



Divided We Stand: Why inequality keeps rising –

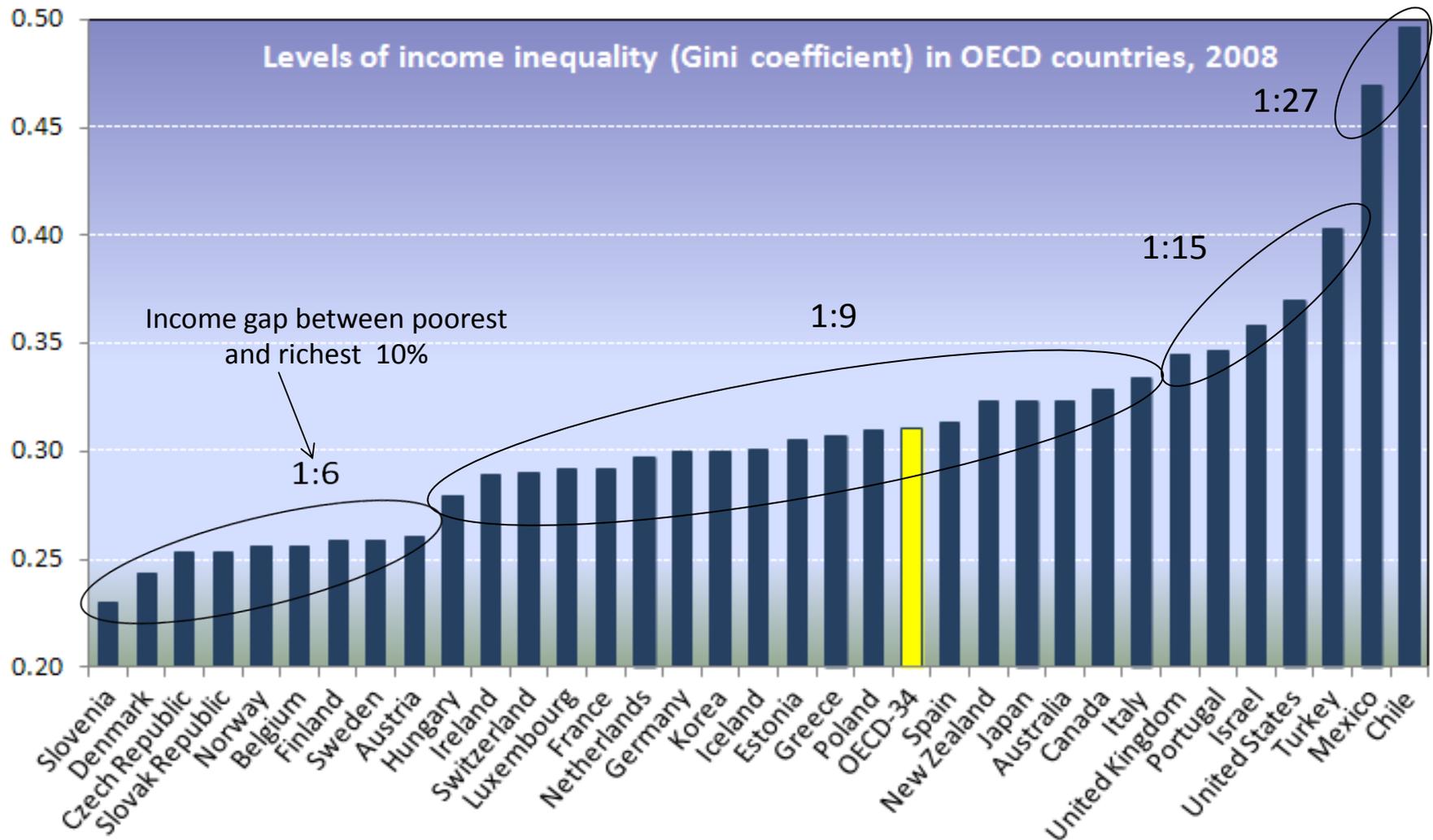
*Directorate for
Employment, Labour and Social Affairs, OECD (DELSA)*

Rising economic inequality has become a major concern



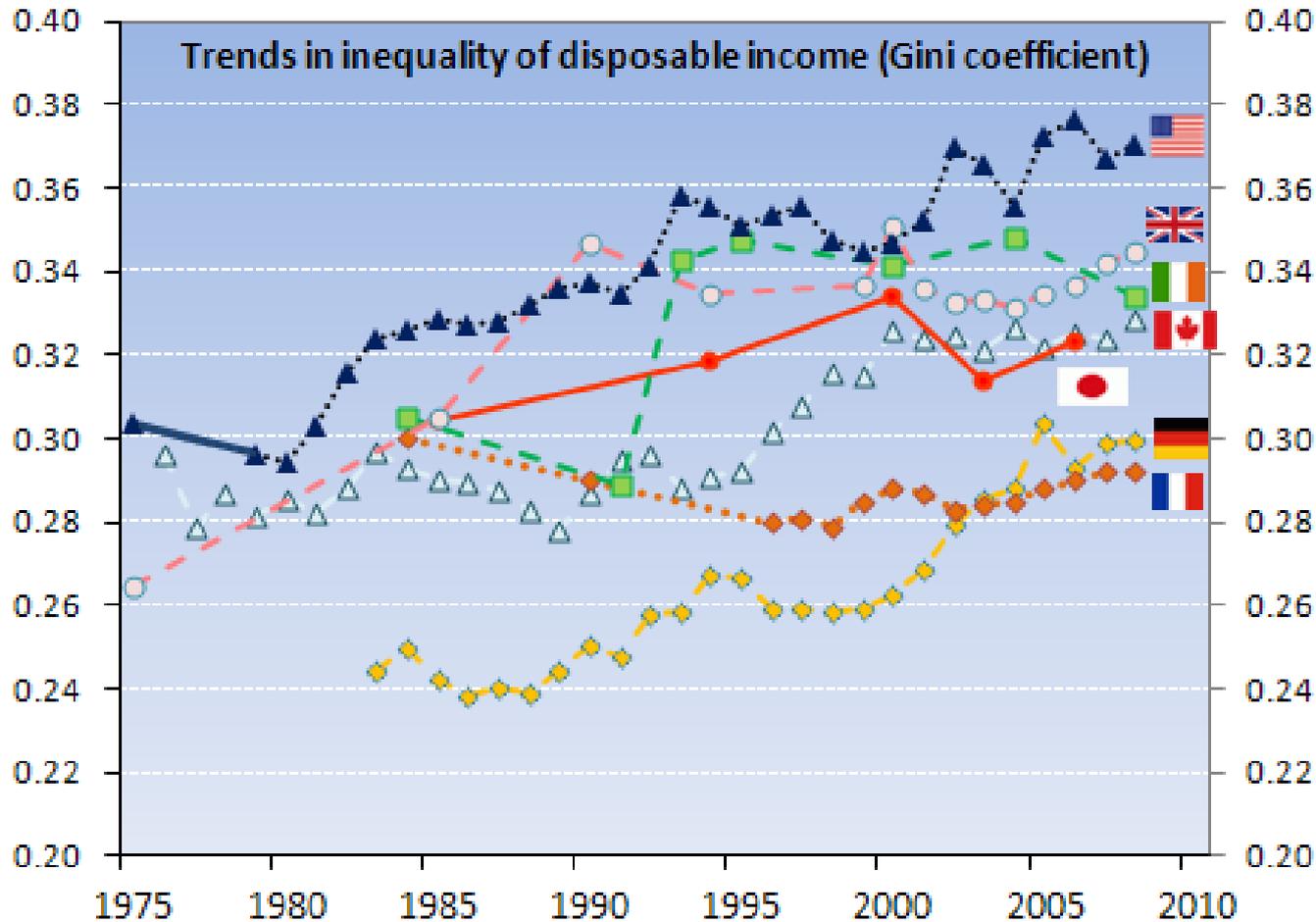
- *“Rising inequality is one of the major risks to our future prosperity and security” (OECD Chief Economist Pier Carlo Padoan);*
- *“People feel they are bearing the brunt of a crisis for which they have no responsibility, while those on high incomes appear to have been spared. Addressing the question of “fairness” is a condition-sine-qua-non for the necessary restoring of confidence today” (OECD SG Angel Gurría)*

Across OECD countries, huge differences in levels of income inequality



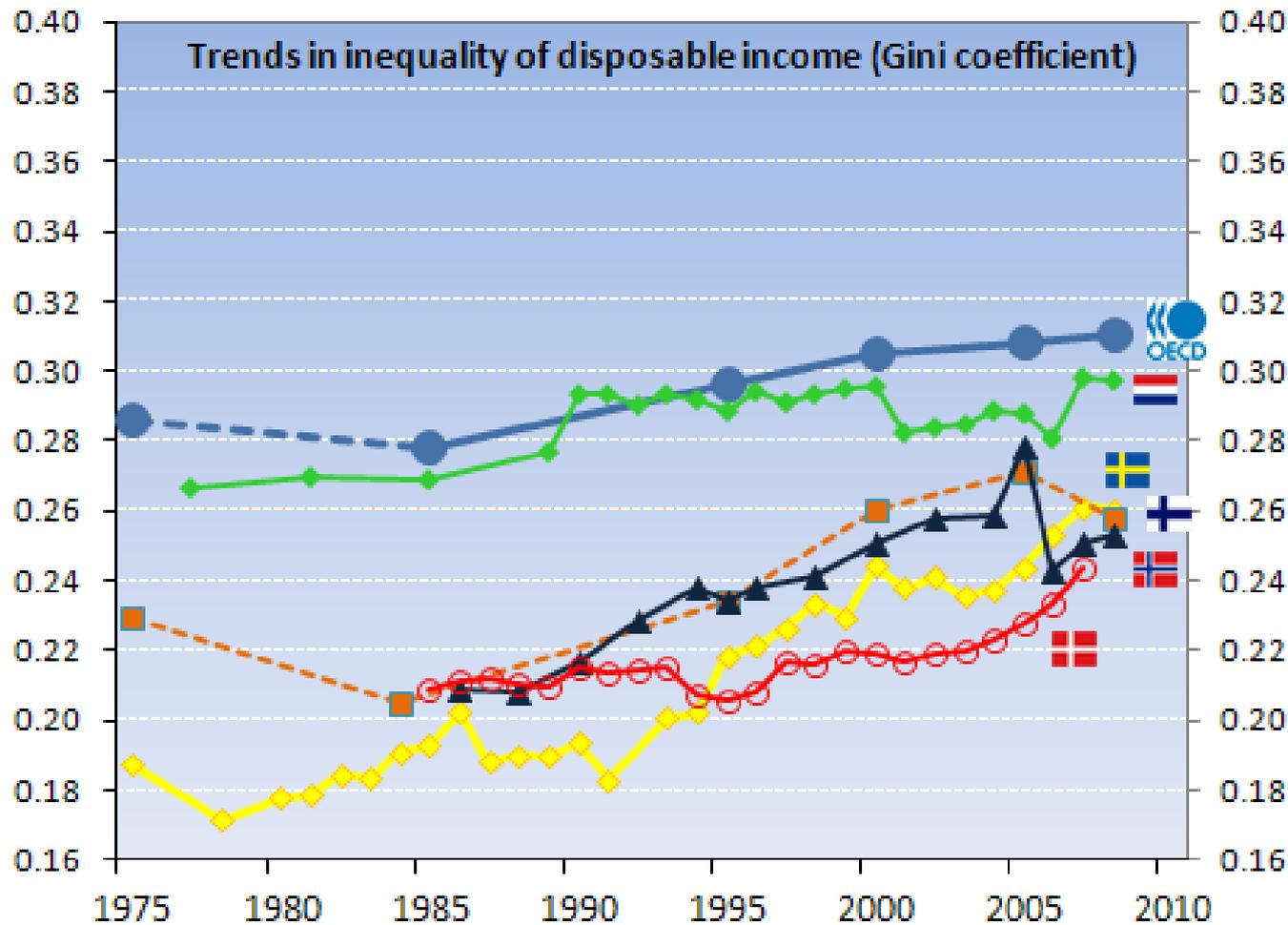
Source: OECD 2011, *Divided we Stand*. Note: Incomes are net incomes of the working-age population.

Income inequality increased in most OECD countries ..



Source: OECD 2011, *Divided we Stand*. Note: Incomes are net incomes of the working-age population.

.. and it increased in many low-inequality countries, too



Source: OECD 2011, *Divided we Stand*. Note: Incomes are net incomes of the working-age population.

Some surprising facts



- Income inequality increased in both high- and low-inequality countries alike;
- Income inequality increased during both recession and boom periods;
- Income inequality increased despite employment growth.

So what happened?

- Developments in labour earnings and labour markets are the main driver.

Causes of growing inequalities: The major strands of explanation

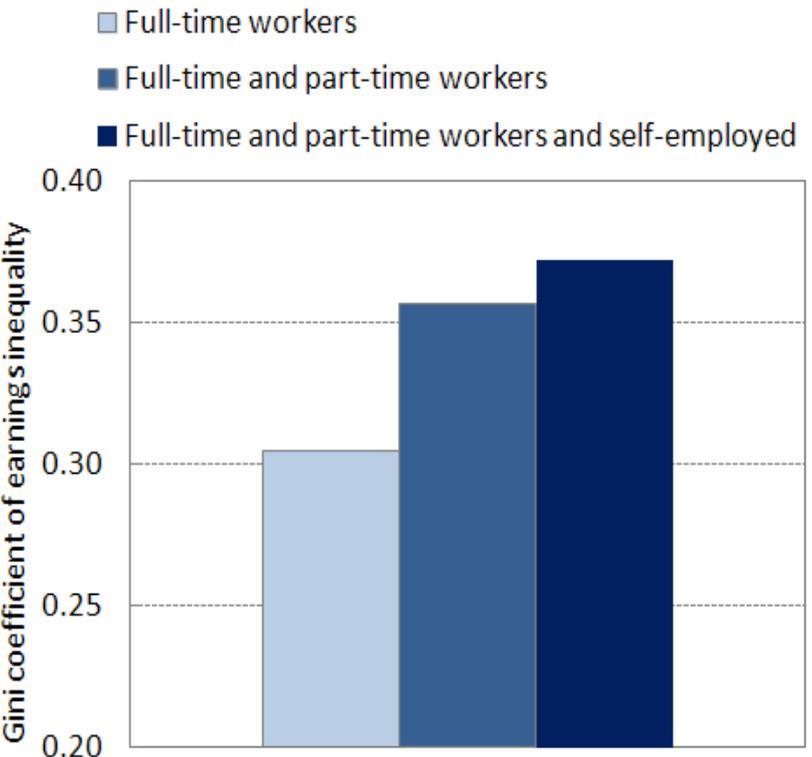


- Economic globalisation (trade, FDI, financial liberalisation) and skill-biased technological changes;
- Institutional and regulatory reforms;
- Changes in employment patterns;
- Changes in family formation and household structures;
- Changes in tax and benefit systems.

Changes in working conditions and working hours

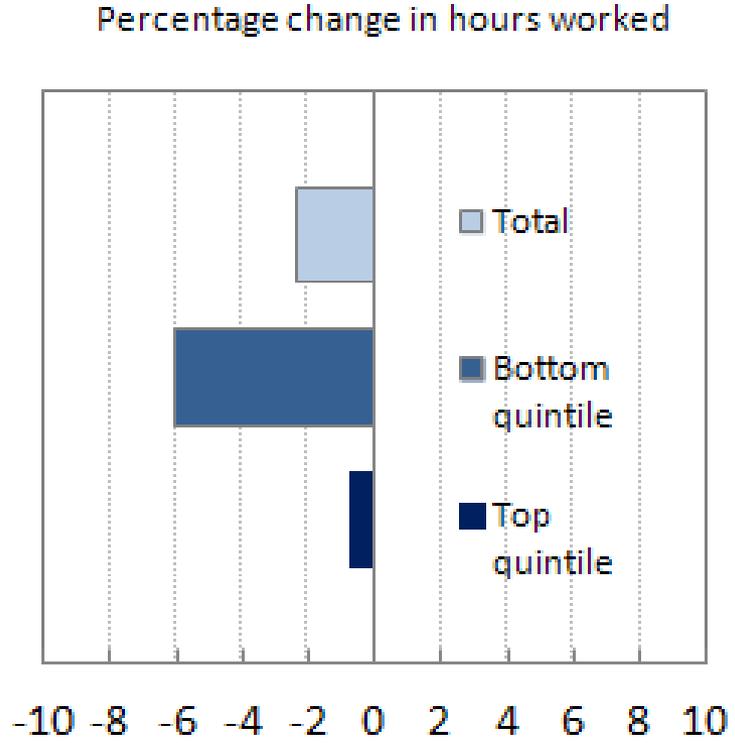


Accounting for part-timers and self-employed increases earnings inequality



Source: OECD 2011, *Divided we Stand*

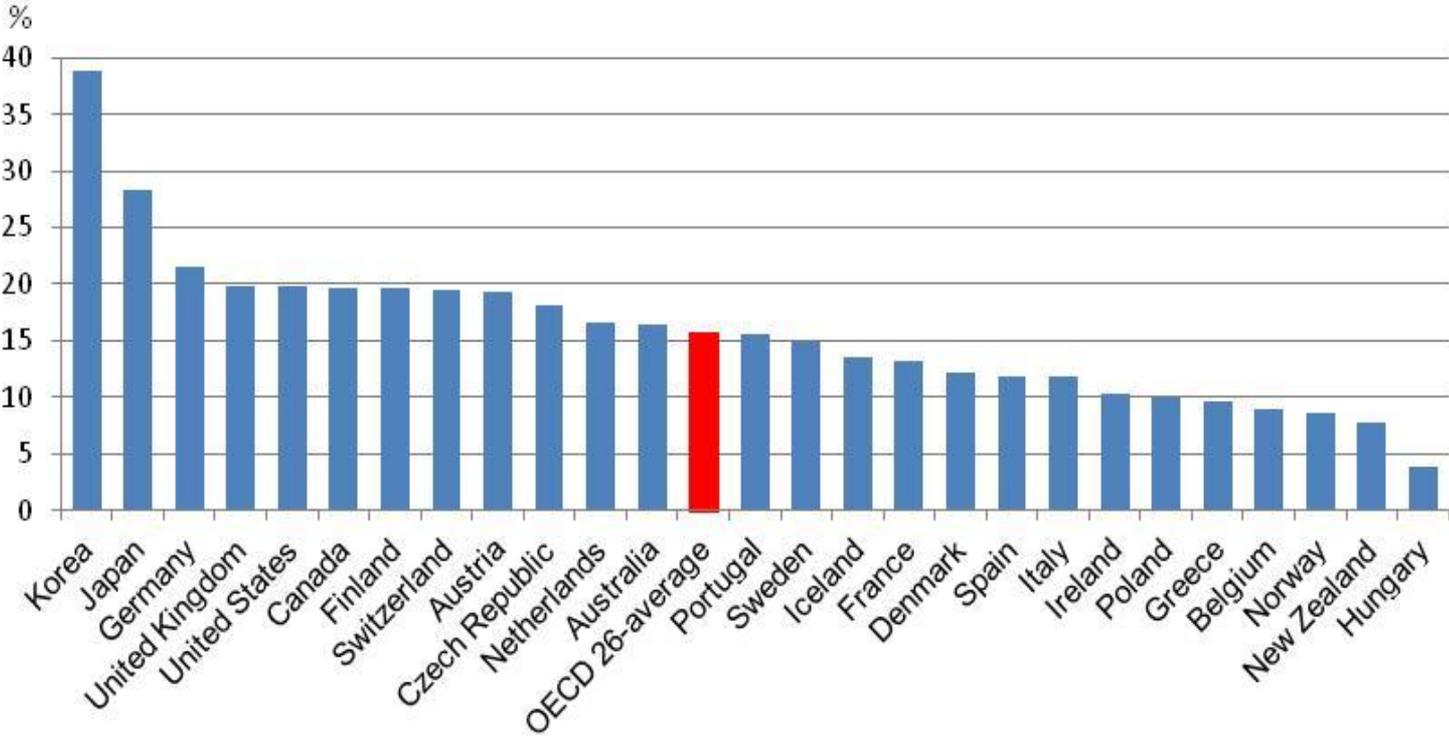
Hours worked decreased most among low-wage workers



Many of the lower-wage earners are women



Gender wage gap in median earnings, 2009

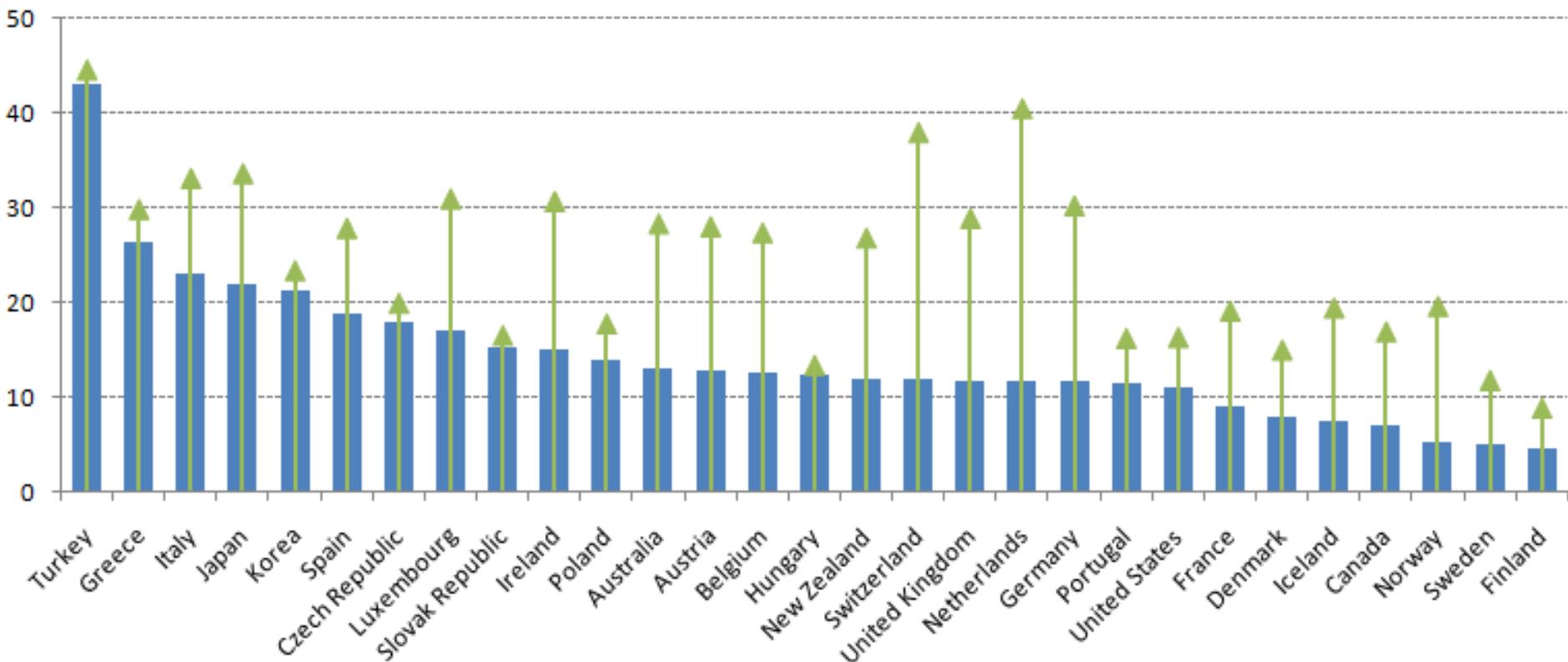


Source: OECD , Family Database. The gender wage gap is unadjusted and is calculated as the difference between median earnings of men and women relative to median earnings of men.

Large gender gaps in employment remain

- Compared to men, women are still less likely to work, more likely to be in low wage, part-time, temporary jobs

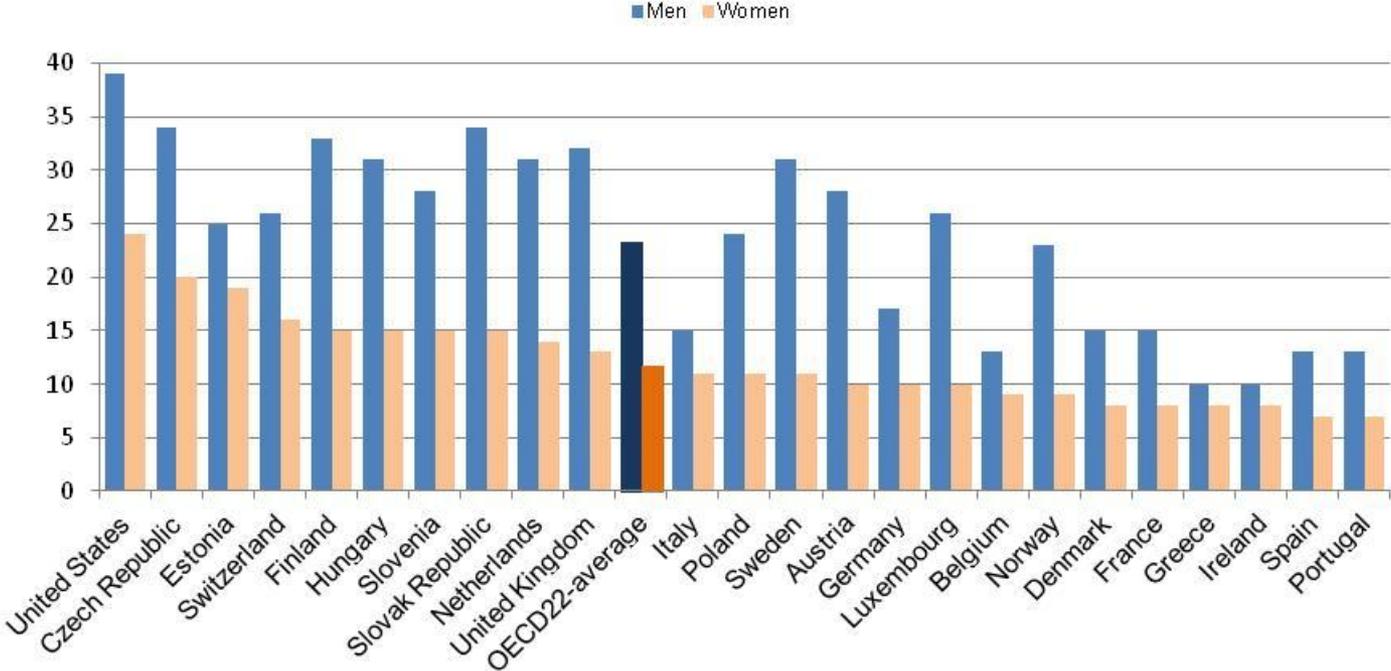
■ Gender gap employment rate ▲ Gender gap FTE employment rate



Female employment is concentrated in low-paid occupations



Number of occupations that account for half of the total of employment, 2007

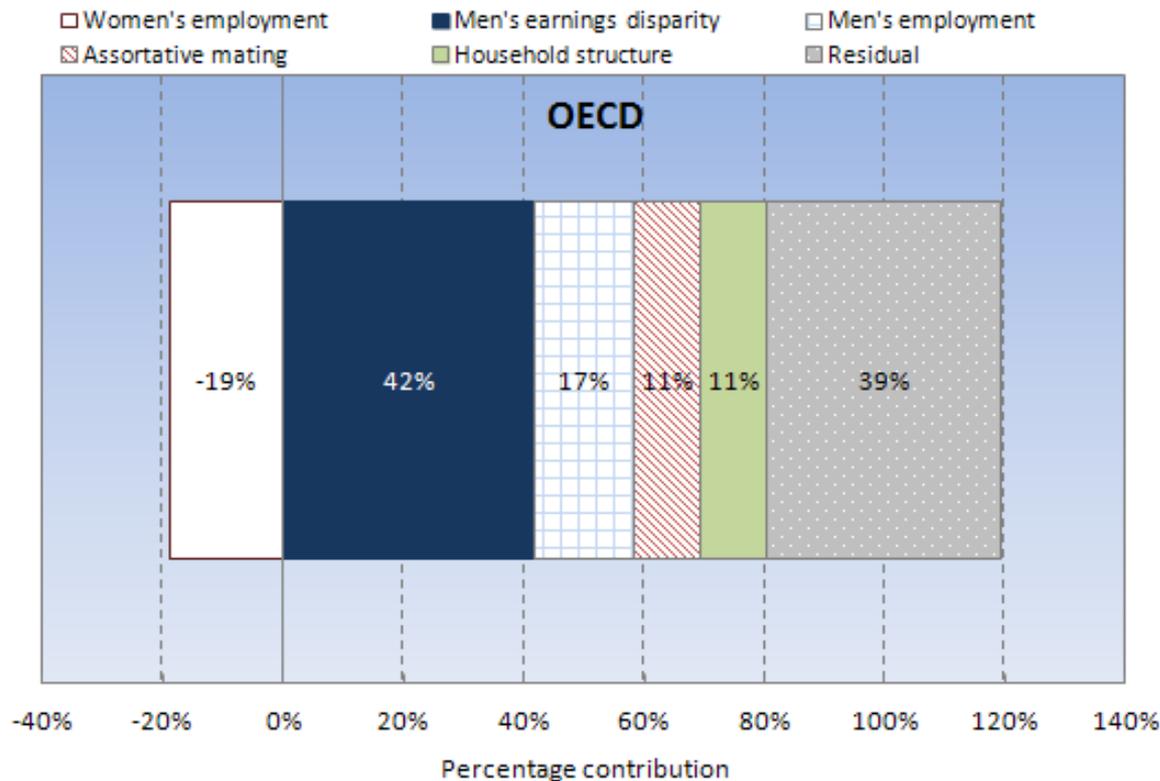


Source: OECD , Family Database.

Societal change contributed to rising household earnings inequality – but higher employment of women had an *equalising* effect



Percentage contributions to changes in *household* earnings inequality



Source: OECD 2011, *Divided we Stand*.

The OECD Gender Initiative



- The three Es: Education, Employment, Entrepreneurship;
- OECD and Non-OECD countries, subject to data availability – co-operation with EC, World Bank among others.
- Interim report published in May 2011. Next report May 2012.
- A one-stop data portal for indicators on gender equality in the “three Es”; and,
- Provide evidence-based policy recommendations and examine how successful policies might be adapted and transferred.

Research questions include



- Analysis of effect of gender differences in employment participation and education on economic growth
- Why are women underrepresented in STEM fields
- How do changes in parental leave legislation affect gender wage gaps and differences in working time
- Effect of childcare, leave, tax/benefits systems on female labour supply
- Characteristics of female and male entrepreneurship and barriers to female entrepreneurship

Data to support evidence-based entrepreneurship policies is scarce



- The OECD review of available data sources confirms the lack of internationally comparable data on female entrepreneurship.
- To fill the gap, the OECD proposes to
 - ✓ Optimise the exploitation of existing national data from administrative sources (and link different types of data)
 - ✓ Use the framework of indicators as suggested by the OECD-EUROSTAT ‘gendered’ **Entrepreneurship Indicators Programme** to determine most relevant policy interventions to support female entrepreneurship.