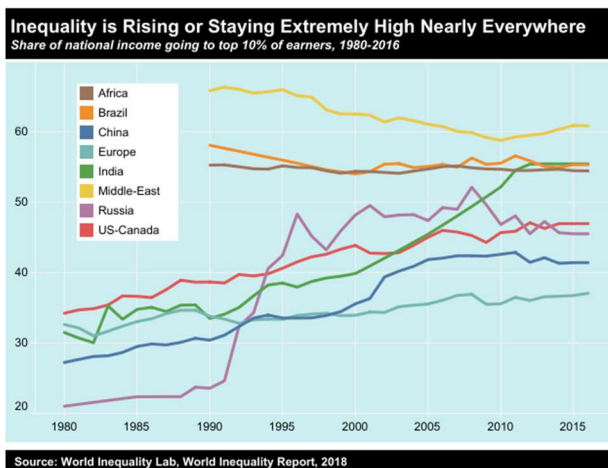


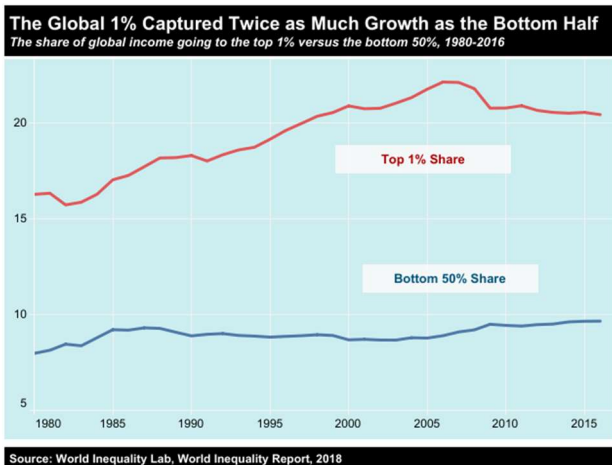
## Inequality Series Part 3: Income Inequality and Gender Wage Gap By Hülya Afat

Different jobs pay different wages, hence, there is income inequality in the world. Of course, it is not that simple and there are many factors that create this inequality. We discussed the history and the current status of capitalism and neoliberalism many times on PRESENT [\(1\)](#) [\(2\)](#) [\(3\)](#) [\(4\)](#), in this article, we will look at the unjust part of this system in two parts: Income inequality on a global and national level, Gender wage gap on a global level. In order to see the issues that cause the gender wage gap, we need to understand the circumstances that sustain today's global income inequality.

Capitalism is an economic system that benefits the ones with the capital and exploits the rest, to sum up, the chain of events that led to capitalism's power today, we can say World War 1 caused the most destructive global economic crisis that is the Great Depression; when the World War 2 started in the middle of the Great Depression general wellbeing of the world's population was so desperate that every country started implementing state-led fiscal policies (Keynesian policies) in order to provide welfare for their citizens, almost abolished global trade was brought back after the war and the depression ended in the 1940s and the countries started trading in a gold-fixed system according to the Bretton Woods Conference. Before continuing we need to paint the picture of the world going into the 1970s, globalization and the neoliberalization were in their prime, the economies of the countries that participate in the global trade were gold-fixed, they were still using the Keynes policies as fiscal planning in national level and the interest rates – inflation – unemployment triangle of Keynes was still in practice. First being in 1973 and the second being in 1979, the oil shocks happened to the world where the oil supply was cut so short that the flaw of the production in the developed countries was and the global trade was disrupted, unexpectedly, Keynes's economic growth triangle was proven wrong with the stagflation that oil shock where both the inflation and the unemployment rates were increasing simultaneously. Hence, inescapably, the Keynesian policies were no longer in use and the privatization was in demand in order to gain the last good state of the global trade in the 1980s. Since the 1980s, Neoliberalism and privatization are on an unstoppable run where every welfare service is provided in exchange for profit and that is today's economic state. [\(5\)](#)



Moving onto the inequality part of the story, while neoliberalism was thriving, the richest of the earth was also thriving continuously and more than ever before. On the other hand, the rest of the world was getting poorer and more exploited by the minute. As seen on the first table, income inequality is not special to a region or a country, it is a global problem and it has been growing for the last 40 years (as long as this specific dataset offers, but rest assured, inequality was never not a global problem).



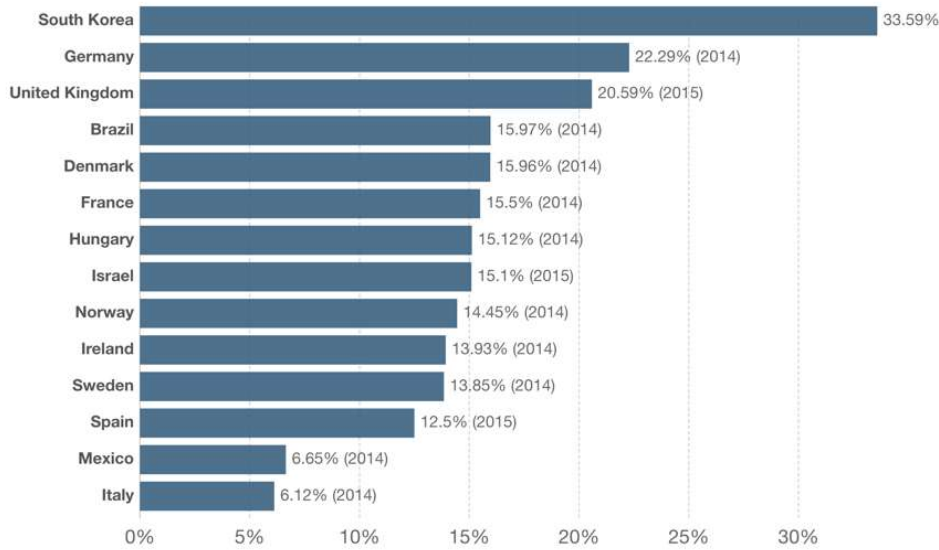
The second table compares the growth of the top 1%'s share in the last 4 decades to the growth of the bottom 50%'s share, it is clearly seen that 1% gained more slices of the Global GDP pie whereas the people actually producing the GDP has gained almost no shares at all. (6) One of the top unequal in income-level countries is the US and there are more data sources and studies on the growing wealth and income inequality in the US for the last 5 decades. To sum up the severity of the situation we can say the richest 0.1%'s share of the income is 195 times more than the

bottom 90%'s according to data collected in 2018. (7) Trying to justify the tax cuts that the richest receive with some bedtime stories for neoliberals such as the "trickle-down effect" is one of the methods that governments use to keep making the rich richer. Some other bedtime stories that governments tell are "competition makes it better" and "free market makes the services more efficient" while rejecting to provide basic human needs such as healthcare, education, and job security in order to give up the responsibility of taking care of its people and receiving the greatest gift of all time: cash.

There are many reasons why women earn less than men on average and in the same jobs. First, reasons for the difference in the average income can be listed as low paying sectors being more female-dominated, the numbers of the women executives in the firms being lower than the number of men, women being expected to take care of the child of the family, (hence, lowering the hours worked), and women being perceived as incompetent for the jobs they are applying to. Second, reasons for the difference of the income in the same job between women and men can be listed as women having fewer years of experience due to the reasons listed above, and/or the employer being discriminatory and paying the women less for the same job. (8) (9) The most developed countries of the world such as Germany and South Korea have the gender pay gap a lot higher than the rest, the reason why the gender wage gap is less in the medium income level countries is the very small amount of women is in the workforce compared to the developed countries. (10)

## Unadjusted gender gap in average hourly wages, 1981 to 2016

Gender wage gap, unadjusted for worker characteristics. Estimates correspond to the difference between average earnings of men and women, expressed as a percentage of average earnings of men.



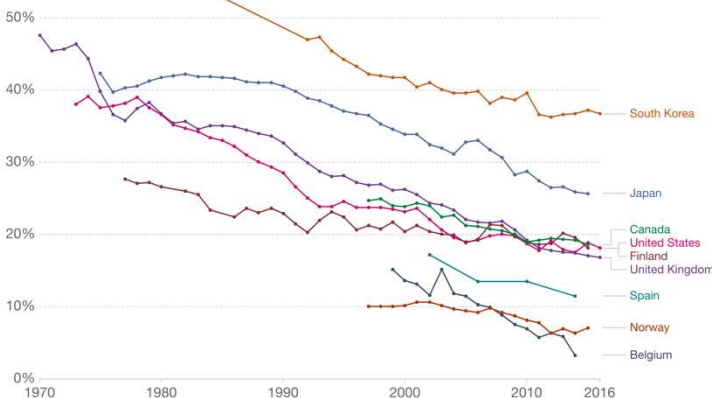
Source: ILOSTAT

Note: The data corresponds to gross hourly earnings and includes both full-time and part-time workers.

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## Unadjusted gender gap in median earnings, 1970 to 2016

The gender wage gap is unadjusted and is defined as the difference between median earnings of men and women relative to median earnings of men. Estimates refer to full-time employees and to self-employed.



Source: OECD, Gender Wage Gap (2017)

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Even though the gender pay gap is still a major issue that women in the workforce face constantly, the gap is closing continuously in most of the countries around the world. Of course, this does not declare the problems as solved and all the activism around the issue as done, to achieve a perfectly equal workplace, employers must continue supporting maternity leave, giving the same responsibilities and opportunities to all of their employees, and paying the same amount for the same job.

The government is the one to prevent these inequalities from growing by redistribution. However, in order to redistribute, the governments should collect taxes from the richest in the most progressive way possible first. Income inequality does not happen alone and out of nowhere, it happens because of and it causes wealth inequality. The vicious cycle of governments waiting for the redistribution of the sources to happen while the sources pouring onto the richest lap should come to an end and the government should take more action aiming to decrease the inequality. Regulating the firms in order to prevent workplace and payment discrimination and providing monetary support for the women on maternity leave are some of the actions the governments can take in order to help decreasing the gender pay gap.