of labour markets through the employment strategy is still pursued in country-specific recommendations require moderating minimum wage claims without reference to equality issues or decent work standards (ETUI 2017). The UN Independent Expert on the Effects of Foreign Debt and Human Rights observes, IFIs still pursue an instrumental approach, geared towards economic efficiency, structural reforms, reduction/privatisation of public services, and deregulation of labour institutions rather than a human rights-based approach that frames gender equality as a goal in and of itself (Bohoslavsky 2018).

Concluding, the new Commission has gender equality among its goals and this is good thing. The assistance of civil society will be of defining importance. ~~The EESC has indicated the right direction: political commitment to achieving equal treatment of men and women based on laws that match the reality of their working lives.~~

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