

Gender equality, economic growth and employment

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Executive summary

The present report discusses the question of whether there is a connection between *gender equality, economic growth and employment*.

Depending on how the term 'gender equality' is defined, the answers to this question will vary. But based on the assumptions made here – that labour market equality means women and men working to the same extent in paid jobs, having an equal share of part-time work and self-employment – everything suggests that there are major benefits to be gained from enhancing gender equality. Calculation of a maximum value of these gains shows that there is a potential for increased GDP of between 15 and 45 per cent in the EU member states. Even if this might be an overestimation of the real gains by 20–25 per cent, the magnitude of the figures nevertheless suggests that the gains to be had from greater equality in the labour market are substantial.

Today, there is considerable potential for growth in this area in the EU, although greater in some areas than in others. In general, however, it seems obvious that each member state could raise its GDP level if more women were given the chance to enter the labour market. This, however, will necessitate gender equality policy actions of one kind or another. Although the tools to be used may vary between the countries there are certain common aspects which will be subject of discussion in the coming years.

One aspect does concern the scale and scope

of *social infrastructure*. *Childcare*, availability, price and quality, is still a crucial factor in many countries, but *care of the elderly* needs also to be addressed. Otherwise, there is a risk that women will be left to handle this problem alone. One of the factors affecting the outcome of this is existing *attitudes* towards women working outside the home. Economic incentives of various kinds can also speed up or delay changes in the female labour supply. These incentives are crucial for the balance between women and men in terms of economic independence as well as of equal sharing of household and family duties. We have also discussed the new *flexicurity strategy*, noting that it needs to be augmented by family policies embracing both women and men if it is to succeed.

Since a number of the strategies require committed and vigorous political action, we have also asked how gender imbalances in political assemblies affect matters in this connection. Today, countries with higher GDP levels have higher female employment rate and more women in the parliament than countries with lower levels. The causal relations are not absolutely clear. There is however much to suggest that the *skewed distribution of power between women and men*, evident in several member states' parliaments today, is not encouraging long-term gender equality, without which sustainable economic development cannot be achieved.

“..investing in women is not only the right thing to do. It is the smart thing to do. I am deeply convinced that, in women, the world has at its disposal, the most significant and yet largely untapped potential for development and peace.”

Ban Ki Moon, UN Secretary General, 8 March 2008¹

1 Introduction and aims

The overall purpose of this report is to examine “*the interrelationship between gender equality policy action, economic growth and employment in the EU member states*”.² The study considers what enhanced gender equality in the labour market might mean for economic growth in the EU member states and what actions are needed to raise the level of economic activity by exploiting the potential that gender imbalance implies.

Gender equality is a multidimensional term embracing economic, cultural and social dimensions alike. Here, we confine ourselves to three important aspects that serve the purposes of our report. The first is **equal right to education**. This right is an essential condition of labour market equality, but is not sufficient in itself. If women or men are discriminated against in terms of access to education, society’s human capital is not being used rationally.

The second is **equal right (and opportunity) to work** in the market. At present there are major differences in the levels of labour force participation between women and men. This is to a great extent due to perceptions about the role of women in the interaction between housework and work in the market. Traditionally, women have been expected to perform most of the work in the home as a matter of course, regardless of which partner is most suited to the task. This traditional attitude is still

an important explanation of the differences in women’s labour participation (considerably greater than men’s) found in the EU member states.

The third aspect concerns the nature of **women’s work and pay**. It is a generally known fact that women have lower pay levels than men in all member states, which directly reflects the differing conditions and circumstances under which women and men live. This applies to everything from the unequal sharing of household work to pay discrimination of women in the labour market.

The report begins with a short presentation of the terms and concepts used in the report. In Section 3, we present some empirical studies analysing gender equality and economic development at global level. Section 4 begins by providing a general picture of the relationship between gender equality and GDP levels in the EU, and this is followed by an examination of the potential for growth in the Union. A simple projection of what enhanced gender equality in the labour market might mean for economic growth in the member states is presented in Section 5. Section 6 looks at various strategies for promoting gender equality in the labour market. The report ends in Section 7 with some reflections on the role of politics and politicians in the realisation of gender equality policy strategy.

1. International Humanist and Ethical Union (www.iheu.org).

2. Swedish govt committee terms of reference IJ2008/2426/ADM.

2 Hypotheses and basic terminology

We cannot expect to find a clear connection between economic growth and all aspects of gender equality. But if we confine ourselves to employment-related factors, such as activity rate, and define gender equality as the absence of gender-based discrimination, the relationship between gender equality and economic growth – the pace of GDP change – ought reasonably to be positive. Gender equality may then be regarded as an economic application of Le Chantelier's principle, which essentially states that the fewer restrictions one has to consider, the easier it is to achieve a specific goal. When gender equality is present in the labour market, work in society is distributed rationally between the sexes. This means that a given occupation is allotted to the person most suitable and not due to prejudices or discriminating rules or practices. Where all normal cases are concerned, this leads to a better economic outcome than in alternative cases.

Before we present empirical data, it may be worthwhile making some terminological distinctions. The report deals with the relationship between gender equality and economic growth. As many empirical studies show, however, a country's growth is contingent upon a wide range of factors. Countries with low GDP levels per capita, for instance, often have a high growth rate, which tends to be attributed to what is known as the catch-up effect. For this reason, an empirical study of the relationship between gender equality and growth would require a fairly sophisticated, multivariate econometric analysis.

Another – and much simpler – starting point, therefore, is to instead discuss the relationship between different *levels*. Let us assume, for instance, that the proportion of gainfully employed women is one measure of the *level* of gender equality. When gender equality (measured thus) increases, growth will also increase,

since more people's work is marketed and thus counts towards GDP. This increase, then, is due to the fact that the amount of (marketed) work increases, and the long-term relationship here is between employed women (i.e. the level of gender equality) and the GDP level. The actual increase in economic growth is short-term in character, and is a result of *increased* gender equality, expressed here as an increasing proportion of employed women.

Conceivably (but not necessarily), a long-term correlation may also exist between the level of gender equality and growth rates. It is not unreasonable to suppose that a high proportion of employed women can boost the long-term growth curve (all else being equal), since more people will then start businesses, introduce new market-based innovations, and so forth. Thus gender equality can have a favourable impact on both the GDP level and growth rates. The higher the level of gender equality in society, the higher the average levels of productivity (i.e. higher GDP level) and perhaps also the faster the innovation process. In other words, higher rates of growth.

However, it is intuitively fair to assume that there is a correlation in the opposite direction as well. The richer a society, the greater gender balance we should expect, at least in certain key aspects. Another reasonable assumption is that a richer country is likely to make more progress in confronting norms and prejudices (at least in the long term), and that such a development should cause these social obstacles to gender equality to diminish over time. If it is to achieve a high level of general productivity, a society cannot 'afford' to discriminate. The female talent potential, therefore, must be tapped. If a higher rate of work productivity is to be achieved, women's educational opportunities must be guaranteed, for instance, and the most suitable person (irrespective of sex) must be given the

chance to introduce innovations, start businesses, and so forth.

To sum up, then, we should be able to expect enhanced gender equality – whether it develops spontaneously or as a result of policy measures – to lead to higher GDP and possibly to a higher long-term growth rate as well. And we should

also expect the reverse correlation whereby increased production in the long term leads to increased gender equality.³ A natural hypothesis, in other words, is that the relationship between gender equality and growth may be likened to what Gunnar Myrdal called “a positive spiral with cumulative effects”.⁴

3. What “long term” is here may be hard to know since level of democracy in the individual country also is crucial here. As long as the very rich countries, for instances, do lack full democracy concerning equal rights for men and women, “long term” may become very long.

4. Myrdal (1957) p 13: *“In the normal case a change does not call forth countervailing changes but, instead, supporting changes, which move the system in the same direction as the first change but much further. Because of such circular causation a social process tends to become cumulative and often gather speed at an accelerating rate.”*

3 Empirical studies of (in)equality and growth at global level

Most empirical studies of gender (in)equality and growth (and GDP per capita) have been conducted at global level, which means the knowledge they have generated is based on the experiences of both developed and developing countries. On the whole, it could be said that the studies essentially concluded that the role of women is crucial to economic development and that resources should therefore be used in such a way as to eliminate existing inequalities. In the work of the UN, this is exemplified by the Millennium Development Goals. Four of the (eight) goals that were established to reduce poverty are directly related to women, e.g. enhanced gender equality and the right of all (including girls) to education.⁵

It has also been argued that increased gender equality leads to economic growth as a result of the differing savings and consumption patterns of women and men.⁶ Women's propensity to save is greater than men's, and women's consumption focuses to a greater extent on the children and on household necessities (basic consumer goods). Women with incomes of their own may therefore contribute to a stable and sustainable economic development in the

long term.⁷ Furthermore it is a well established fact that working mothers earning their own income also help reduce poverty, particularly among children.^{8,9}

There are a number of hypotheses concerning the long-term correlation between GDP level and gender equality.¹⁰ The most common among them is that the correlation is positive, due primarily to more equal human capital investments. Another hypothesis is that there is no unequivocally positive correlation but that it varies with the level of development in the country (Women in Development, WID).¹¹ When a country begins developing, inequality may initially increase (measured as income), since the men – but not the women – enter the labour market and boost their incomes. Not until later, when women's participation rate starts to rise and their incomes increase, the gender inequality will decrease.¹²

Another approach, Gender and Development (GAD), differs from most in arguing that gender inequality will persist despite economic development and that it may also increase as the economy grows. The explanation for this is that differences between women and men are

5. Abu-Ghaida & Klasen (2004).

6. Seguino & Floro (2003), Stotsky (2006).

7. 'Consumption in OECD-countries is distinctly gender-related' OECD (2008) p 65, Stotsky (2006) p 8–13.

8. Whiteford & Adema (2007).

9. Cantillon et al (2001).

10. The hypotheses described here are to be found in Forsythe et al (2000) and Stotsky (2006).

11. Ester Boserup (1910–1999) is the foremost proponent of this hypothesis, and her book from 1970, 'Women's Role in Economic Development', is among the most cited literature in this connection. Boserup has strongly influenced perceptions of women's status in the Third World. She was among the first to criticise the idea that gender divisions in the labour market were due to biological differences. Other factors, she noted early on, included class affiliation and ethnic background. She further argued that if economic development were to be properly evaluated, analyses would also have to include women's 'hidden contribution' in the form of unpaid work. Today, some might view Boserup's contribution – which showed how complex women's work is (as a socioeconomic phenomenon) – as a counterweight to the 'world model' for gender equality that has evolved in recent decades and which has emphasised economic emancipation. Ester Boserup worked for the UN for many years.

12. This line of reasoning corresponded well to Simon Kuznets' inverted U-curve ('the Kuznets Curve') for income inequality. Kuznets presented his theory back in the 1950s, when he showed how social gaps widened in the early stages of a country's development before stabilising and then beginning to close.

more a consequence of norms, traditions, family perceptions, discrimination, structures and legislation than of economic growth.

To test which hypothesis was most plausible, Forsythe et al (2000) estimated two models incorporating data for most countries in the world for the period 1970–1992, using both the relative status of women and a gender equality measure of their own as a dependent variable. Their findings supported the first approach – a positive correlation between the level of gender equality and the GDP level. Virtually all countries have progressed in terms of women’s relative status, but progress has been much greater in richer countries than in poorer ones, while women have improved their status most in countries with the highest rate of growth.¹³ This was found to be the case after the authors had checked both for women’s original status level and for the patriarchal structure in the country concerned. Applying their measure of gender equality, the authors also found a degree of support for the other approach (the ‘Kuznetz model’). Their conclusion, however, was that in the long term there was a positive and significant correlation between gender equality and GDP.

In a study by Knowles et al (2002), a model was estimated in which the respective educational levels of women and men were included as separate variables. The study showed that educational differences between the sexes (the gender education gap) adversely affect growth, while the level of education among women had a clearly favourable impact on labour productivity.¹⁴ In the case of men, this effect was less clear.

Klasen (2002) found the same positive impact from women’s education. This study further noted that gender equality indirectly affects economic growth in that it also affects

investments and population growth in the country. Raising women’s educational levels also impacted significantly on fertility and child mortality and thus on life expectancy in the country concerned – a finding that Amartya Sen¹⁵ showed has been among the most important for raising living standards in a developing country. Klasen also showed that “... *promoting gender equity in education and employment may be one of those few policies that have been termed ‘win-win’ strategies*”.

In an earlier study by Hill and King (1995), the authors sought to explain GDP level per capita on the basis both of women’s educational participation rate and of the gender education gap. Their findings showed not only that women’s educational levels had a clearly positive effect on GDP but also that large education gaps between the sexes affected GDP negatively.

Differences in *social capital* (voice and political participation) also affected growth.¹⁶ Social capital here denotes individuals’ social and political involvement outside the home/family. In some countries, gender gaps are extremely wide, e.g. in countries without women’s suffrage and/or where men totally dominate public life. This may directly affect growth, due to a range of factors, including corruption. Studies have shown that since women tend to be less corrupt than men there is a considerable risk that institutions will function less effectively and that investments will be fewer as long as women are absent from the political arena.¹⁷

Summarising and simplifying the findings of the empirical studies carried out hitherto, it could be said that to a greater or lesser extent all show that enhanced gender equality – realised by such means as increased female participation in education, in working life and in

13. Nor is this surprising, since relative changes are usually largest in countries starting from a low base level, while they are more moderate in countries that have already achieved a high level.

14. This finding is in line with the World Bank view that women’s education has both a direct and an indirect positive impact on growth.

15. Amartya Sen, a leading development researcher who was awarded the Nobel Memorial Prize for Economics in 1998.

16. Stotsky (2006) 29–30.

17. Dollar, Fisman & Gatti (2001).

political life, and by the opening of more professions to women – interacts with the GDP level (per capita). The correlation is twofold: Greater equality between women and men is a

highly significant factor in pursuit of change in developing countries, while a higher GDP level may also result in social development towards enhanced gender equality in different areas.¹⁸

18. Janet G Stotsky (2006).

4 Gender equality and growth at EU level

As noted above, research into growth and gender equality has mainly focused on the global level. In this section we will be confining our analysis to the EU level and describing conditions there. We begin by painting a general picture of the situation with the aid of gender equality criteria that nowadays are available in the form of gender equality indexes. We then look at the key indicators for this study – education, employment and pay differentials – in order to identify the growth potential in increased gender equality.

4.1 The general picture – gender equality and GDP levels

The term ‘gender equality’ is, as noted previously, multidimensional which means that a straightforward quantitative presentation is lacking. But there are benchmarks available, and gender equality indexes are nowadays produced regularly by different organisations. The indicators used in these indexes do however vary which make immediate comparison impossible.¹⁹ A very brief presentation of some of these indexes will follow.

Social Watch has been producing the Gender Equity Index (GEI) since 2004. It is based on three indicators: education, activity rate in the labour market, and political activity.²⁰ Social

Institutions and Gender Index (SIGI) has been developed by a group of researchers and it is focusing the social institutions in various countries and their impact on gender equality. Hitherto, this index has only been used for countries outside the OECD area.²¹

A third index, the Gender Equality Index (EU-GEI), has also been developed by a group of researchers and is designed to measure gender equality in the EU.²² It measures four different dimensions where *equal sharing* between men and women is the comparative norm. Equal sharing of (i) paid work, (ii) pay and income, (iii) political and social power, and (iv) time. The last of these indicators, time, is highly interesting, since it reflects an ambition to create a ‘modern’ index.²³

The two indexes that have been used longest are produced by the UN and by the World Economic Forum (WEF).²⁴ The UN index, the Gender-related Development Index (GDI), is based on (i) life expectancy at birth, (ii) literacy and completed school education, and (iii) earned income. The gender gaps for each indicator are then used to create a composite index where zero (o) means that gender equality is totally lacking in society, and one (1) that full gender equality prevails.

The WEF, which produces the Global

19. See for instance Klasen (2009), Dijkstra (2006) and Plantenga et al (2009) for a discussion of the criticism levelled at different gender equality indexes currently found in the market.

20. For more on this index, see www.socialwatch.org.

21. Branisa m fl (2009). This index is based on gender differences relating to: (i) family (dealing with such matters as child custody, right of inheritance, and polygamy); (ii) civil rights (women’s freedom to move around outside the home, freedom of clothing); (iii) personal integrity (violence against women, genital mutilation); (iv) sex bias (missing women/son preferences); and (v) ownership rights (land, property, loans etc). On the SIGI’s ranking list of countries (all outside the OECD), those with the ‘least’ amount of gender inequality were Paraguay, Croatia and Kazakhstan, while those with the greatest amount were Uzbekistan, Turkmenistan and Somalia.

22. Plantenga et al (2009).

23. Today, many (young) women and men talk about the need for ‘more time’. Reconciling employment and family in an acceptable manner is of course essential, but in addition to that many want time to maintain other relationships (outside the family) and pursue leisure-time interests (sometimes time-consuming), and many also want what they call time of their own.

24. For a closer presentation of these indexes, see the websites of the organisations concerned.

Gender Gap Index (GGI), measures differences between the sexes on the basis of (i) economic activity, pay and professional practice, (ii) literacy and level of education, (iii) health and survival, and (iv) political activity. This composite index, too, will be accorded a value between zero and one.

(The ranking of EU member states varies depending on which of the index is used. See annex for the ranking given by GDI, GGI and EU-GEI.)

So what does the relationship between the various countries' GDP levels and gender equality look like? We illustrate this with the aid of two last indexes: GDI and GGI.

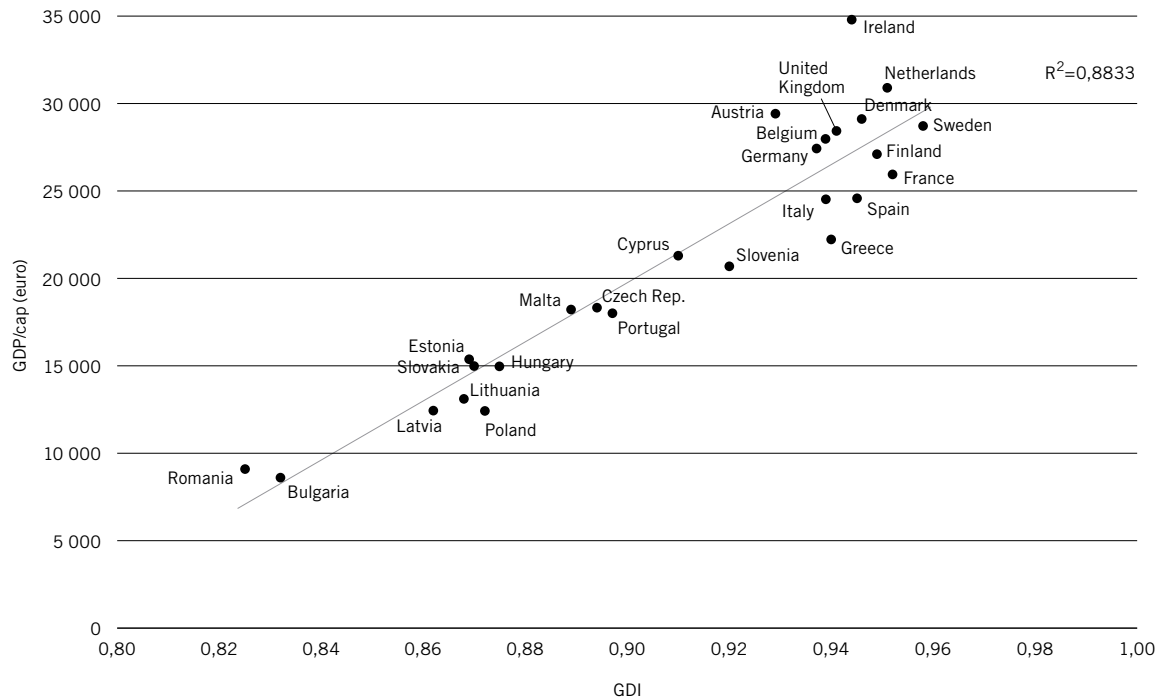
Figure 1 shows a positive and significant correlation between GDI and GDP per capita. This means that among the EU member states gender equality, as measured here, varies posi-

tively with GDP (per capita). The causality is however unknown.

The correlation between the second index, GGI, and GDP per capita is presented in figure 2. As we can see, this correlation is slightly more complicated than the previous one. It resembles the 'Kuznets link' which has been found to apply to certain countries' long-term development (see footnote 12). Here, the gender equality index seems to decline as the GDP level rises from a low level, and then increases at higher levels. As Figure 2 shows, the negative correlation is to be found in the 'new' member states. For this group (and for the relevant point in time), a higher GDP level is associated with a lower gender equality index.²⁵ For the EU countries as a whole, however, there is a positive correlation.

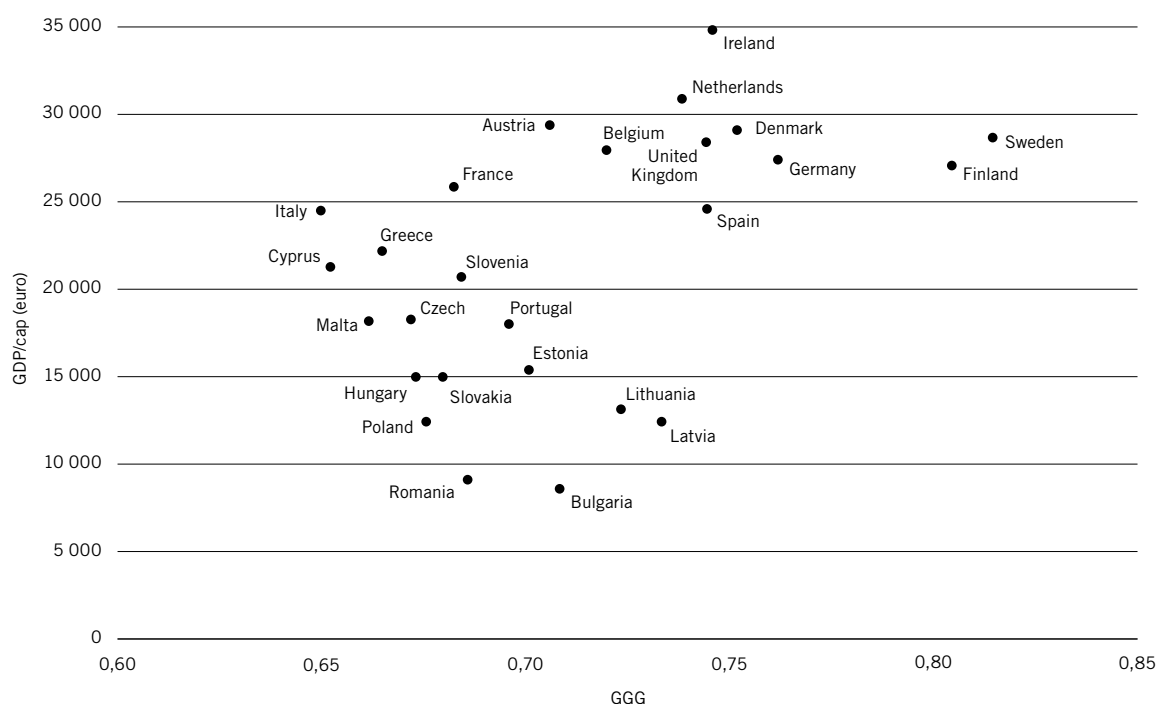
Existing indexes do not provide an unequivocal picture of the relationships we are studying,

FIGURE 1: Gender Development Index and GDP per capita (euro) in EU member states 2007.
(Excl. Luxembourg)



25. We repeat, however, that drawing conclusions as to whether the link in fact runs from the economic level to gender equality is risky. It might just as easily be a case of cultural factors co-varying, which would explain why the link is not unequivocally positive.

FIGURE 2: Global Gender Gap and GDP per capita (euro) in EU-member states 2007.
(Excl. Luxembourg)



a fact that probably reflects the multidimensional nature of the term ‘gender equality’. Bearing in mind that a ‘gender equality index’ may incorporate such disparate components as the degree of literacy, differences in political representation and the extent to which parental leave is shared, we can hardly expect there to be an unequivocal link to economic levels, for instance. On the other hand, the link (between gender equality and economic level) may be twofold. Generally speaking, the correlation would appear to be positive, although weaker or stronger, since none of the indexes show an unequivocally negative link with the GDP level. It is clear, however, that the greater the number of labour market-related indicators an index contains, the stronger the positive correlation.

With this general data at our disposal, we now move on to a more detailed study of the economic growth potential that exists at EU

level, adopting a gender equality perspective on the three indicators education, employment and pay, which relate more closely to the labour market.

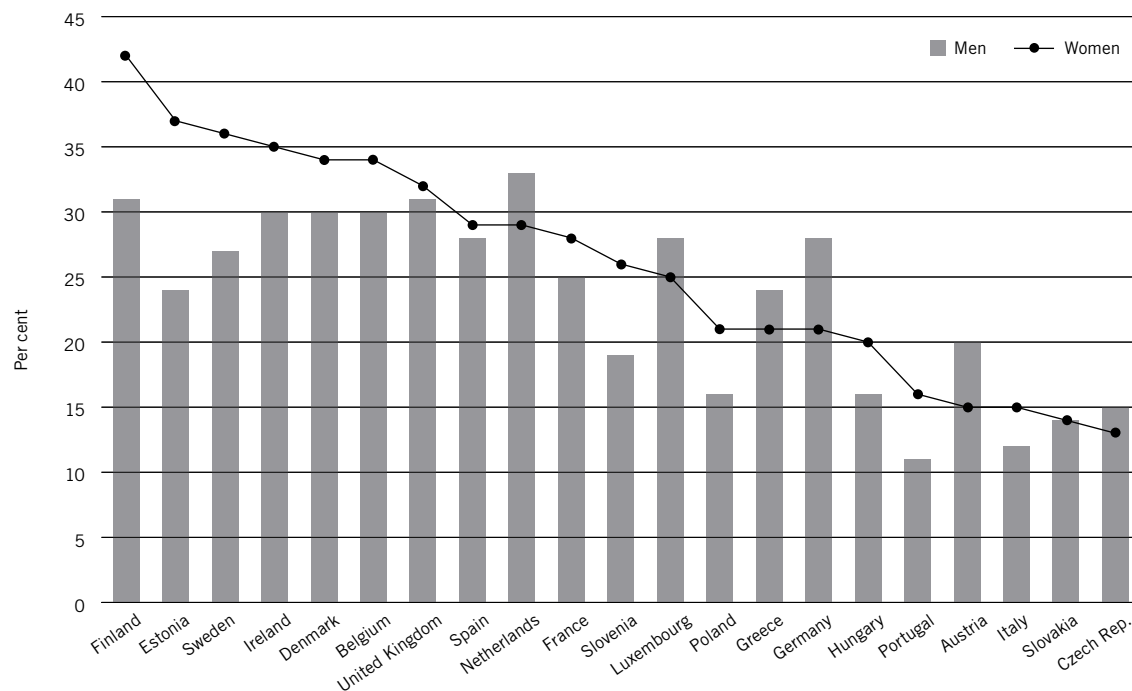
4.2 Education

Fundamental factor governing labour market equality is education. Today, there are no legal gender barriers in the EU.²⁶ Participation in higher education is in fact distinctly balanced in gender terms. In fifteen of the twenty member states shown in the figure below, the proportion of highly educated women was greater than the proportion of highly educated men in 2007.

The gender gaps were greatest in Estonia, Finland, Sweden and Slovenia. The proportion of highly educated women in 2007 was greatest in Finland (over 40 per cent) and smallest in the Czech Republic (less than 15 per cent). In the case of men, the highest proportion was in the

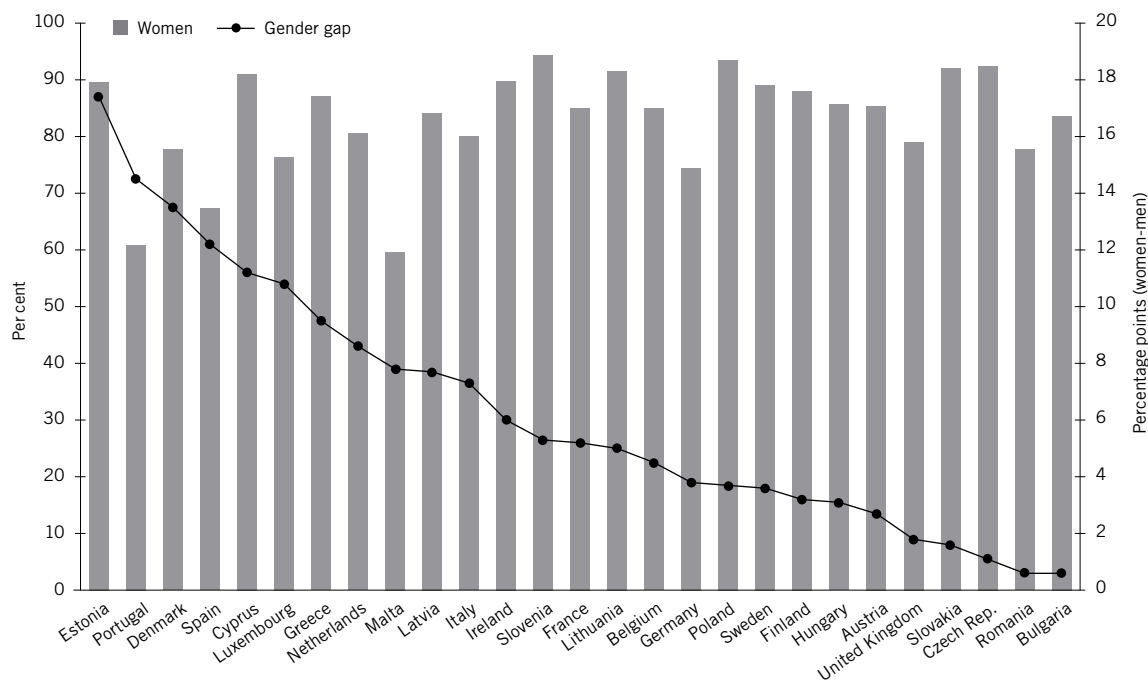
26. See May (2008) for a review of the history of women's education in the EU.

FIGURE 3: Proportion of women and men (25–64 of age) to have attained tertiary education.



Source: OECD data. 2007

FIGURE 4: Educational attainment (at least upper secondary school) of women aged 20–24 in 2007 and differences between women and men.



Source: Eurostat

Netherlands (almost 35 per cent) and the lowest in Portugal (approximately 10 per cent). The fact that women already represent a majority of the highly educated in most countries will probably become even more evident in the years ahead. This is because, in all EU member states, the proportion of female students at upper secondary level is greater than the proportion of male students (see Figure 4).

Of young women in Estonia, Cyprus, Slovenia, Poland, Lithuania, Slovakia and the Czech Republic, 90 per cent had at least an upper secondary education (left axis). In Portugal, Spain and Malta, the proportion was between 60 and 65 per cent. The solid line shows that the gender gap was greatest in Estonia, Portugal, Denmark, Spain, Cyprus and Luxembourg (right axis). Thus in Estonia, 90 per cent of the women and 73 per cent of the men had at least an upper secondary education in 2007. In the UK, Slovakia, the Czech Republic, Romania and Bulgaria, the gap was significantly narrower, less than two percentage points.

It is also worthwhile noting here that there is an unequivocal (and hardly surprising) positive correlation between gender equality (measured by GDI index) and cost to the educational sector. The correlation in this case probably proceeds from the GDP level: the richer a country is, the greater the investment in education and the greater the degree of gender equality.

4.3 Employment

The OECD has found that much of the growth that has taken place in the OECD zone over the past ten-fifteen years is attributable to the increase in women's labour force participation.²⁷ Employment here refers to the individual having an income from work either as employee, as self-employed, or both and. The majority of those in paid work are employees.

27. OECD (2008).

28. See for example the discussion of 'silent partners' in Philipps (2008).

29. A small gender gap cannot however always be equated with a generally high level of employment. In some countries, employment among men is comparatively low.

30. The figures refer to the 25–49 age group. Children are defined as those aged 12 or less. (Data on Denmark and Sweden is missing.) European Commission (2009).

The official employment level does not, however, always reflect the true situation since non-registered work also occurs in various forms and degree. There is much to suggest that it is more common among women than among men. One explanation to this is lack of regular employment. Another is that many women are not in a position to take a regular job due to their primary responsibility for the family. A third reason may be that many women do work on family farms or in other type of family business without being paid.²⁸

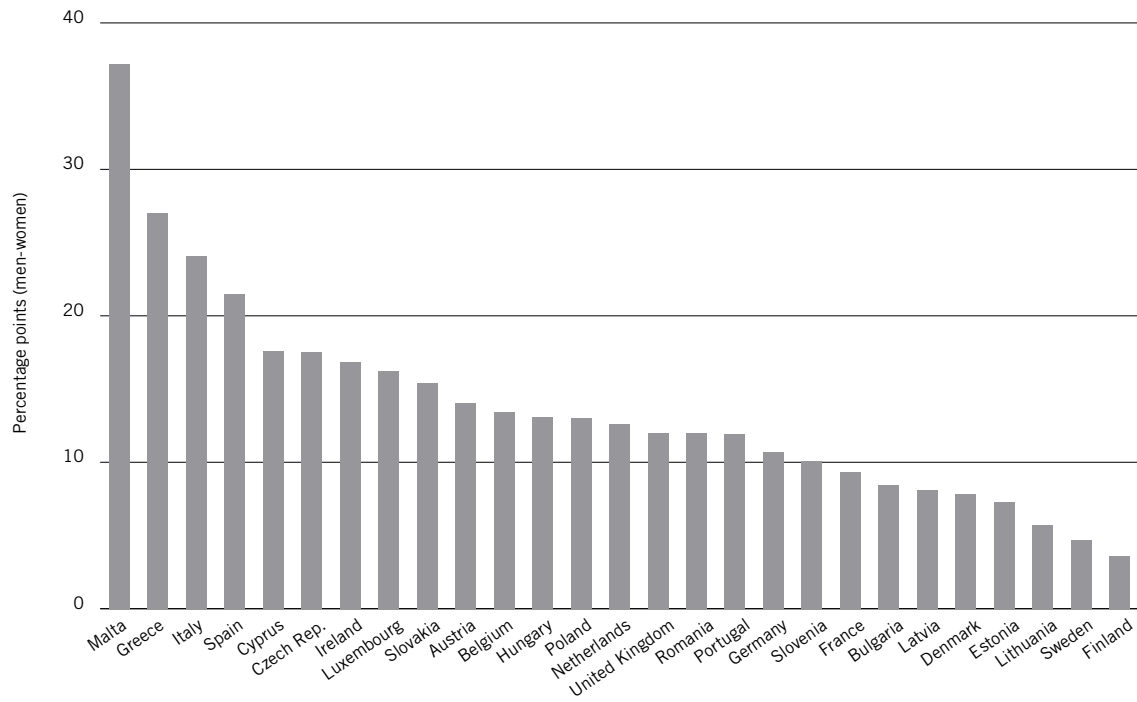
Figure 5 shows the size of gender employment gap in the various member states.

As can be seen, the difference is greatest in the Mediterranean countries and smallest in the Nordic countries. The average difference (unweighted mean) is approximately 14 per cent and the average employment rate for the EU as a whole (unweighted) is 59 per cent for women and 73 per cent for men.²⁹

The EU target set by the Lisbon Strategy is an employment rate for women (aged 15–64) of 60 per cent by 2010. By 2007, fourteen countries had already achieved or exceeded this target, France was on the point of reaching it and twelve countries were below the mark. (See figure 6.)

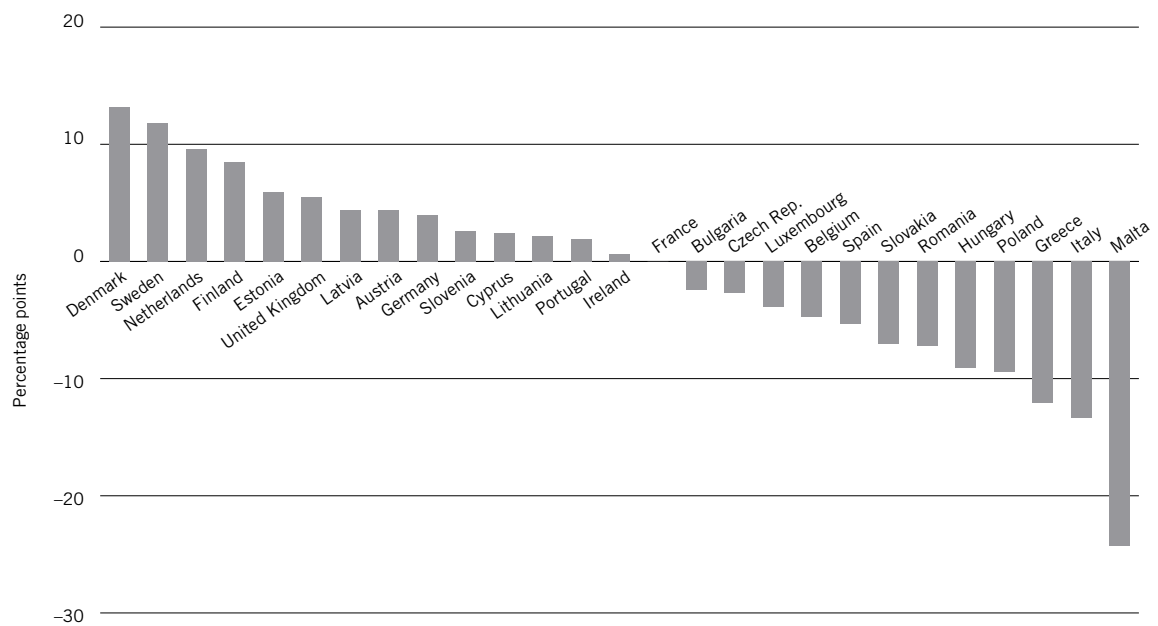
While we know that the level of employment among women varies *within the EU*, it is also worth noting that there may be considerable differences among *women as a group*. In some countries, for instance, *the presence of children* (primarily below the age of 12) is critical for participating or not. In the Czech Republic, Hungary, Slovakia and Ireland, the difference between mothers and non-mothers is 20 per cent while in Slovenia and Portugal there is hardly any difference at all. Where men in the EU are concerned, those with children under twelve always work more than those without children.³⁰

FIGURE 5: Gender employment gap in year 2007.



Source: Eurostat Labour Force Survey

FIGURE 6: The “Lisbon gap” in year 2007.
(Female employment rate minus 60 %)



Source: Eurostat Labour Force Survey

Another difference concerns *age*. In some countries the female employment rate is almost the same, whatever their age, while in others there are considerable differences. In Belgium, for instance, the employment rate for women aged 15–64 is 55 per cent, but only 26 per cent among older women (55–64). The corresponding figures in Estonia are 66 and 60 per cent.³¹ The goal, in this respect, is however to raise the employment level among the elderly in all member states to at least 50 per cent.

Where *education* is concerned, highly educated women in all EU member states have a relatively high employment rate, while the differences between those with lower (shorter) education may be substantial.³² In countries with large public sectors, complete with child-care and elderly care, education and healthcare, more women of all categories are employed outside the home than is the case in countries with smaller public sectors. There is a *multiplicator effect* here. If, for instance, one expands the public elderly care service, one creates direct market employment that often targets (creates a demand for) women. At the same time, this frees women (i.e. those who previously cared for elderly in the home) and enables them to seek work in the open market. Expansion of child-care services works in the same way – it generates both direct employment, i.e. a demand effect, and the chance to work, i.e. a supply effect. This combination of supply and demand effects from public sectors jobs is not as clear-cut for men.

The reason why highly educated women are to be found in the labour market to a greater extent than other women, irrespective of welfare state, are the fact that better-educated (usually) have easier to get a job and have a

more favourable incentive structure. The latter refer to better access to more interesting jobs, better career prospects and, not least, higher pay.^{33,34} Finally, it is worth noting that highly educated women and men alike tend to be more inclined to break with current gender patterns and norms, both in working and private life, which naturally makes unconventional solutions and decisions easier.³⁵

4.3.1 Part-time work

The final factor that distinguishes women from each other is the working hours performed in the labour market. In the Netherlands and Sweden nowadays, the activity rate among women is roughly the same, around 70 per cent, but while Swedish women work on average 38.2 hours per week, the average for Dutch women is 29.5 hours. In countries with lower employment rates among women, such as Romania and Bulgaria, 52 and 57 per cent respectively, the average working week is considerably longer, i.e. 50 and 47 hours per week. In Greece, Poland and Hungary, where the female activity rate is around 50 per cent, the average working week is 43–44 hours long.³⁶

Nowadays, part-time work is an institutionalised form of employment in a number of EU-countries, but far from all. Where it exists it does however applies almost exclusively to women. Figure 7 shows the rate of part-time work among women in different countries (left axis) and the differences between men and women (right axis).

With a few exceptions, part-time work is most common in the ‘old’ EU countries, while it is unusual in the ‘new’ member states of Eastern Europe. As noted earlier, the employment rate

31. For men, the corresponding figures are: In Belgium 69 and 42 per cent, in Estonia 73 and 59 per cent.

32. Cantillon et al (2001).

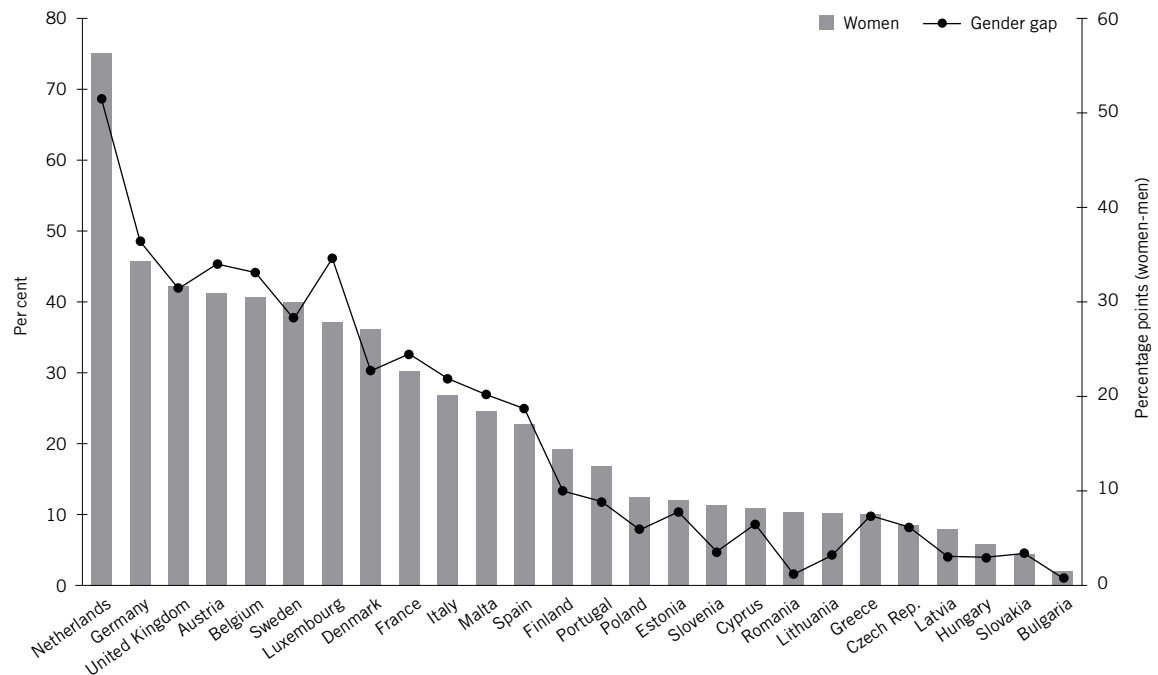
33. It could also be said that many highly educated women, whatever their pay, are prepared to accept the costs of working (eg for child care) because their prospects in the labour market, viewed in a long run perspective, are considered more favourable than the prospects of those with a shorter (lower) education.

34. The lower birthrate among women with better career prospects is however apparent in many countries today which indicate that lack of childcare, or other services for families, may be a problem for women in this group as well.

35. See for instance Cantillon et al (2001).

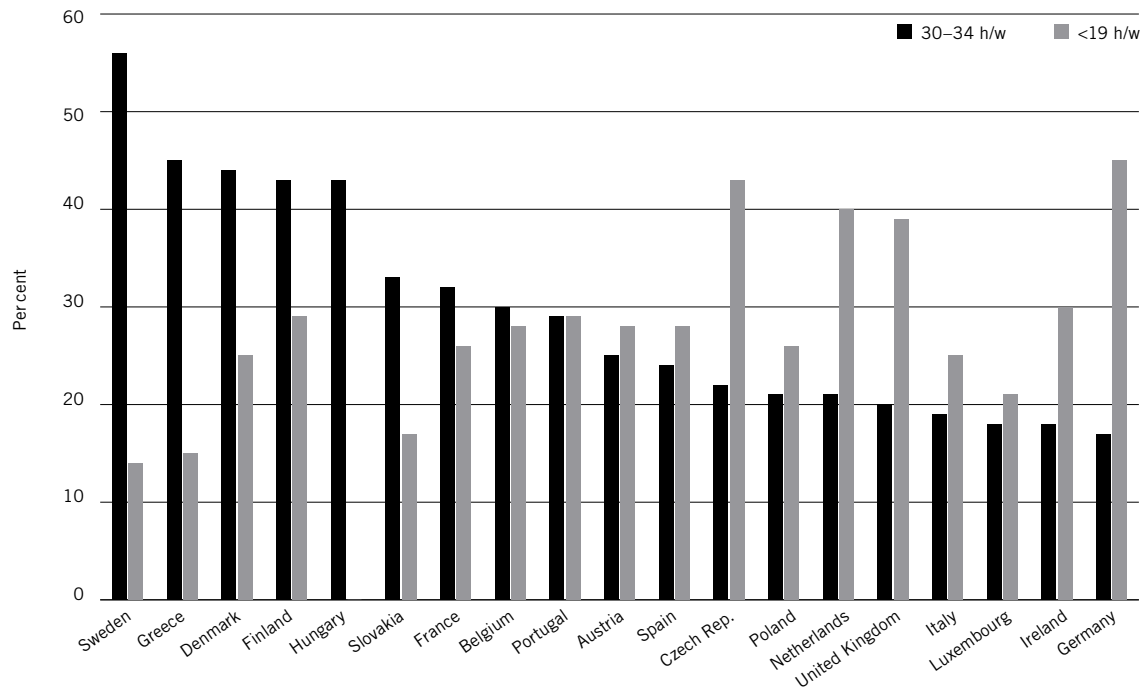
36. Figures taken from the European Commission report, ‘Equality between men and women 2009’.

FIGURE 7: Proportion of women working part-time and differences between women and men in 2007.



Source: Eurostat (Ireland n.a. for 2007)

FIGURE 8: Long and short part-time among women in year 2005.



Source: Eurostat

among Dutch women is high, but the figure shows that as many as 75 per cent of them work on a part-time basis. This may be compared with the situation in Bulgaria, where only a fraction of the women work part-time.

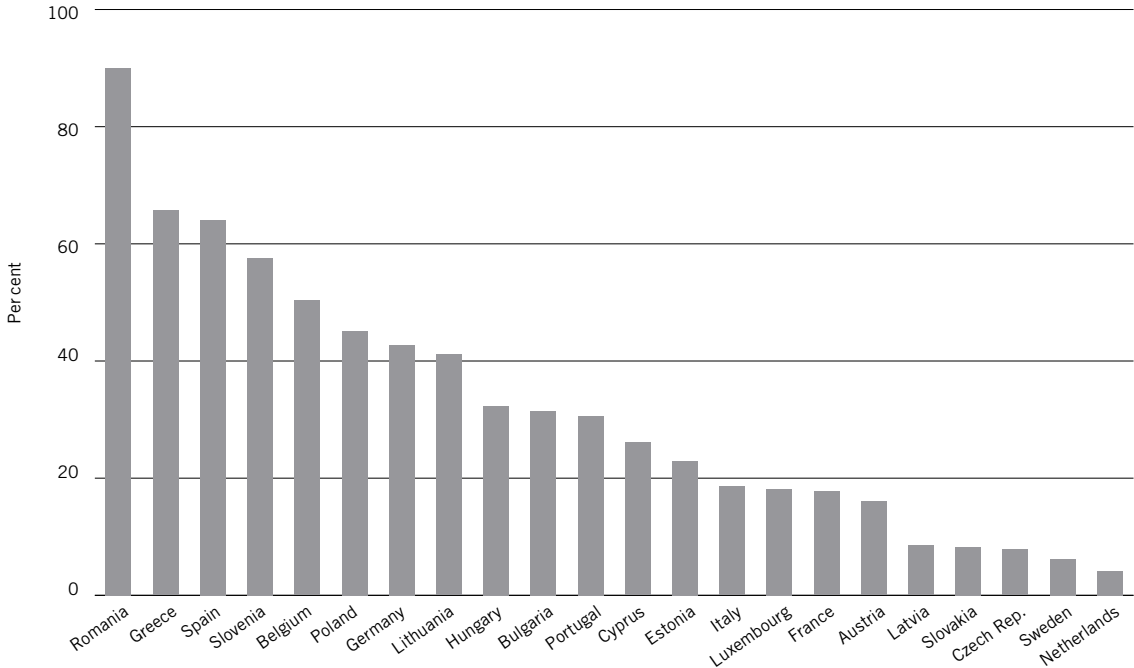
The solid line in the figure denotes the difference between women and men. It shows that in countries where part-time work among women is high, the gender gap is substantial. There is, however, a fairly unequivocal link between the various shares, so that a high share of women in part-time work also means a high share of men in part-time work. The difference is greatest in the Netherlands – 50 percentage points – but the proportion of men in part-time work there is nevertheless relatively high, i.e. almost 25 per cent. In Denmark, Germany and

Sweden, which also have a high proportion of women working part-time, the proportion for men is between 10 and 14 per cent.

So how long is part-time? A distinction is usually made between *long, medium and short* part-time work.³⁷ The first can be compared to full-time employment in terms of working conditions, social benefits and pay, while the conditions for those in short-term employment may be considerably worse.³⁸ Figure 8 shows that 56 per cent of Swedish women in part-time employment worked long hours and 14 per cent short, while in Germany the proportions were reversed: 17 per cent in long part-time work and 45 per cent in short.

The reasons why people work part-time vary between groups, but for most women the prin-

FIGURE 9: Inactivity and parttime work among women (15–64) due to lack of care services for children and other dependants.
(Proportion of women with care responsibilities.)



Source: Labour Force Survey 18.A6

37. Short part-time employment (<19 hours), medium (20–29 hours), long (30–34 hours).
38. In Sweden the disadvantaged with too few hours was noted early and the result was that this virtually ceased and today 30–34 hours is the most common alternative. Those who stick to the shorter hours may in many cases be students combining work and studies.

cial cause is undoubtedly responsibility for the family. Without access to childcare and elderly care, for instance, it is almost impossible to pursue a career and even get hold of a job in the labour market. But it is not just lack of supply that matters it could also be a question of reasonable price and quality and whether the organisation of care is reconciled with one's working hours.

The extent to which women in the EU are wholly or partly outside the labour market due to lack of access to care services is shown in the figure 9.

Almost all Romanian women with responsibility for children and dependence state that they are unable to find any gainful employment at all or not as much as they would like, due to the absence of care services. As Figure 7 showed, the proportion of part-time employees in e.g. Romania was very low, which means that many women are completely outside the market.³⁹ In Greece, Spain, Slovenia and Belgium, more than half of the women stated that their access to care services was too limited to allow them to work as much as they would have liked. In the Netherlands, Sweden, the Czech Republic, Slovakia and Latvia, the share was considerably smaller, i.e. less than ten per cent.

4.3.2 Women and enterprise

Gender equality as a growth potential is not just about women being outside the labour market, either wholly or partly, but also about the work that gainfully employed women perform. Here, the question of how many are prepared to start businesses is of particular importance, as of course is the question of how many actually do so. As mentioned above, exploiting the potential of both sexes to become entrepreneurs is crucial to the economic growth and one of the reasons why much attention has been focused on this issue lately.⁴⁰

The Lisbon Strategy does in fact contain

specific objectives calling for the promotion of entrepreneurship. That women's enterprise has been particularly emphasised in recent decades is due to the fact that in all EU member states fewer women than men start and operate businesses. But also due to increased *awareness and understanding* of women and entrepreneurship and the mechanisms behind it.⁴¹ Targeted measures have been implemented and are still being implemented in a number of countries with the explicit aim of encouraging women to start their own businesses.

Figure 10 shows, however, that the differences in women's enterprise within the EU are still considerable. Between 15 and 20 per cent of all employed women in Greece, Italy, Portugal and Poland are self-employed. The corresponding share in Estonia, Denmark and Sweden is around five per cent. The solid line in the figure also shows that there are considerable differences between women and men. The widest gap is in Ireland. Six per cent of the Irish women in employment are self-employed and 25 per cent of the men.

In countries with a high proportion of self-employed women, the employment rate is often, but not always, lower while the reverse is true of countries with a higher female employment rate. The reason for this is unclear but one may be lack of employment opportunities in general and for women in particular. Another reason may be the difficulties women with children (or with other family obligations) meet in finding, or accepting, a job. For some of them, the solution may therefore be self-employment.

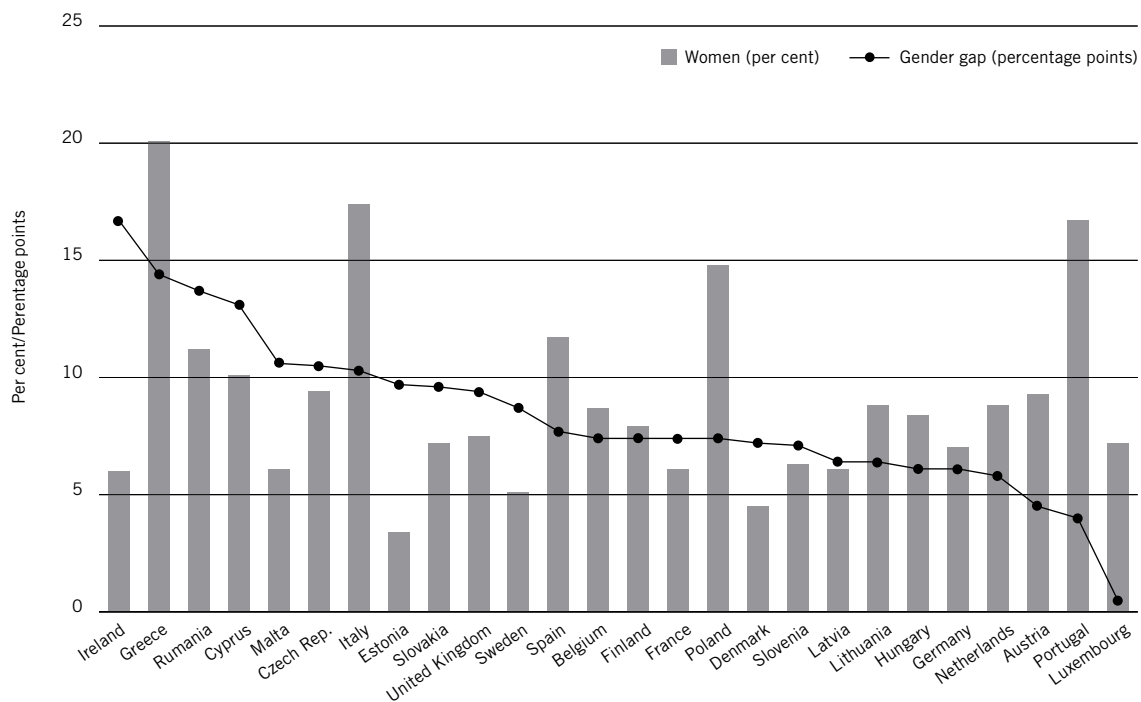
In countries with higher employment levels for women and a social infrastructure that makes it easier for them to have a family and a professional life, *lack of alternatives* is seldom cited as a reason for women to start up a business of their own. Rather, the reason may be a desire to be more flexible, to realise ideas, to be

39. In 2007, the employment rate for women in Romania was 53 per cent.

40. While the term *entrepreneurship* is denoting some form of innovation "own enterprise", business or self-employment may refer to starting a business in an already established area such as retailing, hotel and catering, garage, engineering etc.

41. See e.g. Arenius & Kovalainen (2006) and Verheul et al (2006).

FIGURE 10: Proportion of all of employed women who are entrepreneurs or self-employed and the difference between men and women in year 2005.



Source: Nutek, Yearbook 2008

independent of an employer or just a wish to become wealthier.⁴²

A common denominator for women's as well as for men's enterprises in the EU zone is that it largely involves small businesses. This is not necessarily subject to valuation, since it is not *a priori* possible to draw any general conclusions as to future growth potential of these businesses.

A country's *industrial structure* also affects the scale and scope of business activity. The fact that it is extensive, among both women and men, in countries with large agricultural sectors, i.e. in Greece, Italy, Portugal and Poland, and smaller in countries with another type of industrial structure is therefore hardly surprising. But since the interest among women for becoming entrepreneurs in the service sector is especially high, many observers anticipate a general increase in women's business

activity. This is because the service industries are expected to grow in coming decades.

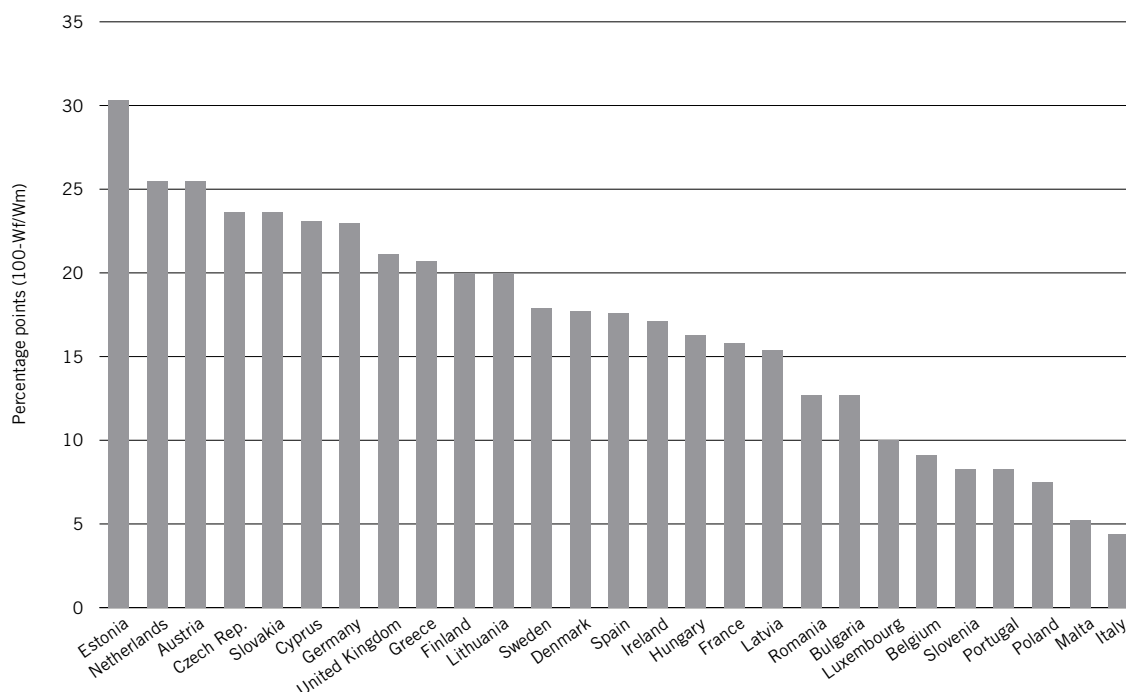
4.4 Pay differentials between women and men

Finally, we will be looking at another significant factor influencing the relationship between gender equality and economic growth. This is the gender pay gap, or pay differentials between women and men. A feature that all EU countries have in common is that women's (average) pay is below the average for men (see figure below). In 2007, the unweighted mean for the pay gap was 17 per cent, i.e. women's pay averaged 17 per cent less than men's pay. There was, however, considerable dispersion between member states, from 4.4 per cent (Italy) to 30.4 per cent (Estonia).

A gender pay gap may mirror differences in productivity, in discrimination levels and the

42. See for instance DeMartina & Barbato (2003).

FIGURE 11: Gender pay gap in EU member states in 2007.
(Gap= 100-Wf/Wm)



Source: EU Commission 2009

extent to which the countries' labour markets are gender-segregated.⁴³ Women, all over the world, are significantly concentrated in occupations with low pay, such as those found in the service, commercial, healthcare and social care sectors. Are wages and salaries low because these jobs are female dominated (discrimination or 'crowding') or because these occupations themselves are low-productive, or because they are public or private ones? There are no simple answers to this but the increasing mobility of women from female to male dominated jobs do give examples of relative pay declining. When women 'take over' what was previously a male occupation, all else being equal, the wage development seems to slow down. This suggests that pay gaps are partially due to discrimination – women may not be paid as much, in relation to their productivity, as men are.

There is a weak but significant correlation between the pay and activity gaps. The greater the gap between women's and men's employment rates, the smaller the average pay gap, and vice versa. This may sound peculiar but is easily explained. In countries with a low activity rate among women, it is primarily those with a relatively high education who work professionally. These women's average pay is then relatively high in relation to the male collective, due not least to the fact that their level of education is higher than the average for gainfully employed men.⁴⁴ When the proportion of gainfully employed women increases, the differences between the sexes in terms of education levels, for instance, will (probably) be reduced. Pay differentials will increase as a result, which means segregation and discrimination will become more relevant as explanations.⁴⁵

43. See Dolton et al (2008) for a comprehensive presentation of gender wage differences across Europe.

44. Olivetti & Petrongolo (2008).

45. See Bettio (2008), who highlights occupational segregation and gender wage disparities.

5 Economic effects of labour market equality – a projection

The conclusions from the previous section are (i) that women work professionally less than men, both because their activity rate is lower and because the proportion who work part-time is higher, (ii) that women are paid less than men, partly because much of their professional activity is found in typically low-paid occupations, (iii) that women are self-employed to a lesser extent than men, and (iv) that the gender gap in terms of (higher) education is relatively small. The proportion of highly educated women will probably exceed that of highly educated men in the future in all EU member states since the current trend is that more women than men are entering higher education.

It is of course impossible to estimate the exact economic consequences of these differences. But it is possible to do a simple calculation showing the approximate size of the economic gains that could be made if women (i) worked in the market to the same extent as men, and (ii) worked in equally productive occupations. To this end, we assume that gender equality in the labour market means women and men having the same employment rate (plus the same amount of part-time work, the same occupational breakdown including the same share of entrepreneurs/self-employed), and thus the same level of productivity. We then calculate what this would mean in terms of increased GDP.

The calculation is based on a number of simplified assumptions. We assume, for instance, that the average pay differentials reflect differences in productivity, i.e. if men are paid 15 per

cent more than women, for instance, this corresponds to a 15 per cent difference in productivity.⁴⁶ Applying this assumption, the pay differential is interpreted as a measure of the productivity gains that can be made when women and men enjoy the same occupational structure. Once total gender equality is achieved in the labour market, women's productivity rises to the current level of men's.

Naturally, this is a simplified explanation of what happens when a labour market achieves full gender equality. An increased female labour supply, for instance, would probably push up demand for the welfare services that were previously provided unpaid in the home.⁴⁷ Since these tend to be characterised by low productivity, average productivity in the economy falls when they are marketed. Also, if these services are publicly subsidised, tax wedges develop that may have an adverse effect on growth. Our scenario – a labour market in total gender balance – also proceeds from an assumption that many women are 'transferred' to more high-productive occupations. But were this to happen, some men might be 'transferred' to more low-productive ones, resulting in declining productivity (for them).

The overall consequence of these and other, similar effects is that our estimate of a potential GDP increase must be viewed as a theoretical *ceiling* in terms of the impact of gender equality on the labour market. Our definition of gender equality (i.e. equal amounts of work and equal productivity) is the simplest and most natural one but, as pointed out, all the above reservations

46. The basic assumption in this example is that if for instance the women's share of the total wage sum is X per cent, women's overall production accounts for X per cent of GDP. This is a reasonable simplification, given the fact that wages (including social contributions) normally represent the bulk of gross domestic income (GDI). The assumption, then, is that the share of capital in the GDP is distributed between women and men in proportion to their relative payrolls – a very reasonable assumption.

47. Please note that in this study we make no attempt to evaluate the housework performed by many women today. Here, we simply calculate the value of market work.

must be kept in mind when outcomes are analyzed.

Our example, then, assumes that a labour market in full gender balance is characterised by the following three changes:⁴⁸

1. The female activity rate becomes equal to that of men in each respective country.
2. Women's part-time work declines to the level of men's in each respective country.
3. Women's productivity becomes equal to that of men in each respective country (assuming here that current wages are a measure of productivity).

Each and every one of these steps will (theoretically) boost GDP by a certain number of percentage points.⁴⁹ When the three steps have been completed women will be producing half the country's GDP. The total potential increase in GDP thus equals the initial difference between the respective contributions of women and men to GDP.⁵⁰ What such a change would mean for the individual member state is shown in Table 1.

As column 1 shows, the potential GDP increase varies between 14 per cent (Slovenia) and more than 40 per cent (Malta, Greece, the Netherlands) of the respective country's GDP. These estimates give an indication of the *magnitude* of the economic gains to be had from gender equality.⁵¹ On average, GDP for EU would increase by almost 30 per cent (weighted or unweighted average for the countries, see below) if women worked on the same terms as men.

The subsequent three columns in the table show the relative significance of the three factors governing GDP increase.⁵² As expected, this varies from country to country. The table shows that the potential GDP increase for Luxembourg, for instance, would be 27 per cent (column 1). About half (49 per cent) of the increase would be attributable to the higher activity rate among women, about a third to longer working time (i.e. less part-time work) and about 15 per cent to women's achievement of the same productivity level as men. In Estonia, given the same theoretical GDP increase, as much as 60 per cent would come from increased productivity and the rest from increased employment and reduced part-time work in roughly equal amounts.

In sum, the following can be stated: with a labour market in gender balance, in which women were gainfully employed to the same extent as men are at present, the EU member states would theoretically be able to boost their GDP by between 14 and 45 per cent. The unweighted average for the member states is 27 per cent. Weighted with population size in each respective country, the average is 28 per cent, and with GDP 29 per cent. A higher activity rate among women would be the most influential factor, boosting GDP by about 40 per cent of hypothetical growth, i.e. column 1. A transition to a more gender-balanced occupation-structure would account for 30 per cent (column 3) and reduced part-time work about the same (column 2).

48. There are of course other conceivable definitions of labour market (gender) equality but this is the simplest and therefore the most easily understood.

49. Let us suppose that women's activity rate (all else being equal) increases by Y per cent. Their payroll will then increase by Y per cent and GDP by X*Y per cent. From this level we then proceed by letting part-time work decline to the men's level. This boosts women's payroll further (which boosts GDP). In the final step, we let women's pay rise to equal that of men.

50. If for instance women initially account for 40 per cent of GDP, the potential in terms of increased GDP is 20 per cent (60-40 = 20 per cent).

51. The estimates in Table 1 are based on studies of the exact weekly working time for women and men, i.e. how many hours those gainfully employed (both full-time and part-time) work on average.

52. Let us suppose that an increase in women's activity rate (weekly working time and pay being equal) generates a potential 5 per cent rise in GDP in Romania. This would mean (see Table 1) that the activity rate accounts for 5/20 = 25 per cent of the total potential gain to be had from labour market equality. This procedure is then repeated for the amount of part-time work (difference in weekly working time) and for the pay differentials, and is standardised.

TABLE 1: Potential increase in GDP in the EU member states following a transition to full gender equality in the labour market (productivity and employment = the men's level) and the percentage distribution of this hypothetical increase*
(Per cent)

	Total	Employment rate	Part-time	Productivity measured by wage
Malta	45	80	16	4
Greece	41	57	22	21
Netherlands	40	20	52	28
Ireland	35	34	45	21
United Kingdom	35	23	49	27
Italy	32	65	29	6
Austria	32	33	29	38
Spain	32	55	20	25
Czech	32	46	19	35
Slovakia	30	46	16	37
Germany	29	28	34	38
Cyprus	29	47	14	39
Luxembourg	27	49	35	16
Hungary	27	45	26	29
Estonia	27	22	17	61
Belgium	26	42	42	16
Denmark	23	23	39	38
Poland	21	55	29	16
France	21	36	28	37
Sweden	21	16	41	43
Lithuania	20	23	27	50
Romania	20	53	17	30
Finland	19	14	32	54
Latvia	18	35	23	43
Portugal	16	57	18	25
Bulgaria	15	47	12	41
Slovenia	14	54	18	28
EU average (<i>unweighted</i>)	27	41	28	31

* Data refers to 2007.

Source: EU Labour Force Survey and EU Commission Report on Gender Equality (2009)

As noted earlier, this is an extremely simplified calculation. However, it is probably realistic enough to give an idea of the *magnitude* of the changes involved. For the EU as a whole, the theoretical gain could be approximately 6 800 euros per capita. Even if this overesti-

mates what is actually feasible by 20–25 per cent, the gains would still be around 5 000 euros per person in the Union.

What action, then, is needed to realise such a potential increase in GDP?

6 Strategies for gender equality and growth

Previous section 4 made it evident that there is considerable scope for increasing the activity rate among women in all EU member states. The considerable prevalence of part-time work among women represents a significant economic potential but there is also an inherent economic potential in the fact that working women tend to be over-represented in low-paid, low-productivity jobs. Under the inquiry's terms of reference, the present study is also required to consider what policy measures are necessary to realize a higher female participation rate.

The principle of equal treatment and non-discrimination is an important policy goal in all EU countries. Discrimination and other forms of special treatment on gender grounds are incompatible with the democratic ideals embraced by all EU member states. Thus an important political task is to create *opportunities* as well as *conditions* under which both men and women can participate in family life, community life and the labour market on equal terms. This section will therefore point out some of the strategies necessary for achieving the targets set in the Lisbon strategy. We will, very briefly, address in turn the economic incentives to work, the need for a *social infrastructure* that will allow men and women to combine work and family life, ways in which *social and cultural norms* may have an impact on female labour supply and lastly the conditions necessary to make the *flexicurity strategy* a success out of a gender perspective.

6.1 Economic incentives to work

Eliminate the gender pay gap

As previously noted, women are paid lower wages as men in all EU countries. This applies both before and after holding constant those factors that are likely to affect wage levels, such

as education and working experience. A fairly unambiguous conclusion, at least among researchers studying the matter, is that pay differentials are due to a combination of factors e.g.: gender discrimination, gender segregation in the labour market, and the fact that women bear greater responsibility for home and family, entailing longer periods of absence from the labour market and more part-time work.⁵³

The obvious conclusion to be drawn from this is that political reforms should aim at removing all forms of pay discrimination and bringing about a less segregated labour market, e.g. through appropriate education policies. As these measures can be expected to boost women's pay, their effect will be to increase the labour supply.

Full-time contra part-time work in the market

The extent of part-time work is significant in a number of respects. The expectations embodied in the EU Part-Time Directive, which began to be implemented in 2000, were that it would encourage a wider selection of jobs for part-time employees and lead to better terms and conditions. The rationale here was that a large number and wide diversity of part-time jobs would enable many more women, now working full-time in the household, to venture out into the open market. However, the range of part-time jobs available remains narrow. Employment is confined to certain industries and pay scales are usually low.⁵⁴ There is ample scope for reform here in many countries.

The possibility of moving from part-time to full-time employment is also a significant labour supply factor. A comparison in various countries showed that women working full-time were rewarded while those working part-time were penalised – in the sense that real wages, includ-

53. Bardasi & Gornick (2008).

54. Ibid. Table 4.

ing social benefits, were lower for the latter group.⁵⁵ This disparity ought to be an incentive for women in part-time work to increase their hours of work. Employers in many industries – and in many localities – do however refuse or find it very difficult to reorganise work arrangement in this way. Reforms aimed at facilitating such a reorganisation would make it easier for women to move from part-time to full-time work.⁵⁶

Tax-regimes

The labour supply is determined by (real) net income. Here, the tax system is of crucial significance. Interest has been focused primarily on the effects of joint and individual taxation on women's labour supply. Under a progressive tax scale, joint taxation of spouses affect women's net income since they are generally regarded as "the other" gainfully employed person in the family.⁵⁷ In most countries, men are still the 'natural' breadwinner by default. Women's choices in this connection are determined by their profitability for the household as a whole. This in turn is highly determined by the tax system in place. With individual taxation (some of) this difference disappears.^{58,59}

In countries with individual taxation systems, employment rates among women may be high (Denmark, Finland, Sweden) or low (Greece, Italy, Hungary), as opposed to countries where joint taxation is applied – where rates are generally lower. However, it is not possible to gauge the effect of a specific tax regime on employment rates as the latter are also affected by the overall structure of the tax and benefit systems in place.⁶⁰

A tax policy that allows households to make tax deductions on the basis of the family's composition – e.g. number of children in the family and whether the woman works at home – and the specific design of the transfer systems in place naturally affect women's decisions as to whether or not to work.⁶¹ If the value of the benefits lost to the household is greater than the (net) income earned from employment in the labour market, the effect on the labour supply will probably be negative. The same applies if the costs involved in starting work (e.g. childcare fees) are high or strongly income-related.⁶² The incentive for women to increase their labour supply and the economic 'gains' this entail must therefore be related to the 'costs' involved.^{63,64}

55. Ibid.

56. An ongoing discussion in Sweden concerns 'the right to full-time employment and the option of part-time work'.

This was sparked by the difficulty many have in moving to full-time status after working part-time for many years.

57. In almost every country, more than 80 per cent of secondary earners in households are women. In some countries the figure is over 90 per cent (Immervoll et al (2009) p. 8).

58. Immervoll et al (2009).

59. Both types of tax regime are found in the EU. Countries that practise systems of joint taxation of spouses, or that allow that option, also offer the option of individual taxation. Joint taxation is applied only in some countries: in the Czech Republic to couples with children; in France and Portugal to families; and in Germany, Ireland, Luxembourg and Poland to married couples (OECD Family Database 2008).

60. In Greece, for example, no income-linked benefits are paid to married couples. In Italy, such benefits are very limited, particularly for couples without children. Those that do exist will be phased out at different income levels in such a way as to be scarcely noticeable by low-income households.

61. The reason why women's decisions are affected is because their elasticity of supply is, generally, higher than men's.

62. The significance of childcare costs is illustrated by Immervoll & Barber (2005) and others.

63. Family-based and income-related transfers are of greater value to low-income households than to high-income households. This means that women in the former case may pay a relatively high 'price' for entering the labour market, at least in the short term. "Indeed, the high claw-back rates used in many countries tend to generate participation taxes that are very high for secondary earners married to low-wage primary earners, often above 70 percent and sometimes close to 100 percent." (Immervoll et al 2009 p. 15).

64. A study of gender-based taxation, i.e. lower taxes for women in general, and its significance for women's labour supply and the division of household responsibilities has started up an interesting discussion on this matter. (Alesina et al, 2009).

However, estimates show that increasing the labour supply among women by slightly redistributing the tax burden would generate significant welfare gains. *“Simple revenue-neutral reforms that shift some of the tax-burden from two-earner couples to one-earner and/or zero-earner couples would reduce the distortion of second-earner labour supply and may generate substantial welfare gains. In fact, for some countries, a tax cut for secondary earners may realistically pay for itself and give rise to a Pareto improvement.”* Calculations also show that such a shift in the tax burden would be relatively small. *“In a majority of countries, it is possible to transfer one (1) euro to two-earner couples by taking less than half (0.5) a euro from other couples.”*⁶⁵

6.2 The social infrastructure

By social infrastructure we mean primarily the offered range of publicly financed childcare and elderly care services and parental leave for women and men. Hitherto, interest has been focused primarily on problems encountered by women with children since their possibility to be a part of the paid labour force is directly linked to the availability, and cost, of childcare.⁶⁶

Owing to the close correlation between the supply of childcare services and women’s activity rate, low availability can easily lead to a downward spiral in birth rates. Countries with declining (already low) birth-rates are thereby in danger of falling into a low fertility trap.⁶⁷ In countries with proper systems for childcare and elderly care and also reasonably long periods of parental leave, the female employment rates

are higher and relatively more children are born as well.⁶⁸

Moreover, when grown-up children and their parents/relatives no longer necessarily reside in the same geographical area, or when (older) female family members who helped care for younger members in the past are themselves professionally active, access to organised care is particularly important. Access to quality childcare services at reasonable costs for the increase of female labour supply as well as the employment opportunities it creates have indeed been a focus of concern within the EU on a number of occasions, particularly in connection with the Lisbon Strategy for Growth and Jobs.⁶⁹

Our understanding of how inadequate access to childcare services affects the ability of women to enter the labour market has also led to a wider recognition that inadequate access to *elderly care* has the very same consequences. As the population of Europe ages, the problem will become increasingly acute. If nothing is done, there is a severe risk that women will be burdened with the additional responsibility of looking after elderly family members, which could in turn have a detrimental effect on their labour supply.⁷⁰

Figure 12 shows the varying degrees to which women’s care responsibilities in the home affect their ability to work in different EU member states. More than half the women in nineteen member states who *did not work* in 2007 stated that the reason for this was “responsibility for the family or personal reasons.” As may be seen in the figure the disparities between the countries are considerable. The figures for Luxembourg,

65. Immervoll et al (2009) p. 31.

66. See Jaumotte (2003), Baker (2008).

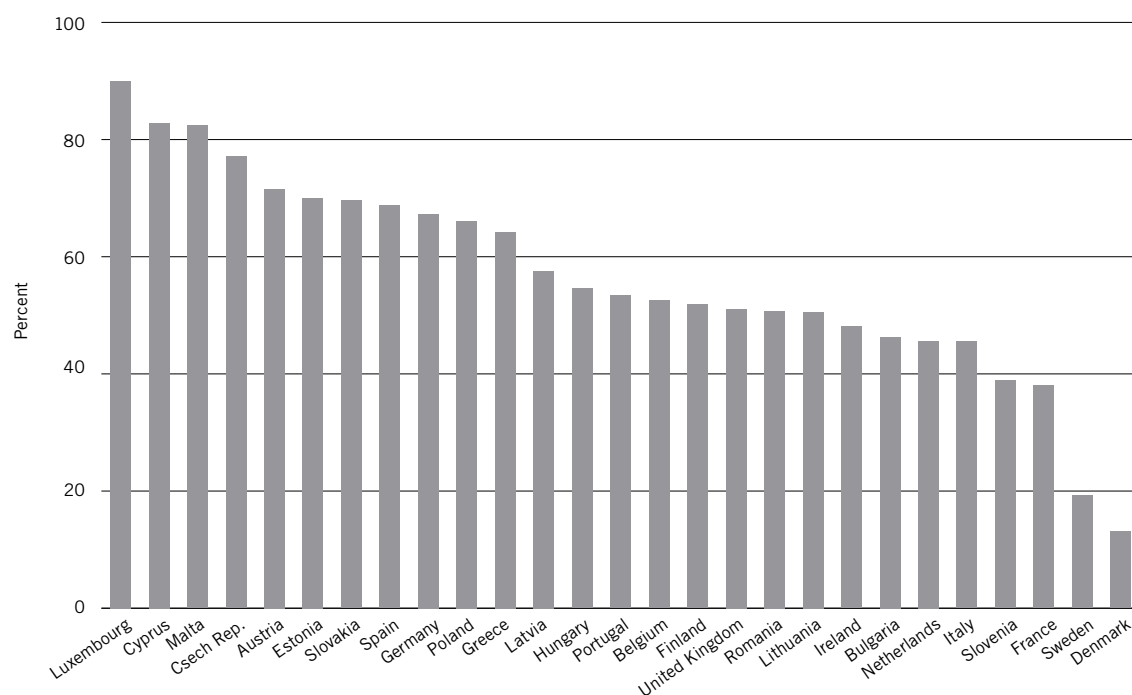
67. Zamac et al (2008).

68. “As is well known, the rise of employment in Europe is mainly the result of increased female employment rates, and therefore the outsourcing of domestic work and care work from the family. Note that the outsourcing of this work expands the personnel not only of formal care facilities like crèches, nursery schools, care homes for the elderly, and so on, but also of laundries, restaurants, hotels, catering, and medical and social care institutions. (...) The problem is determining the factors that set in motions this virtual circle between demand and supply. The Nordic model has found the answer in the state.” (Bettio & Plantenga, 2008).

69. The EU ministers at the Barcelona Summit in 2002 even set a target for the number of childcare places in EU member states by 2010, a decision that can be seen as a direct consequence of the employment targets for women set out in the Lisbon Strategy.

70. Szebehely (2008).

FIGURE 12: Family responsibilities or other personal reasons for not working among women aged 25–49, 2007.



Source: Eurostat Labour Force Survey

Malta and Cyprus exceed 80 per cent while those in Denmark and Sweden are between 15 and 20 per cent. Responsibility for the family is of course an especially prominent factor in countries like Malta, where many women are outside the labour market.

The fact that women still shoulder primary responsibility for family and household within the EU naturally undermines efforts to achieve market equality. Active participation by men in household chores and the work of caring for children and elderly family members is still a rarity in the EU as a whole. Where progress has been achieved, this has been in countries where parental leave is designed so that fathers *are required* to take leave for a part of the total leave period. However, a great deal more headway must be made before it may be said that a new norm has been established.

The rise in the number of women in gainful employment has brought about some reduction

in the amount of time women spend on household tasks, among other things because they have fewer children. However, as long as women and men are locked into traditional gender role patterns by prevailing norms, the concept of 'shared family responsibilities' will take time to develop. There is considerable scope here for new policy measures, in particular a clearer commitment on the part of political representatives to reforms aimed at promoting greater gender equality both in family and working life.

In the next section, we will take a closer look at some attitudes that need to be discussed if the growth potential inherent in enhanced gender equality is to be realised.

6.3 Social norms and attitudes

A criticism directed at gender equality indexes, e.g. those produced by the UN, is that they do not pay any attention to the social norms that limit the extent to which women can take part

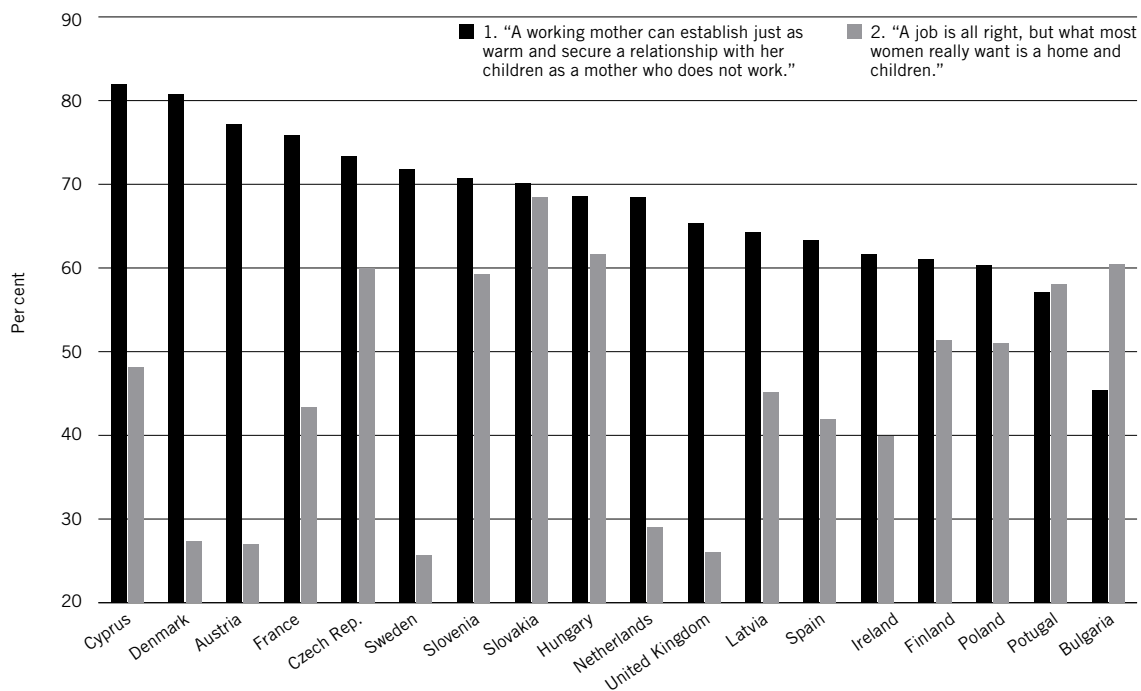
in activities outside the home. The same kind of criticism is also directed at those who maintain that gender equality will automatically emerge with economic growth.⁷¹

A number of opinion surveys have suggested that differences in the way women's employment is perceived are common throughout the EU. While it is true that acceptance of the dual earner family has grown in all EU countries, the facts on the ground speak for themselves. In some countries, half or more of all women work in the home full-time. In others, housework is combined with part-time work in the labour market (sometimes referred to as the '1.5 breadwinner model'). In still others, full-time

paid employment is a more common modality.

What, then, are the prevalent attitudes in the EU towards women's participation in the labour market? The following figures, based on individual responses to propositions set out in a couple of different opinion surveys, provide some of the answers. Figure 13 illustrates the responses to two statements contained in an opinion survey conducted by the International Social Survey Programme (ISSP) in 2002. The first statement was: "A working mother can establish just as warm and secure a relationship with her children as a mother who does not work." The second was: "A job is all right, but what most women really want is a home and children."

FIGURE 13: General opinion on two aspects on women and work. Strongly agree or agree.



Source: ISSP 2002 "Family and changing gender roles"

71. See for example Ingelhart & Norris (2003). The authors have also developed an interesting index of their own, which they call the Gender Equality Scale. The index uses data taken from the World Value Survey and is based on responses to the following propositions/questions: 1) Men make better political leaders than women, 2) when jobs are scarce they should go to men rather than women, 3) higher education is more important for boys than for girls, 4) must a woman have children in order to be a woman? and 5) do you think it is all right for a woman to have children without being married?

The opinions of both women and men are combined in the figure 13. (All EU countries are not represented in the survey.)

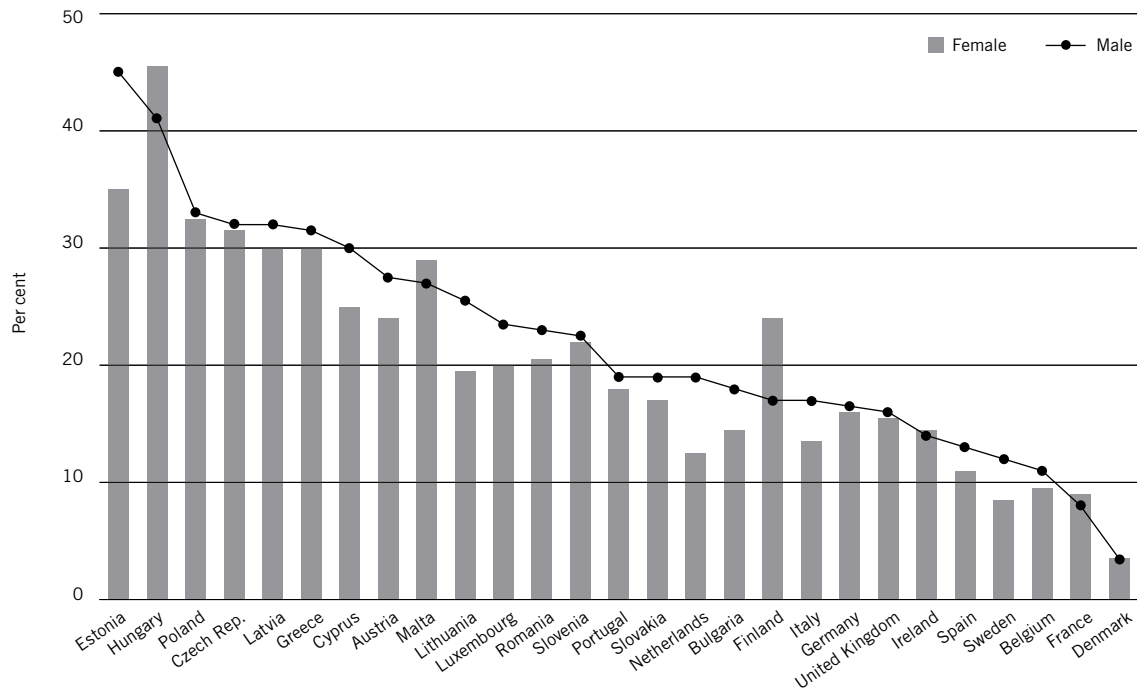
It would seem reasonable to expect fewer social norms preventing or discouraging women from working outside the home in countries where many people agree with statement one (1) and few agree with statement two (2). This appears to be the case. Such attitudes prevail in Denmark, Austria, Sweden, the Netherlands and the UK, where employment rates among women are among the highest in the EU.⁷² In countries where a large percentage of respondents agree with both statements (1 and 2) – namely the Czech Republic, Slovenia, Slovakia, Hungary and Portugal – it is likely that many

people (including women) believe that women prefer to be at home, though not necessarily because a job outside the home would be harmful to the children. In only one country, Bulgaria, does there appear to be a commonly held perception that women prefer to be at home and that work outside the home harms their relationship with their children.

A statement identical in wording but even more specific than proposition 2 above was used to distinguish possible gender or generational disparities (Eurobarometer, 2006). Only those who totally agreed with the statement were recorded in figures 14 and 15.⁷³

The proportion of respondents who agreed with the statement ranged from three per cent

FIGURE 14: “Ideally, women should stay at home to look after children.”
Totally agree by gender.



Source: Eurobarometer Special Surveys 2006: 65.1

72. In a regression analysis using the female employment rate as the dependent variable, the first variable (1) was positive but not significant while the second (2) was negative and significant.

73. Maria Rita Testa (2006).

in Denmark to 45 per cent in Estonia (men) and Hungary (women). Gender differences in the respective countries were generally small. In countries where a large percentage of men fully agreed with the statement, the proportion of women who agreed was also high, and vice versa. The largest disparities in this regard were recorded in Estonia, Lithuania and the Netherlands, where the proportion of men who agreed was significantly higher than that of women. In Hungary, Malta and Finland, on the other hand, a higher percentage of women than men agreed with the statement. Denmark shows a marked divergence strongly from the other countries, with no disparity between women and men and a very low proportion of respondents agreeing with the statement.

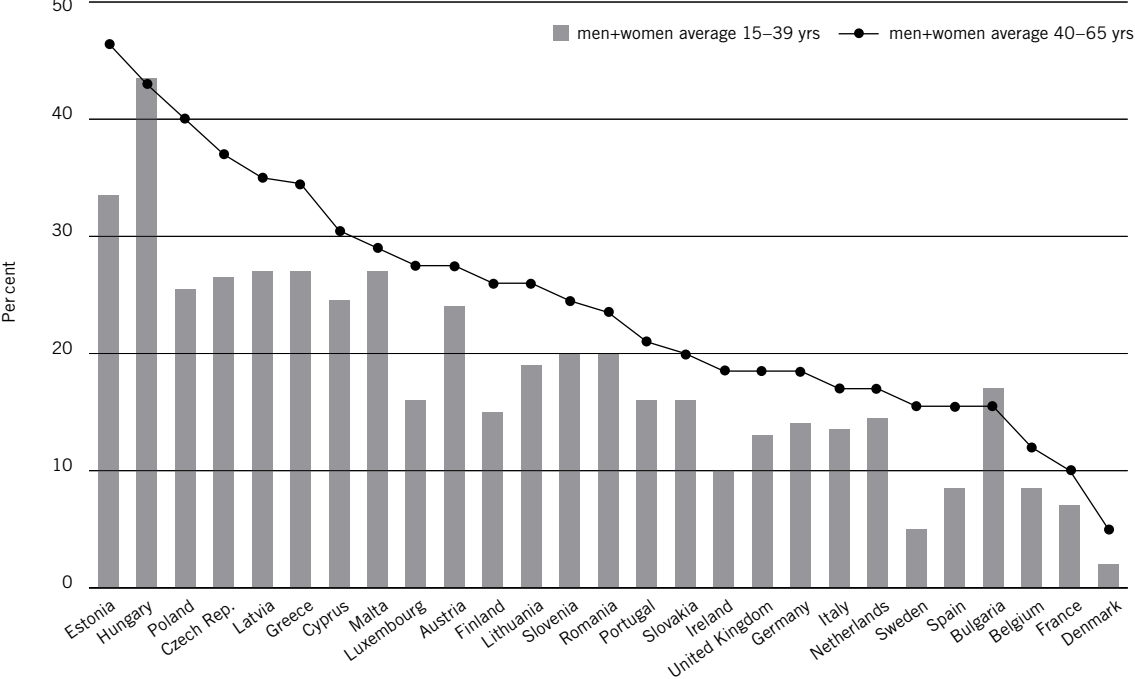
What about inter-generational differences?

As we see, the inter-generational disparities were greater than the differences between

women and men. In all countries except Hungary and Bulgaria, the percentage of older people who agreed with the statement was higher than the proportion of younger respondents. The inter-generational disparities were largest in Poland, Estonia, Luxembourg, Finland, the Czech Republic and Sweden. However, the proportion of respondents who agreed was significantly higher – both among the younger and older groups – in Estonia and Poland than in Sweden and Finland. Denmark was the only country in which both young and old largely rejected the proposition that women should stay at home and look after children.

From the responses to these few statements, it is of course not possible to gain a clear picture of the norms that prevail in each country or of how they affect women's labour supply. However, by showing the correlation between women's activity rates and attitudes to their participation

**FIGURE 15: "Ideally, women should stay at home to look after children."
Totally agree by age.**



Source: Eurobarometer Special Surveys 2006: 65.1

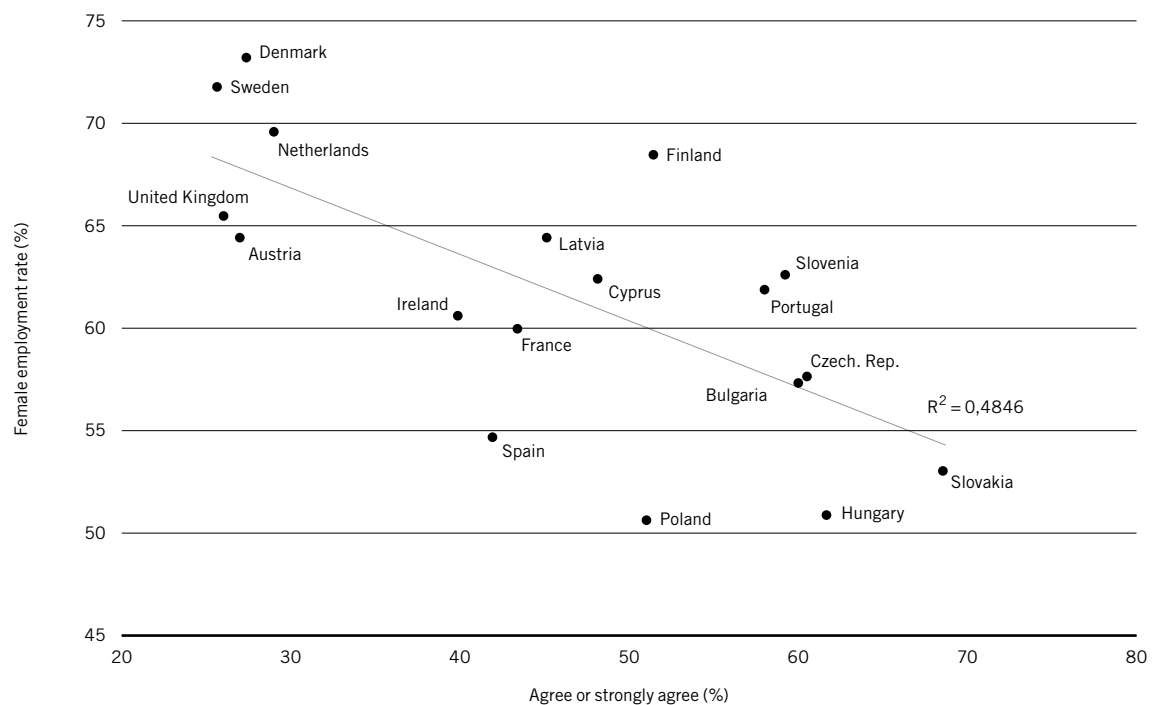
in the labour market (“A job is all right but what most women want is a home and children”), we can get some indication as to whether attitude plays a part at all.

Figure 16 shows a negative and statistically significant correlation. As expected, in countries where many women work outside the home, fewer respondents agreed with the statement than respondents in countries where many women remain outside the labour market. However, the causality is not clear. Is it women’s growing participation in working life that alters attitudes and social norms, or do the

changes in attitude in society come first, so that more women are able or choose to venture out into the labour market?

Data regarding attitudes is not easy to interpret; it is difficult to determine precisely what it measures at any given point in time. Viewed from a historical perspective, however, developments have pointed to shifts in social norms that have opened up new opportunities for women wishing to work outside the home.^{74,75} There are still a large number of countries in the world where women are specifically prohibited from taking up certain occupations. And

FIGURE 16: Female employment rate 2007 and the general opinion on: “A job is all right but what most women really want is a home and children”
Proportion who agree or strongly agree.



74. That choices and opportunities for women in the EU can vary widely with prevailing social and cultural differences is shown inter alia in a study of three EU countries by Hantrais & Ackers (2005) and in a study by Pollert (2005) of trends in the Central Eastern European Countries (CEEC) since the beginning of the 1990s.
75. Another study sheds light on the effect of social norms on views regarding the impact of gender-equal and less gender-equal countries respectively on household formation. Thus “...more egalitarian women are less likely to form a household, while more egalitarian men are more likely to do so. [...] our results potentially shed light onto the process of below replacement fertility and the economic challenges associated with it.” (Almudena Sevilla-Sanz, 2009).

moreover, men continue to be regarded as the primary breadwinners virtually everywhere in the world (including the EU). These norms and attitudes still set their stamp on social relations.

Even though they cannot be quantified exactly, there is nothing to suggest that measures aimed at changing attitudes would pay substantial dividends when used to complement necessary social and economic reforms. The issues here are women's ability to choose to work outside the home (as opposed to part-time or full-time work in the home) and the types of occupation available to them. But also men's responsibility and commitment to changing gender roles both within family and working life.

6.4 Flexicurity and gender equality

Flexicurity, a part of the European Employment Strategy, is aimed at generating stronger growth and "more and better jobs". As the term implies, the concept is predicated on combining flexibility in the labour market with a generous system of social protection. More specifically, the concept is designed to make it easier for employers to lay off and employ workers while providing highly generous unemployment benefits – as much as 90–95 per cent of an employee's normal wage. This generosity is intended to make it easier for employees to accept termination of employment and the need to move to another job. These two elements are combined with major investment in lifelong learning and further education.

The common principles outlined by the European Commission appear to be a response to criticism directed at labour market flexibili-

sation in the form of deregulation and numerical *hire-and-fire* strategies lacking social responsibility.⁷⁶ The Commission says its aim is to prevent the labour force from being split into A and B teams. It is seeking to establish a balance between numerical and internal flexibility, and underlines the importance of learning and qualification processes. At the same time, it emphasises that security for employees can no longer be equated with employment protection. Rather, security must be a matter of employability in the labour market. The basic purpose of the flexicurity model is to boost employment and strengthen Europe's competitiveness by encouraging various forms of mobility – from unemployment to jobs, between employers, and within organisations. This is to be achieved through flexible contractual arrangements⁷⁷, active labour market policies, comprehensive lifelong learning strategies and modern social security systems.⁷⁸

It is also a clearly stated aim of flexicurity that it should contribute to enhanced gender equality by ensuring that women and men have "equal access to good quality jobs" and better opportunities to combine work and family life. The idea is not only to provide women with "easily accessible points of entry" in the form of "flexible" contracts, but also to build bridges that lead on to stable jobs with good employment conditions.⁷⁹

The European Commission is at pains to emphasise that the flexicurity principle does not prescribe a uniform strategy which must be implemented in all EU countries. Instead, it should be seen as a "toolbox that the countries' governments, social partners and other inter-

76. The OECD, previously a strong advocate of flexibility through deregulation, has also revised its employment strategy, bringing it closer to the EU's flexicurity concept (Viebrock & Clasen 2009).

77. The Commission has argued in favour of labour legislation that will make it easier to hire people on a fixed-term contract basis and narrow the gap between employees on fixed-term contracts and those on open-ended contracts, by strengthening protection for the former and weakening protection for the latter. (European Commission, 2007, Rönmar & Numhauser-Henning, 2008). The strategy has been criticised by the ETUC on the grounds that flexicurity policies lay far too much emphasis on numerical flexibility and weaken employment protection (ETUC 2007).

78. Viebrock & Clasen (2009), European Commission (2007), Rönmar & Numhauser-Henning (2008).

79. European Commission (2007) p. 20.

ested parties can use to design their own flexicurity models".⁸⁰ The idea is that countries should be able to learn from one another through evaluations and comparisons. Countries like Denmark and the Netherlands are cited as forerunners and good examples.⁸¹ However, these countries have developed widely dissimilar models, and the respective situation of women in particular differs greatly.⁸¹

By introducing policies encouraging part-time employment, fixed-term contracts and the engagement of temporary employees, the Netherlands has dramatically increased employment and reduced unemployment, while assuming responsibility for creating secure conditions for these types of jobs.⁸³ Yet three out of four Dutch women work part-time and, in many cases, short hours: one in every three low-educated women works less than 12 hours a week.⁸⁴ Thus the Netherlands can fairly be described as a 1.5 breadwinner society, in which women's incomes augment their spouses' instead of serving as a basis for economic independence – a situation sustained by the country's particular tax and transfer systems.⁸⁵

The Dutch flexicurity model thus seems to offer women an entry point into the labour market in the form of part-time employment with secure conditions.⁸⁶ In other countries, too, employment among women has risen to the point where the 1.5 breadwinner family has become a new European norm.⁸⁷ Meanwhile, the European Commission has come under criticism from a number of researchers for focusing unduly on higher employment rates.

These critics point out that, in the case of women, a job does not necessarily provide financial security.⁸⁸ A key question, therefore, is whether flexicurity policies can help secure 'better' as well as 'more' jobs so that gender gaps in terms of career opportunities and income are reduced, and whether a country like Denmark is in fact a pioneering example in this respect.

Danish flexicurity policies are based on what is called the 'golden triangle': weak employment protection, extensive commitments to lifelong learning and active labour market policies, and a social insurance system with generous benefits, particularly unemployment benefits.⁸⁹ The model is regarded by many as the main factor behind Denmark's high employment and low unemployment rates, among young people as well. Denmark is also characterised by high mobility and comprehensive lifelong learning strategies.⁹⁰ Unlike women in the Netherlands, Danish women have long been established in the labour market and most work full-time or in long-hour part-time jobs.

However, the Danish model has not gone unchallenged as regards government policy commitments to high unemployment benefits (for short periods) and an active labour market policy.⁹¹ The value of weak employment protection is also debatable; researchers have been unable to show that it leads to higher employment levels or lower unemployment rates.⁹² The model also entails a high tax burden: Denmark's labour market policies, which account for more than five per cent of GDP, are the most costly in the EU.⁹³

80. European Commission (2007) p. 3.

81. Viebrock & Clasen (2009), European Commission (2007).

82. Jepson (2004 och 2005), Lewis (2009).

83. Viebrock & Clasen (2009), European Commission (2007).

84. van Oorshot (2004).

85. Jepson (2005).

86. van Oorshot (2004).

87. Lewis (2006).

88. Lewis (2006),(2009).

89. Viebrock & Clasen (2009), European Commission (2007).

90. European Commission (2007).

91. Calmfors (2007), OECD (2004).

92. OECD (2004).

Another part of the Danish – or Scandinavian – welfare model is family policy, which includes the provision of a comprehensive public system of childcare services, a generous public parental insurance scheme and a social insurance system based on individual contributions. This policy, the foundations of which were laid in the 1970s, was – and remains – *the sine qua non* of the Scandinavian dual-earner family. However, it also provides a key explanation for the success of the Danish flexicurity model, so important in fact that the model was referred to as “*flexicarity*”.⁹⁴

Other researchers have criticised the concept of flexicurity on the grounds that it neglects the issue of unpaid care work. In their view, the goal of greater equality between men and women is thereby in danger of simply becoming empty rhetoric.⁹⁵ One view is that ‘flexible jobs’, from a woman’s standpoint, do not lead to gender equality but on the contrary are likely to ensure that women continue to shoulder responsibility for unpaid care work, and can therefore become the very barrier that hinders gender equality.⁹⁶ Some critics point to the absence of a clear link between flexicurity and family policy, and to the failure to problematic the fact that housework is unequally distributed between women and men.⁹⁷ Traditional gender roles in the home are not only an obstacle to women’s participation in the labour market; they also make flexibility poor since sex-typed occupations and careers restrict the mobility in the labour market.⁹⁸

In conclusion, it may be noted that the aspect of flexicurity referred to by the architects of the concept as *combination security*,⁹⁹ namely the ability to combine work and family, has not

been closely analysed in the European Commission document. This is problematic given the key importance of this combination for flexibility in the labour market, as we have seen. Women’s responsibility for the home and children not only affects their security of employment, it also compromises their inclusion in workplace flexibility strategies involving working hours and on-the-job training, with all that this implies for their career prospects and employability. Childcare and family policy issues are therefore of crucial importance if flexicurity is to contribute to greater gender equality and establish the balance between production and reproduction needed in many countries today.¹⁰⁰

93. Auer et al (2004).

94. A view presented in Hansen (2007).

95. See for instance Jepson (2004 and 2005), Lewis (2006 and 2009).

96. Jepson (2004) p. 323.

97. Jepson (2004, 2005), Lewis (2006).

98. Jepson (2005), OECD (1994).

99. Wilthagen and Tros (2003), (2004)

100. This section is based on Grönlund (2009)

7 Equal power and influence

In the previous section a selection of important and feasible gender equality strategies were presented necessary for activating the potential there is in gender equality for economic growth. The important question that remains is if gender equality in working and private life will ever be achieved as long as women are not empowered to a greater extent? This report will conclude by briefly discussing this important issue and illustrating it with some empirical data.

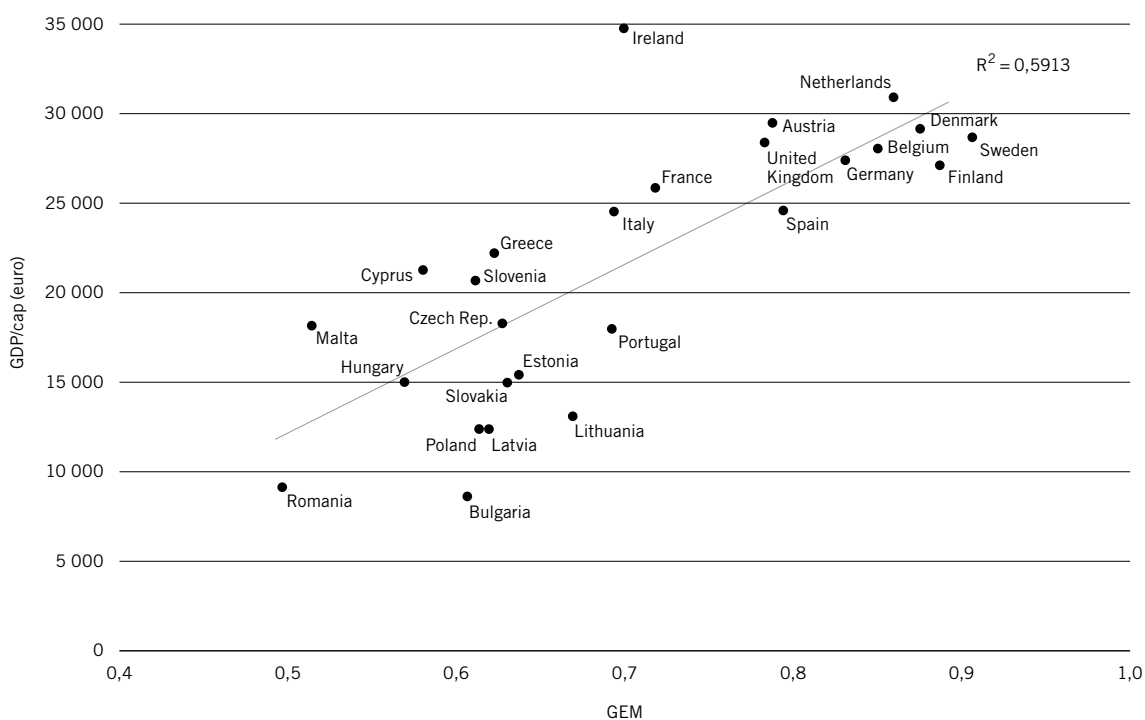
Primarily, the difference between the two gender equality criteria used in Section 4.1 was that the political dimension was lacking in the UN index (GDI) while it was included as a sub-index – ‘political empowerment’ – in the WEF index (GGG). The UN does, however, produce a separate index measuring the relative voice of

women and men in public life called: *Gender Empowerment Measure (GEM)*. It is based on four indicators: Proportion of women (i) in parliaments/national assemblies, (ii) serving as legislators, senior officials and CEOs/managing directors, and (iii) working as (highly educated) professionals in various fields and (iv) is women’s relative earnings.

Regardless of which index is used, there is a positive and significant correlation between gender equality in terms of power and influence and GDP per capita in each respective EU country. This is illustrated below by the correlation between GEM and GDP per capita.

The simple interpretation here is that countries with more women in decision-making positions have a higher GDP level per capita than countries with fewer women in such

FIGURE 17: Gender empowerment and GDP per capita in EU member states in 2007.



positions. The causal relations, however, are difficult to pin down. A higher economic level may mean that more women choose to become politically active, or male resistance to women in politics may decline as GDP grows. (If the latter is true, there may also be a risk of a backlash should the 'pie shrink'.¹⁰¹) If causality runs in the opposite direction, this could be because the increased number of women in politics helps bring about reforms that enhance gender equality, which in turn impacts positively on GDP.¹⁰²

The GEM index, as noted above, is based on four indicators, the only one of which showed major differences between EU member states was 'proportion of women in parliament'. The other indicators yielded much smaller differences. This would suggest that the gender composition of parliaments in the various countries may explain why some member states have progressed further towards gender equality than others. In 2007, for instance, the Scandinavian parliaments were more or less in gender balance, while in Malta, Romania and Slovenia female representation was scarcely ten per cent.¹⁰³ Parliamentary composition is also of vital interest in the sense that it is often from the ranks of members that people are recruited to other important positions, e.g. ministerial posts in the government.¹⁰⁴

In conclusion, we observe a strong correla-

tion between economic level (expressed as GDP per capita) and gender equality in terms of power positions of various kinds. The causal connections, though, remain an unknown quantity. However, it seems reasonable to conclude that when more women are taking part in the decision-making process, decisions are more likely to be 'in line with' women's hopes and desires. Viewed from a growth perspective, it is primarily a question of introducing reforms that enable women with care responsibilities to become gainfully employed.

On the basis of the empirical data, it is perhaps reasonable to conclude that the sharing of power between the sexes is an important prerequisite for the implementation of gender equality policies that are sustainable in the long term. If this is the case, power sharing is an important goal in itself. It may be the missing component that will be needed if real gender equality is to be achieved in the labour market.

A well-formulated summary of this 'power-sharing imperative' was provided in an editorial in the *Economist*, headed 'Forget China, India and the internet: Economic growth is driven by women'¹⁰⁵: "(...) *More women in government could also boost economic growth: studies show that women are more likely to spend money on improving health, education, infrastructure and poverty and less likely to waste it on tanks and bombs.*"

101. Seguino (2007).

102. A study by Dollar & Gatti (1999) found a non-linear relationship between GDP increase per capita and the political involvement of women: "As countries move from low-income to middle-income, there is little increase in voice, but as income levels increase beyond middle-income, there is a rapid increase in female participation."

103. Svaleryd (2009) found in a study of municipal political assemblies that the proportion of women may need to reach a certain critical level before their influence is felt: "...the results suggest that women's representation needs to reach at least 30 percent before representation in the local councils translates into changes in policy."

104. See for instance Bergqvist et al (2008).

105. 12 April 2006.

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Annex

Country ranking according to three gender equality indexes.

Rank	GDI	GGG	EU-GEI
1	Sweden	Sweden	Finland
2	France	Finland	Sweden
3	Netherlands	Germany	Denmark
4	Finland	Denmark	Netherlands
5	Denmark	Ireland	Belgium
6	Spain	Spain	Latvia
7	Ireland	United Kingdom	Germany
8	United Kingdom	Netherlands	Lithuania
9	Greece	Latvia	United Kingdom
10	Belgium	Lithuania	France
11	Italy	Belgium	Hungary
12	Luxembourg	Austria	Estonia
13	Germany	Estonia	Portugal
14	Austria	Portugal	Slovenia
15	Slovenia	Slovenia	Luxembourg
16	Cyprus	France	Poland
17	Portugal	Slovak Republic	Austria
18	Czech Republic	Luxembourg	Czech Republic
19	Malta	Poland	Slovak Republic
20	Hungary	Hungary	Ireland
21	Poland	Czech Republic	Italy
22	Slovak Republic	Greece	Spain
23	Estonia	Malta	Malta
24	Lithuania	Cyprus	Cyprus
25	Latvia	Italy	Greece

* Bulgaria and Romania are not included.

GDI = Gender Development Index (United Nations)

GGG= Global Gender Gap Index (World Economic Forum)

EU-GEI = EU Gender Equality Index (Plantenga et al 2009)

