



Fawcett is the UK's campaign for equality between women and men. Our vision of a society in which women and men are equal partners at home, at work and in public life. Fawcett works on a wide range of topics of importance to UK women, making it the most informed and authoritative advocate for women's issues in the UK.

Recent campaigning successes include:

- A radical change in the Government's approach to gender equality through the introduction of a new gender duty on public authorities;
- Establishing an equalities coalition to ensure that issues of multiple discrimination inform new equalities legislation;
- The reform of rape law and commitment to more specialist services for women who are the victims of sexual violence;
- A change in the law allowing political parties to use positive measures, such as all-women shortlists, to increase the representation of women;

- Raising the profile of women's voting intentions through new MORI research so as to place women's concerns at the heart of the political agenda.

Our roots in the 19th Century campaign for the vote tell us that there is often a long and difficult struggle to secure women's rights and it is this persistent, informed and pragmatic campaigning spirit that we aim to replicate in our work today as we strive to create change in women's lives.

Fawcett is a small organisation; we do not have an endowment or regular source of income. We raise all of our money year on year and rely on the support of individuals like you. Please support Fawcett by setting up a regular donation on our website www.fawcettsociety.org.uk and help to build a stronger UK campaign for equality between women and men.

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Money Money Money

Is it still a rich man's world?

An audit of women's economic welfare in Britain today
Executive Summary

Kate Bellamy
Dr. Katherine Rake



‘Figures on employment, pay, income, pensions and assets tell a similar story – women still do not enjoy equivalent economic status to men.’

‘While many women have received a significant boost to their income as a result of anti-poverty initiatives, such benefit payments only act as a patch for underlying gender inequalities rather than as a way of transforming gender relations.’

Despite the considerable changes that have occurred in women’s economic fortunes, this report documents the way in which women continue to be disadvantaged by a gender gap in every single aspect of economic welfare. Figures on employment, pay, income, pensions and assets tell a similar story – women still do not enjoy equivalent economic status to men and as a result, women experience a higher risk of poverty and of dependency on the state or on their partners. Painting a full picture of women’s economic fortunes in the UK today requires us to look beyond headline figures to track in detail the differences in women and men’s economic circumstances. For example, there are now nearly equal numbers of women and men in employment, but the rise in the quantity of women’s employment has not been matched by a rise in its quality.

Many women face a glass ceiling preventing them reaching higher paid senior positions while many more have difficulty in progressing beyond the ‘sticky floor’ of part-time, low paid, low status work.

The simple explanation for the continuing differences in women and men’s economic welfare is that women pay a penalty for bringing up children (the ‘motherhood gap’) and, increasingly, caring for the elderly, sick and disabled. Primary responsibility for unpaid care means that women are unable to compete on equal terms with men in a labour market that fails to cater for the needs of employees who are trying to balance the dual responsibilities of paid and unpaid work.

However, while women share an experience of economic disadvantage, this should not blind us to the considerable differences that are emerging among women. Those women who are highly educated, childless or have had fewer children later in life have benefited from a narrowing of the gender gap over the latter half of the twentieth century as they spend more time in better paid employment. But other women, for instance those with caring responsibilities, women with low levels of education, lone mothers and some groups of Black and Minority Ethnic (BME) women are not gaining economic ground with men. As a result, there is now as much economic inequality among women as between women and men.

The report also traces the ways in which women’s economic welfare has been affected by a changing policy environment. A large number of New Labour policies have made immediate improvements to the lives of many women, particularly those focused on reducing poverty, as women predominate among the poor, and those concerned with improving work-life balance, as the responsibility for combining employment with care and domestic work still falls to women. However these policies have not been guided by an over-arching aim of gender equality with the result that they have failed to narrow the economic gender gap for all women or to tackle the underlying gender inequalities which cause it.

Labour’s strong emphasis on paid employment as the key route to citizenship has actually reinforced the gender and motherhood gaps experienced by many women as the opportunity cost to unpaid care work has increased. In addition, work-life balance policies and new maternity legislation have brought immediate benefit to many women, but may in the long term serve only to reinforce the notion that women are primarily responsible for caring work.

Equally, while many women have received a significant boost to their income as a result of anti-poverty initiatives, such benefit payments only act as a patch for underlying gender inequalities rather than as a way of transforming gender relations in a way that would offer a lasting solution to the causes of women’s poverty.



- Women are seven times more likely than men to be out of employment as a result of family responsibilities.
- Women in full-time employment spend nearly 30% more time on childcare every day than men in full-time employment.
- Around a quarter of all families in the UK are headed by a lone mother.

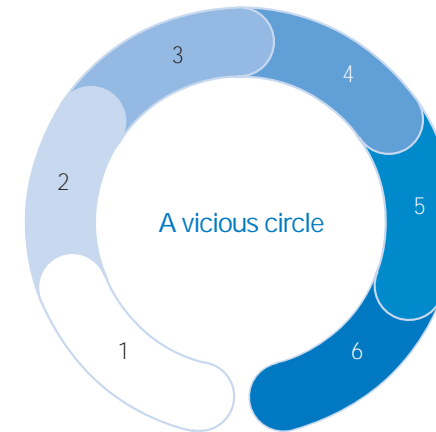
Women's roles and notions of 'femininity' have undergone considerable change and it has become the norm for women, including mothers with dependent children, to be in paid employment. Women now share the responsibility for paid employment and maintaining household income. But women's movement into employment has not been matched by either an equivalent change in expectations around women's role at home, or such a significant shift in notions of 'masculinity'.

This continued gender imbalance in the domestic sphere limits women's participation in the labour market and means they are competing on unequal terms with men.

Not only do social expectations suggest that women should continue to take primary responsibility for the home, and men do the bulk of the breadwinning, economic factors, such as the gender pay gap, reinforce that notion. For example, in the majority of couples women earn less than men and to maximize household income in the short-term it is women who take on responsibility for unpaid caring and domestic work.

Fitting employment around ever changing levels of caring and household work creates a vicious circle that maintains the division of labour and economic inequalities between women and men.

This model takes a particular form for women who cannot rely on a partner to share the paid or unpaid workload. An increasing number of women head their own households. Women's greater longevity means spells of solo living in later life, there is a growth in the number of younger childless women living alone and the vast majority of single parents in the UK are single mothers. Female headed households bear a particularly high risk of poverty and for lone mothers the dual burden of 'breadwinning' and caring is often not sustainable with the result that many rely on benefits to support their households.



1. Gender pay gap and women's low pay means that...
2. Women rather than men take time out of the labour market to care for the family to maximise household income means that...
3. Men generally work even longer hours and take on responsibility for maintaining household income means that...
4. It is difficult for women with caring responsibilities to compete with men in the labour market means that...
5. Women take low paid, flexible and part-time work in female-dominated industries brings us back to...
6. Gender pay gap and women's low pay



- Women now make up nearly half (46%) of the labour force in Britain.
- 45% of women employees work part-time, compared with 10% of male employees.
- Just 56% of lone mothers are economically active, compared with 72% of partnered women with dependent children.

The labour market has been an arena of considerable change in women's lives since the 1970s but the now near 'equality of participation' masks continuing disparities in the quality and conditions of employment. Women still experience both the 'sticky floor' of low paid, low status work with limited opportunities for training and the glass ceiling created by discrimination and the lack of part-time positions at a senior level. It also disguises the growing divide in women's labour market participation according to their class and race.

Women's employment continues to be concentrated in poorly paid sectors, predominantly the four 'Cs': caring, cleaning, catering and cash registers.

The low value of the four 'Cs' is related to the fact that these roles have traditionally been done by women on an unpaid basis at home and the skills involved are seen as natural rather than acquired. Women take this low paid employment because it tends to be flexible and available locally and so fits with their caring responsibilities.

A large proportion of women (45%), particularly the less well educated, work part-time. In comparison to other European labour markets, the UK's part-time sector is not only larger than most but characterised by short working hours and a much higher pay gap. As a consequence, part-time working has a dramatic negative impact on women's lifetime earnings.

Motherhood is often a trigger to women working part-time, whereas men tend to increase, rather than decrease, their working hours when they have young children. The long working hours culture in the UK therefore leads to employment extremes, with women with caring responsibilities working short part-time hours, and men working long full-time hours. It therefore prevents a more equitable balance in employment and caring between women and men.

Motherhood has an even more pronounced impact on lone mothers' employment, and they face barriers to employment that are less likely to affect partnered women.

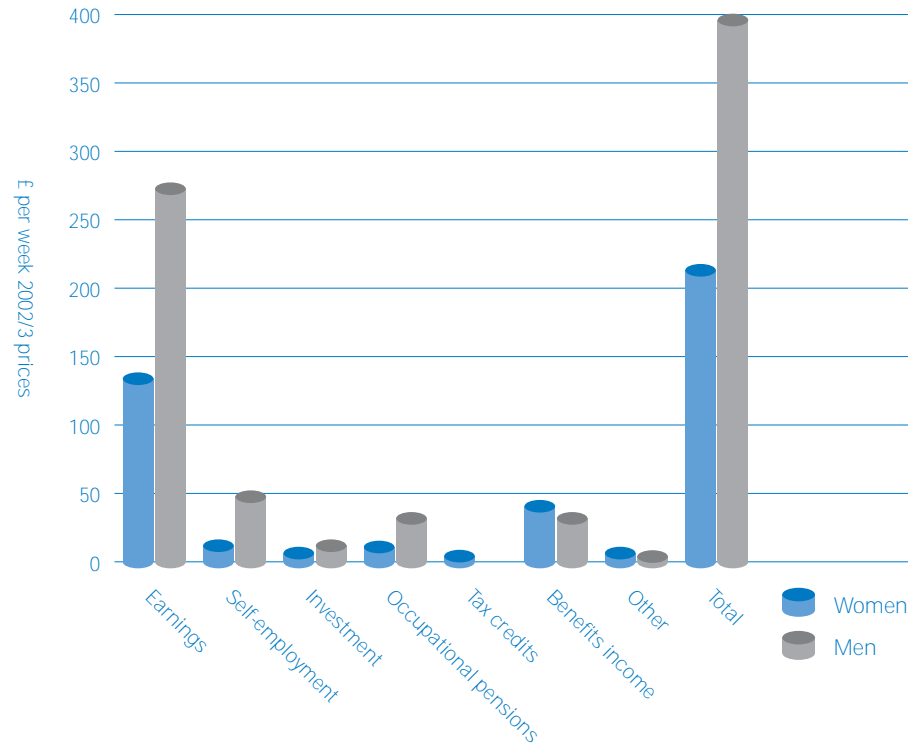
For example, lone parents are more likely to have a long-term illness or disability that prevents them from working and they are also likely to have lower than average educational qualifications, limiting their employment options.

Black and Minority Ethnic women are less likely to be in paid employment than white women. For example, just 16% of Bangladeshi women are in formal employment. This is related to fact that 52% of Bangladeshi girls leave school with no qualifications and that having children has a bigger impact on their labour market participation than for other ethnic groups.



Women and men receive different types of income. Women are more likely to rely on benefits and state support which lift them just over the poverty line but no further, whilst men receive a higher level of income from earnings and private savings. These differences mean that the gender employment gap translates into an even wider gender income gap between women and men.

The differences in women and men's incomes accumulate across the lifetime meaning the lifetime income gap is much larger than that captured by commonly used snapshot figures. A spell of part-time employment, for example, not only reduces a woman's immediate income, it has an impact on her career prospects, earning potential and pension entitlement and so it has a much bigger impact on her lifetime income.



Mean total individual income by source of income 2002/3

- Women receive on average just 54 pence for every £1 of income received by men.
- Women working full-time earn just 82% of the male full-time hourly wage, and women working part-time just 59% of the men's full-time hourly pay.
- In 2002 women in pensioner couples received just £119 per week, compared to £261 for men.

Pay

A major driver of women's lower income is the fact that they derive much less income from paid employment. Women in the UK experience one of the worst pay gaps in Europe: women working full-time earn just 82% of the male full-time hourly wage, and women working part-time just 59% of the men's full-time hourly pay. Since the Equal Pay Act was introduced in 1975 the full-time pay gap has narrowed by more than a third. But not only is the part-time gender pay gap far wider than the full-time, it has changed very little since the 1970s.

The hourly pay gap is the most commonly used measure of pay inequality. But it does not present a meaningful picture of the true wage penalty faced by women. As women take time out of the labour market and spend fewer hours in employment due to their caring responsibilities the pay gap they experience is ever larger if viewed over the week, year or lifetime.



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'The average male pensioner receives £103 per week from an occupational pension, his wife can expect to receive just £17 per week.'

Benefits

Women are more reliant on benefit income than men and the income gap between women and men is slightly moderated by the tax and benefit system. In 2002/03 benefits (including tax credits) comprised 21% of women's and 8% of men's income. Women with children and single women, particularly lone parents and female pensioners, are the groups of women most reliant on income from benefits.

Although these benefits are no doubt a welcome boost to women's low incomes and lift many women's incomes above the poverty line, women's dependency on benefits may be problematic. There continues to be stigma associated with being a benefit claimant and take up of means tested benefits remains low meaning many women do not receive the extra income they need. There is also the risk that women develop a 'lifetime dependency' on benefits with just a minimal income and little opportunity to accumulate assets such as a pension.

Pensions

The income gap between women and men is particularly wide in retirement: In 2001/02, men in pensioner couples received a mean total individual income twice that of women, £261 per week for men compared to £119 for women. Women pensioners tend to be financially reliant on their partners in retirement or, if single, on means tested benefits and as a result over 1 in 5 single women pensioners are living in poverty.

Many women are excluded from the basic state pension because it is built on an outdated 1940s model of continuous full-time employment that assumes women can rely on their husbands' pension income in retirement. This has meant that just 13% of today's women pensioners have been able to build up their own entitlement to a full basic state pension compared to 92% of all men.

In addition, many women do not have an occupational pension and cannot afford to save into a private pension. Around 70% of today's female pension population has no private pension in their own right, and whilst the average male pensioner receives £103 per week from an occupational pension, his wife can expect to receive just £17 per week.

Currently, differences in occupational and private pensions are the predominant drivers in the difference between women's and men's income in retirement, and despite women's movement into the labour market, this disparity will persist due to the gender gaps in employment and pay. For instance, of the 45% of women employed part-time, only one third are members of an occupational scheme, and just 9% have a private pension.



Women's incomes, women's lives

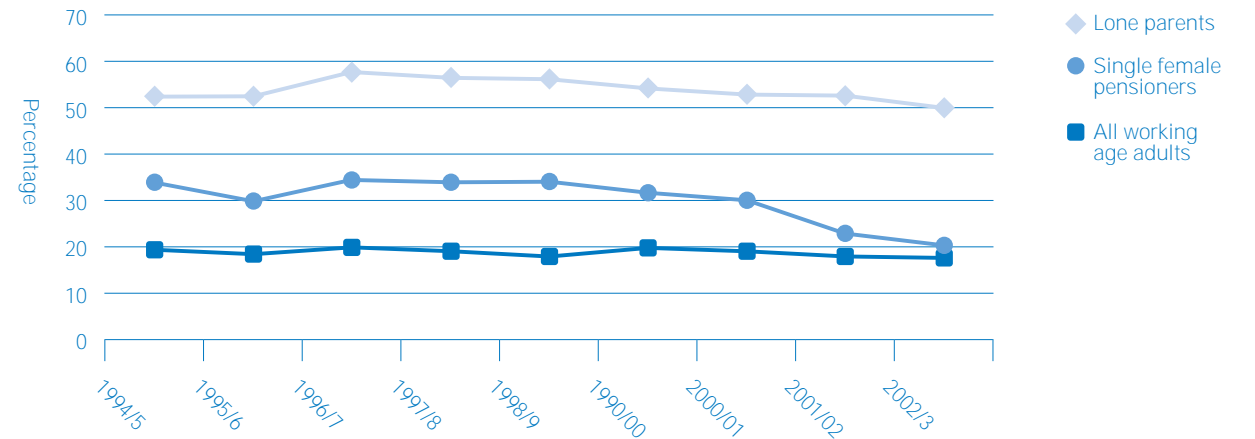
The gender gap in women's and men's economic position operates to limit women's choices and power, creating a two-tier society divided by gender. Women's financially inferior position can serve to reduce their voice and influence, rendering women unequal partners at home and second-rate citizens in many respects outside the home. It means many women are financially dependent on male partners and creates a financial barrier to exiting unhappy or even dangerous or abusive relationships. Further, lower incomes mean that women are also more susceptible to debt and financial exclusion.

The wide gender gap means that poverty in Britain has a female face and lone mothers, Black and Minority Ethnic women and female pensioners are at particular risk. More women than men are poor. Household measures suggest that, after housing costs, 21% of women are living in poverty compared to 19% of men, meaning over half a million more women than men are living in poverty in Britain today.

It is possible to track trends in poverty for households headed by a single woman and as the chart shows, there has been a large reduction in the poverty rates of single women pensioners but lone parent households continue to be at a far higher risk of poverty than all working age adults with very little total reduction since 1994.

Women's poverty is often hidden. The actual number of women living in poverty in the UK is even higher because household measurements of poverty assume equal distribution of resources within the household, whereas research shows that women do not necessarily receive their fair share of household income.

- 1.3 million women pensioners are living in poverty.
- Around 2.5 million lone parents and their children are living in poverty.
- Women contribute an average of one third of household income and as a result have less entitlement to and control over financial resources than their partner.



Risk of poverty

‘Many women have been lifted out of poverty by New Labour’s anti-poverty efforts. But these policies only serve as a patch for underlying gender inequalities.’

The New Labour Government has undoubtedly improved the lives of many women, particularly through anti-poverty and work-life balance policies. But until these policies are guided by an over-arching aim of gender equality they will fail to tackle the underlying causes of women’s inferior economic position.

Many women, particularly single female pensioners, have been lifted out of poverty by New Labour’s anti-poverty efforts. But these policies only serve as a patch for underlying gender inequalities. For example, whilst increased payments to poor pensioners may keep women above the poverty line in retirement they will not address the reasons why so many women pensioners are poor, nor will they assist future generations of women pensioners to provide adequately for their retirement. Similarly, the National Minimum

Wage may raise the wages of low paid women, but it does nothing to tackle low paid work as a gendered phenomenon. There is a risk, therefore, that the Government’s anti-poverty strategy serves to reinforce women’s economic inequality and fails to transform gender relations. Such policies are easily reversed by subsequent governments meaning that the immediate gains made by women may be as easily lost.

There are many women who do not even benefit from this ‘patch’. The Government is primarily concerned with the poverty of pensioners and parents and has focused on employment as the route out of poverty through ‘welfare to work’. This means that many poor women are not targeted and the focus on paid work within both the anti-poverty and productivity strategies continues to ignore the fact that

many women are unable to compete on equal terms with men in the labour market.

Not only do government policies overlooking the current gender division of labour, a number of them are effectively reinforcing it by reflecting rather than challenging gender roles as they currently exist. For instance, work-life balance policies may have enabled many women to combine employment and work at home, but it has reinforced the notion that this juggling act is a woman’s responsibility.

Equally, the improvements to maternity leave will be welcomed by most women, but the widening disparity between women’s and men’s entitlement makes women increasingly unreliable employment prospects relative to men, damaging their labour market prospects and setting the pattern for a couple’s division of labour.

The Labour Government has had a number of notable successes in improving women’s immediate economic circumstances but it will not achieve lasting change or close the gender gaps for all women unless it seeks to transform gender relations.

If the Labour Government wishes to create a lasting legacy of economic gender equality as part of a Third Term it needs to:

- adopt gender equality as an explicit policy target;
- recognise and provide for diversity among women;
- engage men in caring and unpaid work;
- address the roots of women’s poverty and recognise that the child poverty target will not otherwise be met;

- improve the quality and not just the quantity of women’s employment by ensuring fair pay, opportunity for progression, and promoting quality part-time employment;
- introduce active measures to address the continuing gaps in women’s pay and pensions;
- find adequate and non gender specific ways of providing financially for those people whose labour market participation will remain limited by caring.