

Feminist Approaches to Economic Policy in the Nordic Countries

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The topic of this seminar is feminist approaches to economic policy. There are five parties in the Swedish Parliament that call themselves feminist parties: the Centre, the Liberal, the Green, the Social Democratic and the Leftist Parties. Today the Government, consisting of the Social Democratic and the Green Parties, call themselves a feminist government.

There is also Feminist Initiative, which is too small to be represented in the Parliament, but is represented in a number of municipalities, for example Stockholm.

This means that there are several feminist approaches to economic policy and that a feminist approach can mean very different things. What should be included in economic policy can also be discussed.

Individual taxation – a prime example of a feminist approach to economic policy

In Sweden in 1960, the Parliament decided almost unanimously that family-based taxation should be maintained. Individual taxation was not seem as an urgent question. A couple of years later, the situation had changed completely. Strong arguments in favour of individual taxation were heard. Organisations and parties started to reconsider their positions and in 1971, individual-based taxation was introduced.

This sudden interest in individual taxation was a result of the intense discussion about “gender roles” in the 1960s including a feminist approach to income taxation.

The discussion was started by individuals – mainly young women with an academic education – without support from political parties, newspapers or organisations (Elvander 1972 Chapter VII). But there were also influential social-democratic and liberal women within political parties who argued for individual taxation. For example Karin Kock, a feminist economist, and Sweden’s first female member of the government in the 1940s, argued that “the current tax system is built on ideas from the last century, when the ideal was that the wife only worked for the family and when one was made to believe that the husband supported his wife”.

The women advocating individual taxation argued that family-based taxation was unfair to single persons and benefitted the “not fully occupied housewife without children” especially in high-income families (Florin 1999). The conservative side of the debate maintained that the tax system should be neutral in relation to married women’s employment. Women’s right to be supported housewives should not be questioned. The radical side objected that no tax system is neutral. The existing system benefitted housewives and was based in the old-fashioned idea that married women should be supported by their husbands. Society had no reason to promote this kind of family, especially not if there were no small children. Women’s labour force participation, gender equality and the dual-earner/dual-carer family model were put forward as modern alternatives. Women’s economic independence from men was strongly underlined and seen as a prerequisite for women’s emancipation.

The problem for the social democrats was to design an individualised taxation system in such a way that it did not foremost benefit high-income families and was unfavourable to low-income male-breadwinner/female “housewife” families. When it was shown that the right for the husband to use two basic deductions from his income when his wife did not participate in the labour market and that lower tax for married persons benefitted high income earners more than low income earners the debate took a new turn (Elvander 1972 Chapter VII, Florin 1999). A woman’s question, which initially was perceived as an upper-class problem, could be reformulated as a working class disadvantage and thus accepted. The Prime Minister Olof Palme declared that separate taxation first and foremost was a reform of distribution to benefit those with low incomes, but he emphasized that it also concerned independence and equality for women. This meant that the arguments about married women’s labour force participation, gender equality, and income distribution all pointed towards the need for individual taxation.

Opposition came mainly from the conservative political camp – the Conservative Party, tax-lawyers, representatives from the Swedish Confederation of Professional Associations and tax-payers organisation – but also from within the Swedish Trade Union Confederation (SACO) and the Social Democratic Party and social democratic women (Florin 1999). Housewives successfully started a campaign. They collected over 60,000 signatures and demonstrated outside the parliament. However, influential men in the press, the political parties and social partners gradually took a stand with the young well-educated women, who spoke about change and presented a new ideology.

In the new individual tax system of 1971 husband and wife were seen as two autonomous individual economic subjects. However, in certain respects family-based taxation was kept. Individual taxation on business and farm income, where one of the spouses was employed by the other, was for example kept. The deduction of a salary paid to the other spouse not being allowed. In 1976, however, individual taxation was introduced also in this case (Lindencrona 1979 p. 33). Still the most important was that separate taxation only covered earned income. Unearned income (income from property, capital, capital gain, periodical support, and in some cases of enterprise and farm property) was jointly taxed until 1988 when also a number of other family-based taxation elements were eliminated. The last remains of family-based taxation of income were abolished in connection with a tax reform in 1991 (Gunnarsson 1995 Chapter 8.2.2). Joint taxation of wealth was in force until such taxation was eliminated altogether on 1 January 2007, which means that it took 36 years to a fully individual tax system.

Most OECD countries applied family-based taxation at the beginning of the 1970s, although today almost all countries have separate taxation or at least offer the option of separate taxation. Twenty three of 34 OECD countries applied individual-based taxation in 2015 (Thomas and O'Reilly 2016). Five have purely family-based tax system (Estonia, France, Luxembourg, Portugal, Switzerland). In a number of countries you can choose (Germany, Ireland, Norway, Poland, Spain, US).

Most of the countries that apply individual-based taxation have some family-based provisions: a number of countries withdraw some form of support on the basis of family income (in several cases eligibility for such support requires the presence of dependent children). Seven EU countries provide some form of additional support for a dependent spouse or transferable tax credits (Austria, Belgium, Czech Republic, Italy, Netherlands, Slovak Republic, Slovenia). As a result, only two EU countries (Finland and Sweden) apply a purely individual system with no family-based elements.

However, to classify a taxation system as pure family-based/joint or as pure individual-based is open to different interpretations and other researchers classify the countries in partly other ways.

Country	Family-based/Individual-based/Optional	If individual-based		
		Family-based credit, allowance	Dependent spouse credit or allowance	Transferable credit or allowance
Denmark	Individual			Yes
Finland	Individual			
Iceland	Individual			Yes
Norway	Optional			
Sweden	Individual			

Source: OECD

Income distribution

The family is still often seen as the basic economic unit. For example in studies of income distribution. The point of departure is in general disposable income. The incomes are distributed between the individuals in the household taken into consideration the number of persons to be supported. The disposable income represent the level of consumption or the economic standard in the household. The household is usually both the unit of income and analysis.

Other income distribution studies use the household as unit of income and the individual as unit of analysis. The point of departure is still that the economic standard of the individual is decided by the household to which the individual belongs. In a household with two adults (and children if any), wife and husband are allocated equally big incomes since the total income is distributed equally even though one person, usually the husband, makes more money than the other, usually the women.

Irrespective if the household is used both as the unit of income and of analysis or if the household as the income unit and the individual as unit of analysis the point of departure is that the economic standard is the same for all individuals in the household and it does not matter who in the family earns the money or who has the biggest income.



The perspective on the family as a unit free of conflicts and of fair distribution of economic standard is in sharp contrast to a feminist perspective, which maintain that the gender division of labour in the family, the male breadwinner model and women's economic dependence of men are central mechanisms through which women's subordinate position in the family and in society at large is upheld.

According to feminist theories the key to women's emancipation and economic independence is employment, wage work and an income of one's own. A woman's income give her a voice, a possibility to influence the decisions in the family and she has the possibility to leave a relationship which is not satisfying (exit).

Investigations concerning economic gender equality

Since women and men have different historical experiences, the concept “economic independence” have different meanings. The concept is, I argue, not gender neutral. An economically independent woman is a woman who works for wages and supports herself; she is economically independent of a man. We seldom talk about economically independent men. When the concept is used, it means a man who has private means to such an extent that he is able to support himself without working for wages. He is economically independent of wage work (Nyberg 1997; 2005). The concept “economic independence” has when it concerns women a gender perspective, while it for men has a “class perspective”. In the new gender equality goals in Sweden, which were accepted in 2006, the concept economic self-sufficiency (självständighet) was used instead of economic independence (oberoende).

The motive for the change was that:

“the concept economic independence has been used in order for women to be able to support themselves and children if any and not being dependent on a man. Since most women and men are dependent on wages and transfers for their support the concept economic independence is partly misleading. Very few are independent in the meaning that they have private means big enough so they do not need to work for their support. But to be dependent on work income is not lack of independence. The government therefore proposes that the concept economic self-sufficiency is used in order to mark that women and men should have the same right and possibility to support themselves and their children (Prop. 2005/06:155 p. 48).



The goal for economic gender equality today is: Women and men must have the same opportunities and conditions as regards paid work which give economic self-sufficiency throughout life.

However, it seems to me that economic self-sufficiency is not the same thing as economic gender equality. Economic self-sufficiency is about reaching a certain level of income through work which means that one is able to support oneself and children if any (Nyberg 2015).

Women and men can be economically gender equal without being economically self-sufficient. Economic gender equality is for example more common among young people in the sense that their incomes are about the same, but this does not necessarily mean that they can support themselves on their incomes. On the other hand among middle aged women and men, the income differences between women and men are often bigger, i.e. gender equality is low, but they are able to support themselves.

Incomes in SEK per year (2016 years prices) and share in percent



	Average income from different kinds of incomes, all persons (20-64 years)			Share with income from different incomes	
	Women	Men	W/M %	Women	Men
Work income	231 800	314 200	74	86	88
+ Income of capital	21 600	42 400	51	63	64
= Market income	253 300	356 600	71	91	92
+ Taxable benefits	33 800	26 600	127	48	39
= Income before tax	287 100	383 200	75	96	96
- Tax	68 000	101 100	67	94	94
= Income after tax and before allowances	219 200	282 100	78	97	96
+ Sum household allowances	11 100	7 500	148	44	17
+ Tax free individual allowances	2 800	7 200	39	39	37
- Repayment of study loan and paid maintenance	3 000	3 000	100	26	21
= Individual disposable income	233 300	290 700	80	100	100

Share of persons whose income only consist of extended market income 2014, %

	Women	Men
Age		
20-24	70	67
25-34	59	69
35-44	59	69
45-54	65	74
55-64	61	69
Household types		
Single with children 0-6 years	27	57
Single with children 7-17 years	43	68
Single 20-44 years, no children	69	67
Single 45-64 years, no children	54	59
Cohabiting with children 0-6 years	53	63
Cohabiting with children 7-17 years	72	82
Cohabiting 20-44 years, no children	75	80
Cohabiting 45-64 years, no children	66	76
Country of birth		
Swedish-born	63	73
Foreign born	50	56
Total	62	70

Women's economic self-sufficiency has increased since the 1970s. Cohabiting women's share of household income has increased from 31 per cent in 1975 to 43 per cent in 2014. Important explanations to this development are the rise in women's employment and working hours. However, since the middle of the 1990s, the share of cohabiting women's share of household income has not changed much.

The share of cohabiting households where the woman has a higher income than her husband has increased since the middle of the 1990s. In 1995, 21 per cent of the women 20-64 years had a higher individual disposable income than the husband. This share increased to around 28 per cent in 2014.

Poverty studies



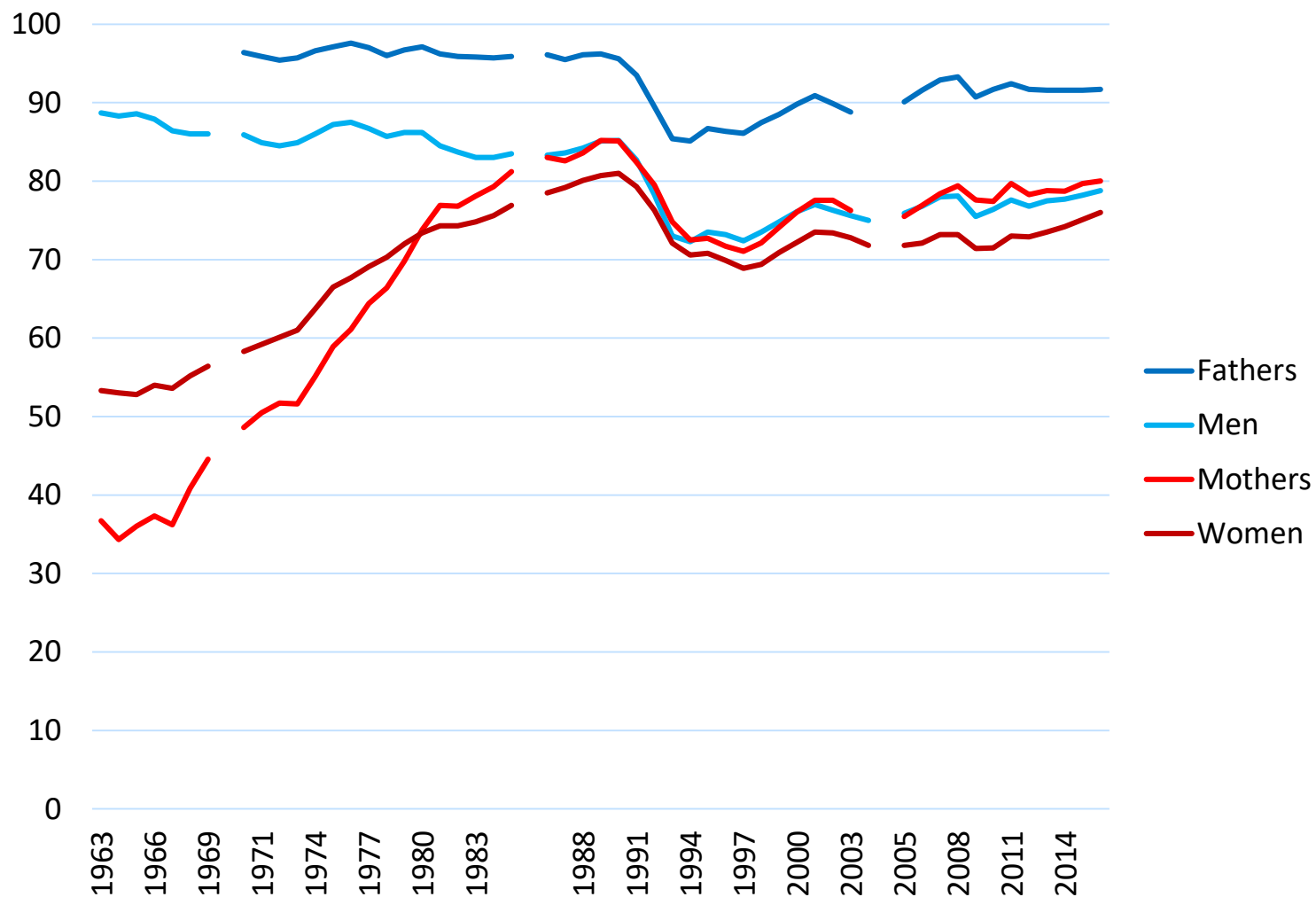
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The same problem as with income distribution studies is also relevant in studies of poverty. A household is defined as being poor if its average level of resources falls below the poverty standard. In turn, an individual is poor if he or she is a member of a poor household. Many researchers argue that due to the adoption of the household as a unit of analysis, researchers fail to identify accurate measures of women's income poverty

In order to be able to say anything about women's and men's poverty only data concerning single women and men can be used. But this approach today only covers a small minority of the population. Poverty measures today overestimate men's individual poverty and underestimate women's.

There are also researchers who propose a shift in focus from the risk-of-poverty, to a risk of dependency that is the condition of having to rely on another household member in order not to suffer deprivation.

Employment rate, fathers and mothers with children 0-6 years and men and women, 16-64 years, %, 1963-2016

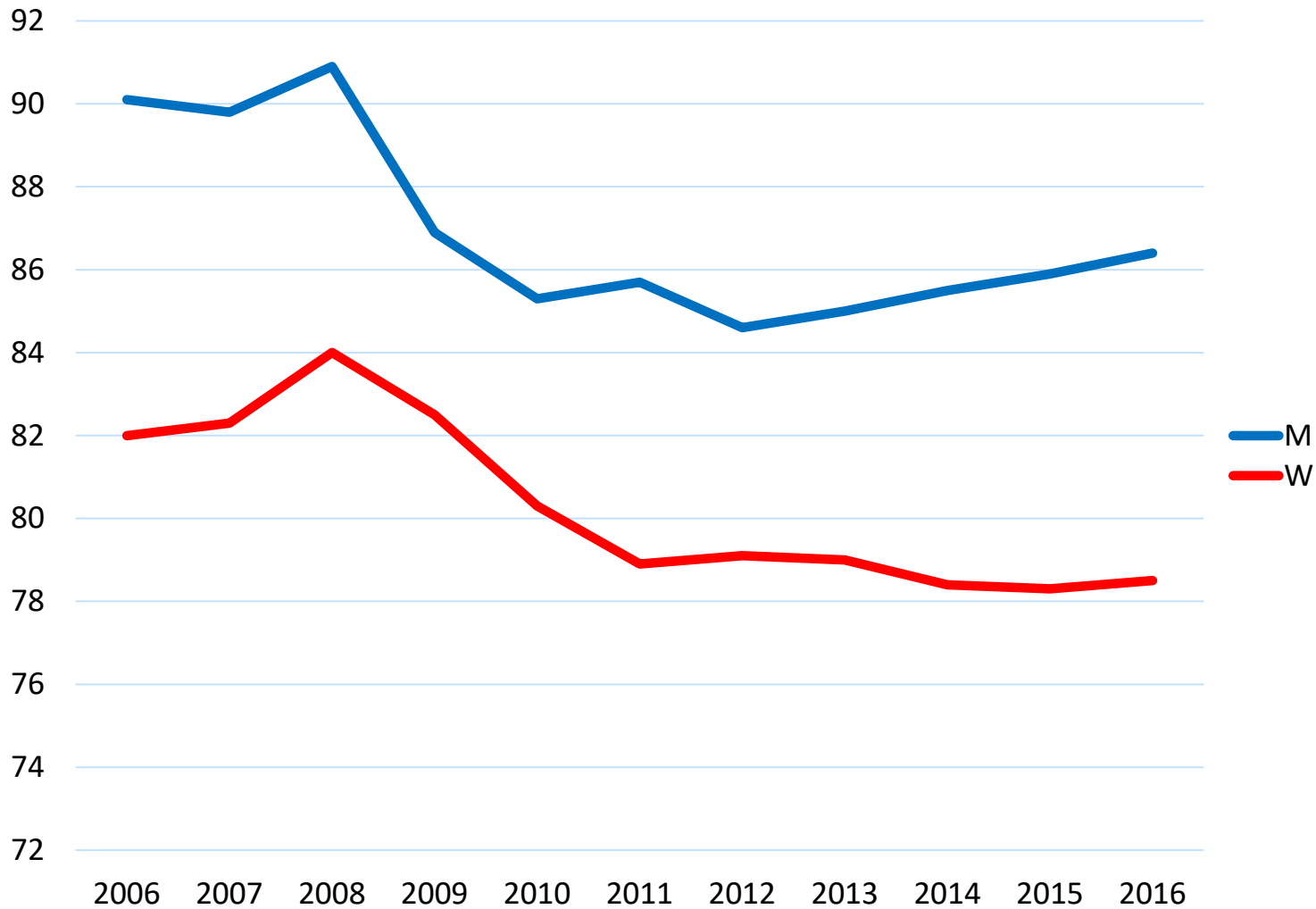


As far as economic recession is concerned one theory is that at the onset of an economic recession men tend to lose comparatively more jobs than women. The reason is that the labour market is gender segregated, with a greater concentration of male workers in cyclically sensitive sectors, such as construction and manufacturing. In contrast, women are over-represented in less volatile areas such as care, health, education and the public sector in general.

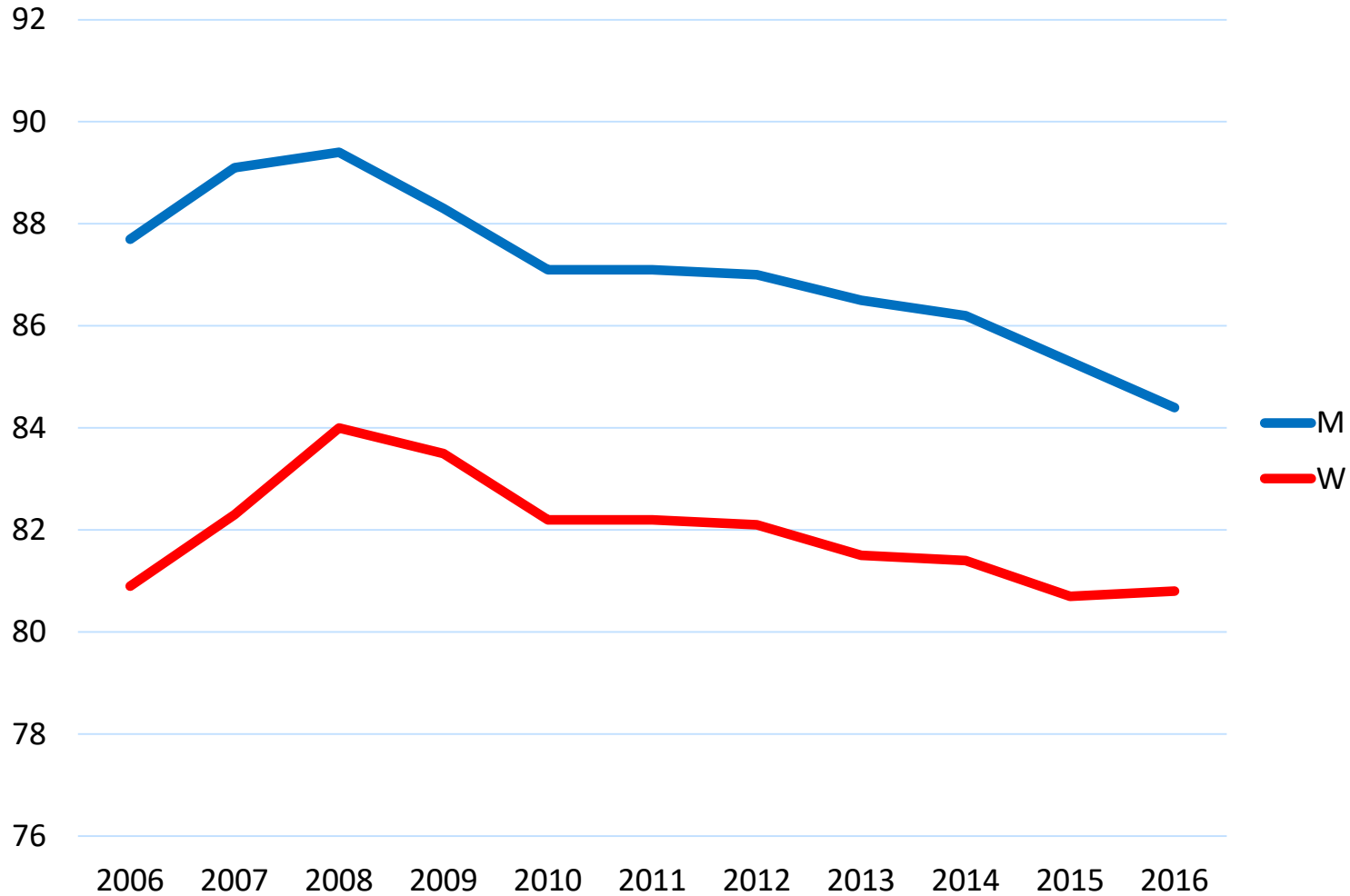
If employment in the public sector shelters women in a recession, then women's employment in Sweden and the Nordic countries could be expected to be relatively secure since the Nordic countries, has the highest share of employees in the public sector of the OECD-countries and a very big majority of those working in the public sector are women (Nyberg 2014).

However, for the same reasons that women may be protected in a recession, they may be at a disadvantage in the aftermath of a recession. Stability in employment is a benefit during the downturn, but the downside may be that the increase in employment is slower when recovery sets in. Another risk is that budget consolidation and austerity policies will mean cuts in public employment, which will affect women more than men. A highly gender segregated labour market, a big public sector and women's over-representation in this sector may then turn into a disadvantage.

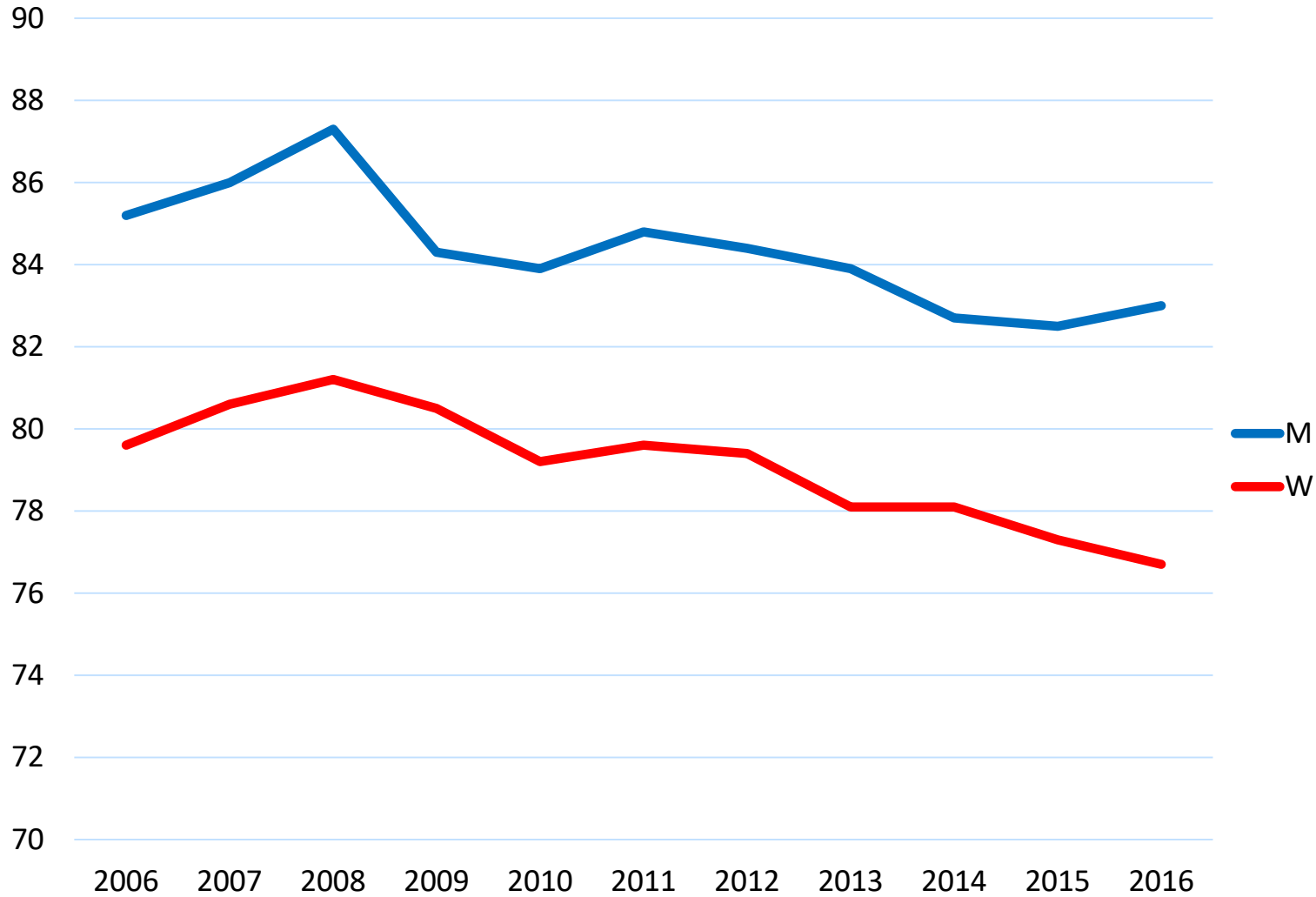
Employment, 25-54 years, Denmark



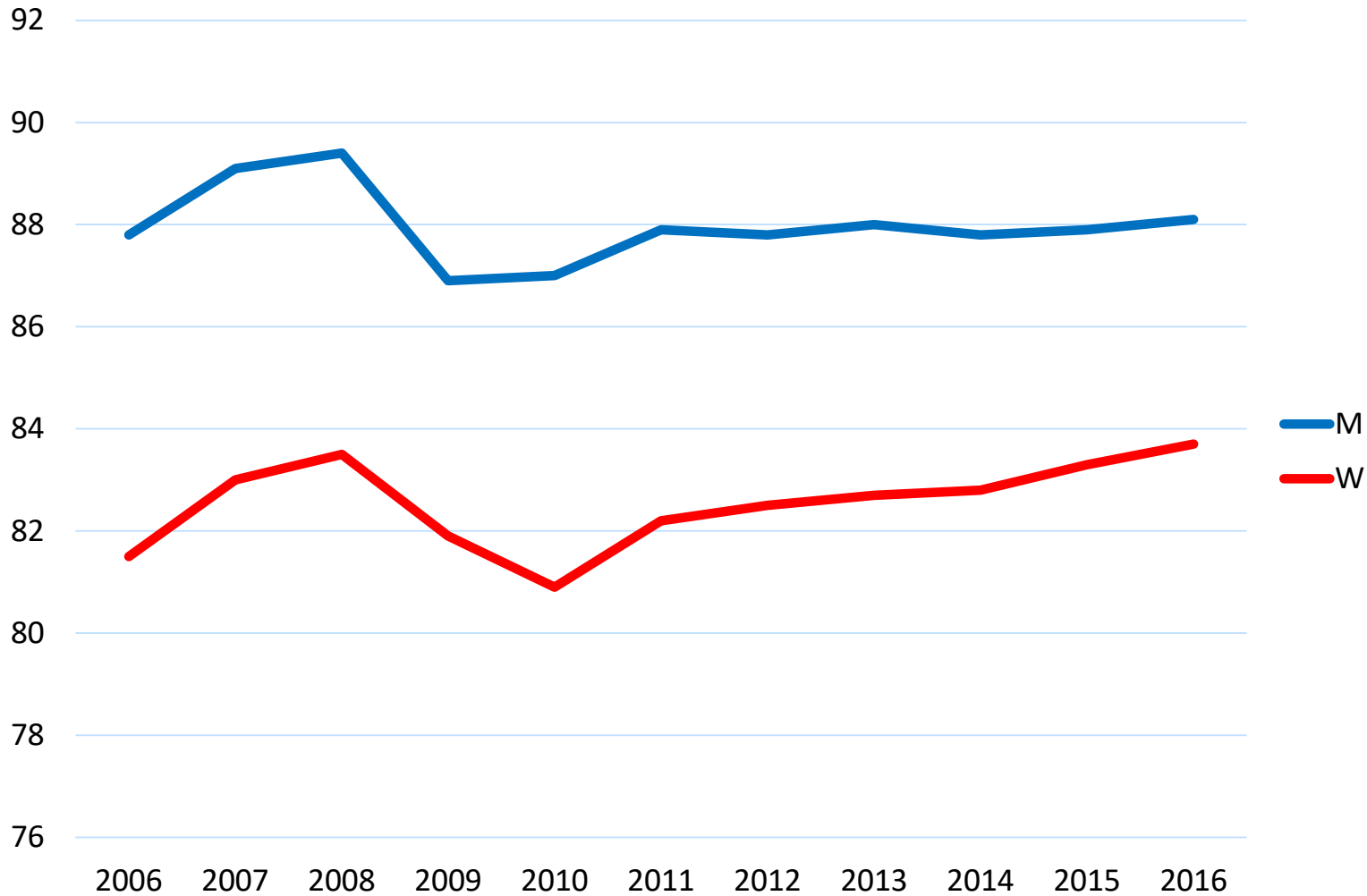
Employment rate, 25-54 years, Norway



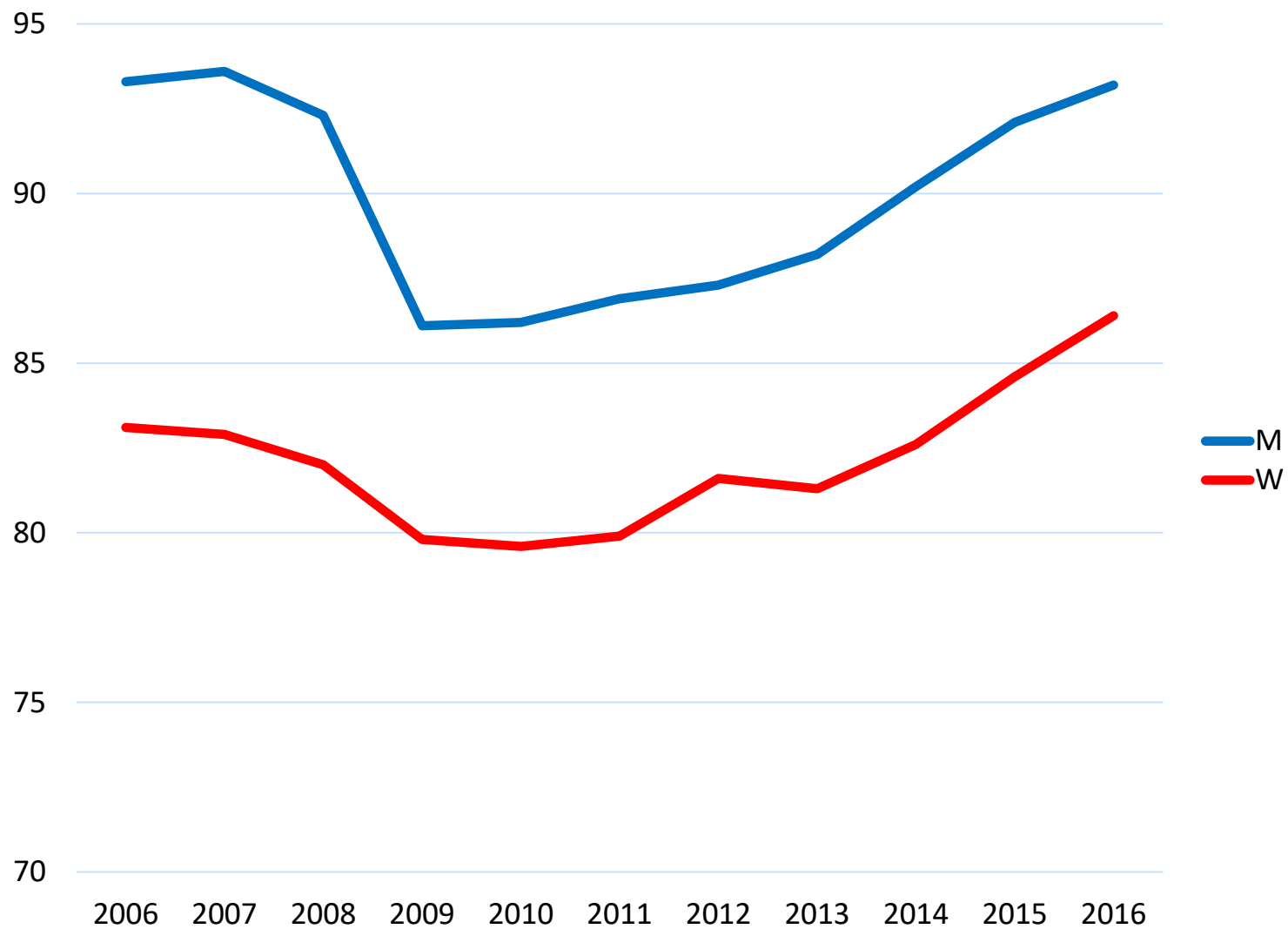
Employment rate, 25-54 years, Finland



Employment, 25-54 years, Sweden



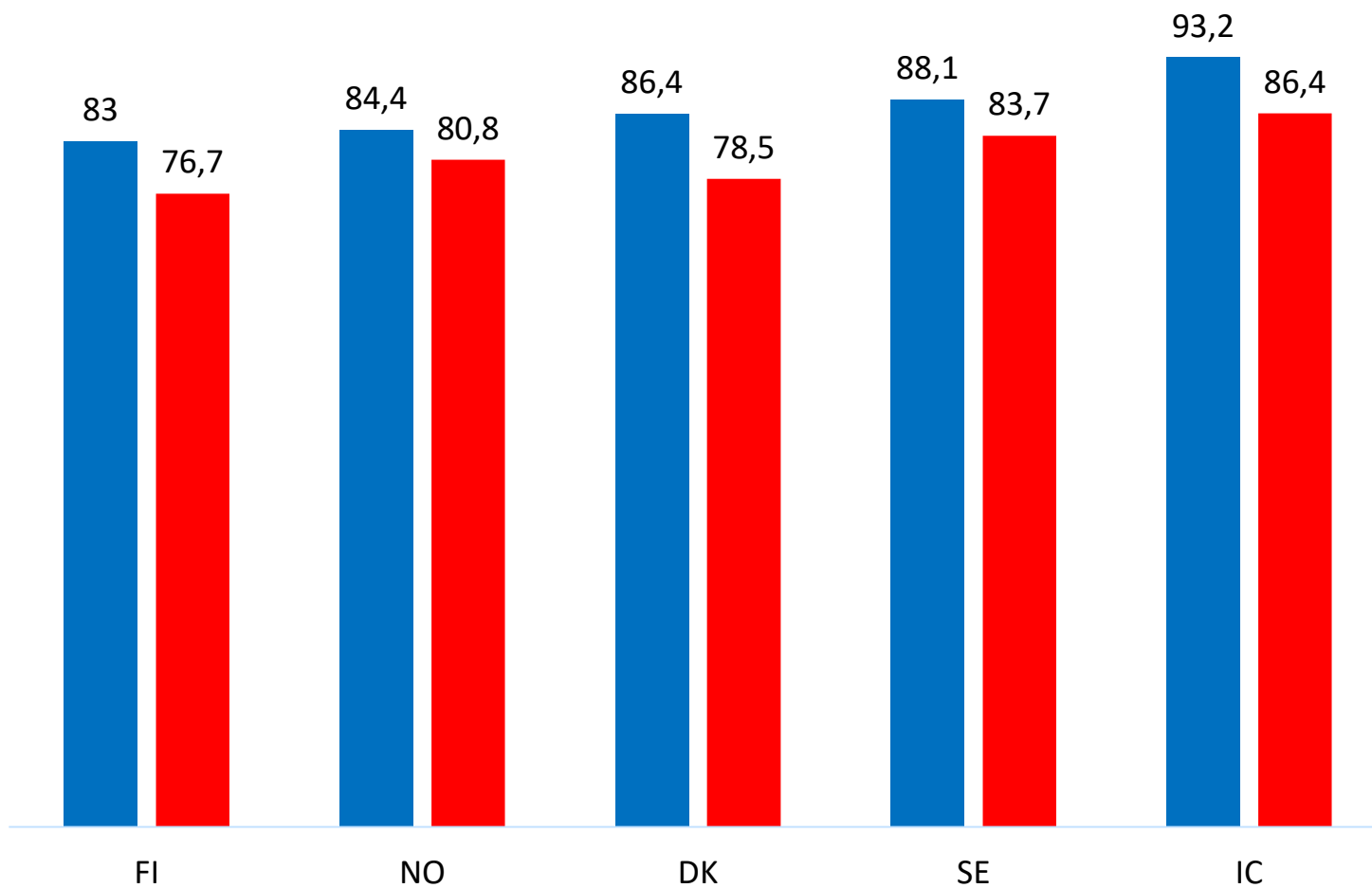
Employment, 25-54 years, Iceland



Men in all Nordic countries have lost employment except in Sweden, where men's employment is about the same both years. Women's employment has decreased in Denmark and Finland, is about the same in Norway and increased in Sweden and Iceland. On the whole then in the Nordic countries women's employment has fared better than men's. The public sector might have something to do with this, but also the shift to services and to higher educational levels, which favour women's employment, since the share of women in services is higher than men's and women's educational levels is higher than men's.

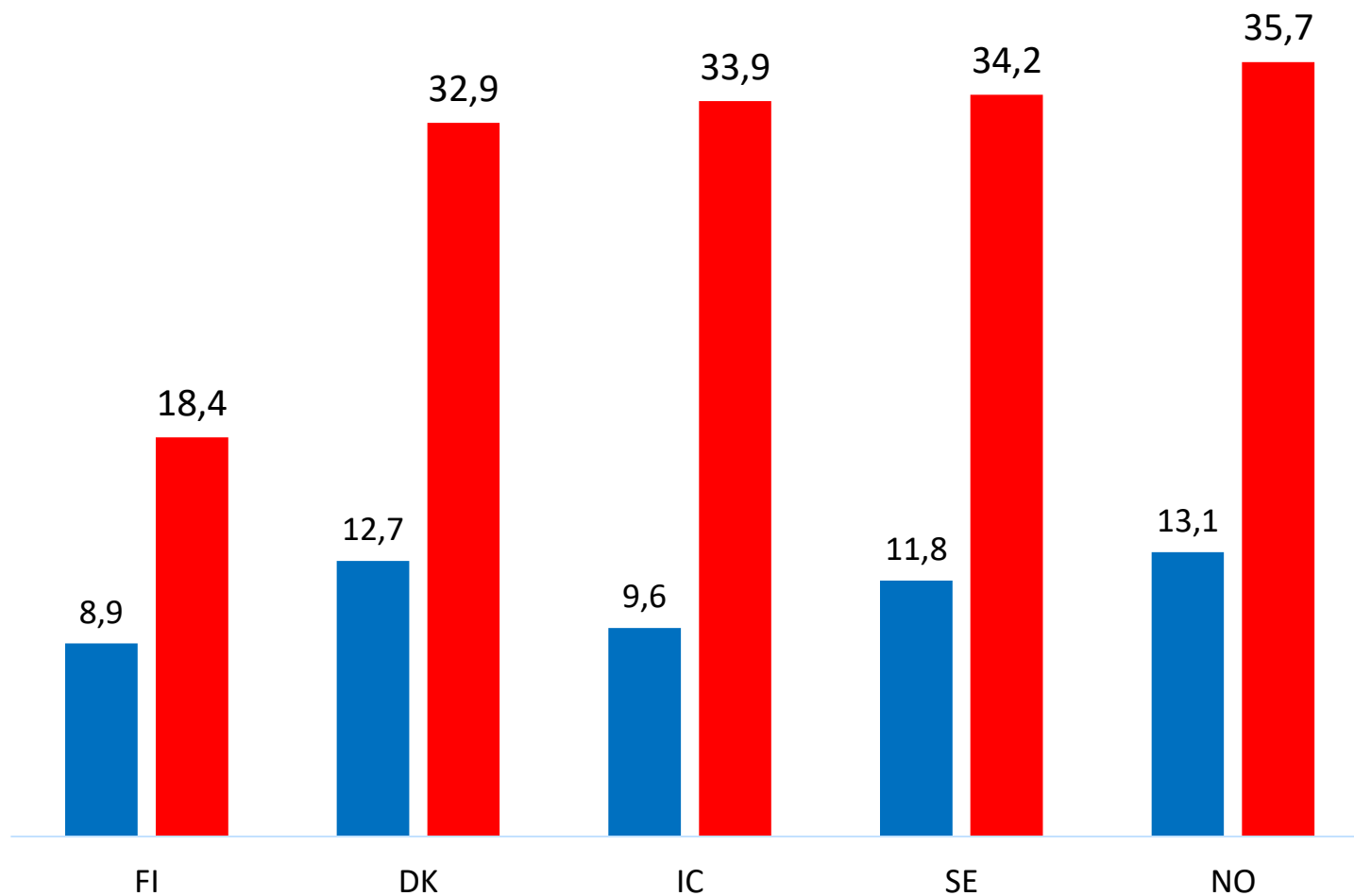
Employment rate, 25-54 years

■ M ■ K



Part-time employed, 20-64 years, 2016

■ M ■ W



Part-time unemployment and underemployment

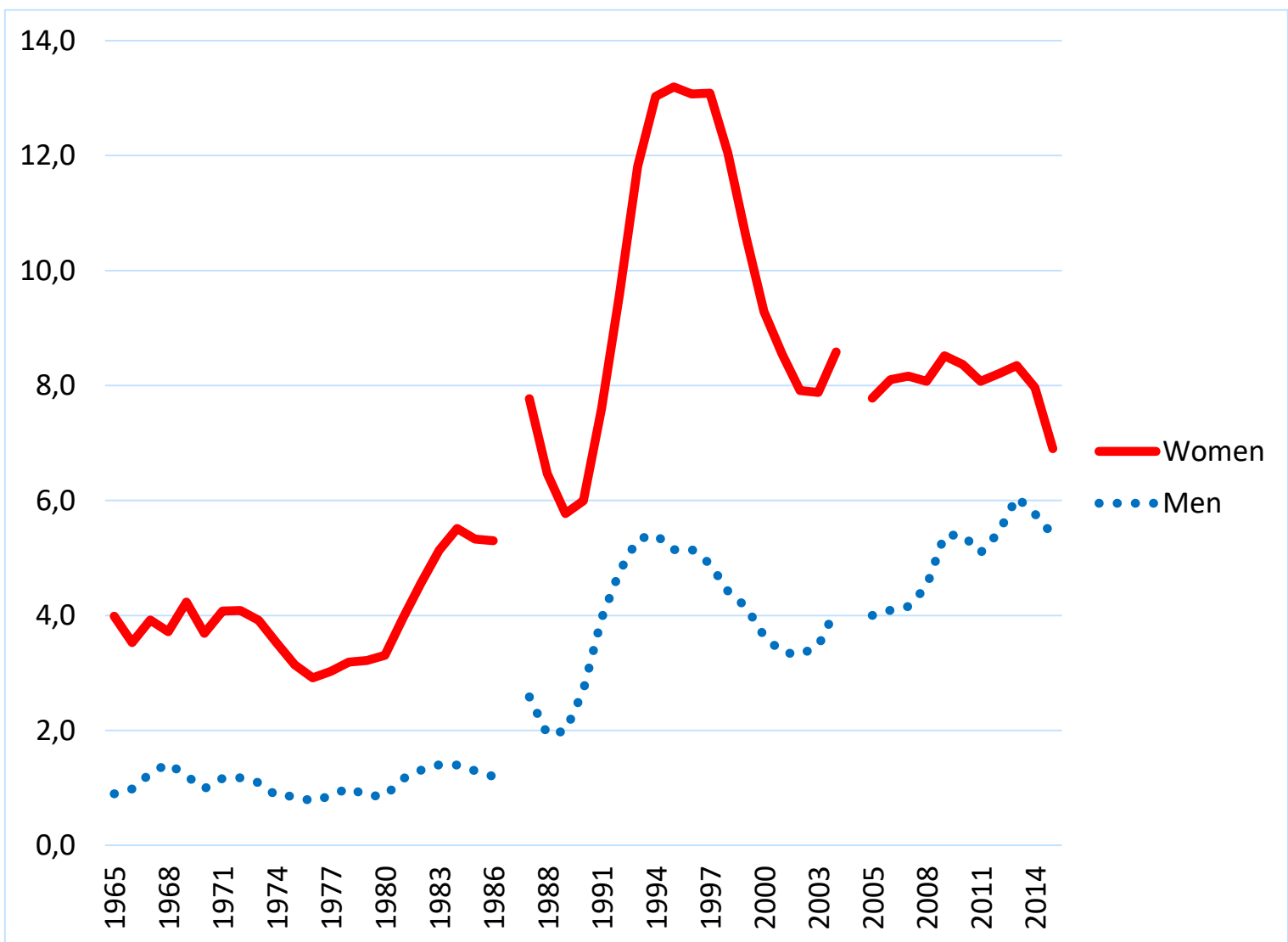
It is well known that women are employed part-time in order to take care of children. Around 132,900 or 19 percent of part-time employed women and 20,600 or 8 percent of part-time employed men stated in 2015 that the reason they worked part-time was care of children in Sweden (SCB 2016).

Much less known is that many more testify that they work part-time because “suitable full-time work is unavailable/looking for full-time work”: 202,600 or 28 percent of the part-time employed women and 70,600 or 33 percent of the part-time employed men.

The share of underemployed of the employed, %, women and men, 1965–2015



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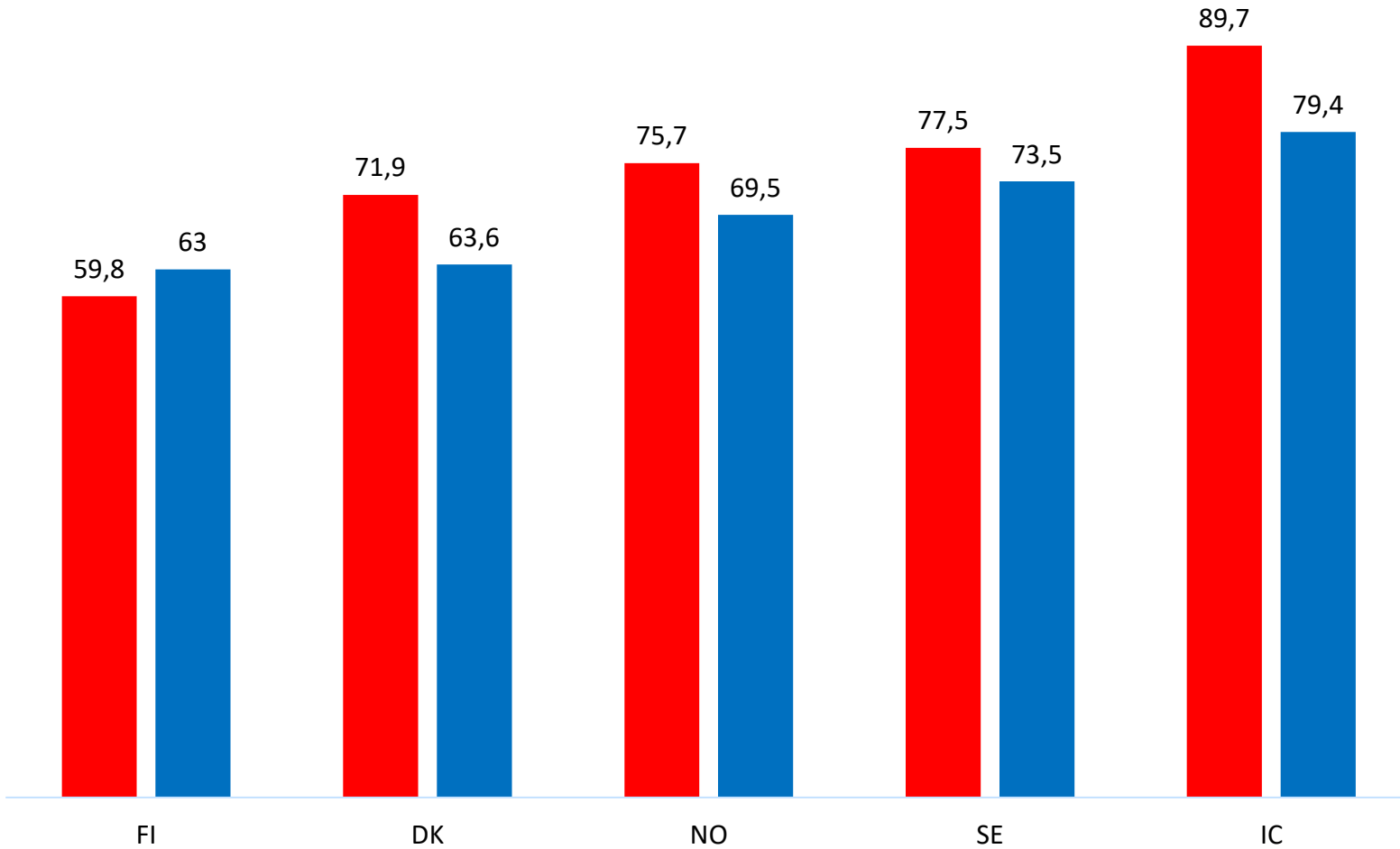


There have been several projects and today much of the policy debate on gender equality revolves around “full-time employment as a right and part-time as a possibility”, which could be classified as a feminist approach to economic policy. This is a demand put forward by the Social Democratic Party, the Social Democratic women, the Leftist Party and the Green Party. The Women’s Association of the Alliance – Moderate, Centre, Liberal and Christian Democratic women. The parties in the Alliance did not have this demand in their programs.

Today not only the government but also the employers in the public sector see the need for more full-time employment as a result of among other factors the demographic situation. According to the Swedish Association of Local Authorities and Regions the share of part-time work in the municipalities increased with 5 percentage points between 2008 and 2014. The whole increase came from women.

Employment rate, 55-64 years, 2016.

■ M ■ K

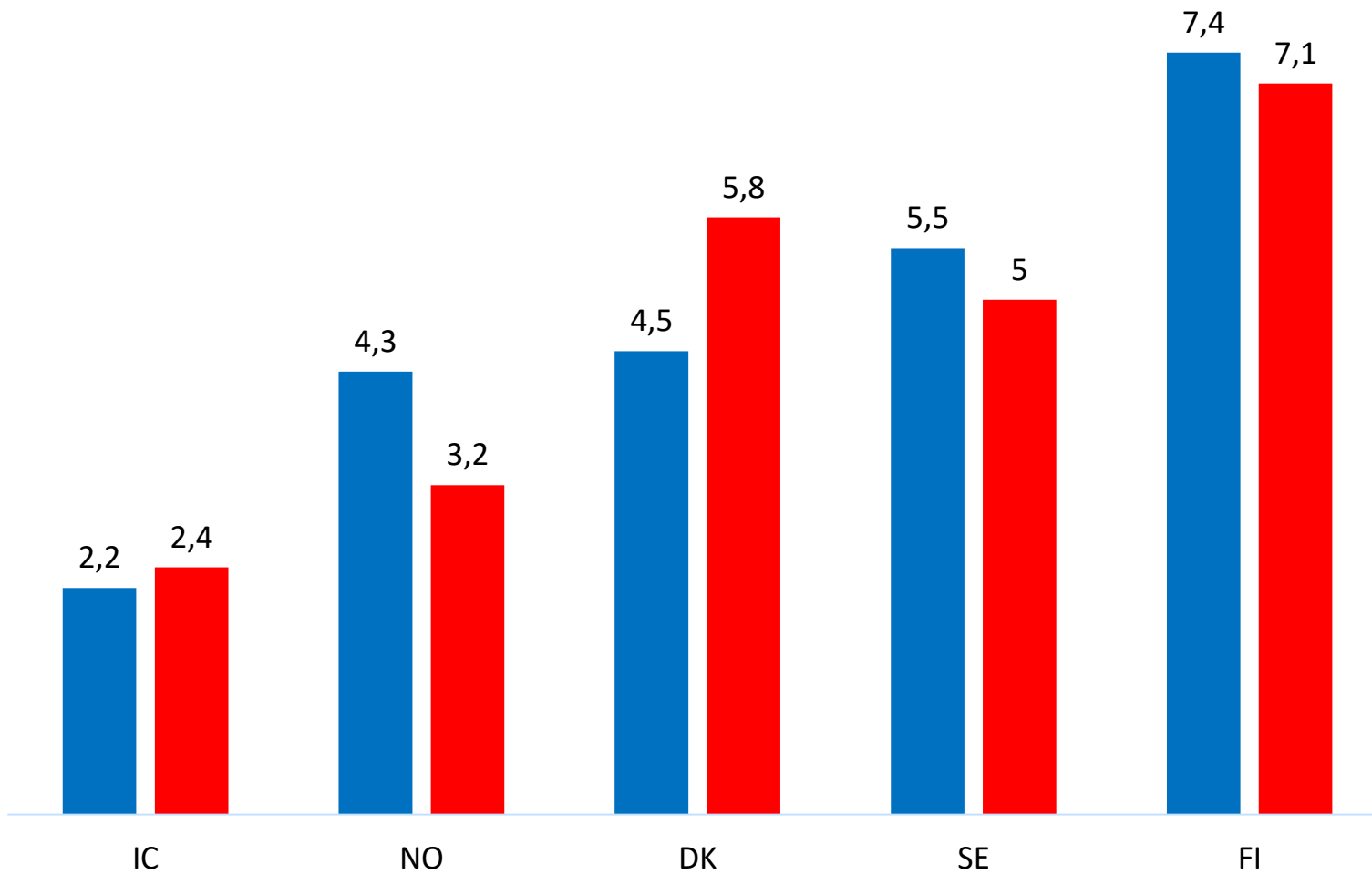


Gender gap in pensions

The political parties have agreed on a plan for gender equal pensions. The gender differences in pensions are due to differences during working life and changes need to be done in the labour market. However, these are long-term changes and there is a need to see what can be done in the short-term. An investigation is now analysing: How big is the gender pension gap? Which parts of the pension system increases and decreases the gap? There is also a proposal that it should be easier to transfer pension rights from one spouse to the other and also between cohabiting partners and also from different pension sources. This means in most cases a transfer from the man to the woman. This has been possible between spouses since 1994, but out of around 2 million such couples only 9000 do. Is this a feminist approach to gender differences in pensions?

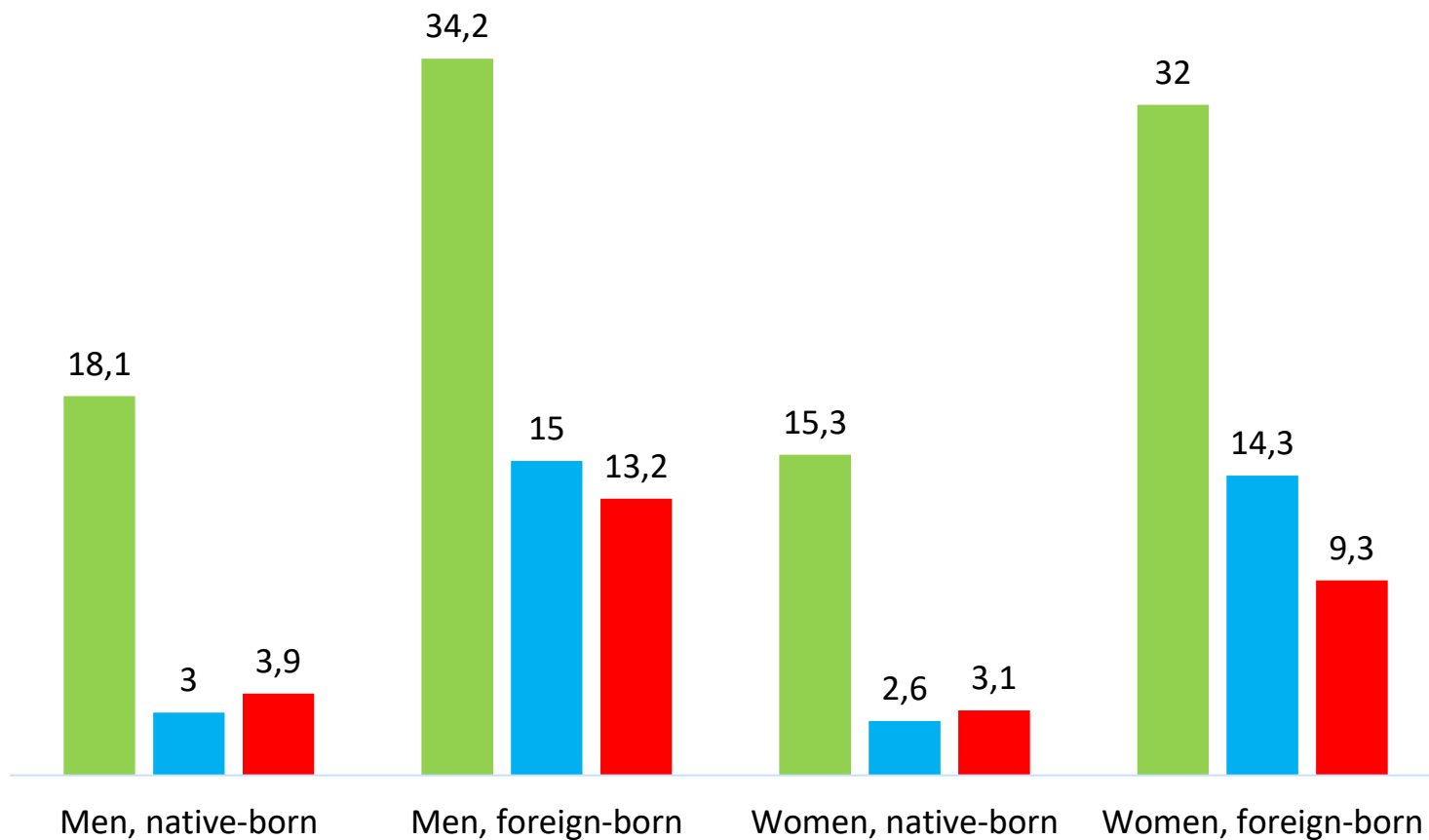
Unemployment, 25-74 years, 2016

■ M ■ W



Unemployment rate, native- and foreign-born, men and women, 2016

■ 15-24 ■ 25-54 ■ 55-74



Thank you!

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Home-care allowance



In Sweden home-care allowance was first introduced in 1994. After the election, when the social democrats came back into power, home-care allowance was abolished.

The Alliance government again introduced home-care allowance from 1 July 2008, but the decision whether to introduce it or not was delegated to the municipalities. A precondition for home-care allowance was that the parents did not use publicly financed child care. Home-care allowance could be received for children between 1 and 3 years old. It could not be higher than 3,000 SEK (about 300 Euro) per month and child. It was not taxed and could not be combined with for example parental allowance or unemployment allowance.

In 2013, around half of all 1-3 year-olds lived in municipalities where it was possible to receive home-care allowance. The share of children for which home-care allowance was paid was about 4 per cent. Of the receivers 91 per cent were women, they had on average a lower educational level, lower income and foreign-born persons were over-represented. When the social democrats and Green party came into power they again abolished the home-care allowance from 1 January 2016.

	Total paid leave available to mothers			Per cent benefit days taken by mother
	Length in weeks	Average payment rate	Full-rate equivalent in weeks	
DK	50	53,6	26,5	91,4
FI	161	26,1	41,9	90,3
IC	26	59,7	15,5	70,4
NO	91	49,4	45,0	79,0
SE	55,7	62,3	34,7	73,2
	Total paid leave reserved for fathers			
DK	2	53,6	1,1	8,6
FI	9	65,3	5,9	9,7
IC	13	59,7	7,8	29,6
NO	10	97,9	9,8	21,0
SE	14,3	76,0	10,9	26,8

The parental leave has contributed to a high employment rate among women, relatively high fertility, a good standard of living for families with children and a possibility for the child to be cared for and create close relations with its parents. But a long parental leave, which is mainly used by mothers, is today also seen as a problem in Sweden since it has negative consequences for women in the labour market in terms of worse wage development and career possibilities, higher absence from work and lower life income which is of great importance for pensions. The parental allowance may also lock people who are far from the labour market and the establishment in the labour market be delayed. The whole parental leave system is now being investigated in order to make the use of the parental leave more gender equal, but also to take into consideration other family forms than the heterosexual couple. A third so called “father’s month” was introduced in January 2016 in Sweden.