

# Gender Equality: Why it matters to Income Inequality

Susan Harkness

[s.harkness@bristol.ac.uk](mailto:s.harkness@bristol.ac.uk)

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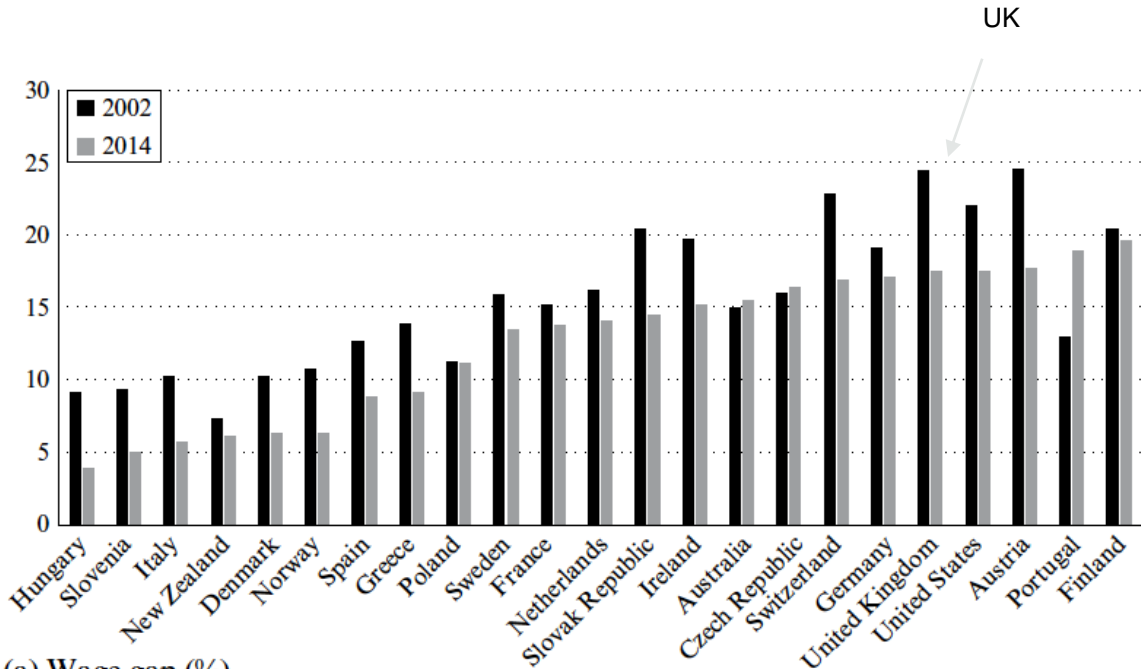
Avenir Suisse, Zurich

# KEY POINTS:

1. **Gender equality can play a major part in reducing income inequality**, particularly between families with children.
2. **Supporting women to work** would do far more to reduce inequality than closing the pay gap.
3. As women lives – and those of their children - **polarize by education** far more attention needs to be paid to the success of low and middle educated women in the labour market.

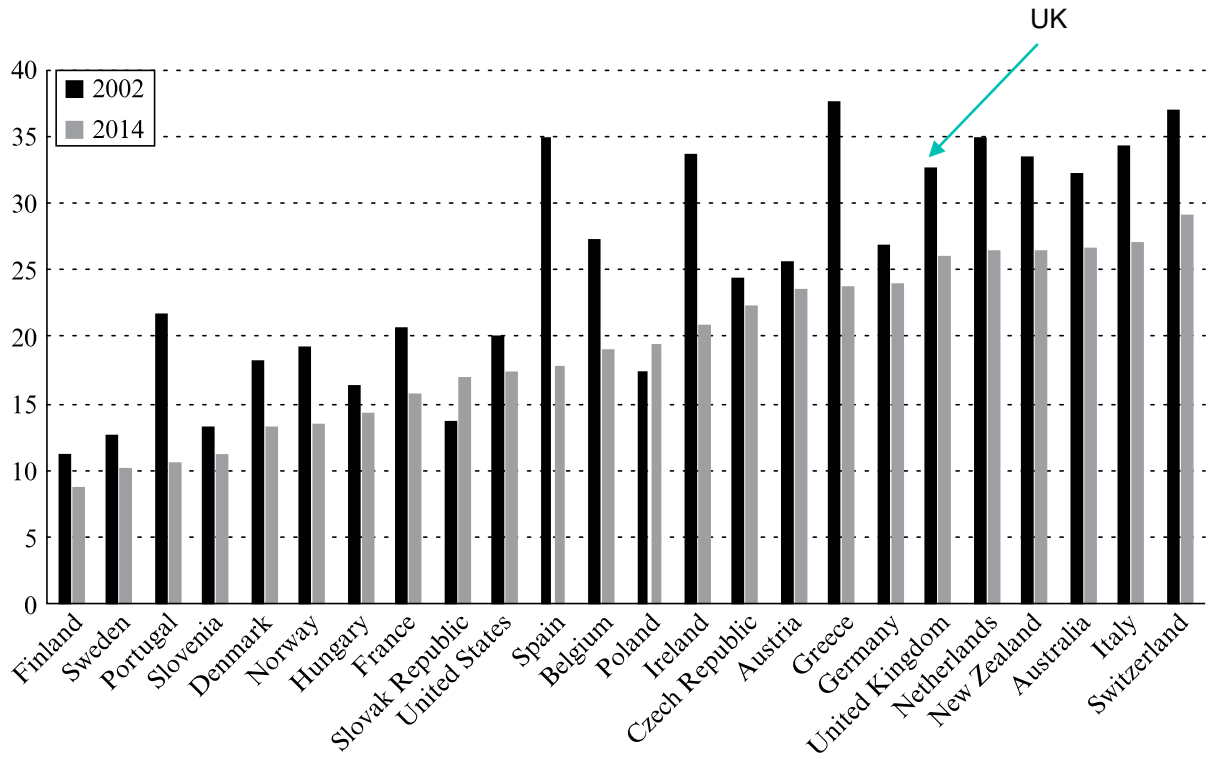
**1. Gender inequality is pervasive, and matters to income inequality**

# Wage Gaps



(a) Wage gap (%)

# FTE Employment Gaps



(b) Full-time equivalent employment rate gap (%)

# There is a negative correlation between employment and pay gaps

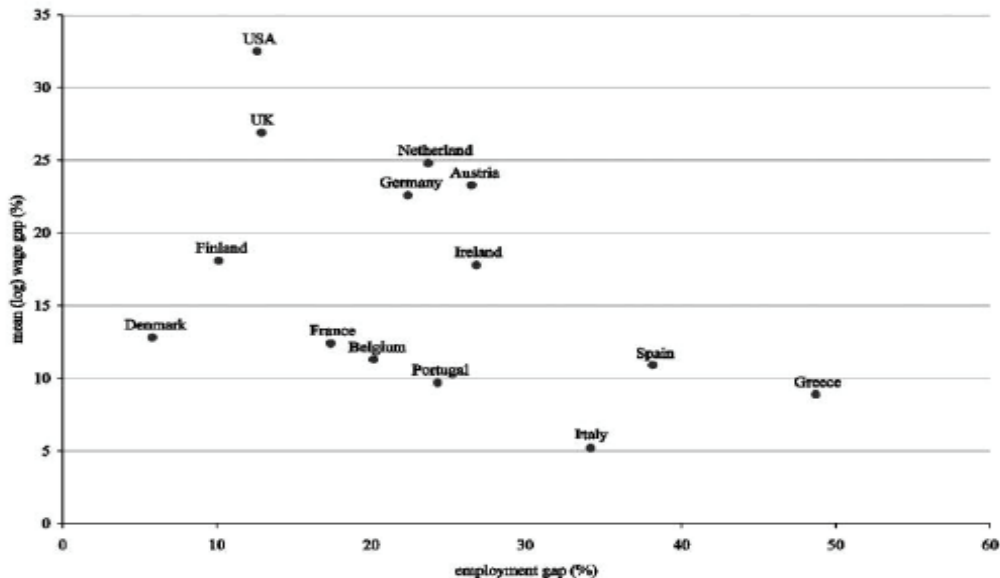


FIG. 1.—Gender gaps in mean (log) hourly wages and in employment, 1999. Coefficient of correlation:  $-0.474$ .

# Motherhood matters to income and poverty

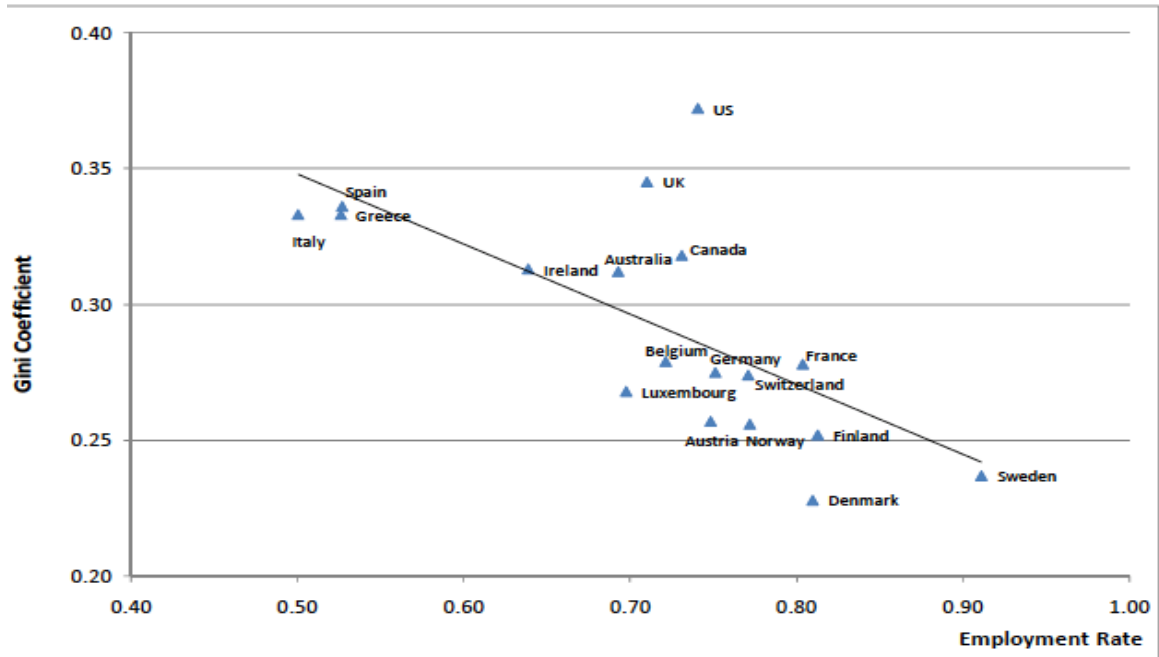
- **Motherhood is a major cause of the pay gap**
- It is associated with a **25% fall in income** and **5% rise in poverty**, mainly **because female earnings fall**.
- The fall in income associated with becoming a mother is **as large as that associated with divorce or separation**.
- The rate of poverty among single mothers would fall substantially if they just maintained their pre-birth earnings.

**Gender equality matters to income  
inequality**

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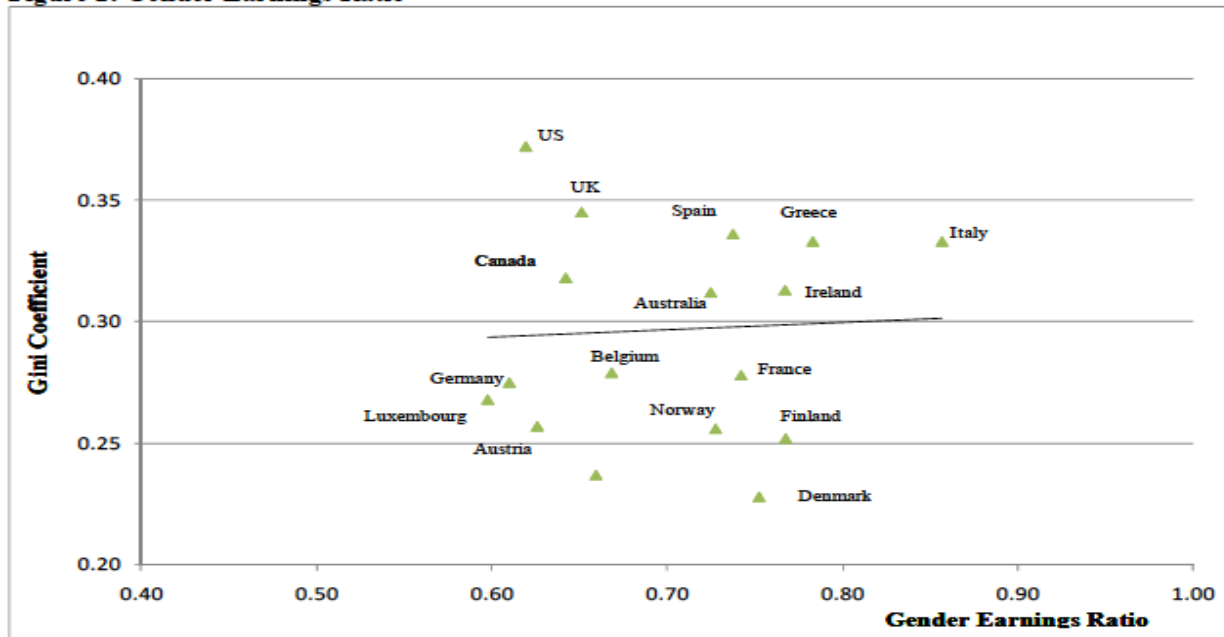


# Where more women work, income inequality is lower



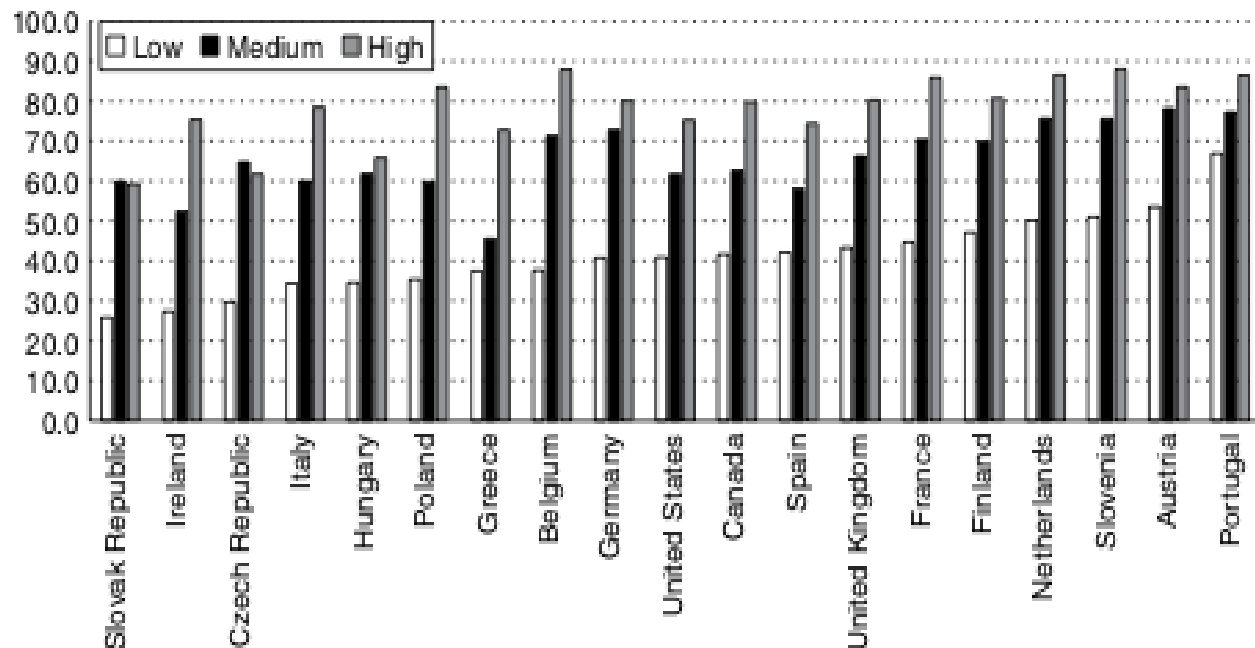
# But, there is no relationship between the pay gap and inequality

Figure 2: Gender Earnings Ratio



**2. Educational differences in employment are large and, in the case of the UK, growing**

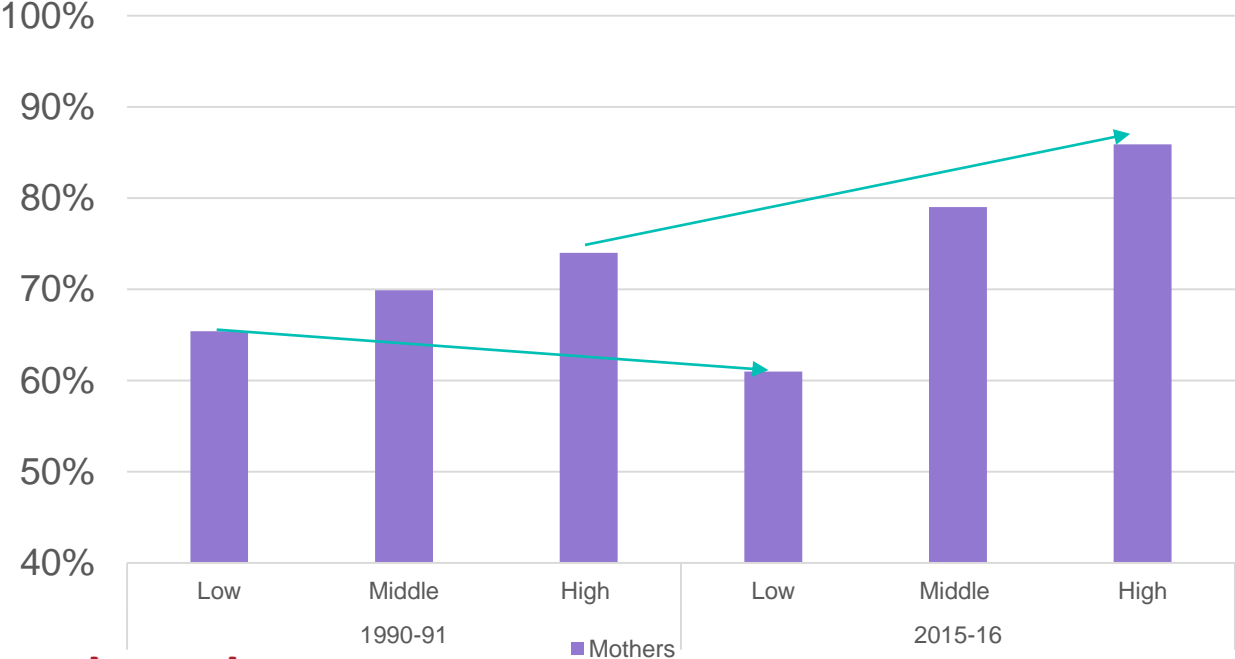
# Maternal Employment by Education



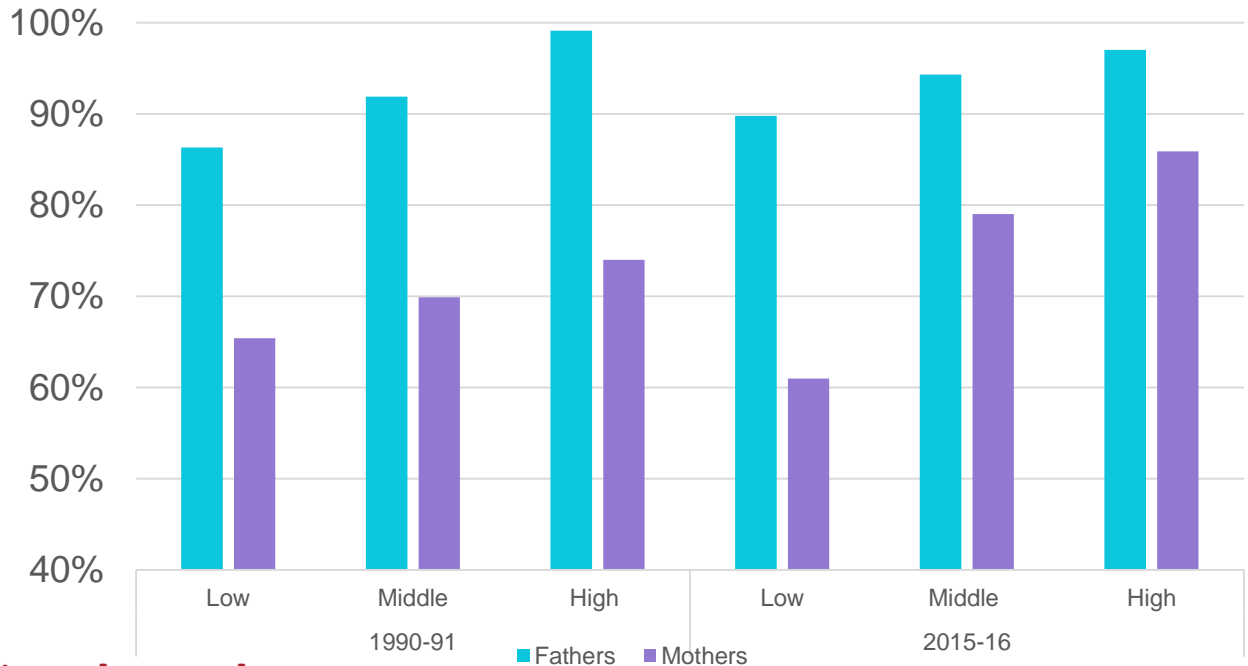
Note: Mothers age 15–64, with children 0–14, in employment.

Source: OECD Family Database, LMF1.2E.

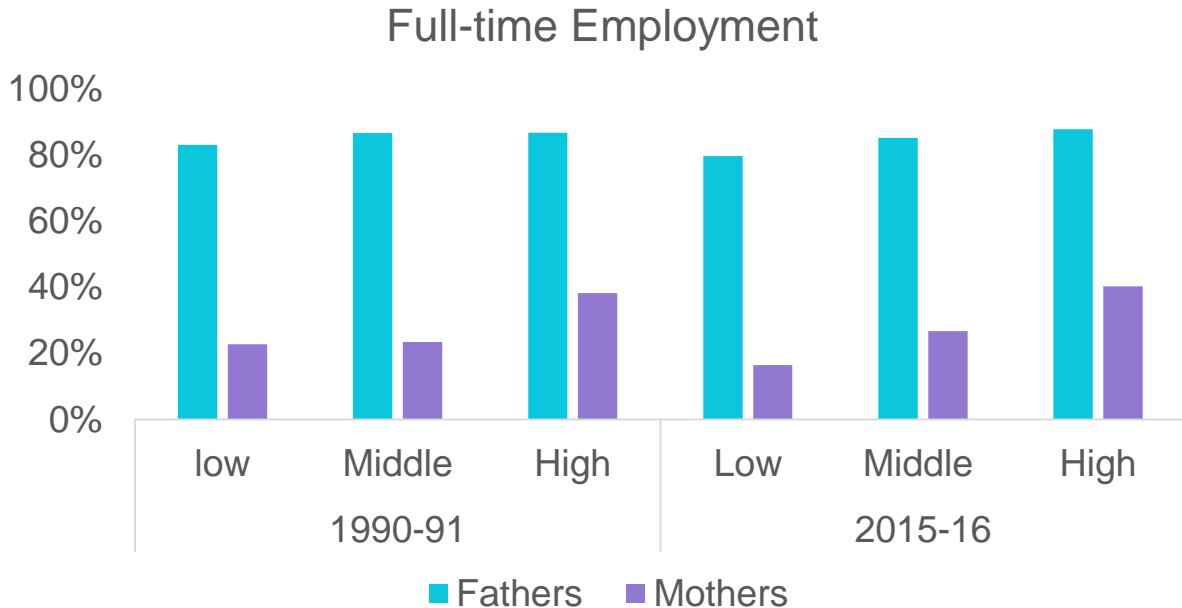
# In the UK, differences in employment of mothers by education are growing



# Differences in employment of Mothers and Fathers by Education are growing



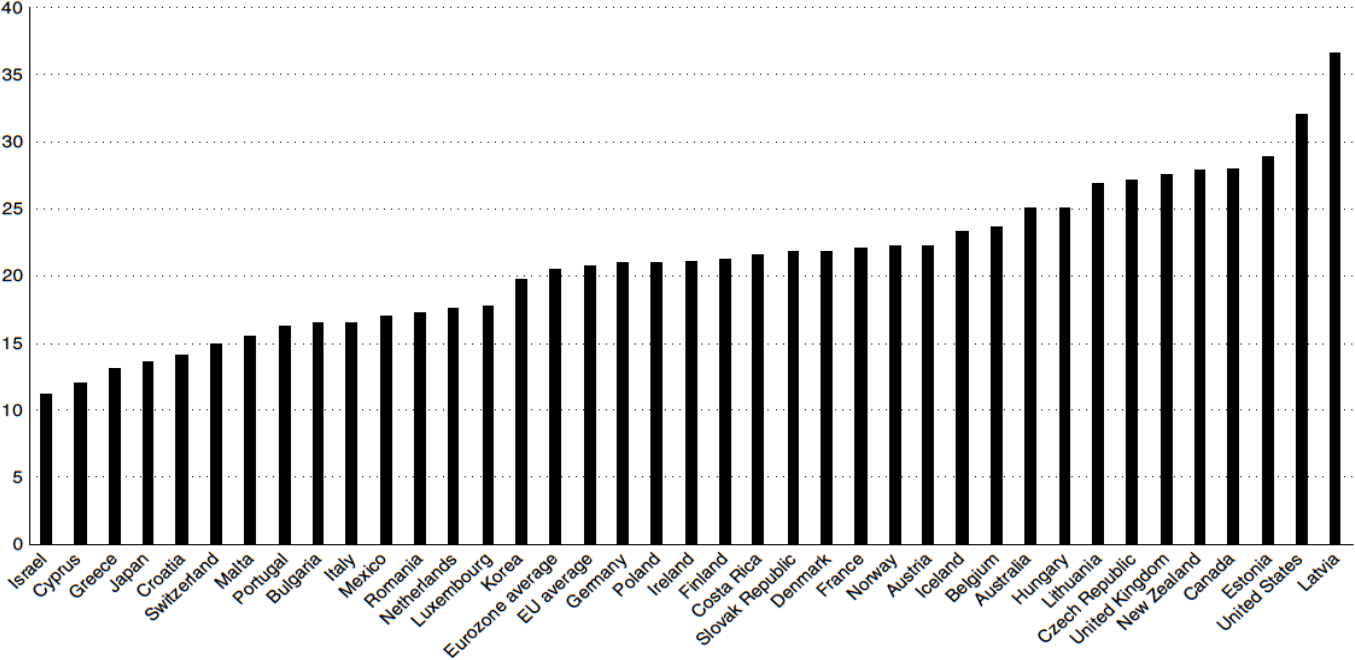
# Although, in the UK, gaps in full-time employment are large for all



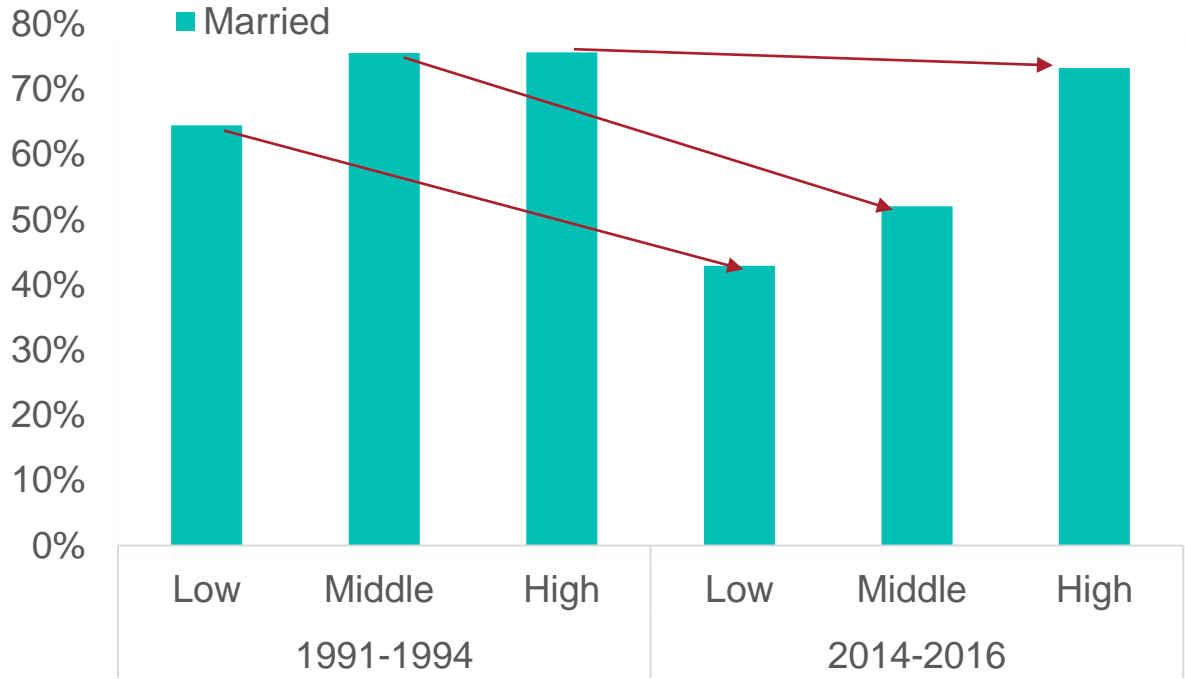
**2. At the same time, family lives are diverging along educational lines**



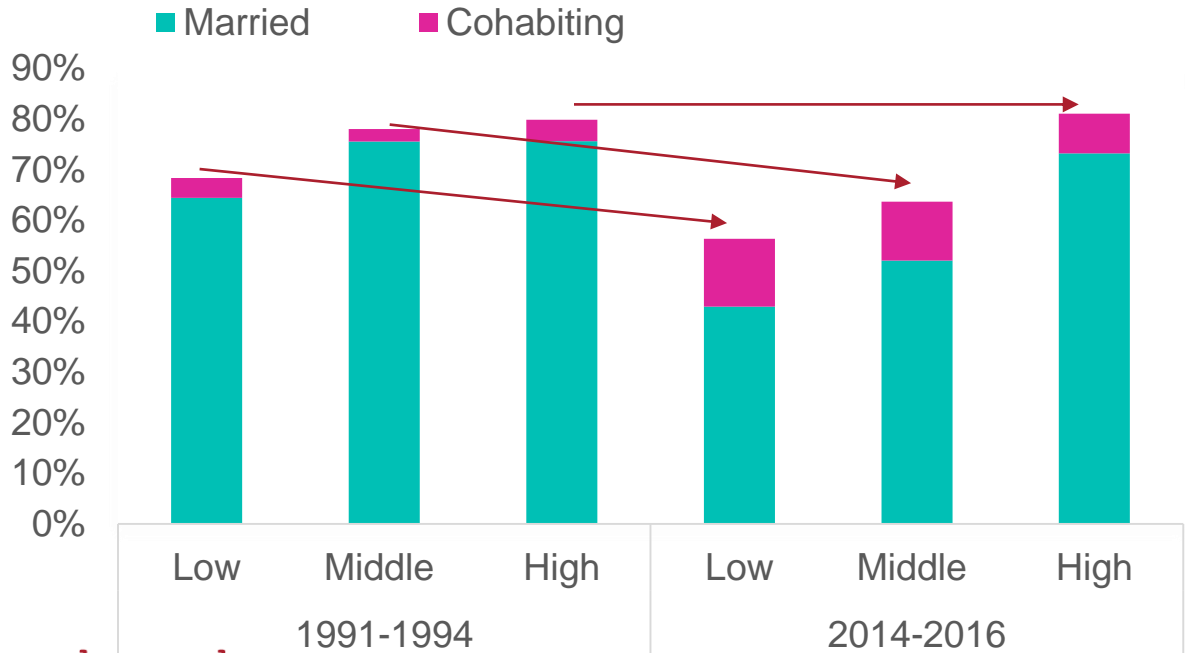
# Children in Single Parent Families



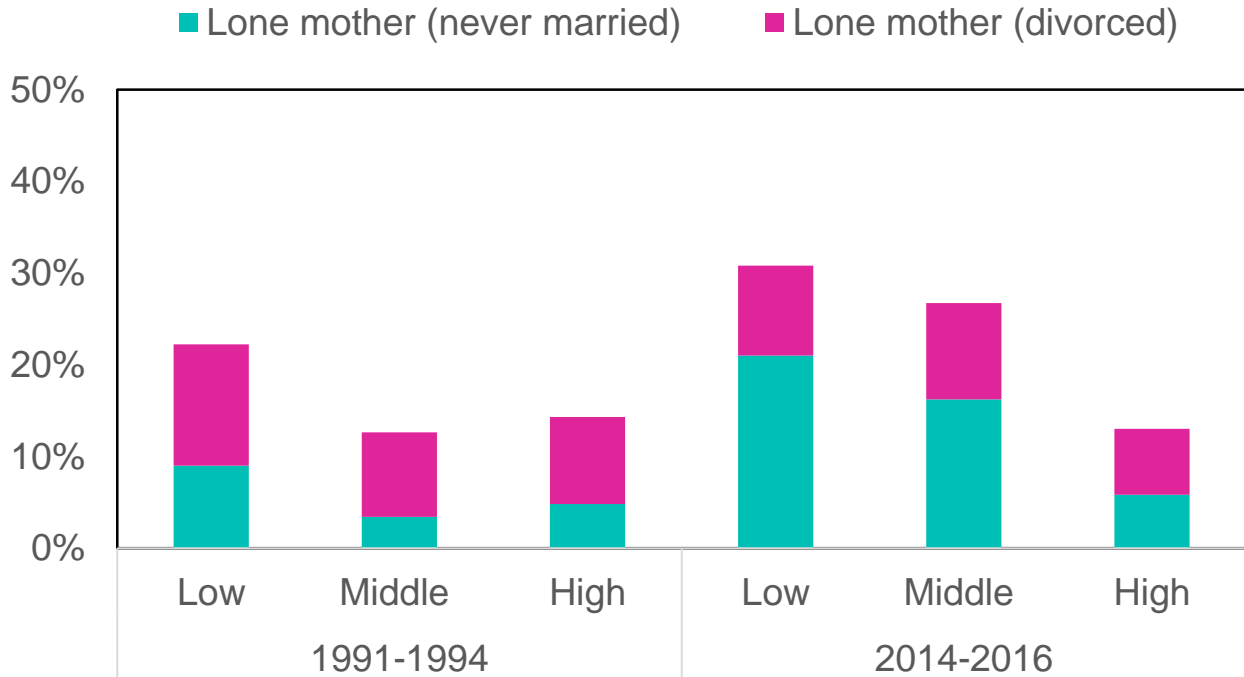
# In the UK, differences in family structure by education among those with children are growing



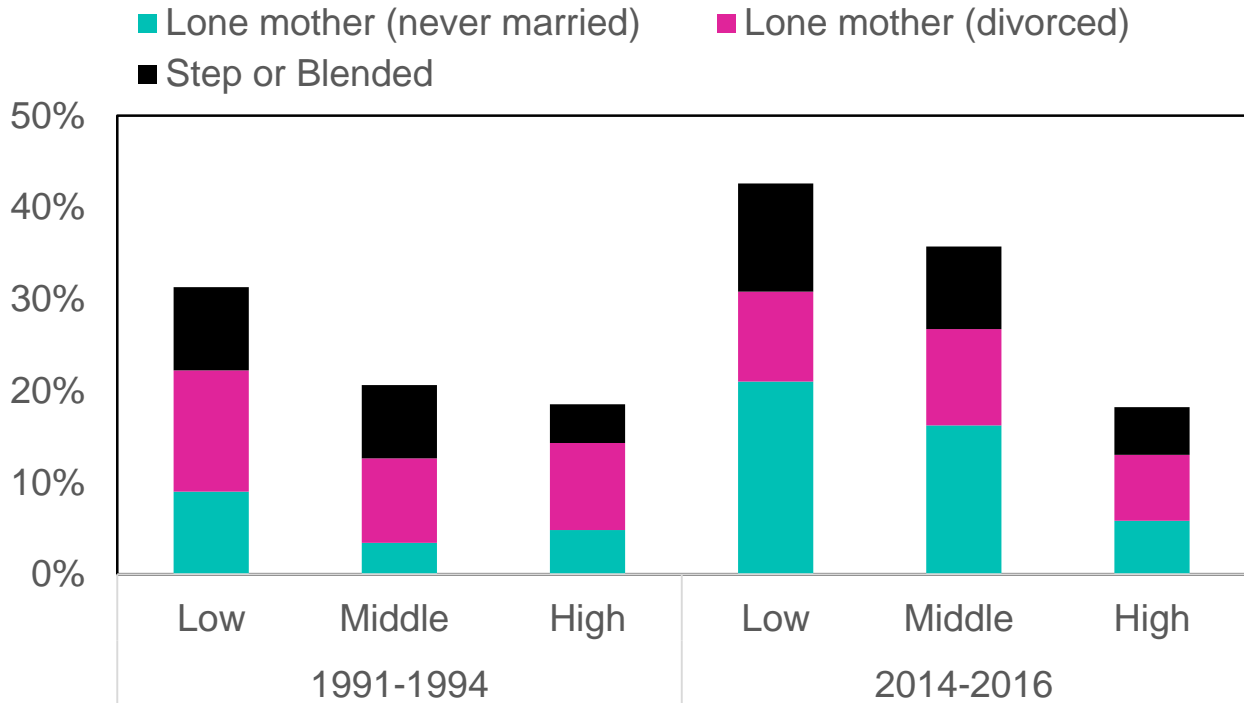
# Educational differences in family structure are growing in the UK



# Family Structure by Education

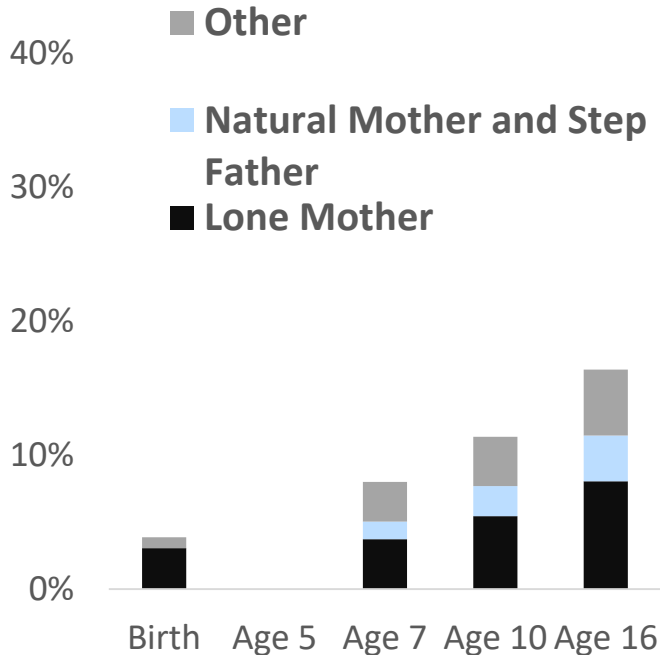


# Family Structure by Education

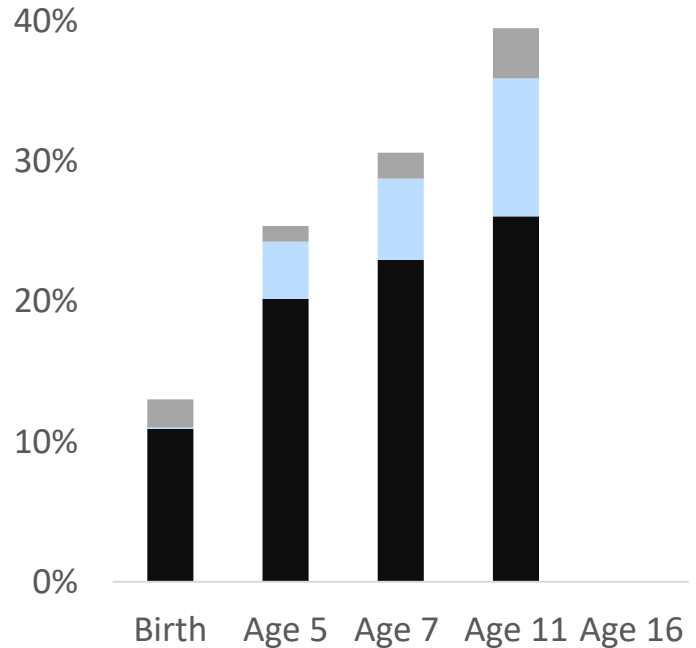


# And more children are being born to lone mothers.

## 1958 cohort



## 2000 cohort

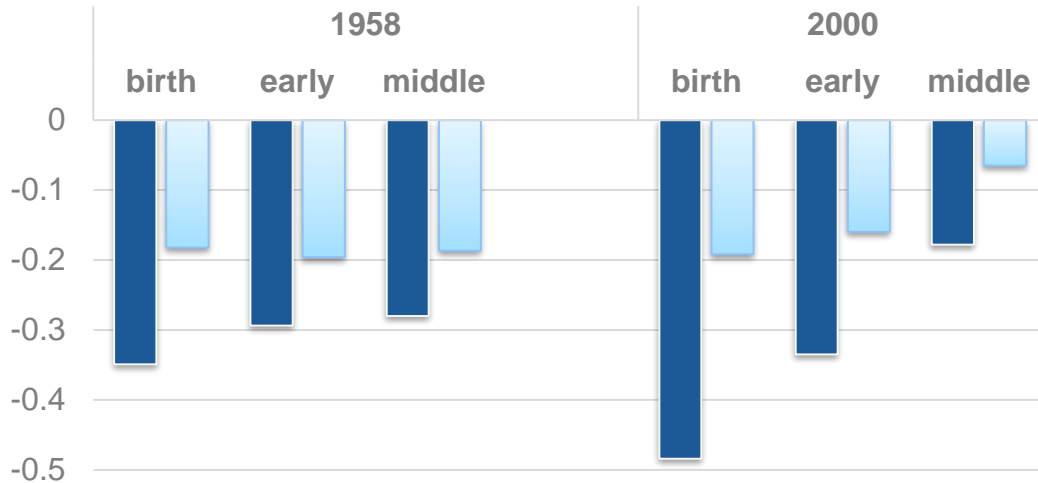


# Why should we be concerned about changing family forms?

- Children in lone mother families have poorer cognitive and emotional outcomes.
- For cognitive outcomes:
  - **reduced economic resources** explain much of this difference
  - there is **no evidence of parenting differences**

# Attainment Gaps: Mathematics

Raw gaps & after controls for characteristics at birth





# Why should we be concerned about changing family forms?

- For cognitive outcomes:
  - **reduced economic resources** explain much of the difference
  - there is **no evidence that differences in parenting contribute** to cognitive deficits.

(Harkness, Gregg, Salgado, 2019)

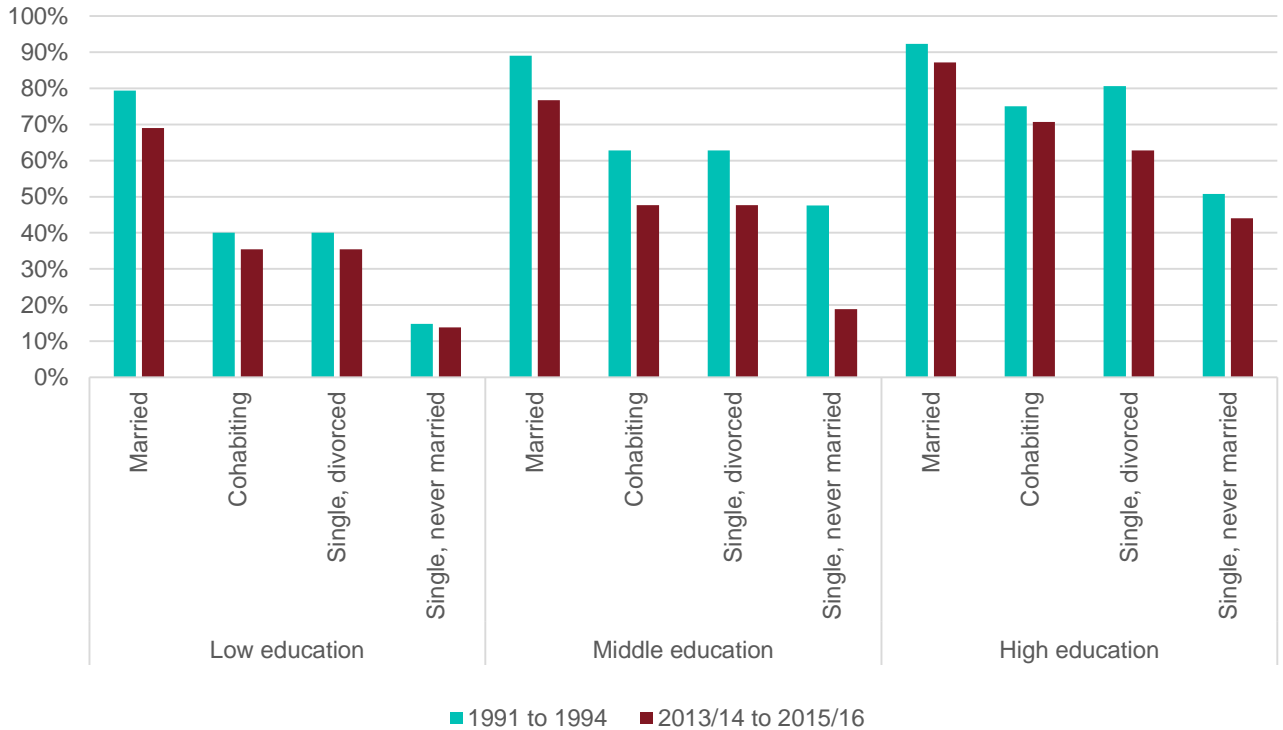
Is inequality causing family change?

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# Why are low and middle educated mothers not marrying, while the most educated continue to?

- Family structure is strongly associated with economic opportunity: for example, over the course of the recession the share of single mothers grew while marriage declined.
- Does homeownership matter? **Rising house prices may be a growing barrier to marriage among parents of young children.**

## Homeownership rates by marital status and education



## Homeownership and family structure:

- Regardless of education, those who own their own home are likely to be married; cohabitation is much more common among those renters.
  - **rising house prices may be a growing barrier to marriage among parents of young children.**
- Divorcees much more likely to be homeowners than never married single mothers.

# Take-away messages..

- On employment:
  - Prioritize policies to promote female employment, particularly low educated women
  - There is a need to consider how the costs of children (including the 'career' costs) are more equally shared.
- On Family Structure:
  - The decline of marriage has potentially important implications for mothers' economic well-being
  - Growing inequality in income and access to housing may be a cause of growing family instability

**Thank-you!**

[s.harkness@Bristol.ac.uk](mailto:s.harkness@Bristol.ac.uk)

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