

Pay inequalities and social democratic answers

Summary by Anna Vidák

On the conference held on the 24th of October 2017 we examined the problems and connections between regional and gender pay inequalities in Europe. These questions were discussed in two panel discussions by experts of different fields, activists, journalists and members of trade unions.

In her opening speech **Eszter Kováts**, the coordinator of the Friedrich Ebert Stiftung's programme "Gender equality in East-Central Europe" introduced the conference's main questions and problems. One of the main goals of the evening was to discuss the links between the West-East and the gender pay inequalities. Another important question raised was about the tools we can use to get the political actors want to make a change, and what are the left's political opportunities and duties when it is the right wing that embraces the problems of inequalities in its own terms.

In the first part of the conference, the question of pay inequalities was approached from an expert viewpoint by **Dr. Beáta Nagy**, teacher of Corvinus University and **Dr. Béla Galgóczi**, researcher of the European Trade Union Institute (ETUI), Brussels. Besides analysing different aspects of pay inequalities, it was a central question of their presentation to introduce ways of making the political actors create a change. In the chair was **Dr. Anikó Gregor**, associate professor of ELTE, faculty of social sciences.

The presentation held by Béla Galgóczi focused on the Eastern region's wage convergence to the West, its standstill and the economic effect of the phenomenon. He said that Hungary, as well as the entire East-Central European region is under the economically harmful and socially unjust effect of the wage convergence, which started in 1990 and came to a standstill in 2008 due to wrongful crisis management. This is typical to all Central and Eastern European countries, its most harmful consequences are the wage-setting mechanisms from 2008 to 2015 which effects all the countries of the region. There is a growing gap between the commodity wages and productivity which is present since the economic crisis. The 10% fall of the income share (distribution of wages within the country's GDP) between 1995 and 2015 proves the presence of this gap. According to Galgóczi the crisis management strategies applied in most of the European countries, such as austerity measures, reduction of the wages, determination of competitiveness based on low wages were a big contribution to the pay inequalities we experience these days. According to a recent EUROSTAT survey, there were changes in the wages of the region in the past six months, as a possible result of the increase of the minimum wages and the wages, even though many find it as an obstacle to the country's competitiveness. In Galgóczi's view it does not have an effect on it, and it is a good, however short term step towards the catching up. He sees the potential long term steps toward the catching up in the development of innovation policies, industrial politics and education.

Beáta Nagy discussed the reasons of the gender pay gap (16 percent in Europe, 18 percent in Hungary) and the possible solutions to the problem. The phenomenon is present on both local and global scales and in most of the countries there is no progress in the rates of the pay gap.

She finds it important for women to have a larger participation on the labour market which could decrease the pay gap. However, giving women more chances to enter the labour market is not enough as solution as many other factors jeopardize and prevent them from staying in the labour market. Many women are forced out for years or cannot take up full-time jobs during their parenthood, but all the tasks considered to be feminine such as unpaid labour carried out at home (e.g. elder care, housework) have the same effect on their labour market representation. Often, the types of occupations carried out by mostly women are seen as less valuable, as opposed to the ones carried out predominantly by men. This can be proven with the obvious pay inequalities, but it can be experienced within the workplaces as well, where the jobs done typically by men the employees get more recognition and more opportunities for professional development.

To change these inequalities, according to Nagy, the state and the employers are the ones who need to take further steps. Having a higher female representation in higher education can make the pay gap disappear is a misconception (the problem occurs in the case of junior employees as well). She sees the state's responsibility in monitoring the pay gap, revaluation of women's labour and supporting women's work (e.g. effective formal childcare). In order to make the gap disappear, compulsory monitoring of male and female employees' salary by their employers and transparency (open access to all salaries) imposed on them by the state.

Besides the obvious pay gap between the Eastern and Western countries, Galgóczi found it important to take a look at the connection between the productivity of different branches of industry and the distribution by sex in certain industries. His finding was that in the more productive industries mostly employ male workforce with relatively high salary, as opposed to the less productive industries where there is more female workforce. Nagy emphasised that the atypical (e.g. part-time jobs) employment largely done by women often creates a vulnerable position for women and does rarely allow them to negotiate.

Anikó Gregor noted that both the Eastern and Western countries of the EU and male or female workforces take on different and unequally distributed roles in the global division of labour. As Galgóczi writes in his [study](#), migration has an important role in this division. As an example, Gregor mentioned the phenomenon when postgraduate women look for jobs in foreign countries that require lower education than what they have in order to earn their living. Would equalisation of wages in the entire EU make the gender pay hierarchy disappear? According to Nagy, women's massive migration to do care jobs in the Western countries has an extremely harmful economic effect on the issuing countries. What Galgóczi considers the biggest challenge is that the mobile workforce can only take up employment that requires lower education than their degrees, which not only affirms the pay gap, but it has a harmful effect on the economy. Nagy added that the job the mobile workforce is able to get, highly depends on the host country's demands for workforce, thus there are migrants (e.g. doctors) who are able to get a job equivalent to their level of education. The employers of the Western countries count on migrants from the East in holding certain positions and this creates unequal dynamics between the Eastern and the Western countries.

Galgóczi does not think that it would be the interest of the EU's Western countries to uphold the regional pay inequalities. Both the Western and the Eastern regions have their own interests which are not incompatible with each other's. The biggest potential actors of settling the pay inequalities are the trade unions in an East-West co-operation, standing up so that the political forces are not able to turn them against each other. Nagy does not see the European Commission being active in solving the problem of gender pay gap other than campaigning against it. What she is experiencing is that the international monetary organisations are more and more likely to start actively working on and researching the pay gap and pay inequalities.

The participants of the conference's second panel discussion, besides trying to find the connection between the two types of pay inequalities, discussed the challenges and the potential actions of the left wing when the inequalities are addressed by the right. The participants were **Dalma Feró**, feminist, **Szilárd István Pap**, editor of the MÉRCE.hu online outlet, **Maciej Sobocinski**, sociologist researcher of the European University in Florence, and **Tamás Székely**, president of the Trade Union of Chemical and Energy Industry workers and workers of neighbouring professions (VDSZ). The moderator was Dr. Anikó Gregor.

According to **Dalma Feró**, regional and gender pay inequalities are interconnected, they are different aspects of the same hierarchical division of labour. Important to these hierarchical relations is the status of reproductive work (i.e. housework, child rearing, care work, etc.), which reproduces society and, with it, labour power. Reproductive work is construed as tasks that women's nature destines them to do and is as such undervalued (even if it is outsourced as paid work) because of profit maximization requirements. For this reason Feró finds Beáta Nagy's suggestion that women's work should be re-valued important but insufficient, as it is not enough to tackle this problem on the level of values and stereotypes. A good example of the interconnections of the different inequalities is that, also mentioned by Nagy, care work in Western countries is increasingly done by women migrating from "developing" countries, in Hungary by Transylvanian women, which does not solve but only transfers the crisis of care work and does not change the status of reproductive work. In **Tamás Székely's** opinion the regional pay inequalities have to be addressed by the collaboration of international trade unions. He also said that these collaborations do already make changes. On a national level, the trade unions do not have enough insight on the employees' wages. He claims that if the trade unions were given authority to monitor the wages, and the employers didn't have permission to forbid them doing so, they could have more possibility to act on the issue of the pay gap. **Szilárd István Pap** sees the hierarchy in wage labour as one of the main reasons of pay inequalities. One's place in the hierarchy is determined by the ratio between one's salary and the added value. The latter one's function is to produce profit. The bottom of this hierarchy is slavery, as the worker only produces added value, and is not paid for his or her job. As a conclusion, the less the worker works for profit, and more for her own salary, the higher she is in this hierarchy. And if we relate this to the gender pay gap, it is clear that the economy would not function without women's unpaid work (carer and household work as mentioned above), so women work more with added value than for earning their salary. **Maciej Sobocinski** shortly introduced the program called 500+, introduced in Poland by the PiS government. The program pays the equivalent of 130 Euros child

benefit after the birth of the second child to each family, it can be required after the birth of the first child in case of families in need. The harshest critique came from the feminist movement and the liberals, as they feared that women would leave the labour market as a result of the more beneficial child benefit (this has not happened yet). In his opinion the left should not only strive for reducing the gap between the poor and the rich (as the current right wing government is doing so), but reducing gender inequality as well.

Feró sees the reduction of pay inequalities in the representation of the workers' interests, not in technocratic solutions. She emphasized that when concepts like "EU interests" are mentioned, as for instance by Galgóczi, it is important to make clear whose interests exactly we are talking about (workers' interests, employers' interests, etc.) and to reflect on whose interests are represented by specific political forces. In light of this she interpreted the management of the Euro-crisis not as a technical mistake as Galgóczi did, but rather as the pursuing of interests that are most dominantly represented in EU decision making bodies. She thus finds it important to organise in line with the workers' interest on local, national level and on EU level. **Székely** sees the compensation of the labour shortage in education, which determines the dynamics of the labour market. The digital competences as added values are exercising pressure towards the capital to make changes, in this case in terms of pay inequalities. He emphasised the importance of the media, as an important actor of political pressure. **Pap** considers the workers' attitude towards each other also as the responsibility of the political actors. If the workers with higher status or education are often opposed to the workers with lower status or education, it is impossible for them to see that they have indeed many common interests. The technological developments and the high level of mechanisation are only beneficial to the richer countries, but it can lead to tremendous rates of poverty in the peripheral countries. **Sobocinski** emphasised that although he does not think it is realistic to eliminate capitalism, it is important that the European Union and the social democratic political actors can moderate it in line with the workers' interest. He problematized that even though there are ten Central and Eastern European countries in the EU, the workers have never had proper representation. Social democracy has to be reorganised aligned with these issues. He sees the success of the social democratic parties in doing so.

Székely is missing many issues from the political parties' programmes, such as strike legislation, labour law, and the issues of pay inequalities and gender. All of these are only mentioned during the election campaign periods, and that is when the parties ask for help from trade unions. **Feró** emphasized that it is important to consider the room for manoeuvring of different actors and institutions, since for instance nation states also have limited possibilities because of the interconnections of global economy. For this reason the feasibility of concepts like unconditional basic income is also questionable. According to Pap, the European left wing politics can only start working on equalising the pay inequalities if it embeds more in the society. However left wing politics is supposed to work to benefit the lower classes, they only connect to these people in the election campaign period. In his opinion there is a need for a systematic grassroots organisation. In **Sobocinski's** opinion the left has to regain its support, which can be achieved by using the narrative of the welfare state, saying that even if the state plays an important role in the economy, it gives



tools to its citizens that allow them to be financially independent and self-reliant. In his viewpoint, the reason why the social democratic movements did not succeed in the nineties is that they did not give security to their people. The parties considered too radical can feel unsafe for many. To conclude, the most important is for the state to play a central role in redistributive politics.