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There is a lot left to do to reach gender equality in Germany

By Katharina Wrohlich

In Germany, four political parties are currently struggling to forge a mutual platform of government. In the wake of the last election, the share of female MPs in the German parliament, the Bundestag, declined significantly. Gender equality nevertheless needs to play a central role in the new government program. On the labor market, gender equality is still a faraway goal. The same is also true for care work, which includes day care for children and nursing care for relatives. There are still major differences between men and women when it comes to opportunities for participation, promotion, and higher pay in professional life.

The lack of equal opportunity is a defining characteristic of the labor market in Germany. This has extensive consequences for both women and German society as a whole. This issue of the *DIW Economic Bulletin* takes a closer look at some of them.

The gender pay gap—the average difference in pay between men and women—has hovered around 21 percent in recent years, putting Germany far above the OECD member states' average of 15 percent.¹ In this issue, Katharina Wrohlich and Aline Zucco show the magnitude of the gap between the average wages in typical "women's professions" and "men's professions." Their contribution also demonstrates that very large gender pay gaps exist *within* many individual professions.

A consequence of unequal wage distribution is an even more unequal income distribution, as Stefan Bach's contribution to this issue shows. Taking into account all types of income, women earn only half of the gross income

that men earn—a value that remained virtually the same between 2007 and 2010, the year of the most current analysis.

Lower earnings were the key reason for women's lower incomes. Gender differences for other forms of income are significantly lower. In addition to the gender pay gap, women often work fewer hours per week—an often involuntary factor that itself results from the unequal distribution of care work.²

The large differences between the career paths and pay of men and women lead to large differences in lifelong income and as a result, to large gaps in retirement income. In Germany, the gender pension gap is approximately 53 percent. Peter Haan, Anna Hammerschmid, and Carla Rowold document this in the issue's third article. In comparison, at 24 percent the value in neighboring Denmark is significantly lower. The authors also examined gender-specific differences in the frequency of depression. Women are more prone to depression than men, and the likelihood is higher in countries where the gender pension gap is higher. This finding suggests a correlation between the two facts, that the cumulative, lifetime inequality of men and women in the labor market could have very long-term effects far beyond their material livelihoods.

Closing the gender pay gap is key to providing equal chances to women and men. This is where policy can and should intervene. Among the reasons for the large gender pay gap are career interruptions for family-related reasons and number of hours worked, that both hamper women's

¹ OECD, "The Pursuit of Gender Equality. An Uphill Battle," OECD Publishing, Paris, 2017 (available online).

² See Elke Holst and Anna Wieber, "Eastern Germany Ahead in Employment of Women," *DIW Economic Bulletin* no. 11 (2014): 33–41 (available online).

careers.³ Much-needed policy measures would be more and better childcare, more and better all-day schools, both allowing for better work-life-balance. Policy can also influence the division of tasks between men and women. We need stronger incentives for a fair sharing of professional activity and care work. Here we would favor changes in the tax and social benefits system—for instance reforming income tax splitting for married spouses. Combined with the subsidizing of marginal employment ("Minijobs"), the current system generates the wrong incentives for married women. In addition, extending the length of the fathers' quota in parental leave could lead men to more commitment for their family and a more equal division of care work.

3 See also Christina Boll and Julian Lepin, "Die geschlechtsspezifische Lohnlücke in Deutschland. Umfang, Ursachen und Interpretation," *Wirtschaftsdienst* 2015/4 (2015): 249–254.

It is up to all of society, and not just policy-makers, to create equal chances for women and men. Companies should review their structures. As employers compete for the best talents, those that can offer their employees—male and female—better opportunities to manage their working time flexibly will be at an advantage.

It is also crucial that organizations be transparent, with regard to both earnings and career opportunities. Policy can initiate and accompany the cultural change needed at the workplace. The quota for women in advisory boards and the Remuneration Transparency Act (*Entgelttransparenzgesetz*), both already in force, are first steps in the right direction.

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