

# **Aspects of poverty in transition economies**

## **Introduction to a gender perspective**

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### **ABSTRACT**

**This paper examines gender-related features of the labour market in five countries awaiting fast-track integration into the European Union (EU), namely the Czech Republic, Hungary, Poland, Estonia and Slovenia (the CEE-5). Understanding the evolution of gender differences in the labour market between the beginning and the end of the 1990s unveils interesting aspects of the transition process itself. It shows that the position and status of women in the labour market has changed, women were particularly affected by the transition. This paper provides a comparison of the composition of female employment in the CEE-5 and in Western economies. The aim of this overview of women and their position relative to men in the labour market in the CEE-5 is to identify strategies and a framework to analyse the evolution of women's relative position in the labour force in the given set of transition economies, nevertheless acknowledging differences across countries, calling for differentiated policy choices. I sought data from 1989 to 1999 when available in order to compare the five countries that are in a pre-accession phase to the European Union. Gradually, one gets a feeling for the convergence or the divergence (depending on the country) of female labour markets in Europe in its largest possible definition. This paper shows that women actually cushioned the labour-market effects of transition.**

**JEL: D63, I30, J, J160, P20.**

**Keywords: transition economies, gender issues, labour market status, poverty, inequalities.**

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**Paper prepared for the conference 'Poverty and sustainable development', Bordeaux, November 22-23, 2001.**

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## 1. Introduction

Gender disparities in the allocation of wealth are common to all countries, women often display economic vulnerability in society. The standard view to improve this situation, is that women should have better and independent access to resources.

### *1.1. Specificity of transition economies*

In transition economies, poverty displays specific features and seems to be rather different in nature compared to genuinely 'developing' countries. One of the implicit objectives of transition from central planning was to increase wealth, since the collapsing regimes were no longer sustainable. However, the wealth-enhancing transformation induced many profound changes in the labour market, in particular, it seems that it was paralleled with a gender bias, which is highly inappropriate in the case of countries with ex-communist political philosophy. The transition economies of East and Central Europe sustained the illusion of wage and employment equality, up until the restructuring of their economies, which began a decade ago. Suddenly, the transition from central planning to a market system forced through a series of radical changes in the structure of economic activities and individual occupations, thus inducing profound evolutions in the social and economic foundations of each country. The relevance of a gender perspective examining these issues stems from the fact that women are particularly hardly hit by sudden economic changes.

### *1.2. Changes in the labour market status of women during transition*

Comparing labour market outcomes in the CEE-5 to Western economies should raise interesting issues that can be interpreted in terms of convergence or divergence of Eastern European labour markets towards Western standards, where an initial point for comparison can be found. In both modern and historical societies, the division of labour between men and women, occupational choices and wage differences are persistent. In Western economies, labour market outcomes for women seem to be converging slowly. However, interpreting cross-country trends in this field is bound to be limited, since various social and cultural factors intervene together with purely economic phenomena. Nevertheless, in the set of transition countries under consideration in this paper, a major common factor affected all five countries, the transition from planned to a market economy, implying profound structural changes and a complete reorientation of economic activities, one observes strong shifts in sectoral employment patterns. Indeed, the occupational choices facing individuals looking for a job as well as those already employed were suddenly diversified. The service sector emerged from scratch, as well as a modern banking sector and financial intermediation activities. Classifications were gradually upgraded to international standards, NACE activities and ISCO occupations (*Appendix 1*). The adoption of such classifications in the CEE-5 has been mandatory since 1993, all statistical methodologies have been changed, introducing comparability in the recording of activities and occupations<sup>1</sup>.

Unfortunately, between 1990 and 1993 official statistical data is very unreliable and researchers find it difficult to analyse precisely what happened in the earliest stages of the

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<sup>1</sup> New classifications were introduced in Hungary in 1992 1<sup>st</sup> quarter and 1994 1<sup>st</sup> quarter by sex, in Poland in May 1992 for NACE and May 1994 for ISCO, in the Czech Republic, as late as 1996 for a classification of activities by sex.

transformation. Consequently, the aim is to extract as much information as possible from the data that is at our disposal as close to 1989-1990 as possible. Disaggregated data by sex is difficult to obtain, which limits the extent of the study.

The existing literature on labour markets in transition economies during the past decade underlines the presence of a high unemployment trend, stagnant unemployment pools, regulations, and the development of a new wage determination process<sup>2</sup>. Initially reviewing the general literature on labour economics and transition economies, my intention was to spot specific features of the transition economies, and especially unexpected features of the CEE-5. I shall hereafter call 'unusual facts' those events that seemed avoidable given the nature and timing of the changes that took place, changes that are intriguing in the context of transition economies and those that are at the source of current interrogations.

A rapid comparison with EU countries shows that women are still represented in the labour force at a relatively higher rates in the CEE-5. However, Boeri et alii (1998) have demonstrated a clear decrease in the labour supply, due to decreasing participation rates, decreasing employment rates, a departure of women out of the labour force, an increase in the proportion of workers in the informal sector, low rates of job creation, that did not compensate for the restructuring losses. On the labour demand side, the output shock generated self-employment, restructuring and many sectoral shifts, the introduction of wage flexibility and still high taxes that hinder more job creation.

Several aspects of transitional labour markets are most intriguing at first sight. Figures show a widening of gender inequalities in the labour market status and even a specific tendency for women to exit the labour force. Two salient facts that are rather unusual in the framework of labour market theory, since Eastern European women usually benefited from higher education than men and they used to be well integrated into the communist style labour market.

The aim of this paper is to identify the nature of changes that affected the status of women in transitional labour markets, single out the most significant, and determine in which occupations, job types and activities the major changes are apparent. The outcome is supposed to vary according to the country examined. In a majority of countries, comparing stock and flow figures is nonetheless misleading, since the problem and widening gaps can only be discovered through examining the changes and trends. It is in this sense that the trend followed by women in the labour force is worrying, featuring decreasing participation rates and widening wage inequalities. Also, between 1996 and 1998, women's share of total employment decreased, the unemployment rate and moves out of the labour force were strongly affected. Why did this happen? Is it a move 'back to normal'? after forced years of equalisation under central planning?

Regarding labour market status<sup>3</sup>, the first unusual fact is the sharp increase in unemployment<sup>4</sup>, thus the change in the labour market status of a majority of people. Indeed, the output fall and the restructuring process generated large sectoral shifts, job reallocations and worker reallocations (from state to private sector, from one sector to another, and in the redistribution of primary, secondary and tertiary sectors respectively). One could have expected more job creations in the private sector, thus leading to a rapid decrease in the unemployment rate.

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<sup>2</sup> Boeri et alii (1998), establish that labour supply and demand explanations do not explain the entire set of forces at work in transition economies, in this sense, the CEE-5 are a special case.

<sup>3</sup> By 'labour market status', I mean the fact that an individual is either employed, unemployed or out of the labour force, ILO definitions.

<sup>4</sup> Graphs of the unemployment rate in the five countries under study will be displayed during the presentation.

However, new labour market conditions and regulations appeared, leading to a foreseeable long term unemployment structure<sup>5</sup>. Transition economies are not homogeneous, they restructured differently, but still, all should expect to experience high unemployment rates in the long run. The authors lay emphasis on the magnitude of flows that have taken place between the main labour market states. What is almost as unusual, there is evidence of large flows out of the labour force. Also, the flows out of the labour force tend to be unequal depending on the group structure of the labour market: women seem to have been driven out of the labour force more often than men. Furthermore, changes in the wage structure during transition were due to a regime change, because of the advent of economic liberalisation (decentralisation of the wage setting process), the development of the private sector, structural shifts linked to economic transformation (shifts in labour demand), the emergence of unemployment itself (changes wage expectations and the pricing of skilled versus unskilled labour).

Two facts more specifically related to gender issues are particularly striking while reviewing the literature on labour market outcomes in transition economies: First, women seemed to suffer more than men from the increase in unemployment. Thus a higher percentage of women became unemployed during the transition process. Women now represent a larger proportion of the unemployed. Second, one observes large flows out of the labour force and specifically, more women were driven out of the labour force. There was a sharp decrease in women's labour force participation<sup>6</sup>. This had to do with the movement out of the labour force, from the employment or unemployment states to the state called 'out of the labour force', meaning that they are no longer actively seeking for a job<sup>7</sup>.

### **1.3. Gender Inequalities**

Inequalities appeared in the nineties, are the CEE-5 becoming more unequal than the West and 'overshooting' existing inequality patterns, or just converging towards Western patterns? Rising inequality, incentives to upgrade skills and productivity increases observed in the CEE-5 could be a signal of transformation into a market economy, since a move towards wider earnings distribution can bring about efficiency gains. Similarly, it is thought that wider wage differentials can provide incentives to invest in human capital (HK) and upgrade skills, as well as foster labour mobility and its reallocation towards more productive uses. So if this is true, the benefits of a more unequal wage structure can be expressed in terms of higher labour-productivity and output, thus generating economic growth. However, earnings inequality may have increased in order to avoid a greater inequality, namely, the unequal access to jobs. A wider wage distribution should in theory match a lower unemployment rate<sup>8</sup>, which *a priori* does not seem to be necessarily the case in the CEE-5, but was the case in OECD countries.

### **1.4. Findings**

Several questions thus emerge from the beginning, while collecting statistics about gender differences in the CEE-5: Are there specific features to female labour force in the CEE-5 and does the socialist past affect current outcomes? The socialist heritage may have had a specific effect on labour market outcomes of women. The skills that Eastern European women display

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<sup>5</sup> Aghion, Blanchard (1994).

<sup>6</sup> Boeri 1998.

<sup>7</sup> Following the ILO definition of labour force states.

<sup>8</sup> Rutkowski 1996.

may be inherited from the past, and may differentiate them from working women in the West. Is transition per se a major factor of differentiation between men and women in Eastern labour markets? What are the specific features of differentiation in the CEE-5, in terms of wage inequality, employment inequality, unequal access to the labour market, access to skills? What does the evolution of female labour markets tell us about the transition process itself? Were women particularly affected by transition? Is there a need for women-targeted labour market policies?

Due to their past experience of a socialist system operating under a central plan, Eastern European economies should be expected to display more gender equality than Western countries. We would expect this equality to be reflected in labour market outcomes, such as female labour force participation, wages, access to the labour market. It is not the case. Have women cushioned the effects of transition on the unemployment rate? Which is a corollary to the question about convergence with the West. Indeed, the economic literature has shown a strong correlation between recessions and the fact that women are driven out of the labour force. If this correlation is true, then women can be seen as cushioning the effects of transition on the unemployment rate in those countries.

This study encompasses the countries that constitute the Central and Eastern European -5 (CEE-5), the first wave of entrants into the European Union : the Czech Republic, Hungary, Poland, Estonia and Slovenia. Since 1989, these countries have developed differently towards market economies, transition has taken up diverse paths. Indeed, they have implemented different reforms, at different pace, they had inherited different production structures, but now they have at least one main thing in common: the strive for EU membership. The clear statement that accession will occur was made in December 1997 at the Luxembourg Summit<sup>9</sup>. A change in labour laws should follow shortly, it is being discussed throughout the region (Summer 2000 in the Czech Republic) and should be implemented by 2005. The main philosophy should be in line with the labour legislation of the members of the European Union. Also, a declared target of the EU (decided upon at the Lisbon Summit in 2000), is to achieve a 70% employment rate throughout the Union by 2010. This is the direction that CEE-5 should follow in order to be in line with EU targets.

A review of trends on the CEE-5 helps to gather information about the features and differences in labour market outcomes. I wish to find out whether women have been particularly affected by transition, in what sense, and whether they have actually paid a higher price than men.

I find that the employment rate of women in transition economies is higher than the employment rate of women in the European Union, but this rate is slowly declining. There is clearly a downward trend in the CEE-5, while the trend in the EU goes upwards. Inequalities are widening between men and women in terms of wages, participation and employment. The initial aim of transition was to increase the well-being of populations that had been hardly hit by years of central planning. However, it seems that a gender bias was introduced even though the former equalitarian rule had been present during central planning. Abrupt changes took place, modified the structure of economic activities, and the division of labour among occupations.

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<sup>9</sup> This item was discussed at the very beginning of the enlargement process. The Nice summit (Dec. 2000) continued the process of enlargement along the lines decided upon at the start.

## 2. Labour market trends in the West, a gender perspective:

Gender differences in the labour market persist in Western economies. According to all existing empirical studies, a certain gender gap exists, although it began to converge in the late 1970s and it is still converging today. In Western economies, two major stylised facts emerged as from the seventies<sup>10</sup>: the first one is related to labour force participation (status) by gender, the second one, to male and female wages.

### 2.1. Labour market status of women

Substantial differences in labour force participation, unemployment rates, occupational location, non-wage compensation, job characteristics and job mobility are apparent. However, it is clear that there has been a steady increase in female participation. The labour force participation of women is still lower than that of men in almost all countries in the world. Yet, women's labour force participation has been increasing over the last decades so as to become equal or even greater than men's.

#### *Labour force (LF) participation, employment (E) and unemployment (U) rates by sex in the USA<sup>11</sup> - Women (W) and Men (M)*

	% LF / population		% E / population		% U / LF		Women / LF
	W	M	W	M	W	M	
1948-1956	34.5	86.0	32.9	82.6	4.8	4.0	0.30
1957-1966	38.1	82.4	35.9	78.3	6.0	5.0	0.34
1967-1976	44.0	79.1	41.1	75.4	6.5	4.8	0.39
1977-1986	52.2	77.0	48.1	71.4	7.8	7.2	0.43
1987-1996	57.8	75.7	54.3	71.0	6.0	6.2	0.45

Source: OECD.

In terms of labour force participation, the **OECD average** is (%LF / pop):

Country	Women	Men	W/LF
1989	58.3	82.9	0.41
1995	61.6	81.8	0.43

Source: OECD.

In a recent article, Dolado (2001) explains the differences between the EU and the US female labour markets. He stresses the fact that age and education are the main determinants of whatever differences or similarities between the two continents. His conclusions are : first, that the educational level of EU-women is slowly converging to that of the US across ages; second, that the employment rate of unskilled women in the EU is much lower than in the US, which relates to the usual feeling that in the US, everyone actually has a better chance of finding a job; thirdly, that occupational segregation is lower for skilled women.

*"Over the last decade female participation rates have noticeably increased both in the EU (from 54,8% to 59,5%) and in the US (from 67,8% to 70,7%) (...). Additionally, in the 1990s, total employment increased at an annual average of 0,4% in the EU and 1,5% in the US."*<sup>12</sup>

<sup>10</sup> Altonji, HLE, ch 48

<sup>11</sup> Where 'LF' stand for 'Labour Force', 'E' for 'Employed', 'U' for 'Unemployed', 'pop' for 'population', 'W' for 'women' and 'M' for 'Men'.

<sup>12</sup> Dolado et alii (2001).

Comparing the European Union and the US during the last decade, Dolado notes that female participation rates still display a gap:

EU (1990) 54,8 %    EU (2000) 59,5%  
 US (1990) 67,8%    US (2000) 70,7%

However, on both continents, the trend of increasing female labour market participation dates back to the 1960s.

Female Participation Rate		Female Unemployment Rate		Female Employment Rate	
EU	US	EU	US	EU	US
59,5%	70,7%	10,9%	4,4%	53,1%	67,6%

Source: Dolado (2001), figures for the US and the EU are from 1999.

The total employment differential between the EU and the US is probably due to lower female employment rates in the EU, 14% lower, with 10% due to lower participation and 4% due to higher unemployment. Dolado uses just one year cross-sectional data on fourteen EU countries (EU-15 minus Ireland) and on the US. The data is taken from the European Labour Force Survey (ELFS) and the Current Population Survey (CPS). He shows that the EU is bridging the educational gap, thus women are converging towards a similar pattern, although there is some significant within-EU variation. Young EU women are becoming increasingly similar to their US counterparts in terms of education and employability. Dolado decomposes the EU-US employment differential into a population composition effect (due to the differences in population weights in a class of age and education) and into an employment incidence effect (due to differences in employment rates). He compares population shares and their respective employment rates, splitting the labour force into 3 age cohorts and 2 levels of educational attainment. He shows that 70% of the aggregate employment differential stems from the population composition and the employment incidence effect of women. A further paper by the same author shows that women-employment growth in the US is much higher than in the EU (+1,9% vs +0,9% annual average growth). Aggregate employment growth this differs widely: +0,4% in the EU versus +1,5% in the US.

On the European side, not much literature actually documents those trends, however, trends are falling participation rates for men and increasing participation rates (PR) for women. There is a strong correlation between high male PR and high female PR and also a high correlation between countries with high female PR and large number of part time jobs. Moreover, men and women seem to share similar motivations for work : indeed, the increase in the participation rate of married women all over the world, the decrease in fertility rates, the increase in the number of divorce show evidence of increased attachment of women to their work. In the West, the occupational structure of jobs has changed, ie the nature of jobs held by women has been modified, subject to the change in the relative demand for skilled workers (essentially in the service sector); this affects the occupational composition of female employment.

The latest results on unemployment trends in Europe (the EU) show that unemployment is levelling off thanks to job creation. Growth benefits the young, but more specifically young men: between 1999 and 2000, the unemployment rate of men has decreased by -15% while that of women only fell by 10,9%. (Eurostat). The EU has openly set a target of 67% employment rate in 2005 and 70% in 2010. Regarding this issue, several countries lag behind, notably France (1999 employment rate is 60,4%), while other are ahead of expectations (UK 70,4%, the Netherlands 70,9% and Denmark 76,5%).



Differentials in labour force participation are of concern to policy makers. Over time in Western economies, Altonji shows dramatic trends since the 1960s, participation rates of women in the US have risen from 48% on average to around 70%. No doubt that this phenomenon had a tremendous effect on other labour market outcomes. As a result of his investigations, one can conclude that male/female differences in labour force participation are largely due to differences in coefficients, thus mostly due to personal characteristics.

Blundell and MaCurdy document dramatic changes in participation in the US, the UK, Germany and Sweden. Labour supply models attempt to explain changes in participation, in particular the sharp increase in the labour participation rate of women, which has been matched by a drop in the participation of men in Europe. They use CPS data for the US from 1975 to 1994; the Family Expenditure Survey for the UK; the German Socio-Economic Panel for Germany (1984-1995); for Sweden, they use three data sources, an income survey, the Swedish labour force survey and the Swedish survey, Market and non-market activities. They find that participation increased strongly for women until the early 1990s, withstanding all cyclical effects, contrary to men's participation, that is highly cyclical in nature and dependent on education levels.

Reasons for non-employment<sup>13</sup> in the West seem to be as follows:

- Voluntarily remain out of the labour force (individuals do not want to work)
- Classical reason for remaining out of the labour force (OOL), due to minimum wage regulations, worker productivity is lower than minimum wage, this often depends on skills
- Residual OOL, when workers do not find a job, for various reasons.

The study by Laroque et alii (2000) shows that

- 4,2% men are OOL, 9,6% of women, which represents twice as many women
- 25% men are in classical OOL, 18% women
- men are more often in the residual category
- women are in the voluntary situation

These findings appear to be due to the fact that women increase household income by less if they enter the labour force (childcare is costly, loss of previous benefits or allowances) and the fact that in a couple, if the man is unemployed, the couple gains if the women remains unemployed as well (benefits). Transfers act as a disincentive to enter the labour force in the case of women. Reasons for OOL are less linked to gender itself, and rather linked to the structure of transfers. The same phenomenon was observed in the UK and Australia, although to a lesser extent than in the French case.

## ***2.2. Gender Wage and Earnings Inequality***

Wages of female and male workers tend to converge (after controlling for human capital and personal characteristics), but still, female wages remain slightly lower than wages of male workers. Most existing studies on the gender gap in the labour market have been carried out using data from the USA, since the USA have a very broad choice of available micro-data sets at the disposal of researchers. The wage gaps are the most obvious form of differences in labour market outcomes by gender:

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<sup>13</sup> 'La décomposition du non-emploi en France', G. Laroque, B. Salanié, Insee, Janvier 2000. Study considers the OOL ~ 1,5 million people in France.

***Gender earnings ratios by occupation in the USA, 1996:***

Occupation	Female (%)	Gender earnings ratio
Engineers	9	0.82
Police and detectives	15	0.84
Computer programmers	30	0.93
Doctors	31	0.58
Lawyers	34	0.77
Marketing managers	36	0.65
College teachers	38	0.82
Sales jobs	43	0.60
Editors and reporters	50	0.80
Waiters and waitresses	70	0.82
Elementary teachers	83	0.90
Nurses	91	0.95
Secretarial jobs	98	1.04

Source: Employment and Earnings 44, no.1, 1997.

The above table relates explicitly occupational segregation (the percentage of female workers in an occupation) and the wage differentials between men and women (the gender earnings ratio). The problem is that it does not tell us the reason why wages are so different, indeed it can be due to occupational segregation alone, as well as to totally different factors that are absolutely not evoked in the table. This table can be a very useful starting point to discuss the causality of gender wage differences.

European women's earnings remain 28% less than men's<sup>14</sup>, on average. However, there are obvious limitations to the analysis of average changes in wages, due to the different characteristics observed for men and women:

- men and women in the EU do not hold the same jobs, their occupational structure is different<sup>15</sup>, men are a majority in manual and technical jobs, and on average manual jobs are better paid than office jobs (compensating differentials theory).
- working women in the EU are younger: 44% women and 32% men are less than 30 years old. Then many women stop working to raise children, thus men have higher seniority and more opportunities to be in management positions, therefore earn higher wages.
- 51% women have primary or general secondary education. 36% men have technical secondary education against 29% men. Average salaries are higher for more technical education.
- Women work in different types of industries (sales and retail trade) and the number of hours worked is generally lower than that of men.

For all the above economic reasons, on average, women are not in equal work positions, they are in lower paid positions, this is the conclusion that one can reach while examining broad figure on labour force and occupational data. Far more detailed (individual) data is necessarily required to answer the question of whether women are paid less for equal work. Data from the European Structure of Earnings Survey (1996) shows that even for young generations, there is an unequal access to well paid jobs, and more surprisingly, that pay differences increase with the education level: a 20% difference between men and women with low education, but a

<sup>14</sup> Eurostat study, 1999, examining all full-time employees.

<sup>15</sup> A third of women working full time are office clerks, only 10% of men are. 47% men are manual workers/plant operators, while only 18% women are. Eurostat study, 1999.

35% difference for university graduates ! Checking the data for occupational categories (ISCO) yields that women systematically receive lower pay because of seniority differences and responsibilities. This phenomenon is particularly striking in occupations such as personnel and financial management. Therefore, the greatest gaps occur in the best paid occupations (managers, senior staff, corporate managers: this pushes the male average upwards). In France<sup>16</sup> more women work part-time, the earnings gap diminishes as we move up the skills grid and men have a wage premium at the start of their career (whatever the type of job), this wage premium is increasing:

Cohorts (1976-1980): 14,7 % wage premium

Cohorts (1991-1992): 22,2% wage premium

This gap is smaller if one considers only full-time jobs. But after 5 years in the workplace, for comparable men and women that entered the position at the same time, the wage gap has widened. The wage gap obtained corresponds to the differential that would be obtained while regressing log wages on sex as the only explanatory variable.

### ***2.3. Labour supply and labour demand arguments***

Are there labour supply and demand explanations to these inequalities?

Labour demand factors: In the West, firms are more willing to hire women due to the expansion of the service sector, the decline of manual/production work, anti-discrimination policy measures, increase in the number of women with higher education. This trend should not result in higher inequality.

Labour supply arguments: lower fertility rates enable women to feel more attached to their work. The availability of new household technologies, flexible time work and the increased willingness of women to enter the labour market should result in equalising labour market outcomes.

Increasing female participation rates, slowly converging wages under certain circumstances are justified in theory. However, the persistence of the gender gap is not justified because of the feedback into educational patterns and 'choices' : women remain concentrated in low paid jobs / occupations. However, a relatively small part of the wage gap in the EU is due to occupational effects or to age. A large part of the differential is due to seniority, and men holding higher level jobs within occupations. After controlling for age, occupations, economic activity, a 15% difference remains, on average, between men's and women's wages. Still, there remains differences among EU states, and between the EU and the US: convergence is slower in the EU. Within the EU, one observes a more balanced situation in Sweden, East Germany, Denmark, Luxembourg, Belgium, whereas the situation is less balanced in Greece, the Netherlands, Spain, Austria<sup>17</sup>. Many explanations have been evoked to analyse the ever-remaining difference in wages between men and women. From what we learn in conventional economic theory, it can be due to two facts: either women are paid less for equal work, or structural differences are not completely accounted for and corrected. Other factors may play a crucial role: the higher amount of overtime hours for men, the higher amount of part timers among women (30% on average in the EU), the wider spread in men's wages (the pay gap at the top of the scale/deciles is wider). Differences among countries could be due to cultural factors, economic factors, or policies.

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<sup>16</sup> In: 'Ecart de revenu hommes-femmes en début de carrière', S. LeMiniez, S. Roux, Insee.

<sup>17</sup> In the Eastern Länder of Germany, average wages of women represent approximately 90% of those of men, in Sweden 87%, whereas in Greece only 68% and 70,6% in the Netherlands, source: Eurostat.

Thus, in Western economies the salient facts, relevant to this discussion are:

- ⇒ Increase in women's labour market participation, equal or greater than men's (Scandinavia)
- ⇒ A convergence in wages: reduction of wage inequality across genders: after controlling for human capital characteristics and personal characteristics.
- ⇒ Still, a wage gap remains (10 to 15%)

#### ***2.4. Relevance of a gender perspective***

The gender perspective seems justified to identify risks or probabilities of economic vulnerability targeted onto specific individuals or groups of individuals. Economic vulnerability is the first step towards poverty traps, therefore, while aiming at decreasing poverty, one should be aware of the gender aspects of this issue.

### **3. Labour market trends in the CEE-5:**

Extent and nature of structural adjustment: Economic stabilisation in a transition context had several consequences on the labour market itself: the promotion of full-employment, growth in output and stable prices (stabilisation policy) faced trouble in the shape of highly heterogeneous firms and worker reallocation. These transformations meant that jobs and workers were reallocated, capital and other inputs were also allocated across locations and activities, thus shifting and changing all previous measures of productivity as well as internal know-how<sup>18</sup>. Heaps of knowledge and organisational skills were actually lost in the short term.

Market economies reallocate employment and other factor inputs in response to the emergence of new products, new production techniques, changes in the scope and composition of international trade, changes in economic policy and patterns of government expenditure. As a result, some sectors expand under favourable demand conditions, others contract if changes are unfavourable. Transition economies have moved away from basic industry or agriculture towards advanced technological and service industries. Nonetheless, this move has taken very heterogeneous faces. A decisive move would be to shift towards activities in which managerial activities are key to business performance, productivity and job growth outcomes. If this is the kind of move that has been taking place, this would also explain the move of women out of the labour force, since they are often pushed away from managerial positions. Previous beliefs about women impede the allocation of women workers to their highest value uses. This is an argument for the implementation of targeted policies towards women. Otherwise, inefficiently low production conditions will arise in certain sectors because of a misallocation of labour markets. However various problems may emerge if too low wages are paid. Workers will display a lack of motivation, firms will not retain highly qualified individuals, leading to an inefficient sectoral distribution of employment.

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<sup>18</sup> Internal know-how can be described as specific worker-employer matches, creditor-debtor relationships, customer-seller contacts, internal organisation.

Structural change implied that policies help workers cope with its effects (increase in foreign competition<sup>19</sup>, openness, other sources of change). Insurance against job loss gives an economic rationale for government intervention or at least risk-sharing among workers (but not to the extent of providing policy insurance), providing help to declining firms or sectors that need restructuring. Efficient risk sharing policies have been to provide direct assistance to workers via retraining programmes, relocation subsidies, unemployment compensation, nevertheless one should call for a more efficient distribution of job opportunities among groups, thus for neutral policies, that do not bias the gender distribution of employment.

In transition economies, a new wage-setting process had to replace the wage grid that used to set wages under central planning. At the same time, new skill requirements appeared since the production structure changed.

Although data availability and reliability was questionable under socialist regimes, International Agencies have been able to estimate figures to evaluate how successful Eastern Europe has been in achieving gender equality in the labour market: the labour force participation rates by sex were, on average, for Eastern Europe 71% in 1989 for women, 80% for men, whereas in the OECD, the same characteristics averaged 58% in 1989 for women, 83% for men.

Yet in the CEE-5 at the end of the 1990s, there is a fundamental difference between men and women in terms of participation, it seems that this trend is reversed. The trend seems to be a decrease in the labour force participation of women and an increase in the wage gap. The result of transition has been to bring down the higher female participation rates in Eastern Europe to a level comparable to the OECD. Also, women seem to be more severely hit by the increase in unemployment that occurred during the transition period, more women lost their jobs.

For the CEE-5, the structure of labour markets under central planning can be taken as a starting point, then inequalities can be accounted for in a more reliable way as from 1989 onwards, according to data availability.

Before 1989, the wage structure in transition economies was relatively egalitarian. The socialist system seemed to be the perfect theoretical solution to inequalities entrenched in the social structure<sup>20</sup>. Theoretically, men and women were completely equal before the law, women were economically independent since they were working under equal conditions as men, and society would deal with household duties. The commitment to gender equality was explicit at the state level. However, the implementation of equality measures depended strongly on the good will of 'managers', who were responsible for hiring and promoting. It also depended greatly upon education and training programmes, that had to be as egalitarian as the outcome in terms of labour market was supposed to be. Finally, the traditional roles of women, child rearing and home production had to be given up somehow...

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<sup>19</sup> There is no empirical evidence that increased openness leads to higher job destruction or more job reallocation. Even a one-time (transitional) temporary increase in job destruction does not undermine persistently job security or incentives to invest in human capital, Davis, Haltiwanger (1992).

<sup>20</sup> Centrally Planned Economies proclaimed gender equality, but it was authoritative. Also, the cultural transformation or revolution that occurred in Western countries in the 1960s and 1970s never occurred in Eastern Europe.

In fact, it is difficult to assess equality in the CEE-5 before 1989, due to the lack of data. Yet averages have been calculated by the OECD, showing that from 1960 through 1989 labour force participation for women was much higher in Eastern Europe than in the OECD countries. This was probably due to the chronic labour shortages experienced by Eastern Europe, thus female labour demand was high. Moreover, a single salary per family meant effectively near poverty; therefore, both the wife and husband were encouraged to work in order to live a decent life. Similarly, reliable data on wages is very hard to track, therefore, estimates are that the gender earnings ratio was around 0.70 on average, in the middle of the OECD range. In the 1960s through to 1980, on average, Eastern Europeans spent a lot more time at work than their West European counterparts. Indeed, in socialist countries, women usually had higher rates of paid work than in other comparable non-socialist countries. Also, women's workload tended to increase relative to men. While women tended to work more hours under central planning, this does not mean that their unpaid work had been reduced.

Studies about the Soviet system judged that the gender earnings gap in the Soviet Union was due to occupational segregation<sup>21</sup> rather than wage discrimination. The wage grid was specific to an industry and set according to the difficulty of a job and to the worker's experience and education. Occupational segregation was caused by several forces, such as women's family caring role, sex segregation in the education system, occupational divides and pure discrimination on the part of authorities that were in charge of hiring or promoting. In the Czech Republic in 1988 women earned on average 65 to 70% of men's wages<sup>22</sup>. Two explanations are possible: either there is discrimination in promotion practices, or there is segregation of women in low-paying activities. However, the low dispersion of earnings and income under central planning compared with market economies, combined with a social safety net, meant that women were likely to be less worse off under central planning.

Transition developed the new service sector in an accelerated way...

The transformation that took decades in the West only took a decade in the East, from an agricultural economy (Poland) or an industrial economy (Hungary, Czech Rep) towards a service-oriented economy. This rapid transformation changed the structure of demand and productivity gains: demand - Engel's curve: the increase in revenue modified the consumption structure, the structure of demand changes. As for the supply, technological progress induced shifting away from agricultural production. The introduction of new technologies in industry led to increases in productivity and the launch of diversified products. In the service industry, which was born out of a non-existent state, new services appeared. The economic transformation that unfolded since 1989 implies changes in labour market outcomes. More changes will come very soon, when the EU legislation has to be integrated in the national policies of the CEE-5. Facing the challenges of transition from plan to market, the workings of market economies had to be introduced, thus the impact on the labour market was as large as could be expected. The wage dispersion increased rapidly because of the increase in returns to education.

Therefore, as transition started and as the economies restructured, inequalities increased (Rutkowski, 1996). Indeed, in transition economies, inequalities seem to make some groups worse off, more unequal, this is verified for Estonia and Slovenia<sup>23</sup>.

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<sup>21</sup> Occupational segregation: a concentration of women in specific occupations and industries.

<sup>22</sup> Rutkowski, Jackman, 1994.

<sup>23</sup> Orazem, Vodopivec, 1999.

Women may be disadvantaged by the end of centrally planned wages because this policy used to reduce the wage inequality across workers, so it reduced it also between men and women. Also, men might have been given priority in the competition for new jobs, those that were created by the new private sector. A contribution to the knowledge of differences between public and private sector would be useful, in the sense that the opening up to the private sector leaves room for pay discrimination. With the introduction of market incentives, women face a trade-off between benefits and costs of labour force participation. Socialist economies obviously ignored preferences for other activities such as leisure, family, household production (the raising of children) as well as the retraining periods before new activities. Thus we would expect women's employment to decrease at the beginning of transition but to increase gradually as new enterprises are blossoming.

Transition had induced restructuring and a particularly harsh recession in the years 1990 to 1995. In a recession period or a period of profound restructuring of industrial activities, the relative productivity of workers -male or female- changes. In transition economies, two major forces are at work:

- the discouraged worker effect should push women out of the labour force. Indeed, since the labour market becomes tighter, women, that are relatively more productive in housework, retreat from the market sector. This phenomenon should depress gradually the unemployment rate, since women move out of the labour force. However, in Eastern European countries, women are used to working, therefore, moving out of the labour force may not be a suitable option.
- the change in industrial structure should be favourable to women. Indeed, the service sector expanded and should attract women, whose skills are usually more suitable for this sector. Transition affects the choice of activities available to workers, the new structure of jobs should favour female activities in the tertiary sector, did it actually benefit women ?
- the relative demand for goods shifted , labour demand fell in male-dominated sectors (industry). In Slovenia, initially, women's employment share rose in the service sector. But in Estonia women's employment share declined from the very beginning (men filled new job openings). Orazem, Vodopivec (1999) hint at the policy factor, unemployment benefits being only one tenth of average real wage, there is no point in staying unemployed. However it does not explain why women were more severely hit than men, rather pulling out of the labour force. Here comes the policy explanation: the length of maternity leave was doubled, women with children were offered up to four years unemployment benefits (not a very satisfactory reason, since they are very low) and the number of public day care centres was reduced, thus forcing women out of the labour force. This was a major push factor, since the cost of labour force participation of women increased. Thus the explanation is NOT a natural move out of the labour force.

Which of those effects dominates the other? We shall hereafter observe the outcomes.

### ***3.1. Labour market status of women in the East***

Labour statistics describe the size, structure, characteristics, results and contributions of those who participate in the labour market and how these characteristics change over time. For the CEE-5 after 1989, data was rapidly measured according to international labour standards. Indeed, after the fall of socialist Europe, one of the earliest transformation to be undertaken involved the measurement of national statistics and the reform of statistical offices. However, labour statistics reflect the perception of a society and as such, "core" employment and unemployment situations, they are less successful at identifying radical changes and at describing "other work situations".

This is an important issue in the CEE-5, since radical changes took place and it is relatively difficult to reflect them in labour statistics (presence and features of the informal sector/underground economy for example). Moreover, gender issues are scarcely accounted for, since they are to be found in such "other work situations"<sup>24</sup>. Therefore, part or all of women's work may go unnoticed in labour statistics. Since men and women often do different kinds of jobs, and as labour market changes tend to affect men and women differently, it is useful to remain aware of the limitations imposed by labour statistics on gender issues.

Labour market states can give us insights about gender differences in the CEE-5, thus in the following we shall examine employment, unemployment and wages in manufacture when data is available for a sufficiently long period of time.

In the Czech Republic and in Hungary<sup>25</sup>, the employment gap between men and women is widening. Men are employed to a larger extent than women. The gap remains steady in Poland, with men still being more employed than women. In Estonia, the gap is obvious, but both men and women are losing employment. In Slovenia, the gender gap is widening, since men's employment is increasing and women's employment is stabilising, thus leaving women relatively worse off. Overall, women's employment is declining relative to that of men.

The unemployment paths also differ from one country to the other. The gender gap is steadily increasing in the Czech Republic, with women's unemployment rate increasing at a faster rate than men's. In Hungary, the gender gap is also increasing, yet the country's aggregate unemployment rate is declining. In Slovenia, unemployment rates for men and women are converging, with men's unemployment rate which is declining and women's unemployment rate increasing, thus leaving us with a relatively large increase in the unemployment rate of women during the last few years. In Estonia, both men and women's unemployment rate has been increasing quite tremendously, with women being relatively less hit than men. While in Poland, women's unemployment rate is also smaller than that of men.

First, looking at participation rates by gender for men and women in the CEE-5:

Country	Women 1989	Women 1995	Men 1989	Men 1995	W/LF
Hungary	62	50.2	75	67.4	46-> 44 (-2%)
Poland	64.1	60.4	79.1	73.6	45->46 (+1%)
Czech Rep		65.6		82.2	46
Estonia	76.4	66	83.2	77.8	50->48 (-2%)
Slovenia		62.6		73.4	46

Source: Jacobsen, pp. 374

The above table presents labour force participation rates for men and women both in 1989, at the brink of transition, and in 1995 as transition was already well engaged. Figures are shown when available. The last column displays the change in women's share of the labour force. For Hungary, Poland and Estonia, after transition, women clearly represent a smaller proportion of the labour force, although both men and women see their participation reducing, the Hungarian case is the most telling. In Hungary and Estonia, there is an obvious drop in the share of women in the labour force.

<sup>24</sup> For a precise discussion of the issue of "other work situations", see Greenwood, Bureau of Statistics, ILO at [www.ilo.org](http://www.ilo.org).

<sup>25</sup> Graphs will be displayed during the presentation.



The OECD average for the same period is:

Country	Women 1989	Women 1995	Men 1989	Men 1995	W/LF
OECD	58,3	61,6	82,9	81,8	41->43(+2%)

Thus it looks as though Eastern European figures for women are coming down towards OECD averages (or even far below in the case of Hungary) and men are in most cases below OECD averages.

Given the explicit socialist goal that women be freed from housework, it would be interesting to look at the change in time use by sex, i.e. the percentage of time spent in paid work, but also the evolution of full-time and part-time occupations by gender. In Eastern Europe people used to show more hours worked than in developed economies, it would be useful to check whether this is still the case and furthermore, to check whether patterns for men and women are different.

Comparing the evolution of available figures on labour market states yields:

Country	Year	Participation Rate		Unemployment Rate		Employment Rate	
		male	female	male	female	male	female
<b>Czech Rep.</b>	1993	71,3	52,3	3,4	5,5	na	na
	1994	71,4	52,6	3,6	5,2	na	na
	1995	71,5	52,3	3,4	4,8	na	na
	1996	71,4	51,8	3,4	4,7	77,8	61,3
	1997	71,1	51,8	4	5,9	77,2	60,6
	1998	70,8	52,0	5,1	8,2	76	59,2
	1999	na	na	7,4	11	73,9	58
	<b>Estonia</b>	1989	na	na	0,6	0,6	na
	1990	na	na	0,6	0,7	na	na
	1991	na	na	1,4	1,5	na	na
	1992	na	na	3,9	3,4	na	na
	1993	na	na	6,5	6,6	na	na
	1994	na	na	7,3	7,9	na	na
	1995	na	na	10,6	8,8	na	na
	1996	na	na	10,7	9,2	71,1	61,2
	1997	73,1	58	10,1	9,2	72,3	61,5
	1998	na	na	10,4	8,6	70,7	61,6
	1999	na	na	na	na	na	na
<b>Hungary</b>	1992	66,7	51	10,7	8,7	59,6	46,6
	1993	64	48,5	13,2	10,4	55,6	43,5
	1994	62,4	46,3	11,8	9,4	55,1	41,9
	1995	61,7	43,8	11,3	8,7	54,7	40
	1996	61,1	43,4	10,7	8,8	54,5	39,6
	1997	60,4	42,8	9,5	7,8	54,6	39,5
	1998	60	44,1	8,5	7	54,9	41
	1999	61,4	45,4	7,5	6,3	56,8	42,6
	2000	61,9	45,8	7	5,6	57,5	43,2
<b>Poland</b>	1992	70,2	54,2	12,3	14,9	61,6	46,1
	1993	69,2	53,4	12,7	15,6	60,4	45,1
	1994	68,2	53,0	13,1	16,0	59,3	44,5
	1995	66,8	51,5	12,2	14,8	58,7	43,9
	1996	66,2	51,0	11,0	13,9	58,9	43,9
	1997	65,9	50,3	9,6	13,2	59,6	43,7

	1998	65,4	50,0	9,1	12,3	59,4	43,9
	1999	64,4	49,7	12,4	15,8	56,4	41,8
	2000	63,9	50,0	14,9	18,4	54,4	40,7
<b>Slovenia</b>	1993	na	na	9,9	8,3	na	na
	1994	na	na	9,5	8,4	na	na
	1995	na	na	7,7	7	na	na
	1996	na	na	7,5	7	67,4	58,7
	1997	na	na	7,1	7,6	70,1	61,2
	1998	na	na	7,7	8,4	69,5	60,5
	1999	na	na	7,3	7,8	na	na

- ⇒ Female **participation rates** decrease for all countries under scrutiny. In the Czech Republic, both male and female participation rates decrease, while the gap remains almost constant. In Hungary, female participation rates decreased sharply until 1997 and then rose again; it seems that during the sharp recession of the beginning of transition, females pulled out of the labour force, while re-entering the labour force when expansion reappeared. In Poland, female participation rates decreased more than male participation rates. On average, in Eastern Europe, male participation rates are (around 70%) much higher than in Western Europe (around 62%). Hungary seems to be moving towards the same trends as the West.
- ⇒ **Employment rates** all declined, with the notable exceptions of Slovenia, where these rates increased for both sexes and Estonia, where female employment increased. In Hungary, Poland and the Czech Republic, the number of people ousted from the labour market is now counted as 'out of the labour force'.
- ⇒ **Unemployment rates** increased sharply in 1997 - 1998 in the Czech Republic as a consequence of the recession, women seem to have been particularly hardly hit, as well as in Poland, that seems to display the same pattern. The female unemployment rates tend to increase faster than that of males. Slovenia and Estonia, again, display divergent features: in Estonia, female unemployment rates are smaller than male's. In Slovenia, men and women are more equal in the face of unemployment.

Because participation rates are -in the standard economic literature- a function of demand side factors, such as the volume of trade, the increase in the number of firms, the percentage of women in a given occupation, educational attainment, these figures are of particular interest. On top of this, recessions change the relative worth of a family-member's productivity. It can alter the family's labour supply decision, leading to either an 'additional worker effect'<sup>26</sup> or to a 'discouraged worker effect'<sup>27</sup>.

OOL	Hungary							
	1992	1993	1994	1995	1996	1997	1998	1999
total (thousand)	3202	3417	3577	3724	3759	3804	3745	3620
men (thousand)	1239	1343	1402	1435	1453	1482	1489	1430
share men (%)	38,69	39,30	39,19	38,53	38,65	38,96	39,76	39,50
women (thousand)	1962	2073	2175	2288	2306	2322	2255	2190
share women (%)	61,27	60,67	60,81	61,44	61,35	61,04	60,21	60,50

<sup>26</sup> If the husband becomes unemployed, his wife might consider entering the labour force temporarily, to give him time to readjust his skills to the labour market requirements of newly created activities.

<sup>27</sup> The discouragement stems from the fact that people feel that no jobs are available to them during hard times, this may be the case of married women, whose husband earn enough money to sustain the living of the whole family.

In Hungary, analysing figures for the share of women that moved out of the labour force yields an interesting result: women represent over 60% of those workers who left the labour force every year.

### *3.2 Aggregate and individual inequality*

I shall hereafter refer to aggregate inequality while using indicators such as Gini coefficients, Human Development Indices and to individual inequality using wage/earnings data where available.

The CEE-5 have relatively high human development indicators: the human development index (HDI), calculated by the UNDP<sup>28</sup>, placed three countries among the 'High-HDI' group of countries (the Czech Republic, Slovenia and Hungary), and two among the 'Medium-HDI' countries (Poland and Estonia) in 1998. Already in 2001, all five countries belong to the 'High-HDI' group of countries.

Also, the gender-related development index (GDI) measures achievement in the same basic capabilities as the HDI does, but takes note of inequality in achievement between women and men. The methodology used imposes a penalty for inequality, such that the GDI falls when the achievement levels of both women and men in a country go down or when the disparity between their achievements increases. The greater the gender disparity in basic capabilities, the lower a country's GDI compared with its HDI. The GDI is simply the HDI discounted, or adjusted downwards, for gender inequality.

Country	HDI RANK 1998	HDI RANK 2001	GDP (PPP) 1999 \$ per capita	GDP rank minus HDI rank	GDI RANK 2001
Czech Republic	39	33	13'018	6	32 & decreasing
Hungary	47	36	11'430	5	35 & decreasing
Poland	52	38	8'450	11	36 & decreasing
Estonia	77	44	8'355	6	59 in 1998, not available in 2001
Slovenia	37	29	15'977	2	27 & decreasing

Source: UNDP Human Development Report 2001.

<sup>28</sup> The United Nations Development Programme (UNDP) releases every year a publication called the Human Development Report, the first of which was published in 1990. The Human Development Index is a measure of human development (although the latter concept is far broader), the HDI is a composite index measuring the overall achievements in a country in three basic dimensions - longevity, knowledge and the standard of living. It is calculated by life expectancy, educational attainment (adult literacy and combined primary, secondary and tertiary enrolment) and adjusted income.

The above table and a simple comparison across time from 1995 to 2001<sup>29</sup> shows that, in all but one of the CEE-5 (all but Estonia), basic gender indicators are worsening in the CEE-5, i.e. the gender disparity is increasing, while overall HDI is increasing. As a basis for comparison, all the countries that are members of the European Union rank between 2 and 32 in both HDI and GDI.

The Gini coefficient provides a measure of overall income inequality (inequality in overall consumption expenditures) in a country. The Gini is a number between zero and one, with zero indicating complete income equality and one, complete inequality, all income goes to one single individual (WDI). Decile ratios measure how the poorest ten percent of the population fare against the ten percent richest. The countries of central Europe generally experienced, except Hungary (with a poverty level of 4%, while Slovenia, Poland and the Czech Republic kept the poverty level below 1%). Estonia also saw a sharp rise in poverty. Those countries, which experienced the largest drop in output generally also noted increases in poverty. In Estonia, the Gini coefficient increased from approximately 0,25 in 1988 (Milanovic) to 0,354 in 1995, and close to 0,36 in 2000.

Gini Figures for 2000 are:

- France: 0,32
- Spain: 0,325
- UK: 0,361 (the worst in Europe)
- USA: 0,408
- Czech Rep.: 0,254
- Slovenia: 0,268

In a study of decile ratios for Estonia, in 1988, Milanovic derive a decile ratio of decile 4,4, and in 2000 : 11,9, showing a decline in the relative income position of the poor.

In Hungary, gender empowerment indices are particularly low, even with respect to other transition economies.

The UNDP also gathered figures on fertility rates in the East and the West. A rapid look at the fertility rates<sup>30</sup> shows that in the East, on average, fertility rates have decreased from 2,2 (between 1970 and 1975) children per woman to 1,2 (between 1995-2000), while decreasing slightly less (from 2,5 to 1,8) in the OECD countries. This adds onto the assumption that in the CEE-5 women have become more vulnerable in economic and even social terms.

Individual inequality, as described through wage growth, can be increased due to many factors among which, unemployment, the dispersion of income, changes in wage-setting procedures, returns to experience, education. Generally speaking, personal characteristics matter in the findings about gender wage inequality, stressing that the wage income of women is markedly lower than that of men of the same age. On average, in 1997, the income of a family with a female family head was 14% lower than for a family with a male family head. This is due to both the gender wage gap and the different composition of income between genders (a family with a female family head receives almost one fourth of the income from benefits, whereas benefits represent only 12% of income for a male-headed family). In Slovenia, households where the head is a women dominate the distribution of poor households. The ratio of women to men's wage is declining.

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<sup>29</sup> I compared the 1995, 1998 and 2001 indices in order to check whether the gap between HDI and GDI was bridging or widening.

<sup>30</sup> UNDP Human Development Report, 2001.

As illustrated in Appendix 2 - table 2 on wage differences by occupation and public/private sector in Poland, it is clear that the wage differences increase on average more rapidly in the private sector than in the public sector. The 'mark-up' is calculated as follows:

$(w_m - w_f)^{1999} / (w_m - w_f)^{1996}$ , represents the differential gender wage growth between 1999 and 1996. It shows that private-sector wage growth is biased in favour of men.

In the Czech Republic, wage growth by activity is rarely favourable to women (only in activities M, N, that are traditionally 'female-intensive' and activities C,D, F,G is wage growth higher for women). In Slovenia, the gender bias is much less pronounced.

For Poland, the wage structure of men compared to women experienced wide fluctuations, but overall, factors influencing the widening of inequalities<sup>31</sup> are predominant. Indeed, real wages decreased, wage losses were especially harsh on low paid workers, i.e. predominantly women. Only a minority managed to get richer. The earnings distribution is widening, thus leading to increases in the inequalities of earnings and moreover to an increase in the number of low paid workers (one fifth of current employment). More job creation was encountered in mostly middle ranking jobs, in such positions there was an increase in the educational premium. High skills have finally started to pay off. In Poland, the egalitarian wage structure is now history.

As is often the case, there are winners, the highly skilled, top paid (or at least, the skilled that lost less during transition), but there are also losers, the low skilled, low paid, which are those who now suffer from increased unemployment and from the negative consequences of increased wage inequality across individuals. As a consequence, women, who were on average as skilled as men, and sometimes better, women having benefited from a tradition of high skilled labour force are suddenly shifting out of the labour force, at a moment when high skills begin to pay off. This widening of the male / female wage gap was expected by researchers as a consequence of liberalisation, but most of the authors hardly explain why this widening was bound to happen.

What is even more puzzling, is that the level of education and skills of women is usually higher than men's in transition economies. In Slovenia and Poland, this level is increasing faster for women. In Estonia and Slovenia<sup>32</sup>, real wages fell for men and women, but women's wages fell less. This is related to an increase in relative returns to skills during the transition : women in both countries began the transition with relatively higher skills than men. The gains to women are also related to the shift in the relative demand for goods: labour demand fell most in predominantly "male sectors". Difference: women's employment share rose initially in Slovenia (because the new private sector absorbed less men), but declined in Estonia (men filled the new job openings). In Slovenia, women's participation in economic activity has always been high, almost 49% of all employed people in 1996. High female participation is not only the result of socialist ideology, but also of economic necessity and the desire of economic independence. Nonetheless, women and men do not have the same opportunities: women remain over-represented in sectors with low wages, such as education and health. On the contrary, they are under-represented in managerial positions. (see Appendix 2).

Returns to education increased during transition as compared to the pre-transition level. Some authors consider that women have enjoyed a higher rate of return on education than men under central planning and the gap narrowed as transition started.

Gender earnings ratios should be handled and interpreted with great care: indeed, the ratio ( $W_f/W_m$ ) of average female to male earnings, which is usually dealt with has a major flaw. This flaw is the selection effect: for example, if one derives from a list of ratios that they

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<sup>31</sup> Rutkowski, 1996.

<sup>32</sup> Orazem, Vodopivec 1999, data for Estonia between 1989 to 1994 and for Slovenia from 1987 to 1992.

converge over time, it may well not be due to a convergence of wage rates, but to the withdrawal of poorly qualified women from the labour force, which would artificially drive the gender earnings ratio up.

Appendix 2 Table 4 shows that women systematically earn less than men even though they have the same education level, and what is more, in the Czech Republic, the evolution from 1996 to 1999 shows a decreasing gender earnings ratio by education level, which means that this feature of inequality is worsening.

Looking at the available data more closely, introducing explanatory variables such as age, education and occupation should help understand those country differences. In the Czech Republic, according to ILO data, women between 25 and 39 years of age are disproportionately unemployed<sup>33</sup> when compared to men of the same age. Young men seem to be affected by unemployment more than women under the age of 25, but then, they become less unemployed than women. Then comparing wages using the gender earnings ratio, there is a significant gap between men and women, indeed, women earn on average 81% of the median wage<sup>34</sup>. The evolution of gender earnings ratios between 1992 and 1998 shows a steady decrease of women's average earnings, for many of the positions surveyed<sup>35</sup>. In Poland, the gap is widening between men and women, especially looking at women between the age of 30 and 45. Also, after transition, women began to work less hours than men. In Hungary and Estonia the situation is more even between men and women when looking at labour market states and variables such as age, occupation and education.

### ***3.3. Supply and demand side arguments: how well do they explain patterns in the East?***

In Western Economies, three demand-side factors explain the rise in female labour force participation: the general rise in the demand for labour, the rise in labour demand in a particular sector (female-intensive sectors) and the rise in education of women. In addition, supply-side factors should be considered as follows: changing technology of non-market production, changes in family composition, and lower male earnings - ie less non-earned income available for married women.

In the CEE-5, female participation rates have been declining considering two points in time, namely 1989 and 1995. The first possible explanation is the general fall in labour demand. Labour demand is derived from the demand for goods and services and the volume of traded goods also increased in the CEE-5. Indeed, such a trend appeared for both men and women as liberalisation occurred but at an accelerated rate for women. The demand for female labour may have decreased or the demand for male labour may have risen relatively... Since on average female wages diverge from male wages, it is likely that female labour demand has decreased. In the CEE-5, low labour demand caused by recessions and economic hardships led to an increase in long term unemployment (in the Czech Republic, almost 20% of the unemployed have to wait for more than a year to get a job).

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<sup>33</sup> Includes only women actively seeking for a job in 1998. This pattern seems to appear after 1992 (own calculations from 1991 to 1998).

<sup>34</sup> According to own calculations of gender-earnings ratios for 1991 to 1998.

<sup>35</sup> Own calculations based on the Labour related establishment census 1998 and the Web Site of the ILO.

Then, another factor might have been the sectoral changes that took place during the restructuring phase: changing the mix in the production of goods and services changes in the substitutability and complementarity between other factor inputs and labour. As a consequence, the price of other inputs influences the demand for labour as well... but should influence men and women equally, after having controlled for sector specific demand shocks. It is usually in the agricultural and industrial sectors (relatively male-labour-intensive) that the decline in production was harshest, to the advantage of the service sector (relatively female-labour-intensive). Due to restructuring, considerable changes have occurred in terms of the skills requested by firms (skill mismatch). For those reasons, it is unclear why women seem to be less demanded than men.

Finally, women and their education level is the most puzzling factor that could affect labour demand: the decrease in female participation is quite unusual, since women are relatively well educated in the CEE-5 and often have higher education than men. Investment in human capital used to be high in those countries.

On the supply side, different factors may have shifted the labour supply curve: the changing technology of non-market production, for example. Indeed free enterprise has induced greater availability of market substitutes for non-market goods, such as restaurants. Relatively speaking, market production has become more efficient, thus the real purchasing power of money wages has increased, inducing an increase in labour supply. Family composition is not likely to have changed fundamentally in the past ten years, therefore I shall not consider this factor. In the West, lower male earnings is a trend, thus there is less non-earned income available for married women. This does not seem to be the case in the East.

Policies encouraging women to leave the labour force (transfers, benefits, longer maternity leave) have been a strong push factor. Less expenditure on social structures have meant that women have more incentives to stay at home.

These facts lead to understate the true unemployment rate; thus it cushions the apparent effects of transition on the labour market.

### ***3.4. Further research is justified***

Comparing Western trends to Eastern trends leads to a set of discussion topics.

In Western economies, there is an increase in women's labour market participation and a convergence in wages (reduction of wage inequality) whereas in Eastern Europe, one derives a decrease in labour force participation of women, an increase in female unemployment rates, female moves out of the labour force and increasing wage inequality. However, the picture is much more complex than it seem, the dimensions of different economic activities, occupations, and sectors should be added to the analysis.

## **4. Further dimensions to the issue**

Interestingly, the above mentioned indicators acquire meaning once compared to European policy objectives in the field of accession on the one hand and in the field of labour market policies on the other hand.

#### **4.1. A complete reorientation of activities**

It seems that the transition process has induced a complete change in economic activities and that this change ended up in a gender-biased distribution of economic activities.

Moreover, observing the trends in at a more precise level, thus turning to an analysis by activity (*Appendix 2, Table 1 for the Czech Republic and Hungary*), one notices that in the Czech Republic, the share of women by activity declined sharply between 1989 and 1999, except for activities such as education, health and social work, and other community, social and personal services, that are traditionally 'female-intensive' activities. The large drop in employment in activities such as agriculture and mining reflects the reorientation of the economy due to transition. Employment changes within activities, in general, display higher rates of change for women than for men. In Hungary, it is striking to note that the drop in the share of women in NACE activities A to K is not at all compensated for by the variation in their share of activities L to O. The large drop in female employment is most visible in Hungary in the years 1993 and 1994.

#### **4.2. Consequences of economic change on employment shares**

Appendix 2 - table 1

Overall, the share of women by economic activity decreased severely in the Czech Republic and Hungary, and more specifically, in the sectors where the share of women increased, the increase does not compensate for job losses in the other sectors.

#### **4.3. Occupational changes and their gender aspect**

Furthermore, looking at Appendix 2- table 3, the share of women by occupation sheds light on the emerging clashes between men and women. Overall, the share of women decreases in all occupations, while in some countries it increases in 'bottom categories' of occupations. The share of women in 'top' occupations unambiguously declines.

This shows dramatically that women are 'sliding' down the occupational grid.

#### **4.4. Is growth the matter?**

Checking the evolution of annual GDP growth rates (% change on previous year), one can conclude that women seem to bear a particularly high burden in the transition process. Indeed, the evolution of GDP growth does not seem to explain much of women's move away from the labour force nor the fact that women should be particularly hardly hit by transition.

	1993	1994	1995	1996	1997	1998	1999	2000
CZ	0,1	2,2	5,9	4,8	-1	-2,2	-0,8	3,1
EE	-9	-2	4,3	3,9	10,6	4,7	-1,1	6,4
HU	-0,6	2,9	1,5	1,3	4,6	4,9	4,2	5,2
PL	3,8	5,8	7	6	6,8	4,8	4,1	4
SI	2,8	5,3	4,1	3,5	4,6	3,9	5,2	4,6
EU-15	-0,5	2,8	2,3	1,6	2,5	2,9	2,5	3,3

There are many limits to this statistical portrait of women in the CEE-5: therefore it is difficult to draw policy conclusions from this overview.



However, women seem to have been particularly hardly hit by transition, in a way that does not seem justified by the level of economic growth in these countries. Their economic vulnerability has increased largely.

The debate on poverty and employment starts exactly at this point: why should women pay a higher price during economic transition, meaning that their probability of being more vulnerable and eventually poorer is higher than that of men?

Empirical studies have shown that employment is a very imperfect indicator of economic well-being, thus employment cannot be treated as the ultimate policy objective while tackling poverty issues, nor can it become the primary yardstick of policy evaluation. However, linking poverty to employment is relevant in the context of transition, since there is very little social safety infrastructure, individuals must rely on their earnings from work in order to survive. In transition economies, work represents a major channel for achieving higher welfare by accumulating wealth. Also, jobs contribute to economic and social well-being in ways that are not captured by statistics on production and income: non-pecuniary rewards: better health, self-esteem, social status, socialising, community building, professional and personal growth.

The quality of one's work is especially important in a changing environment, since the quality of jobs means more productivity, compensation, stability, ability for skill acquisition, favourable working conditions. The issue of correct adjustment of labour supply to labour demand is that of adjusting to different productivity requirements, compensation for retraining, instability, skill acquisition problems, new and different working conditions.

In this transition context, it is important to formulate adequate policy choices.

#### ***4.5. Is dis-employment a better measure?***

One way of measuring how the burden of transition was shared between men and women during the transition process, is to decompose the reduction in employment rates into the following factors: a change in unemployment rates, a change in the number of inactive people and a demographic change. Indeed, reductions in employment rates, forced by restructuring, can be accommodated either by pushing people out of the labour force (inactivity) or by increasing the size of the unemployment pool.

Using quarterly data from the Hungarian Labour Force Survey from 1992 to 1999, I evaluate the following decomposition:

$$-\Delta E_i \approx \Delta U_i + \Delta OOL_i - \Delta pop_i$$

with  $\Delta E$  the change in employment, subscript  $i$  represents the group of either male or female population,  $\Delta U$  is the change in the stock of unemployment,  $\Delta OOL$  is the change in the number of inactive people and  $\Delta pop$  is the change in the population of working age (15 to 74 here).

Applying this decomposition to Hungary and Poland yields that the demographic factor is negligible, while the change in unemployment rates or the change in the number of inactive people are important effects. The decomposition should tell us which of the two effects dominates the other. In the table below, I summarised the results, OOL means that the change in the number of inactive people dominates, for a given period of time.

**Decomposition of the decline in employment: predominance of push-factors in Hungary and Poland.**

Hungary			Poland		
Date	male	female	Date	Male	Female
92-1			92-2		
92-2	OOL	OOL	92-3		
92-3			92-4		
92-4	OOL	OOL	93-1	OOL	
93-1	OOL	OOL	93-2	OOL	OOL
93-2			93-3		
93-3		OOL	93-4		
93-4		OOL	94-1		
94-1	OOL	OOL	94-2	OOL	
94-2			94-3	OOL	OOL
94-3	OOL	OOL	94-4		OOL
94-4	OOL	OOL	95-1		OOL
95-1	OOL	OOL	95-2	OOL	
95-2			95-3	OOL	OOL
95-3	OOL	OOL	95-4		
95-4		OOL	96-1		OOL
96-1	OOL	OOL	96-2	OOL	OOL
96-2		OOL	96-3	OOL	OOL
96-3	OOL	OOL	96-4		OOL
96-4		OOL	97-1		OOL
97-1	OOL	OOL	97-2		
97-2			97-3	OOL	OOL
97-3		OOL	97-4		OOL
97-4		OOL	98-1		OOL
98-1	OOL	OOL	98-2	OOL	OOL
98-2	OOL	OOL	98-3	OOL	OOL
98-3	OOL	OOL	98-4		OOL
98-4		OOL	99-1		
99-1		OOL	99-2		
99-2	OOL	OOL	00-1	OOL	
99-3	OOL	OOL	00-2		OOL
99-4					

Source: Hungarian Central Statistical Office, Polish Labour Force Survey and own computations.

Obviously, in the case of women, the change in the number of inactive persons dominates more often than in the case of men, indicating that this push-factor was most observed in the female case. Women were actually pushed out of the labour force more often than men, this is a clear gender bias in the cushioning role of inactivity during the transition process.

## 5. Conclusion

1. Careful observation of changes in economic activity shows that the reorientation of economic activity due to transition pushed women into certain types of activities. This shows a gender bias in the economic restructuring process.
2. The share of female employment by activity decreased across a majority of activities, the trend shows a clear decrease in female employment, it is most likely that women were pushed out of the labour force.
3. Regarding occupations, women slide down the occupational categories / job types, overall, their hierarchical position is worsening.
4. Transition is a step backwards in terms of economic security: the above three conclusions lead to an increased vulnerability of women, it is a prelude to increased poverty. Future generations of women are most likely to see their access to the labour market reduced and their socio-economic position worsened.
5. Women cushioned the nation-wide effects of transition by dampening the negative effect on the overall unemployment rate while moving out of the labour force and worsening their relative position in the labour market.

Problems of widening inequalities towards women may be a symptom of a more profound disequilibrium: the inability of these countries to develop in an equalitarian way. If they choose to adopt strategies to correct this derailment, they will also lessen the frailties and potential disequilibria that are linked to economic development.

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## **Appendix**

### **Appendix 1.**

*ISCO-88 classification of occupations (major groups):*

1. Legislators, senior officials and managers.
2. Professionals.
3. Technicians and associate professionals.
4. Clerks.
5. Service workers and shop and sales workers.
6. Skilled agricultural and forestry workers.
7. Craft and related workers.
8. Plant and machine operators and assemblers.
9. Elementary occupations.

*NACE classification of activities (major groups):*

#### **Agriculture**

- A. Agriculture, hunting, forestry
- B. Fishing

#### **Industry**

- C. Mining and quarrying
- D. Manufacturing
- E. Electricity, gas and water supply
- F. Construction

#### **Services**

- G. Wholesale and retail trade, repairs
- H. Hotels and restaurants
- I. Transport, storage and communication
- J. Financial intermediation
- K. Real estate, renting and business activities
- L. Public administration
- M. Education
- N. Health and social work
- O. Other community, social and personal services
- P. Private households with employees
- Q. Extra-territorial organisations

Appendix 2. Tables.

Table 1

Share of women by activity (NACE) - CZECH REPUBLIC.											
	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
A	37,49	43,89	36,52	37,42	35,85	35,99	35,90	35,49	33,91	34,96	34,51
B	21,70	21,70	21,70	21,70	22,78	20,60	20,72	18,13	17,54	na	na
C	13,74	22,50	18,24	17,31	16,35	17,19	17,10	16,89	16,65	14,49	11,68

D	43,32	40,76	39,43	38,94	39,92	40,18	40,05	39,45	39,25	39,94	39,56
E	28,75	27,53	26,05	27,06	27,11	27,18	27,10	26,70	26,77	22,69	21,64



F	14,30	11,76	11,63	10,83	11,65	11,75	11,55	11,25	12,19	8,39	7,93	
G	72,10	66,87	66,59	62,57	58,60	57,04	56,70	57,39	53,02	55,34	53,40	

H	64,98	61,58	63,05	61,39	56,09	55,46	55,23	55,27	53,42	57,63	49,54	
I	34,11	33,76	33,37	32,81	33,78	33,06	32,70	32,37	34,74	30,29	31,35	

J	76,92	77,74	76,84	75,05	71,90	70,30	69,99	69,68	65,96	64,89	66,70	
K	44,90	42,29	41,94	40,44	43,33	43,07	42,90	42,60	44,48	44,70	44,61	

L	59,21	58,96	61,30	59,81	59,80	59,60	58,50	58,43	58,77	40,21	41,26

M	70,77	72,13	72,40	73,82	74,47	74,12	73,79	74,05	76,49	76,75	76,89
N	80,17	80,48	80,46	80,21	77,75	76,38	76,67	77,09	78,78	80,96	81,37

O	50,26	45,58	45,57	42,47	43,10	42,35	42,00	41,76	42,74	52,99	53,83
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Source: Czech Statistical Office

Employment change by activity (NACE) - CZECH REPUBLIC											
	base1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
A	Change	-18%	-6%	-22%	-13%	-1%	-8%	-1%	-10%	-17%	-8%
	Men	-27%	6%	-23%	-11%	-1%	-8%	-1%	-7%	-19%	-7%
	Women	-4%	-22%	-20%	-17%	-1%	-8%	-2%	-14%	-15%	-9%
B	change	no	no	-13%	-5%	2%	4%	3%	19%		
	men	no	no	-13%	-6%	5%	4%	7%	20%		
	women	no	no	-13%	0%	-8%	5%	-10%	15%		
C	change	-6%	-9%	-31%	-9%	-9%	-8%	-4%	-9%	11%	-10%
	men	-15%	-4%	-30%	-8%	-10%	-8%	-4%	-8%	14%	-7%
	women	55%	-27%	-35%	-14%	-4%	-9%	-5%	-10%	-3%	-27%
D	change	-3%	-11%	0%	-7%	-2%	0%	-1%	0%	-6%	-2%
	men	2%	-9%	-2%	-6%	-3%	0%	0%	1%	-7%	-2%

	women	-9%	-14%	-5%	-1%	-2%	0%	-3%	0%	-5%	-3%
E	change	1%	-5%	22%	-3%	3%	-1%	-3%	-5%	13%	-10%
	men	3%	-3%	20%	-3%	3%	-1%	-3%	-5%	20%	-9%
	women	-3%	-10%	26%	-3%	4%	-1%	-5%	-5%	-4%	-15%
F	change	-1%	-8%	2%	13%	-3%	0%	1%	-2%	10%	-6%
	men	2%	-7%	2%	12%	-3%	1%	1%	-3%	15%	-6%
		-18%	-9%	-5%	21%	-2%	-1%	-2%	6%	-24%	-11%
G	change	-2%	-2%	11%	14%	5%	12%	7%	5%	-20%	-1%
	men	16%	-1%	25%	26%	9%	12%	5%	16%	-24%	4%
	women	-9%	-3%	5%	6%	3%	11%	8%	-3%	-16%	-4%
H	change	-5%	0%	15%	6%	16%	7%	11%	6%	2%	7%
	men	5%	-4%	20%	20%	18%	7%	11%	11%	-7%	-6%
	women	-10%	2%	12%	-3%	15%	6%	11%	3%	10%	-8%
I	change	8%	-4%	-2%	0%	0%	-1%	3%	-7%	10%	-2%
	men	9%	-4%	-1%	-2%	1%	0%	4%	-10%	18%	-3%
	women	7%	-5%	-4%	2%	-2%	-2%	2%	0%	-4%	2%
J	change	15%	45%	29%	23%	15%	6%	8%	4%	6%	-1%
	men	11%	51%	39%	39%	21%	7%	9%	16%	10%	-6%
	women	17%	43%	26%	18%	12%	6%	7%	-2%	5%	2%
K	change	-3%	-12%	-6%	-4%	5%	18%	1%	0%	-35%	3%
	men	2%	-11%	-4%	-9%	6%	18%	2%	-3%	-35%	3%
	women	-9%	-12%	-10%	3%	4%	17%	1%	5%	-35%	3%
L	change	27%	-3%	23%	8%	6%	12%	3%	3%	83%	4%
	men	27%	-9%	28%	8%	6%	15%	3%	2%	165%	2%
	women	26%	1%	20%	8%	5%	10%	3%	3%	25%	7%
M	change	3%	3%	1%	-3%	0%	0%	-1%	-5%	-6%	-1%
	men	-1%	2%	-4%	-6%	2%	1%	-2%	-14%	-7%	-1%
	women	5%	3%	3%	-2%	0%	0%	-1%	-2%	-5%	-1%
N	change	0%	-5%	0%	-1%	0%	0%	2%	0%	1%	3%
	men	-2%	-5%	2%	11%	6%	-1%	0%	-8%	-9%	1%
	women	0%	-5%	0%	-4%	-2%	1%	2%	2%	4%	4%
O	change	-3%	-19%	1%	-5%	2%	2%	-4%	-2%	21%	-4%
	men	7%	-19%	7%	-6%	3%	2%	-4%	-3%	-1%	-5%
	women	-12%	-19%	-6%	-3%	0%	1%	-5%	1%	50%	-2%

Source: Czech Statistical Office

Share of women by activity (NACE)									
HU.	1992	1993	1994	1995	1996	1997	1998	1999	
AB	31,17	29,56	28,27	25,72	24,24	24,77	24,10	24,37	

C	13,66	16,11	11,73	15,29	16,46	12,13	16,73	20,49	
D	43,94	43,19	42,57	41,41	41,63	40,83	41,29	40,61	
E	29,07	29,12	28,72	25,67	26,24	25,87	24,77	27,17	



F	14,99	11,54	11,04	9,94	9,92	8,62	8,30	8,06
G	58,22	58,64	56,74	54,75	51,63	51,41	53,37	53,31

H	57,87	55,89	52,53	55,15	54,08	50,70	52,96	52,03
I	29,85	27,86	27,12	25,50	26,84	26,32	28,45	27,73

J	75,98	74,38	74,07	71,29	70,11	66,27	67,48	67,12

K	51,25	47,53	46,26	47,47	47,82	46,75	43,93	44,43	
L	34,70	35,36	36,88	36,69	39,95	42,72	45,40	46,74	

M	75,82	75,41	75,25	74,51	75,38	76,12	75,94	76,57	
N	75,07	74,30	75,86	75,71	75,35	75,27	76,03	76,38	

O	49,04	49,26	46,87	46,72	47,97	48,80	50,65	51,96

Source: KSH, Hungarian National Statistical Office

Employment change by activity (NACE)									
HU		1992	1993	1994	1995	1996	1997	1998	1999
AB	change	-24%	-6%	-10%	2%	-5%	-3%	-3%	
	men	-22%	-5%	-7%	5%	-5%	-2%	-3%	
	women	-28%	-10%	-18%	-3%	-3%	-6%	-2%	
C	change	-20%	-7%	-13%	-4%	-17%	-6%	-5%	
	men	-22%	-2%	-17%	-5%	-13%	-10%	-9%	
	women	-6%	-32%	13%	4%	-39%	30%	16%	
D	change	-11%	-5%	-4%	0%	2%	6%	2%	

	men	-10%	-4%	-2%	0%	3%	5%	3%
	women	-13%	-7%	-7%	1%	0%	7%	0%
E	change	-3%	3%	-11%	-8%	10%	-1%	-7%
	men	-3%	4%	-7%	-9%	10%	1%	-10%
	women	-3%	2%	-20%	-6%	8%	-5%	2%
F	change	-4%	-3%	8%	0%	1%	5%	10%



	men	-1%	-2%	9%	0%	2%	5%	10%
	women	-26%	-7%	-3%	0%	-13%	1%	7%
G	change	-2%	0%	-2%	6%	2%	-5%	10%
	men	-3%	4%	3%	13%	3%	-9%	10%
	women	-2%	-4%	-5%	0%	2%	-1%	9%
H	change	-4%	0%	5%	-2%	6%	1%	10%

	men	0%	8%	0%	0%	14%	-4%	12%
	women	-8%	-6%	11%	-4%	-1%	5%	8%
I	change	-3%	-6%	2%	1%	-3%	-3%	2%
	men	0%	-6%	4%	-1%	-3%	-5%	3%
	women	-9%	-9%	-4%	6%	-5%	5%	0%
J	change	6%	0%	13%	1%	0%	-2%	-1%

	men	13%	2%	25%	6%	13%	-5%	0%
	women	3%	0%	9%	0%	-5%	0%	-2%
K	change	-2%	-9%	4%	-2%	14%	11%	13%



	men	12%	-1%	2%	-8%	-10%	4%	-2%
	women	9%	-1%	-2%	-4%	-6%	3%	1%
N	change	2%	-1%	-3%	-3%	3%	2%	1%
	men	5%	-7%	-3%	-1%	3%	-1%	-1%
	women	1%	1%	-3%	-3%	3%	3%	1%
O	change	-12%	13%	-3%	-11%	0%	4%	-2%

	men	-12%	18%	-3%	-13%	-1%	0%	-4%
	women	-11%	7%	-3%	-9%	2%	7%	1%

Source: KSH, Hungarian National Statistical Office

**Table 2**

ISCO	Poland - 1996 to 1999 Gender wage differential				Mark up public	Mark up private
	Public		Private			
	96	99	96	99		
Senior officials and managers	414,9	1077,0	452,7	1023,0	2,60	2,26
Professionals	316,4	680,9	-0,4	599,9	2,15	na
Technicians	338,8	737,6	141,5	414,0	2,18	2,93
Clerks	79,8	112,4	39,3	55,8	1,41	1,42
Service workers	271,9	469,9	120,6	223,9	1,73	1,86
Skilled agri workers	86,8	151,3	71,3	41,5	1,74	0,58
Craft and trade	368,4	735,0	161,6	457,1	1,99	2,83
Plant operators	162,2	268,1	60,3	237,8	1,65	3,94
Elementary occupations	178,5	289,8	67,7	162,4	1,62	2,40
Total earnings	245,0	515,0	135,6	329,7	2,10	2,43

Poland - wage growth 1996 to 1999

	public female	male public	female private	male private
Senior officials and managers	2,33	2,39	2,84	2,69
Professionals	2,12	2,13	17,00	20,77
Technicians	2,00	2,06	2,30	2,39
Clerks	2,12	2,05	2,20	2,16
Service workers	2,04	1,94	2,15	2,09
Skilled agri workers	1,96	1,94	2,24	2,03
Craft and trade	2,03	2,02	1,97	2,17
Plant operators	2,09	2,01	2,05	2,20
Elementary occupations	1,93	1,85	2,01	2,06
Total earnings	2,09	2,10	2,27	2,30

Czech Republic - wage growth 1996 to 1999

NACE	men	women
A	1,31	1,22
B	1,27	1,17
C	1,41	1,48
D	1,34	1,41
E	1,35	1,32
F	1,29	1,34
G	1,26	1,38
H	1,28	1,19
I	1,44	1,19
J	1,42	1,42
K	1,45	1,19
L	1,41	1,20
M	1,07	1,07
N	1,05	1,09
O	1,16	1,22

P	1,13	1,06
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Slovenia - Wage growth 1997 to 1998

NACE	Men	Women
A	1,15	1,08
B	0,79	1,06
C	1,06	1,05
D	1,08	1,11
E	1,09	1,08
F	1,08	1,00
G	1,14	1,10
H	1,20	1,02
I	1,12	1,27
J	1,10	1,11
K	1,07	1,26
L	1,06	1,06
M	1,05	1,09
N	1,06	1,11
O	1,12	1,03



**Table 3**

Share of women by occupation: show the slide down the occupational ladder

POLAND Share of women employment by occupation						
YEAR	1996		1998		1999	
Sector	public	private	public	private	public	private
ISCO	share wom	share wom	share wom	share wom	share wom	share wom
Senior officials and managers	49%	32%	49%	31%	47%	30%
Professionals	69%	49%	71%	48%	69%	45%
Technicians	69%	59%	73%	56%	73%	55%
Clerks	81%	69%	81%	66%	80%	65%
Service workers	60%	76%	61%	69%	56%	63%
Skilled agri workers	20%	26%	21%	22%	20%	25%
Craft and trade	13%	26%	9%	25%	8%	24%
Plant operators	17%	20%	13%	19%	13%	20%
Elementary occupations	65%	47%	70%	46%	72%	48%
Total	51%	42%	57%	40%	56%	39%

Hungary Share of women employment by occupation								
Year	1994 Q1	1994 Q2	1994 Q3	1994 Q4	1999 Q1	1999 Q2	1999 Q3	1999 Q4
Senior officials and managers	37%	37%	36%	37%	36%	34%	34%	34%
Professionals	57%	56%	57%	57%	58%	58%	58%	59%
Technicians	64%	64%	65%	65%	65%	64%	65%	65%
Clerks	91%	91%	91%	92%	93%	93%	92%	92%
Service workers	56%	56%	57%	57%	55%	55%	56%	56%
Skilled agri workers	29%	32%	33%	30%	25%	26%	28%	27%
Craft and trades WK	22%	22%	21%	21%	20%	19%	19%	19%
Plant operators	21%	22%	21%	21%	24%	24%	25%	25%
Elementary occupations	60%	58%	56%	55%	57%	56%	55%	54%
Total	47%	46%	46%	46%	46%	45%	45%	45%

Czech Republic - Share of women by activity

CZ Share of women in employment by activity				
NACE	1996	1997	1998	1999
Total	44%	48%	48%	49%
A	36%	33%	32%	33%
B	22%	17%	18%	17%
C	16%	12%	16%	16%
D	40%	40%	40%	40%
E	27%	27%	26%	25%
F	15%	13%	14%	13%
G	66%	67%	67%	66%
H	70%	71%	68%	64%
I	31%	33%	34%	32%
J	72%	70%	71%	70%
K	49%	47%	45%	44%
L	62%	75%	73%	76%
M	69%	68%	81%	85%
N	81%	81%	82%	80%
O	40%	47%	46%	42%

Slovenia Share of women in employment by activity				
NACE	1995	1996	1997	1998
AB	47%	44%	48%	47%
C	30%	20%	14%	11%
D	41%	41%	41%	41%
E	15%	15%	14%	16%
F	11%	13%	11%	12%
G	51%	53%	52%	50%
H	65%	67%	64%	61%
I	21%	20%	20%	24%
J	67%	71%	70%	71%
K	48%	43%	50%	45%
L	51%	50%	53%	54%
M	76%	80%	79%	77%
N	79%	80%	81%	69%
O	52%	56%	49%	58%
total	46%	47%	46%	46%

**Table 4**

SLOVENIA % earnings by education						
Education	Agriculture		Industry		Services	
W 6 SIT	male	female	male	female	male	female
University			55%	45%	53%	47%
Non-university	54%	46%	53%	47%	53%	47%
Second Pro	52%	48%	53%	47%	54%	46%
lower Pro	56%	44%	54%	46%	52%	48%
High skilled	51%	49%	55%	45%	54%	46%
Low Skilled	55%	45%	57%	43%	55%	45%
Semi-skilled	51%	49%	54%	46%	55%	45%
Unskilled	52%	48%	55%	45%	55%	45%

CZECH REPUBLIC		wage by education		
Gender earnings ratio	1996	1997	1998	1999
total	74%	73%	70%	69%
0	75%	67%	73%	66%
1	74%	74%	74%	72%
2	65%	65%	65%	63%
3	75%	76%	76%	66%
4	84%	75%	69%	71%
5	76%	71%	76%	70%
6	74%	74%	69%	68%
7	77%	74%	71%	71%
8	72%	68%	64%	60%
9	76%	82%	75%	73%
10	78%	75%	72%	70%

Source: Czech Statistical Office.