

Experiences from a gender budget analysis of the Swedish central government budget

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January 2008



The Swedish Women's Lobby

The Swedish Women's Lobby (SWL) is a politically and religiously independent umbrella organisation for women's non-governmental organisations in Sweden. Our aim is to integrate women's perspectives into all political, economical and social processes, locally as well as internationally. We work to eliminate all forms of discrimination against women and girls and to build and strengthen solidarity among women through information, education and awareness raising activities.

The Swedish Women's Lobby was established in 1997 and has more than 30 member organisations. SWL is the Swedish coordination of the European Women's Lobby (EWL), the largest umbrella organisation for women's associations in the EU. SWL participate as NGO representatives in the Swedish delegation to the UN Commission on the Status of Women (CSW).

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Member organisations

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Women in the Rural Organization, LRF
Green Women
The Women's Lobby of Western Sweden, VSQ
The Women's Lobby in the Örebro Region

Introduction

In this paper, we will briefly present the gender budget analysis of the Swedish Government's 2007 spring budget, which we performed over the space of a few hectic weeks in the spring and summer of 2007.

We would like to share some of the experiences we have gained and some of the ideas and thoughts we had during the course of our work and which we would like to continue working on in future gender budget projects. The assignment to perform a gender budget analysis of the Government's spring budget was given to us by the Swedish Women's Lobby, who in turn had received state funding to conduct a small-scale study on the subject. The Swedish Women's Lobby is a politically and religiously independent umbrella organisation for Swedish women's pressure groups. Since we both have experience of gender budgeting and feel that the area is very relevant, we accepted the task with great enthusiasm. The result was a 66-page report presented at a seminar during Almedal Week (a politicians' meeting held in Visby on Gotland every July). The report has attracted considerable interest and has already had to be reprinted to meet the high demand. The Swedish women's movement now plans to perform gender budget analyses each year in conjunction with the publication of the Government's autumn budget. This very pleasing initiative will help to continuously improve and systematise the analysis process. In other words, this year's report is just the beginning! In the future, the plan is to mostly analyse the main government budget, the autumn budget. In Sweden, the spring budget serves as a "supplementary budget" to the autumn budget and is therefore on a much smaller scale. To this end, we also use large parts of the autumn budget as a basis for our analysis in this current gender budget project pertaining to the spring budget.

This first gender analysis of the Swedish central government budget has not only provided a number of interesting results but more importantly has given us food for thought as to how the work could be improved and strengthened in the future, and brought other theoretical and methodological issues to the fore.

During the spring and summer of 2008, we will also compile a gender budgeting handbook as part of another assignment from the Swedish Women's Lobby. The aim of this is for people and organisations interested in the issue to be able to get help with analysing budgets of different sizes and types from a sex and gender perspective.

Theoretical perspectives

In the first section of the report we explain what gender budgeting is and what gender, gender systems and feminism are. We show how the gender system manifests itself in the economic system and leads to the current (general) economic outcome for women and men. We also briefly discuss the causes of economic gender inequality and unequal resource allocation that can be found in gender budgeting literature and which can be said to be an expression of how the gender system influences society towards economic and resource-wise gender inequality:

One of these causes is the gender-segregated unpaid work which, among others, Diane Elson theorises about and where she shows that cutbacks in the public sector can lead to greater socioeconomic costs and less public revenue in both the short and the long term.

We feel that this "short and long-term perspective" is an important and exciting perspective which we would like to integrate more clearly into our future gender budget analyses. In our

opinion, many budget/economic analyses are far too short-term to be able to highlight complex socioeconomic relationships.

We also describe in brief how the government budget is structured and the significance of economic concepts and provide examples of different types of economic relationships and outcomes that are relevant from a gender point of view in both the public and private sectors.

We will return to some theoretical ideas at the end of the paper.

Method

Together with the Swedish Women's Lobby, we selected seven policy areas (from a total of 48) for analysis. These were: the judicial system, total defence, labour market policy, industrial policy, health policy, policy for the elderly and public health. We also performed two case studies; one of which examined public investments and the other looked into the concept of "economic standard", which reoccurs frequently in the government budget.

The overarching perspective from which the selected policy areas were evaluated was that of the Swedish gender equality policy goals. These are fundamental goals for the government's work and it is therefore also the task of the government, in our opinion, to formulate the budget in such a way as to achieve the goals and create gender equality.

The government's overarching gender equality policy aim is:

Women and men shall have the same power to shape society and their own lives.

Under this overarching aim are four sub-goals:

1. Women and men shall have the same right and opportunity to exercise active citizenship and to influence the terms for decision-making. The aim is an equal distribution of power and influence in society.
2. Women and men shall have the same opportunities for paid work that provides financial independence throughout life. The aim is economic gender equality.
3. Women and men shall have the same opportunity to give and receive care without being subordinated. Unpaid work in the home shall be divided equally. The aim is an equal distribution of unpaid domestic work and care-giving.
4. Women and men shall have the same opportunity for bodily integrity. Men's violence against women shall cease.

In the concrete analysis of the policy areas, we tried, wherever possible (i.e. when facts and statistics were available), to use the following aspects as a basis.

- The policy area goals
- Scope of the policy area
- Appropriation
- What needs are there? Survey of activities
- Government gender equality initiatives
- Employees/labour market
- Salaries
- Power and influence

- Resource allocation

When necessary, we also highlighted unpaid costs and unpaid work.

We would like to give some examples of the analyses we performed. The areas we have chosen are: the judicial system; the "labour tax deduction" which is a labour market policy measure; economic standard; and public investment.

Policy area: The judicial system

The goals for this policy area are stipulated in the budget bill as follows:

"The Government's aim for the judicial system policy area is to guarantee the legal rights of the individual. The aim of crime policy is to reduce criminality and increase people's security." (Budget Bill, 2006/07:1)

The appropriation for the judicial system amounted in 2007 to SEK 30.8 billion. Just over half of this goes to the police (54%), 20 percent to the Swedish courts, four percent to legal representatives, etc., and three percent to the Swedish Prosecution Service. Between 2006 and 2007, expenditure for the judicial system increased by about nine percent.

Expenditure trend in the judicial system (SEK billions)

	2006	2007 (spring budget 07)	2007 in percent
Police	15.6	16.7	54 %
Swedish Prosecution Service	0.882	0.944	3 %
The Swedish Prison and Probation Service	5.5	6.1	20 %
Swedish courts	3.9	4.2	14 %
Legal representatives, etc.	1.3	1.2	4 %
Other	1.3	1.5	5 %
Total for the judicial system	28.5	30.8	100%

Current exchange rate: EUR 1 = SEK 9.39. Removing the last digit provides an approximate value in EUR.

If we then analyse the number of employees in the judicial system, we see that the police authority is male-dominated, 63 percent of the ca. 25 000 employees are men and 36 percent are women. The Swedish Prison and Probation Service has a reasonably equal gender distribution, and the courts are very female-dominated.

Employees in the sector

	Women		Men		Total
	<i>Full-time</i>	<i>Part-time</i>	<i>Full-time</i>	<i>Part-time</i>	
Police authority	7 191	1 969	14 028	1 833	25 021
<i>in %</i>	28 %	8 %	56 %	7 %	
The Swedish Prison and Probation Service	3 114	890	4 313	855	9 172
<i>in %</i>	34 %	10 %	47 %	9 %	
The Swedish courts	3 766	316	1 732	130	5 944
<i>in %</i>	63 %	5 %	29 %	2 %	
Total	14 071	3 175	20 073	2 818	40 137

Source: Statistics Sweden 2007

If we then compare salaries between women and men, we see that women consistently earn less than men throughout the judicial system. The biggest difference is in the Swedish courts, where women on average earn 73 percent of men's salaries. These figures do not however take age, education and/or position into consideration, but they still show a consistent pattern.

Average monthly salaries for professions within the judicial system (2007)

	Women	Men	Women's salary as a percentage of men's
Police authority	24 310	28 140	86 %
The Swedish courts	26 300	36 160	73 %
The Swedish Prison and Probation Service	22 860	23 260	98 %

Source: Statistics Sweden, March 2007

Current exchange rate: EUR 1 = SEK 9.39. Removing the last digit provides an approximate value in EUR.

In its autumn budget, the Government reports and analyses how power and influence are distributed among the various areas of activity within the judicial system.

As far as management positions within the police are concerned (2005), 18.4 percent are occupied by women (who make up 36 percent of the total workforce) and 81.6 percent are occupied by men (who make up 64 percent of the total workforce).

In the Swedish Prosecution Service, 38 percent of managers were women and 62 percent were men in 2005. No figures are available as regards the total number of female versus male employees.

The National Courts Administration does not report the gender distribution among its managers but the budget bill makes reference to its attempts to increase the percentage of female chief judges and to review its manager recruitment in general.

The **Swedish Prison and Probation Service** is also implementing a manager recruitment project and it reports “an even gender distribution among high-level managers”. The workforce is 44 percent women and 56 percent men.

It is also stated that the **National Council for Crime Prevention** is actively promoting the recruitment of men to a female-dominated organisation, but it has a problem with too few women in leading positions. The aim stipulated in the budget bill is to correct this problem.

The abovementioned statistics and analyses show that the judicial system as a whole provides a fairly typical picture of the Swedish labour market in that men generally occupy higher positions and receive higher salaries. Women also work part-time to a slightly greater extent. Being a publicly financed activity, however, the sector’s male dominance (57 percent men versus 43 percent women) does stand out when compared to the public sector in general, which is a female-dominated workplace.

We also examined how the budget **makes reference to gender equality and which measures** are being taken to achieve it. In general, gender equality plans are common among judicial instances (this is also a mandatory requirement for workplaces with more than 9 employees) and the wording of the autumn budget relating to gender equality is of a high class.

Some quotations from the autumn budget:

“Gender equality shall be considered since activities change and it should also be an independent driver of development.” (p 21, 2006/07)

“Women and men shall have the same opportunities to develop, which presupposes a freedom from systems that perpetuate the distribution of power and resources from a gender perspective.” (p. 41 2006/07)

“The judicial authorities are strongly regulated but are also affected by values associated both with the occupational culture and the individual employees. It is therefore important for the judicial authorities to consider the gender equality dimension in all their work and in all areas of activities.” (p. 41 2006/07)

“Furthermore, the National Courts Administration has made a conscious effort to increase awareness of the importance of dealing appropriately with all crime victims, including victims of various forms of sexual crime.” (p. 42)

From a gender and gender equality perspective, the abovementioned quotations are testimony to the awareness of normative and subconscious power distributions, and to the will to change. We would like to point out that the Swedish legislative and policy work has worked well for many years as regards formulating written gender equality objectives, but there is still a lack of direct results or evaluations.

What is the situation as regards crime?

Statistics from Statistics Sweden show that it is generally 3-5 times more likely for a man than a woman to be suspected of a crime. A report from the National Council for Crime Prevention shows that this difference between men and women is even greater when it comes to violent crime.

The most common crime committed by women is “crime against wealth” (theft, robbery and other crimes of stealing). About 80 percent of the crimes for which women were charged were crimes against wealth, of which theft and shoplifting made up the largest share (84%). Ten percent of women’s crimes were crimes against life and health (2005). In 2006, 19 women were convicted of violent crime resulting in death - 12 percent of those convicted of murder or manslaughter.

As regards men, crime against wealth constituted 60 percent and 28 percent constituted crime against life and health (2005). 144 men were convicted of violent crime resulting in death in 2006. Men made up 88 percent of those convicted of this crime.

Research has recently turned the spotlight on the cost of crime. The National Council for Crime Prevention reports that the costs of fatal violence amounts to between SEK 10 million (app. 1 million Euro) and 23 million (app. 2.4 million Euro) per crime, depending on in which country the calculation is made. In contrast, crimes such as theft are estimated to cost between SEK 2 000 and 9 000 per crime.

We calculated how the total costs of the judicial system are distributed between female and male criminality by looking at all those suspected and convicted of a crime. 24 percent of these are women and 76 percent are men. But women normally commit less serious crimes than men. When we took this into account and calculated the resource allocation based on the approximation that 80 percent of the expenses for the judicial system go to male criminality, we found that SEK 25 billion (app. 2.7 billion Euro) was allocated to male criminality and SEK 6 billion to female criminality.

In addition, criminality also incurred costs for municipalities and county councils, as well as for insurance companies.

Men’s violence against women

Some of the criminality is made up of men’s violence against women. The researcher Katarina Weinehall in Umeå has calculated what *one* man’s violence against women in his intimate relations costs over a 20-year period. According to her calculation, the costs for society amounted to SEK 2.5 million (app. 250 000 Euro) in the form of expenses for the judicial system and health service, and in the form of sickness absence. This calculation does not take into account the woman’s physical and mental suffering, or her financial losses in the form of reduced work earnings and resulting in lower pension.

If we estimate the 22 000 cases a year where women have been physically abused by a known assailant to be the equivalent of 15 000 men who abuse their wives, partners or girlfriends, this translates to a cost for society of 2.5 million per man or SEK 37.5 billion (4 billion Euro) in total over a 20-year period. This gives a cost of just under SEK 1.9 billion (200 million Euro) a year. This amount is in line with the calculations made by the National Board of Health and Welfare in this field. We would like to stress, however, that these estimates are only calculated for direct costs incurred for the judicial system, health service and sickness

benefit. The amount does not include production losses and the reduced earnings of women in the form of lower income and resulting lower future pension. Neither does it include the suffering of the abused woman nor any children involved.

Policy area: Labour market policy – the labour tax deduction

Labour market policy was allocated SEK 62.5 billion in 2007, a reduction on 2006 of 12 percent. The appropriation will be reduced by a further seven billion in 2008, which corresponds to a 12-percent decrease. In 2009, expenditure will fall by another 0.5 billion.

Expenditure trend for labour market policy (SEK millions)

	Outcome 2005	Budget 2006	Forecast 2006	Proposal 2007	Estimated 2008	Estimated 2009
Labour market policy	69 568	71 136	70 873	62 579	55 359	54 959

Current exchange rate: EUR 1 = SEK 9.39. Removing the last digit provides an approximate value in EUR.

The policy area mostly covers job placement, labour market policy programmes, subsidies to unemployment and incapacity benefit, measures for persons with disabilities that reduce their work capacity and subsidies to wage guarantee compensation. There are also some costs for authorities, research institutes, etc.

There are many changes in the labour policy area that are relevant and exciting to analyse from a gender perspective. Here, we will focus on the recently introduced **labour tax deduction**.

The Government's aim with the deduction is to attract more people into work as well to encourage part-time workers to increase their salaried work. Under the labour tax deduction, earners pay no municipal tax on the first SEK 32 000 they earn in the year. They pay only seven percent tax plus pension fees on this amount of income. The tax then increases gradually the higher the earner's annual earnings.

Part-time workers will receive relatively speaking more money in their wallets for every hour extra they work. The closer they get to full-time work, the less the relative increase becomes, but seen as a whole it will be a tax deduction for all those who are gainfully employed. About 75 percent of part-time workers are women and 25 per cent are men (Statistics Sweden, 2006). This fact is ascertained by the Ministry of Finance in the spring budget and they draw the conclusion that the new system will mostly benefit women.

In 2006, 36 percent of the total number of gainfully employed women worked part-time. Part-time means up to 34 hours per week. The majority of part-time workers, 85 percent, work between 20 and 34 hours a week. A large proportion of part-time work in Sweden is involuntary. Some employers claim they need a very flexible workforce and offer only temporary or part-time work. One reason for women's part-time work therefore rests with certain employers and is not due to women's own preferences. Oddly enough, involuntary part-time work is a virtually unknown phenomenon in male-dominated industries. Men are offered full-time work.

The alternative for involuntary part-time-working women might be to get a second job but coordinating several jobs can be both difficult and stressful if they are employed by the hour in one of them and are called into work when needed.

Another cause of women working only part-time is that they don't have time to work more because they want to/must also take care of the home, their children, family or other close relatives.

Creating economic incentives for part-time workers to increase their gainful employment is in itself positive. Sweden needs more hours to be worked in order to finance its welfare system in the future. But what we lack, from the Government, is an in-depth target group analysis of this labour market policy measure.

One measure chosen by the Government to relieve the burden on women in the home is to introduce tax subsidies for certain household-related services. This measure constitutes an ideological issue in the public debate. It will undoubtedly lead to a number of hours worked being transferred from the unpaid (and illegal) sector to the paid and legal sector and will be included in Sweden's GDP calculations. However, the price estimates given in the media suggest that the cost of one hour's subsidised cleaning corresponds to the hourly rate for a monthly salary of at least SEK 25 000 (2660 Euro gross pay). Less than 25 percent of Sweden's women earned SEK 25 000 or more in 2006.

We see a major problem from a gender equality and gender perspective in that this will not stimulate men to take greater responsibility for these activities. Tax-subsidised household-related services will perhaps provide temporary relief to high-earning women (with a monthly salary of at least SEK 25 000 gross pay) who have a tough work burden, but it will not lead to any long-term change in attitude and values towards men taking greater responsibility for children, the home and the family.

As the proportion of older people in the population increases, the need for family members to contribute unpaid care work will rise. This will increase the pressure and work burden mainly on women who provide more unpaid care to other family members than men.

Because the Government is not stimulating men to take more responsibility for the care of close family members, the unpaid work burden of women will remain and even increase.

In our opinion, for the Government to live up to its intentions to increase the number of hours of gainful employment, measures should be implemented to counteract the factors that prevent women from increasing their participation in the labour force. It is a question of changing the practices of employers who only offer part-time work and of implementing measures to ensure unpaid work is equally distributed between the sexes.

Due to women doing more of the unpaid work and men doing more of the paid work, women will have lower lifetime earnings, less compensation from the social insurance system in general and a lower pension.

Other effects of the labour tax deduction

The labour tax deduction, a tax reduction reserved for paid work only, provides salary-earners with a, relatively speaking, higher disposable income in relation to those who get their income

from transfer payments. Transfer payments include compensation and subsidies such as pensions, study grants, disability benefits, welfare benefits and unemployment benefit.

A lower tax for salary-earners alone therefore gives rise to a relative change in income that lowers the benefit recipient's economic standard in relation to the salary-earner's standard. This affects therefore not only the groups which the Government wishes to reduce in size (those receiving unemployment and other welfare benefits) but also students and pensioners. Women are in the majority in both of these groups. In total, 57 percent of pensioners are women and 43 percent men. The group of pensioners who already have the lowest economic standard (women pensioners over 70 years old) will naturally be the hardest-hit. These women have in general not worked so much during their lives but have instead invested their time in raising their children and made it possible for their husbands to earn a living. Today these women are punished economically for choices they made before, under completely different economic conditions, and today they have no chance to adjust to the new conditions. 60 percent of Sweden's students are women and 40 percent are men. This is a group we should be rewarding (not punishing), since a well-educated population is one of the key prerequisites of Sweden's continued future success.

Public investment

Public investment amounted to SEK 72 billion in 2004. This is the third largest public expenditure item after public consumption expenditure, which amounted to SEK 706 billion in 2004 and transfer payments, which amounted to SEK 619 billion in the same year.

Public investment goes to publicly funded building, infrastructure and construction work. The construction sector is strongly male-dominated, particularly in management positions as well as among construction workers and skilled workmen - see the table below.

Percentage of women and men in the construction industry in 2002

	Women %	Men %
High-level managers	3	97
Engineers, technicians	17	83
Graduate engineers, architects	20	80
Skilled workmen	5	95
Construction workers	1	99

Source: Statistics Sweden

Not only is male dominance in the construction industry considerable, but the salaries are higher for men in comparison with the women who work in the industry.

Number of people and average salary, women and men, 2002

	Women	Men	Women, salary	Men, salary	Women's salaries as a % of men's
Engineers, technicians			22 600	25 500	89
Construction workers	1 000	75 000	18 200	21 700	84
Skilled workmen	4 000	77 000	16 500	19 800	83

Source: Statistics Sweden Current exchange rate: EUR 1 = SEK 9.39. Removing the last digit provides an approximate value in EUR.

Of the SEK 72 billion put into public investment in 2004, the vast majority went to male-dominated activities and men's salaries. If we compare salaries for construction workers in 2002 in the male-dominated construction sector with the salaries in the female-dominated public sector, e.g. salaries for care and nursing personnel for 2002 (the sectors have similar levels of education), the men's salaries in the construction sector are SEK 4 400 higher per month than the women's salaries.

In conclusion, we see that both construction workers working in the public investment sector and care and nursing personnel are funded by public money. The two occupational groups have a similar level of education, and similar age and experience structure. And yet there are still considerable pay differentials. These amount to SEK 52 800 over the whole year and to just over SEK 2 million over the course of an entire working life (40 years) in favour of men. Differences in pension levels and other transfers must be added to this. We could interpret this as women with their lower salaries in the care and nursing sector subsidising the tax-payer, or construction workers' salaries unnecessarily bleeding public finances.

A more theoretical and definitive question is how we term different activities and sectors in society. When constructing buildings and roads, we call it "investment". When humans are produced, or provided with care and nursing, we call it "government spending". In truth, we should call the care and nursing sector an investment sector as well. We will return to this discussion in a later section.

Economic standard

Individual disposable income is a measure of an individual's earnings after taxes and transfers. When calculating individual disposable income, whether the person has any other people to support is not taken into consideration. Economic standard is an estimation of the individual's economic standard of living. The economic standard measure is calculated by adding up a household's earnings and dividing the total by the number of household members, where any children are weighted by age. All family members are therefore assumed to have the same standard.

In 2004, total wages and salaries in Sweden amounted to SEK 1 019 billion. Women received 40 percent and men 60 percent of these (approximately the same distribution as 1999). In other words, women earned a total of SEK 407.6 billion and men SEK 611.4 billion. Men therefore earned SEK 203.8 billion more than women.

After women and men have paid tax and received any other taxable compensation and family support, the result is individual disposable income. Disposable income is SEK 937.3 billion in

total, 43 percent of which goes to women and 56 percent to men. Since men pay more tax as a result of their higher labour earnings and women receive more taxable compensation and a higher amount of family support, disposable income is more evenly distributed between women and men than salary and business earnings. Men still receive SEK 120.7 billion more.

But the inequalities in earnings and disposable income differ considerably between the sexes, depending on the composition of the household. In families where the mother and father cohabit and the children are under 6 years old, the woman's earnings are 50 percent lower than the man's. The woman's disposable income is 66 percent of the man's. 48 percent of the adult population cohabit with a partner.

The most even distribution is among single persons aged 45-64 years without any children living at home. Here, women's earnings constitute 83 percent and their disposable income is 93 percent of men's. As regards women and men in the 20-65 age group, cohabiting men have the most economic resources and single mothers the least.

Regarding economic standard, cohabitees aged 45-64 without children have the highest average standard - SEK 249 900 a year each. Single women older than 75 have the lowest economic standard, SEK 118 000 a year, and single mothers have the second lowest, SEK 133 300.

Feminist criticism of the definition "economic standard"

Economic standard for cohabitees is more even than individual earnings and disposable incomes for women and men. Within households, some of the man's earnings are transferred to the woman and any children they have and some of the woman's more extensive unpaid work is transferred to the man and the children. Even though we assume that people in the same household have a similar economic standard, research has shown that the person with the higher financial earnings has more negotiating power within the family. This may mean that they exercise greater influence over the family's financial decisions and they may also appropriate more financial resources to themselves. Having a similar economic standard does not mean that women and men are financially independent to the same degree. In the event of a divorce, the woman risks going into financial free fall as regards her economic standard. Awareness of this predicament may prevent women from freely choosing how to live their lives. Divorce and separation are nevertheless common in Sweden today. The fact that 40 percent of all 17-year-olds no longer live with both their parents is testament to this.

Income distribution

Income distribution has increased in recent years. This is due to high-earners having had a faster rate of earnings increase than other people and to salaries having increased more rapidly in general than transfer payments such as pensions. Since men are in the majority among high-earners, this has mostly benefited them.

The proportion of individuals with a low economic standard, calculated as those with earnings of less than 60 percent of median earnings, has increased since 1995. This is particularly true of groups who receive a high proportion of their income through transfer payments, including pensioners and single mothers.

A certain increase in income distribution is predicted for 2006 and 2007, partly as a result of implemented and planned amendments to the regulatory framework. This will hit pensioners

and single parents even harder, in particular women in both groups, whose relative earnings will fall.

There are also more women than men who are economically marginalised in Sweden today (11.4 percent of women and 8.6 percent of men). Being economically marginalised means living in isolation for a long time with low earnings and limited scope for influencing one's financial situation.

Conclusion

Taken altogether, income distribution between men and women in Sweden shows that women have considerably less salary and business earnings compared to men. This is especially true of mothers of young infants as they often do more part-time work.

The fact that women have considerably lower earnings than men is due to the majority of them working in the public sector and female-dominated industries where the salaries are lower than the average salaries in male-dominated industries. Another reason is that women, especially mothers, do more part-time work. A third reason is that women don't become managers as often as men. And discrimination represents a fourth reason. In other words, even when women and men do the same work of equal value, women tend to have lower salaries.

When men are married or cohabiting, which 48 percent of the population are, it is assumed that the household members enjoy the same economic standard. Since women in general and mothers of young infants and older female pensioners in particular, have much less disposable income than men, they are more dependent on the financial benefits of cohabiting.

Being dependent on the benefits of cohabiting is a very uncertain and high-risk "contract", especially for women.

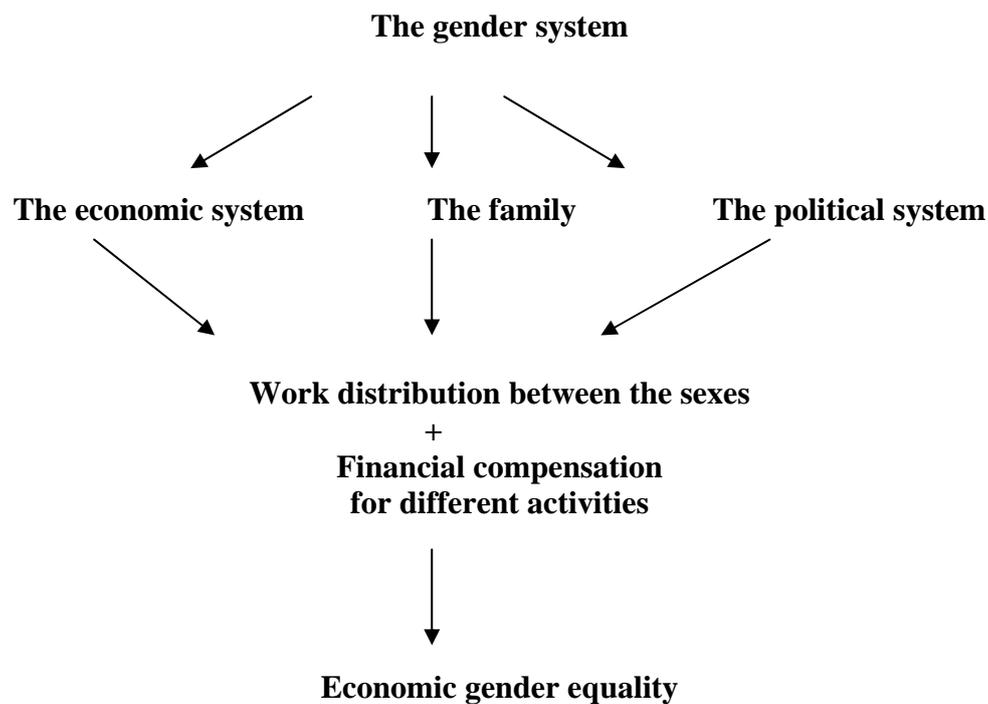
What is gender budgeting - is it also about revamping economic theory?

The concept of "gender" incorporates ideas about people that are to do with their sex. According to the historian Yvonne Hirdman, gender and the gender system contain one "separative" and one "hierarchizing" principle. Women and men are kept separate; they are found in different places and do different things. At the same time, men are in a superior position to women and men's activities and works are valued higher than women's. The principles of separation and men's dominance are constant in the "gender hierarchy" whilst the expressions for men's and women's behaviour and work, i.e. gender and the gender system, are not constant, but change over time and space. In other words, gender expressions vary in different historical ages and in different cultures.

Hirdman calls the gender relationship between women and men the "gender contract". According to the gender contract, both men and women uphold the relationship between them through their behaviour. But the gender contract also changes over time. During the late 1970s and 1980s, a gender equality contract emerged, in which financial independence was the superior norm. But there was only one solution to achieve this, the "integration solution" - making women into "productive salary-earners". The public sector was built up to meet women's need for e.g. childcare, as they were now to go out into working life. Though the outcome proves, the economic system is not adapted to include neither the reproduction function nor the care for children so giving birth to and caring for children is still punished on

the structural, economic and career level. Women have entered a social structure adapted to traditional male needs and living conditions. The home has become a negotiating arena and an open area of conflict (Hirdman 1990, 1998, 2001).

Here is a schematic description of how the gender system influences and interacts with society at large and how this interaction manifests itself in the current economic standings of the two sexes.



Source: Swedish National Agency for Higher Education, 2005.

We believe that the gender system has also shaped current economic theory, the definition of which we use on a daily basis and which is also the basis of our public economy and the abovementioned government budget. The economic theory we use today has its roots in an age when women were virtually serfs. We believe that it is high time to redefine economic concepts and economic theory and formulate new gender contracts.

Here is the section of the Swedish report in which we criticise fundamental economic theory.

Criticism of economics

Background

Being a woman in Sweden today general means significantly less income and less economic independence compared to being a man. Having children leads to even greater economic gender inequality and less economic independence, which implies a considerable financial risk for women.

According to the 2007 Budget Bill, “childbirth affects population development and is hence of central importance for future growth”. “To achieve reproduction in the population, a fertility rate of 2.1 children per woman is required”. “The estimated fertility rate in 2006 is 1.8 children per woman”.

According to a new PhD thesis by Jan Eggert, district medical officer and gynaecologist at Karolinska Institute, the increasingly high average age of women having their first child in Sweden (29-30 years) is primarily due to low income and unemployment. The high average age of women having their first child leads to an increased risk of childlessness or them not having the number of children they had intended (Eggert, 2007).

The Swedish Institute for Labour Market Policy Evaluation (IFAU) demonstrates in its report “How do the work situations of women and men change when they have children” that the first child affects the working life of women much more than men. The study shows that fathers start working more when they get children, but otherwise the working life of new fathers is not affected very much. But many men who were out of work when they got children were in employment two years later. Men’s commuting also increased slightly once they had become fathers. Women who had their first child in 1999 worked much less than their female childless colleagues two years later. They have reduced their working time by 10% and their salaries were SEK 1 700 under the average of childless women. Women with children change jobs much less and did not advance as far. The conclusion is that parenthood slows down women’s careers. This data has been obtained from Statistics Sweden and the study covers the entire country and includes people in the 20-40 age group.

The annexe to the Budget Bill 2006/07:1 *Distribution of economic resources between women and men* discussed how parenthood affected labour earnings and pensionable income for women and men in 2005. The conclusion drawn was that parenthood costs women much more than it costs men in economic terms. In a typical household, lost earnings were SEK 304 000 for the mother and SEK 10 000 for the father over a ten-year period. Women’s lost earnings depend partly on the fact that they take out more parental insurance but mostly on the fact that they work only part-time. These lost earnings are later reflected in women’s future pensions.

In a recently published article in *Feminist Economics* in April 2007, entitled “Motherhood and Women’s Earnings in Anglo-American, Continental European, and Nordic Countries”, Sigle-Rushton and Waldfogel show how women’s salary trends are affected when they get children compared to women who don’t have children and compared to their male counterparts. In general, we can say that the earnings of women who have children fall abruptly and never recover (in all countries) (Sigle-Rushton, Waldfogel, 2007). The pattern looks slightly different in Sweden and Finland, however. Here, women’s earnings recover about 15 years after childbirth. It is nevertheless still true for all countries that women’s earnings do not reach the same level as men’s earnings. A full 20 years after childbirth, Swedish women’s average earnings are still about SEK 75 000 less than men’s average earnings.

Gender researcher Yvonne Hirdman is right when she says that “giving birth to and caring for children is punished on the structural, economic and career level” (Hirdman 1998, 1990).

Research from the United Kingdom shows, however, that most women both want to and feel better when they both work for a living and bring up a family. Children give parents life

satisfaction and gainful employment provides mental stimulus, financial resources, self-confidence and friendships. Gainfully employed mothers demonstrate higher levels of satisfaction and self-confidence and suffer less depression than non-working mothers. This is true when a good balance is struck between gainful employment and parenthood. However, if gainful employment takes up too much time, the levels of satisfaction drop. Many highly educated women in Anglo-Saxon countries are forced to “opt out” of having children if they want to have a career (Hewlett, 2002).

Having children is not some kind of expensive hobby but is an essential commitment to increasing the in-flow of skilled, well-developed individuals who will in future become productive, tax-paying, GDP-enhancing adults. Parents make considerable investments when they have children but at the same time obtain substantial non-materialistic values. The nation as a whole benefits from the more concrete and tangible dividend. We are therefore all shareholders in future generations’ capacity to develop into prosperous, well-rounded adults (Hewlett, 2002).

Hewlett’s reasoning is similar to that of Ingrid Palmér (Palmér 1995, 1991). According to Palmér, women, by reproducing the labour force without recovering all of the costs from the market-based or public economy, provide a positive social externality (a consequence of an economic activity that is experienced by unrelated third parties) that results in a, to some extent, free public good (the population, the labour force), the benefit of which will reach far beyond the immediate family into which this good (or child) is born.¹

A theory formulated by men for men

Current economic theory has been developed by men for men for hundreds of years. Plato² (427-347 BC) wrote in his dialogue *The Republic* about how a society emerges and how economic life should be organised. According to Plato, four or five categories of tradesmen, who exchange goods and services with each other, *are needed*. Women or women’s work and productivity are not mentioned.

And so it has continued through time. The development of economic theory has for centuries been driven by a long succession of men. The few women there were have been marginalised. One example is the English nineteenth century economist, Charlotte Perkins Gillman, who believed that men had decided at some point in history to each subjugate a woman to avoid having to fight with other men each time they wanted sex. This has made Man the only species on Earth where the female has been made dependent on a male to obtain food for the day.

And still today, the economy is dominated and mainly populated by men. Economic theory is deeply gender-biased and one-sided (Jane Humphries), a fact that many feminist economists the world over are today working to change (See the Association for Feminist Economics).

Macro theory, i.e. the view of how the social economy works in general, has until now been seen as gender-neutral. The theory states that the way the economy works and the aggregated

¹In Palmér’s view, not only the reproductive work of giving birth to and rearing children but also caring for the sick and elderly, all of which is done unpaid, in society can be seen as a form of tax *in kind* paid mostly by women. By reproducing the labour force, women provide a positive social externality and a, to some extent, free public good (the population, labour force). The reproductive tax leads to a distortion in women’s labour supply, a distortion that propagates to other factor markets and to the economy as a whole.

²The word “economy” stems from the Greek “oikonomia”, meaning “household management”.

values and processes such as investment, production, consumption and unemployment, etc., have nothing to do with individuals and hence nothing to do with gender.

The thesis that the macro economy is gender-neutral is being increasingly challenged as fewer and fewer children are being born in many industrialised countries, including the countries in southern Europe, former eastern European states and Japan. We believe that this is due to women's alternative costs for giving birth to and raising children having become far too high. In other words, it costs too much to have children, both purely from an expenditure point of view and in terms of loss of earnings and career. Highly educated women in Anglo-Saxon countries are often forced to opt out of having children if they wish to pursue a career (Hewlett, 2002).

In Sweden, we have managed to maintain population growth, i.e. childbirth, at a comparatively high level. Sweden's welfare state and family policy have made this possible. Resources have been redistributed via transfers, subsidies and government spending. The alternative costs of having children for women are therefore lower in Sweden and other Nordic countries, but they are still significant.

But even the *Swedish model* would experience a decrease in population among people aged 20-65 years over the next few decades if it weren't for the inflow of immigrants, according to Statistics Sweden's population forecast.

Even if we have reduced women's alternative costs of producing people in Sweden with the help of comparatively high taxes, large public sector and substantial transfers, we have not redefined fundamental macroeconomic theory from a gender and sustainable perspective. This theory is reflected both in the Budget Bill and in how Statistics Sweden calculates the gross domestic product and this is taught to all economics undergraduate students at Swedish universities. The following formula is used to calculate the GDP:

$$F(K,L)=Y=C+I+G+NX$$

According to this formula, the function (F) of capital (K) and labour (L), using the current level of knowledge and technology, produces society's (paid) goods and services, the gross domestic product (Y). The gross domestic product (Y) is then divided into demand components: private consumption (C), investment (I), government expenditure (G) and net exports (NX) and. Investment (I) in one period leads to increased capital (K) in the next. Logic tells us that there should also be an investment sector for the expansion of the labour force (L).

Such a demand component is not included in the formula (from a gender perspective, this is explained by the fact that mostly women are responsible for this investment, i.e. human production).

A good start would therefore be to propose the following change to the formula:

$$F(K,L)=Y_P+Y_U=C+I_K+I_{NL}+G+NX$$

Here we have added a new measure of GDP - Y_U - which stands for unpaid production in society - unpaid work, childbirth, etc. We call the conventional measure of GDP Y_P which stands for paid production to distinguish it from unpaid production. Calculating the value of

Y_U , i.e. the value of unpaid work, is in line with the results of the UN women's policy document *Platform for action*, according to which Sweden undertook in 1995 to calculate and value unpaid work (mostly done by women) in what are known as "satellite accounts". The other change in the formula is the addition of an investment sector I_{NL} , which covers investment in human production, in "human accumulation" (as a paraphrase of capital accumulation). This new investment sector takes over all costs from private consumption and government expenditure that are connected to human production (e.g. food and housing, healthcare and education). It also covers the value of the unpaid time devoted to human production. This change to the formula makes it more logical and consistent. Investment in capital (I_K) leads to capital (K) in the following period, just as investment in human production (I_{NL}) leads to population (N) and labour (L) during the following periods. In this formula, investment in population and labour (I_{NL}) covers the government and private consumption needed for new people to be produced and developed. It also includes the value of the unpaid time that people devoted to this (mainly women). It should also include, however, the value of the physical and mental stress and pain caused to women by pregnancy, childbirth, breastfeeding and infant care. Health economists have developed methodological tools to measure and value physical and mental stress and pain. These methods could be used for this purpose. Health economists also calculate the value of human life, something which is used by, among others, the Swedish National Road Administration. A statistical human life in Sweden is today worth about SEK 17.5 million. This value is weighed against the costs of various treatments that can save or prolong life (health economics) and when the Road Administration is considering the construction of safer roads, the number of fatal accidents multiplied by SEK 17.5 million plus the costs of traffic accidents are weighed against the cost of rebuilding the road and making it safer.

There are costs associated with human production, especially for women, but human life also has an infinite value.

Redefining economic theory and thinking in new ways to make it more logical and inclusive would more fairly reflect the reality, investment and production of both women and men. It would also improve the status of women's value creation. This can in itself be emancipatory, i.e. liberating!

Concluding discussion

From an international point of view, Sweden has come far as regards achieving gender equality. But there is still plenty left to do. We believe that gender budgeting can play an important role in reaching the goal. When we performed a gender budget analysis of the Swedish Government's spring budget, we found that the wording of the budget often emphasised the importance of gender equality and that there is an awareness of gender problems and the need to change antiquated gender patterns. Nevertheless, we call for consistent sex-disaggregated statistics, which are lacking in many areas. We obtained most of the sex-disaggregated statistics we use in the analysis from other sources. We also feel there is a lack of gender-aware impact analyses of economic policy proposals. Gender equality is mentioned as a goal on several occasions in the budget text, but in practice it is dealt with as a sideline project. This obviously has an impact on women and men resource-wise.

In this year's gender budget analysis, we have only analysed a small part of the total budget so it is impossible for us to give an overall picture of the resource allocation between women

and men. What we have noticed, however, is what proportion of the resources goes to men and men's activities and how much public consumption is caused by men. We often hear the view that the Swedish model mainly benefits women but this opinion is to say the least debatable. In our opinion, a large amount of our common resources that go to men are "invisible" since the man is the norm in society.

We look forward therefore to developing our methods and analysis technique over the next few years so that it will be possible to perform systematic analysis of an ever-greater part of the government budget. The objective is of course to perform a comprehensive gender budget analysis of the entire budget and every economic policy proposal.

Our aim is also to develop a more uniform and comprehensive theoretical basis of the analyses and to integrate these into the analysis process. This includes the theories put forward by Diane Elson, in which she highlights the fact that budget decisions and amendments can have far-reaching socioeconomic consequences which at first glance may be difficult to detect. A saving or increase in productivity in a sector may incur substantial costs in other sectors, both paid and unpaid. We believe that more long-term budget analyses than the ones carried out today are also necessary. Many budget/economic analyses take far too short-term a view to be able to highlight the complex relationships in social economics and predict what the future consequences of amendment proposals will be. We also feel it would be exciting to incorporate the environmental dimension here.

During the course of our work with gender budgeting, one question has kept on recurring: What is gender budgeting exactly? Is it a question of analysing existing systems and then getting politicians to reallocate resources? Or can it also mean questioning, developing and changing fundamental economic definitions and theories?

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