

# Calls for more legislation to equalize women's and men's pay are flawed. Policies already in place have successfully narrowed the pay gap

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*Recent controversies over the 'pay gap' between women and men, and over women's representation on company boards, are based on outdated patterns of reasoning that do not fit recent evidence. **Catherine Hakim** argues that equal opportunity policies promoting women's access to the labour market have already been successful in Britain. So government should not waste resources on fighting a pay gap problem that simply no longer exists. Nor would quotas for women on company boards achieve any positive results.*



The recent debates on sex discrimination and pay equality, fuelling the latest demands for further change, rest on faulty assumptions and dated evidence. The latest academic research and cross-national comparative studies show that most of the theories and ideas built up around gender equality in the last few decades are wrong. Despite feminist claims, the truth is that many men and women have different career aspirations, priorities, and life goals. Policy makers should therefore not expect the same job outcomes. There is no evidence that the sex segregation of occupations is an important cause of the pay gap between men and women, so it should now be accepted.

Similarly, a study of nine OECD countries has shown that the link between occupational segregation and the pay gap is coincidental, not causal. We now know why: higher levels of female employment produce higher levels of occupational segregation (as more unskilled women join the labour force) and thus a larger pay gap. Sex differentials in the professions are due primarily to substantively different work orientations and career choices among men and women, not to sex discrimination.

For example, new maternity rights facilitate (and in some cases even force) women's return to work after a birth, but the return is often short-lived. The British [Millennium Cohort Study](#) shows that, apart from graduates, the majority of women still take a substantial break from work after a birth. The study showed that by the time a child reached three years of age, only half of all mothers had any paid work, almost invariably a part-time job. Another study showed that only one in ten mothers who worked up to their first birth persisted with full-time employment careers a full 11 years after the birth. The two-earner family remains far more common than the dual-career household – or rather what the Dutch more realistically call the one-and-a-half earner family.

The big success of equal opportunities legislation has been in narrowing the pay gap between men and women, from around 29 per cent in 1975 to 16 per cent or even 10 per cent today. Most of this change took place very quickly in the 1970s, when the Equal Pay Act was implemented. The pay gap has remained fairly stable since 1995 in the UK. The European Commission also admits that the pay gap has remained fairly stable and unchanging across Europe since the mid-1990s, along with other indicators of gender equality.

These relatively modest changes in women's employment over the past 30 years are decried by feminist campaigners, academics and politicians, who insist that the legislation did not go far enough and demand the elimination of all sex differentials. In this line of argument sex differences are treated as self-evident proof of widespread sex discrimination and sex-role stereotyping, rather than as the result of personal choices and preferences. Hence calls to 'smash the glass ceiling', to eliminate the pay gap and to end sex differentials are regularly heard in Parliament and from supranational organisations, academia and the media.

Yet how realistic is the goal of eliminating all sex differentials, particularly as it is based on myths that have no basis in social science research? The goal of getting 50/50 male/female shares in all political, economic and socially important top jobs is out of touch with the preferences and aspirations of the majority of women. Devoting resources to policies that are bound to fail is a waste of public money – which is doubly irresponsible at

a time of economic restraint.

Despite many current theories to the contrary, modern and egalitarian societies do not necessarily score better on these popular indicators of gender equality. The country with the lowest level of occupational segregation in the world is China. The lowest pay gap in the world is in Swaziland, followed closely by Sri Lanka. Despite all its family friendly and equal opportunity policies, Sweden (and the other Nordic countries) does not have a better record than Anglo-Saxon countries in terms of eliminating sex differences in the labour market. Women are more likely to be promoted to top jobs in Britain and the USA than in Sweden. Even Swedes now admit this.

### **Quotas are not a 'magic medicine'**

The search for a comprehensive solution to impose equality of outcomes has lately turned to positive discrimination and female quotas for company boards of directors. Of course quotas for boards cannot possibly have the slightest effect on the pay gap, since the number of women affected would be minuscule. Even so, in autumn 2010, the Coalition government invited Lord Davies to develop proposals for female quotas on boards. Lord Davies has already said that he favours 30 per cent or 40 per cent quotas in order 'to make a real change'. But he is exploring a wide range of policy options.

There seems to be a tidal wave of opinion in favour of quotas – at least among politicians. However opinion remains divided among senior women in professional and managerial positions. Company chairmen in the [30% Club](#) favour a voluntary approach rather than legislation.

One key problem with quotas is that they are ruled out by European law. The European Commission sought to introduce positive discrimination in the 1980s, leading to a long struggle between the Commission, politicians and the European Court of Justice (the ECJ). In the end, the ECJ ruled that positive discrimination is unlawful in the EU. The second problem with quotas is that they only make sense to politicians. They can see that, in relation to political activity, having a fair representation of the population elected to parliament makes some sort of sense. But company boards of directors are completely different. They do not 'represent' anyone, their functions are limited to the management of the enterprise and its activities.

One reason for the popularity of board quotas among the political classes is that they offer a symbolic success: the glass ceiling is broken at a stroke. Gender equality is achieved by edict. Yet the inconvenient fact will remain: there is no evidence at all that such quotas have any impact beyond changing the boards in question. Indeed, given that company boards are private bodies, it is hard to see how they could have any wider impact. If the media did not constantly report the female share of boards and similar positions, few people would be aware of them. Boards are invisible to the vast majority of the population, and even to most employees in an enterprise. The main value of female quotas on boards would be symbolic.

Research now suggests that:

- Policy makers should learn that quotas (and many other proposals intended to promote sex equality) at best have little impact and at worst are counter-productive and a waste of public funds.
- Governments should resist the temptation to impose more regulatory burdens on business which aim to achieve equality of outcomes.
- Policy-makers should drop modish aspirations designed to encourage equality of outcomes (such as the target to increase the number of women on public boards). This should not be a priority at a time of economic difficulty.

### **Conclusions**

The pay gap in particular has outlived its purpose as an indicator of equality. Now that it has been reduced to 10 per cent in Britain, there seems no point in treating further small changes, up or down, as significant. New indicators should be found to measure equal opportunities. Sex discrimination could now take a back seat, while other types of discrimination are given priority. There should be a change of focus towards ethnic minorities instead.

Most of all, politicians and commentators should take on board the full implications of the latest research. The twenty-first century will not be a re-run of the twentieth century.

*This blog article is based on Catherine Hakim's new report, Feminist Myths and Magic Medicine: the flawed thinking behind calls for further equality legislation ([click here to download](#)) published on 4 January 2011 by the Centre for Policy Studies (CPS). The report is also available from the CPS website [www.cps.org.uk](http://www.cps.org.uk).*

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