



# Gender Equality: Why it matters to Income Inequality

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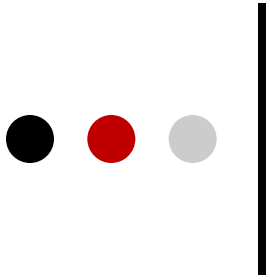
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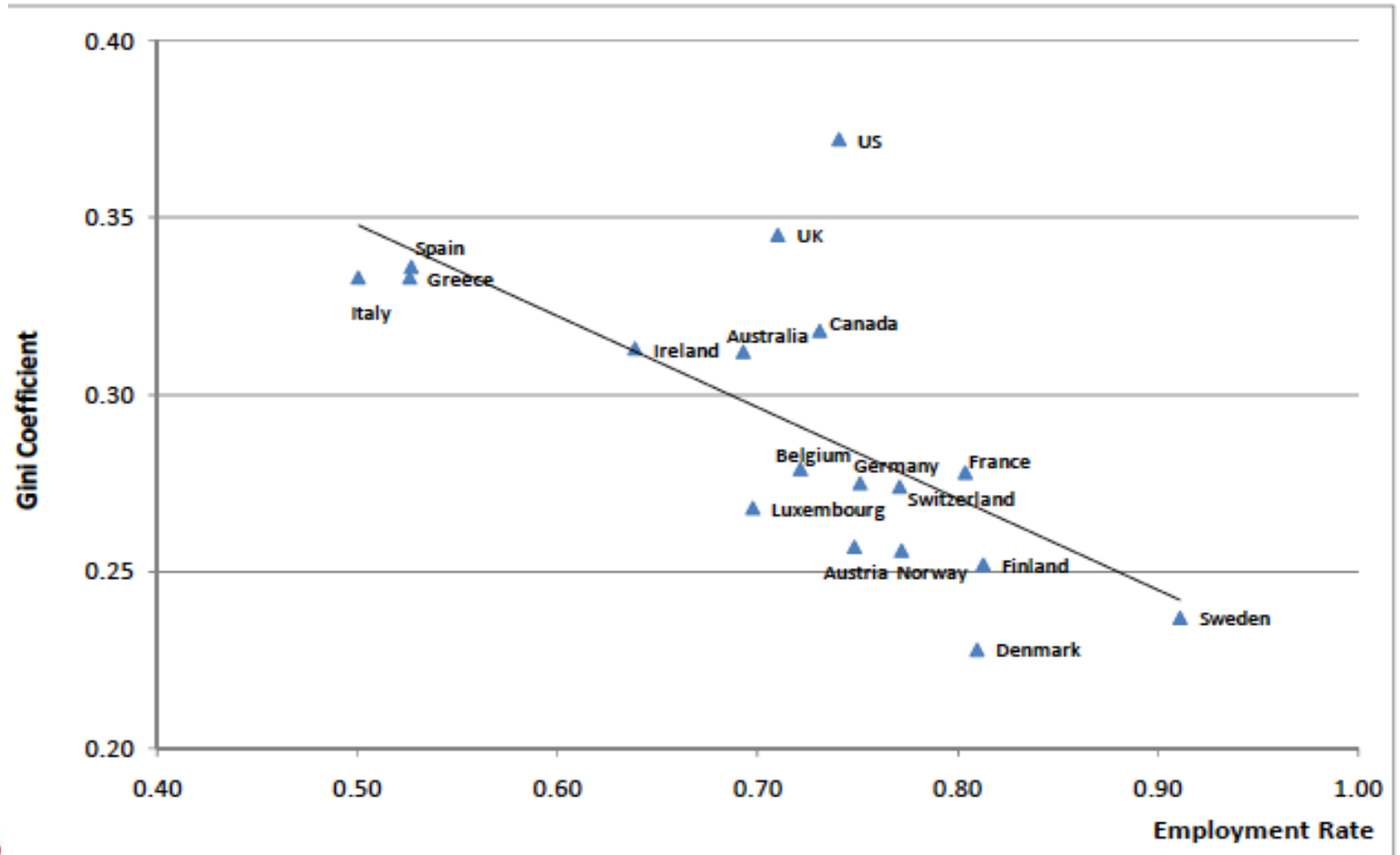
# KEY POINTS:

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's – and their children's - lives **polarize by education**, more attention needs to be paid to low and middle educated women.



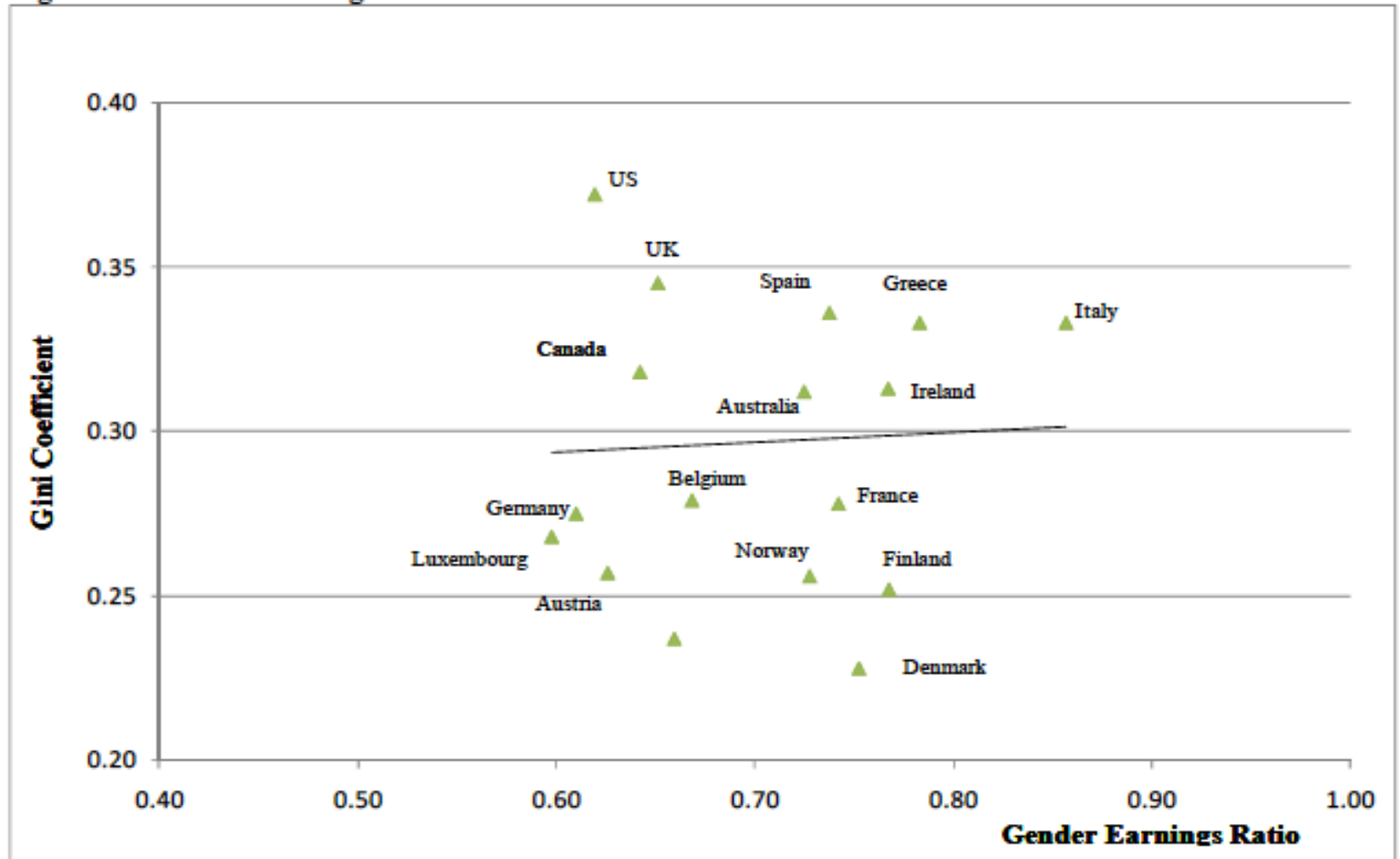
# 1. Gender and Income Inequality

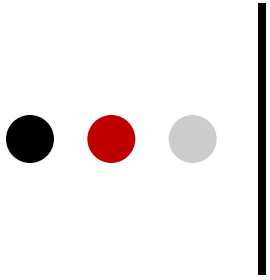
# Higher female employment is associated with reduced inequality



# There is no relationship between the pay gap and Inequality

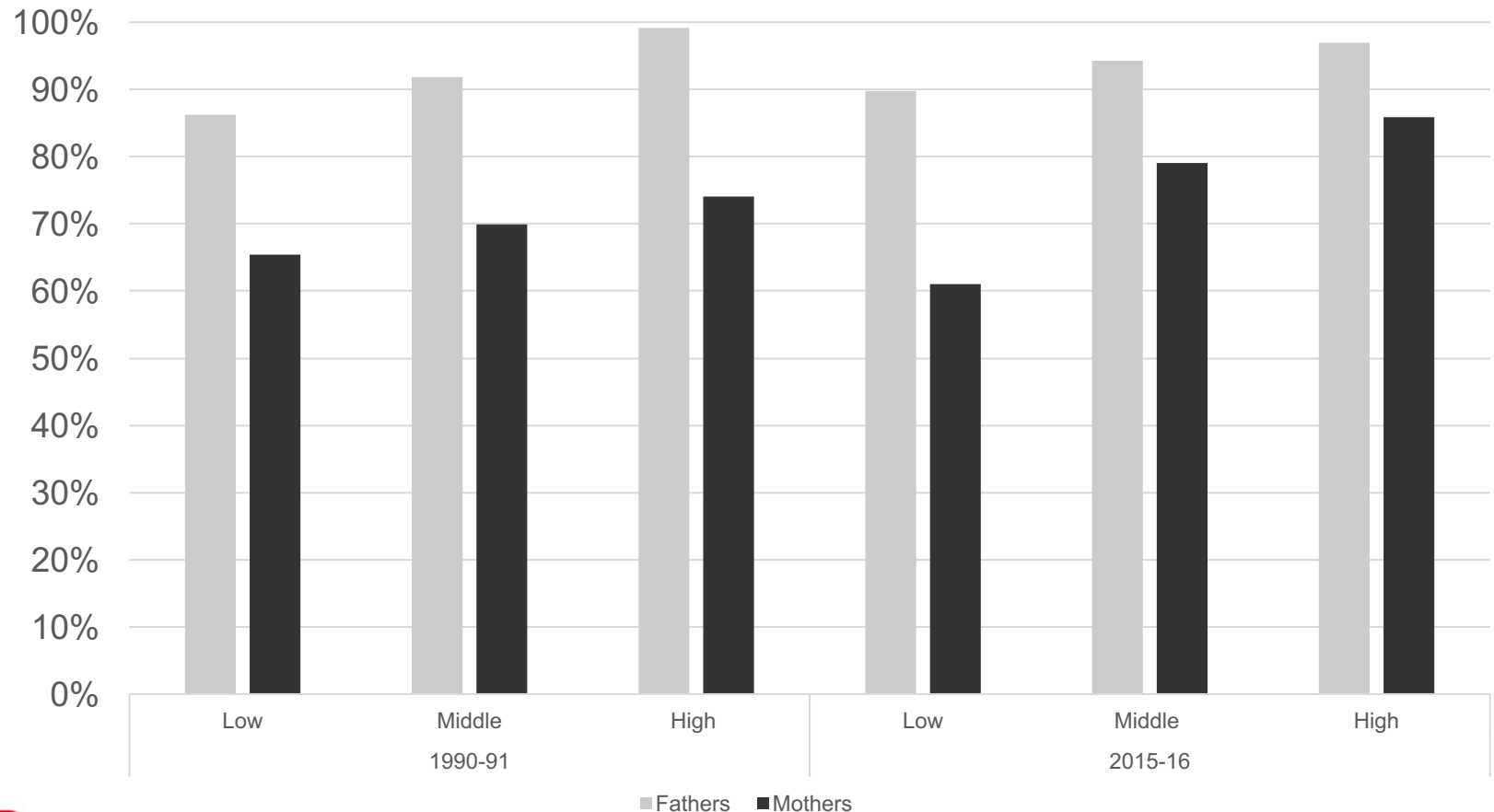
Figure 2: Gender Earnings Ratio



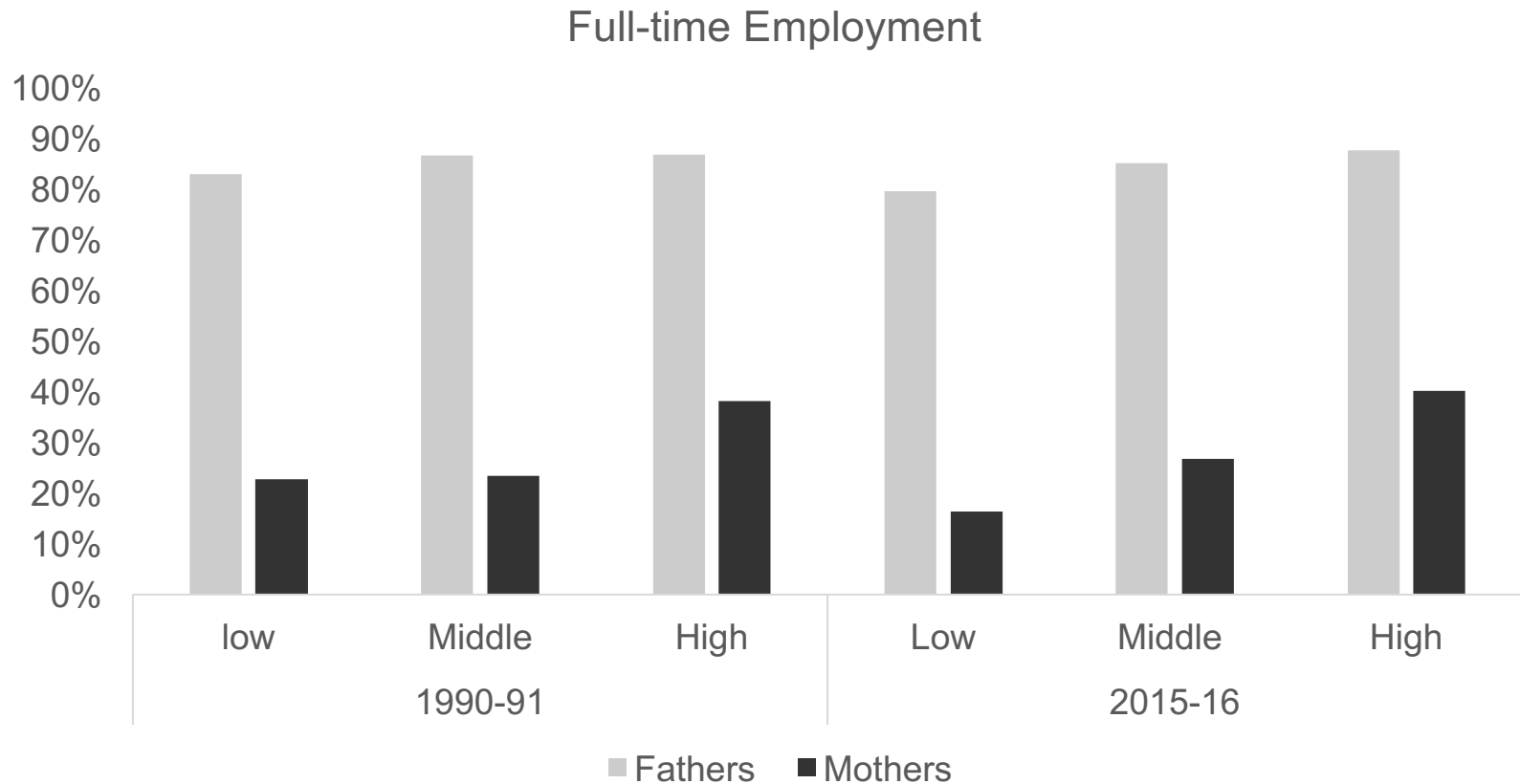


2. Educational differences are growing

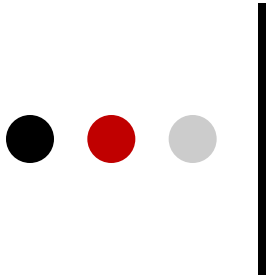
# Differences in Employment of Mothers and Fathers by Education are growing



# But Gaps in Full-time Work are large across all education groups



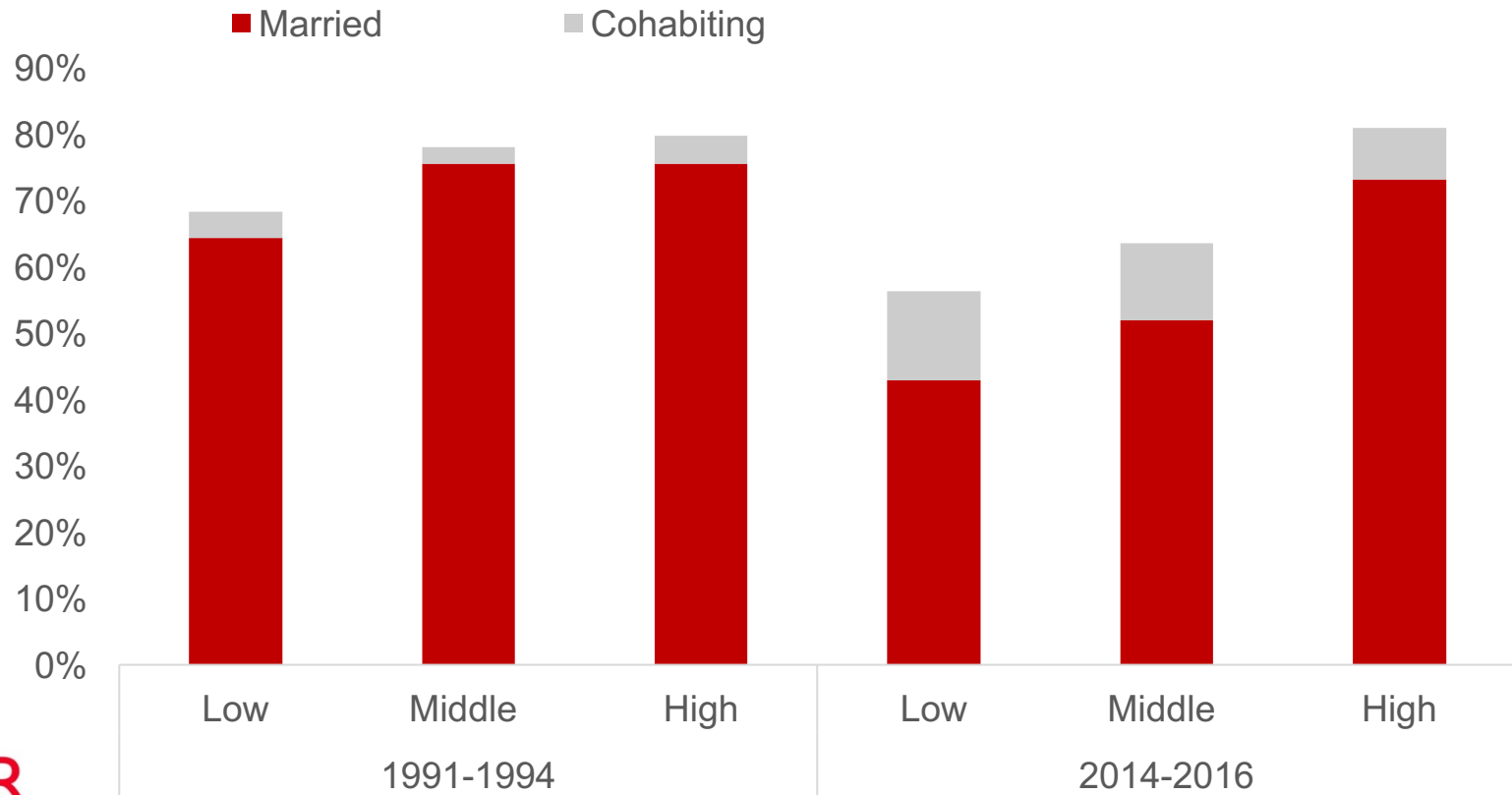




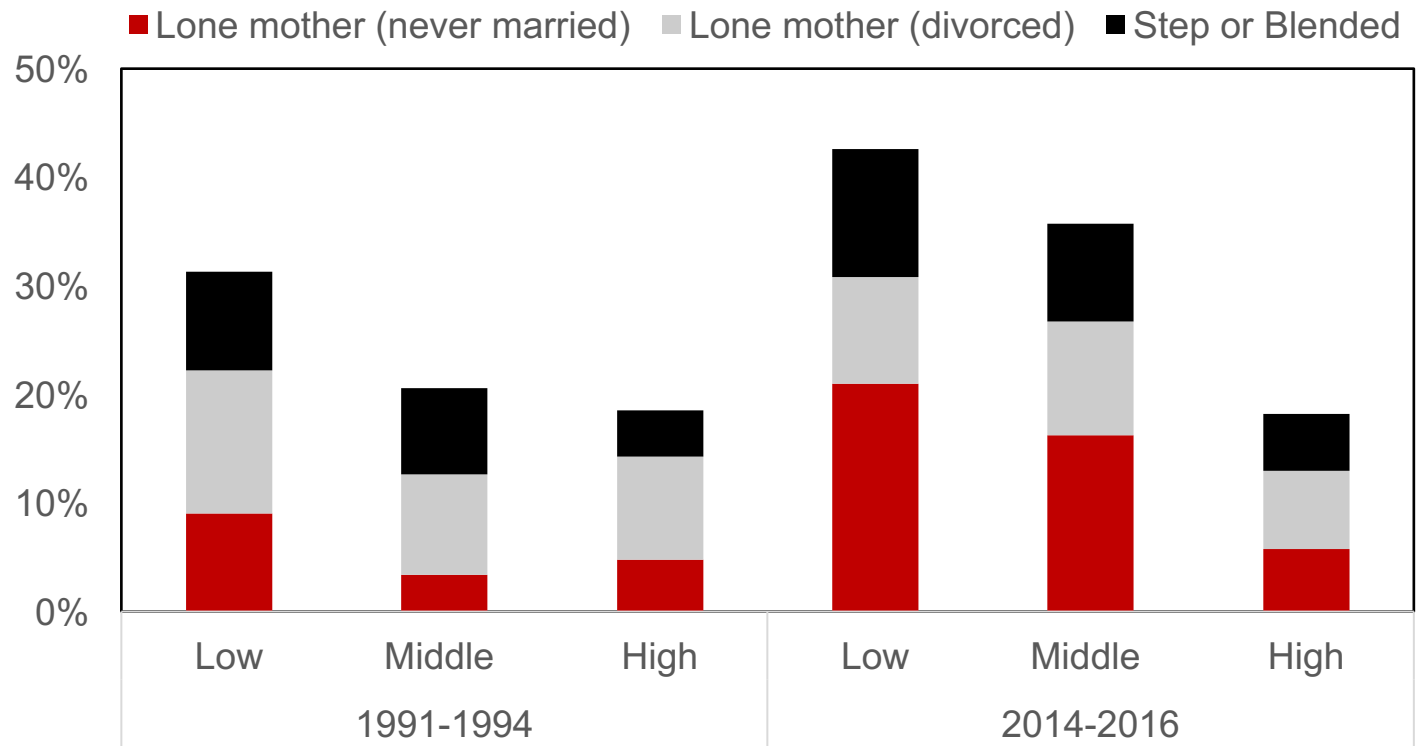
## 2. Family Lives are Diverging

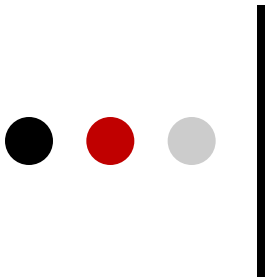
# Family structure is polarizing by education

Women with degrees continue to marry, for the less educated marriage rates have fallen sharply



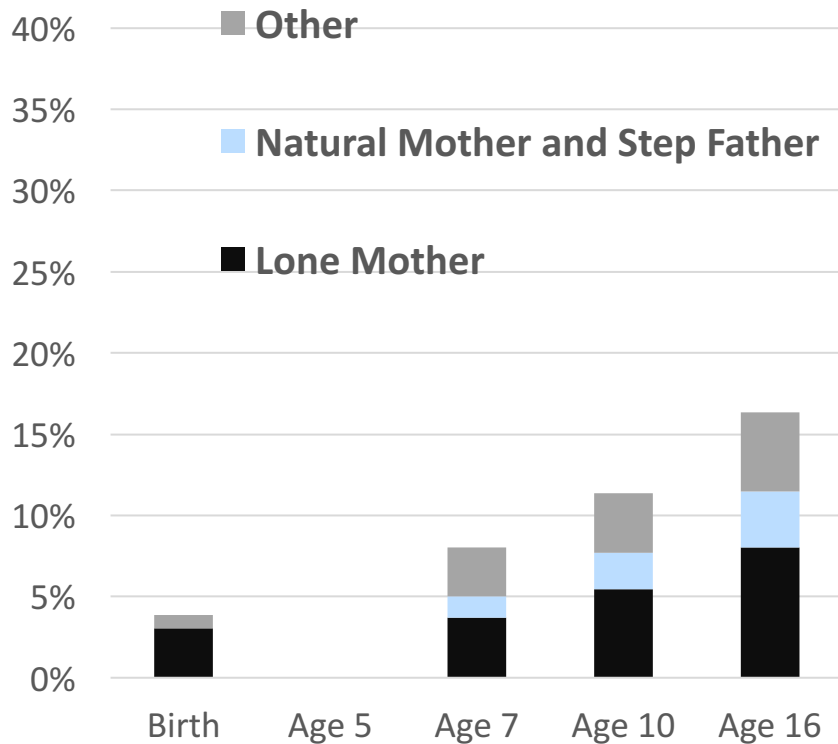
# Single mothers are much less likely to be divorcees



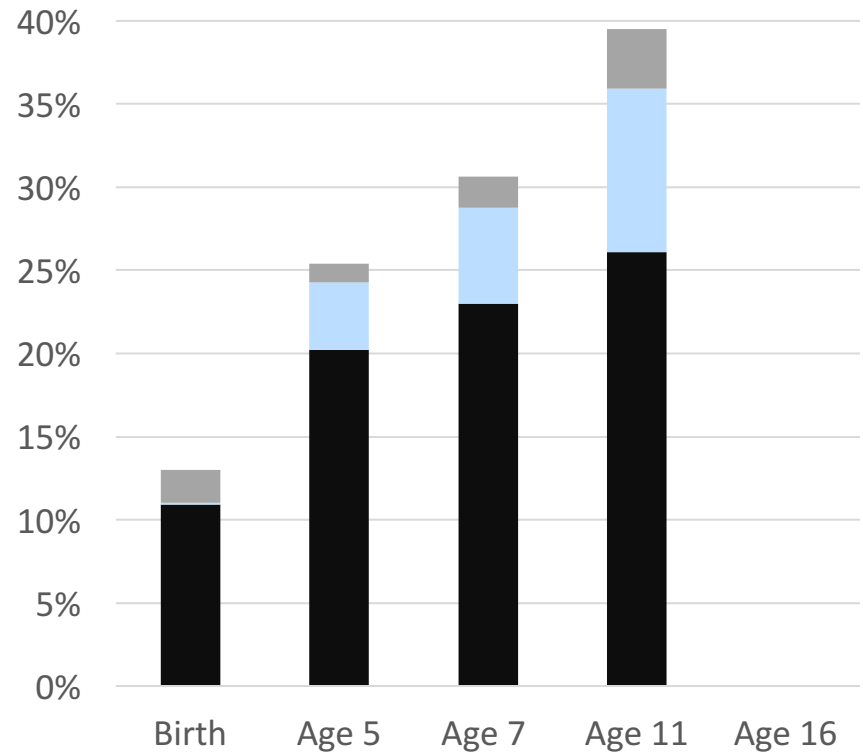


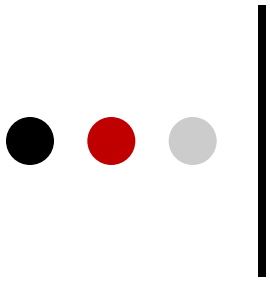
# And more children are being born to lone mothers

## 1958 cohort



## 2000 cohort





# Motherhood – income, poverty and child outcomes in single mother families



# Motherhood matters to income and poverty

- **Motherhood is a major cause of the employment and 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.



# Children in Lone Mother Families

- Children in lone mother families have poorer cognitive outcomes than those living with both parents
- For cognitive outcomes, **fewer economic resources** explain this difference
- There is **no evidence of parenting differences** between lone mother and couple families



# Is inequality causing family change?

- Why are low and middle educated mothers not marrying, while women with degrees continue to do so?
  - **Job insecurity and rising house prices may be a growing barrier to marriage among parents of young children.**
- The rise in single, never married mothers matters: **divorcees much more likely to be homeowners than never married single mothers.**





# Policy Implications: Employment

- Policy should **prioritize supporting female employment** (getting lone mothers into work once they are lone mothers is too late).
- The Australian **Women's Economic Security Act** takes such an approach
- **Childcare** matters, as do work incentives for women partnered to low income men.
- We need to understand more about the **role of employers** – and working conditions - in enabling women to return to work.
- **Paternity leave may increase existing divisions between women**



# Policy Implications: Family Structure

- The **decline in marriage** has potentially important implications for mothers' economic well-being if they separate.
- There is a need to consider how the cost of children - including the 'career' costs, in terms of lost earnings opportunities - are more equally shared between men and women.