

Economic and Political Gender Inequalities in Iceland and the United States

Runtan Wang

School of International and Public Affairs, Columbia University, New York, 10027, United States of America

Keywords: Iceland, United States, gender equality, political economy, Coordinated Market Economy, Social Democratic welfare state

Abstract: The differences between Iceland and the United States on gender equality are both quantitatively and qualitatively significant, and these different outcomes are the results of many factors, including the relevant quantitative and qualitative policy efforts in the two countries. The significant presence of women in the Icelandic policy-making process has made strong impacts on the political debate and the political agendas of the traditional political parties, bringing policies regarding women's welfare onto the discussion tables of the Icelandic political system, and the gender equality debate into mainstream politics and policy-making in Iceland, away from the margins where it often resides. Hence, with Iceland being a country that adopts the Coordinated Market Economy and a Social Democratic welfare state, by granting parental leave to both parents, the welfare state and its political will is supportive of gender equality, which results in not only more power-sharing but also an increase in responsibility-sharing for running a home and family. Subsequently, culturally ideas about masculinity are changing among the young Icelandic population, which will very likely contribute to the elimination of gender segregation in the labor market in the near future. On the other hand, 54 years after the United States passed the Equal Pay Act, a woman earns 79 cents for every dollar a man earns on average, and it was being predicted that it will still take nearly 500 years for women to reach fair representation in government in the United States at the current rate of progress, the political-economic gender inequality there is much more severe than of Iceland, with a lack of the using of the "fair representation" electoral systems and insufficient presence of women in government leadership, while the market punishes women with children and rewards men with children. Studying both cases, this paper suggests that, as the Coordinated Market Economy and Social Democratic welfare policies can empower women employees in firms in decisions making in ways that are not as feasible in the Liberated Market Economy model, and can give the government more legal power to enact social welfare policies, with sufficient women presence in politics, frameworks as such, if established, could empower more women to join the government until its political gender representation is fair, which could foster stronger political will to implement policies that promote and enforce the business practices that are consistent with the demands of gender equality in the society, which will, in turn, strengthen the mentioned political-economic frameworks.

1. Introduction

In December 2019, the World Economic Forum has published the *Global Gender Gap Report 2020*, a product of quantitative and comprehensive research analysis on the subject of international gender equality [1]. As part of the results of its research, the report provided *The Global Gender Gap Index 2020 rankings*, which benchmarks national gender gaps on economic, education, health, and political criteria, of which the northern European countries have once again taken the top spots. Iceland, the 109th largest economy on earth as to 2018 in terms of GDP in US Dollars, has once again taken the first place on the list, while the United States, the largest economy on earth as to 2018 in terms of GDP in US Dollars, has taken the 53rd place [1] [2] [3]. Observing and examining relevant data and texts, this paper strives to analyze the divergent unequal outcomes between the United States and Iceland on gender inequalities in politics and economics, explain the relevant quantitative and qualitative policy efforts in each country, discuss the underlying political economy dynamics that led to these differences, to link the relevant policy differences of these two countries to the underlying

political and economic institutions/foundations.

2. Gender equality in Iceland and the United States

The differences between the two countries on gender equality are both quantitatively and qualitatively significant. According to the *Global Gender Gap Report 2020*, Iceland, which is once again the country with most advanced progress towards gender parity, has closed almost 88% of its gender gap, being 3.5 percentage points ahead of second-ranked Norway. Iceland has closed both its Health and Survival and Educational Attainment gaps completely, and remains the best performer in terms of Political Empowerment, mainly thanks to long tenures of women as head of the country, as in 22 of the past 50 years the country had a woman as the country leader. But Iceland's high performance in terms of Political Empowerment also partly attributes to the significant representation of women in its parliament (38.1%) and among ministers (40%). Furthermore, Iceland attains the second-best performance on Economic Participation and Opportunity, where it continues to improve. As a matter of fact, there are not only 85.8% of women in its labor market (17th), but women can also often achieve senior and managerial roles, as 41.5% of senior officials in Iceland are women, ranking 21st in the report. Additionally, 43% of Iceland's companies board members are women, and the country achieves these results with a significantly less generous policy towards parental leave than other Nordic countries, for example, women receive only 68% of their gross salary during maternity leave in Iceland, while in Norway it is 94%; in Sweden, 77.6%; and in France, 90%. Nonetheless, income and wage gaps are still open in Iceland and will need further efforts to achieve parity on these aspects as well [1].

The situation the United States is confronting, on the other hand, is quite different. The United States' registers a similar overall score to last year (72.4% of the gap closed so far) and progress towards gender parity is stalling in the country. Due to this lack of progress, the United States loses two positions in the ranking and is now ranked 53rd in the list. Said halt is mostly explained by a small retraction in its Economic Participation and Opportunity performance, where the progress towards equal wages stepped back and the income gaps on both wages and non-wages simultaneously remain large. The United States has only closed 65.6% of its income gap and 69.9% of its wage gap so far. While monetary disparities are the main source of gender inequality in the workplace, the presence of women in skilled and senior positions and labor force participation of women in the United States are relatively better: with an equal split between men and women in technical occupation and a 41/59 split among senior roles, 66.8% of adult women are in the labor market, ranking 22nd on the list. Notwithstanding being relatively well represented in middle and high management roles, women in the United States still struggle to get in the very top business positions, as only 21.7% of corporate managing board members are women. Likewise, women are under-represented in political leadership roles in the United States. Even though there is a significant increase in the number of women in parliament and ministerial positions compared to previous years, congresswomen are just 23.6% of the available positions (67th), and female ministers are only 21.7% of the cabinet (76th). Additionally, there has never been a woman president to date in the 243 years history of the United States. On a more positive note, gender parity in the United States is virtually achieved in Health and Survival and Educational Attainment, where female enrolment rates are over 90% across education levels and outnumber the men in tertiary education [1].

3. Policy efforts in Iceland and the United States

These different outcomes are the results of many factors, including the relevant quantitative and qualitative policy efforts in the two countries, which are the focus of this paper. Specifically, when it comes to eliminating gender inequalities in politics and economics, Iceland's fight has been going on for more than a hundred years already. The first Icelandic woman was elected to a municipal government in 1908 and to parliament in 1922, and in 1914 and 1915, women of Iceland were granted the legal right to be Protestant priests, and the right to vote and run as political candidates, respectively [4]. Following that, making progress along the way, in 1983, for the first time in the history of Iceland,

there was a sharp increase in the number of women in parliament, springing from five to 15 MPs of a total of 60 in a single election. This significant presence of women in the policy-making process has made strong impacts on the political debate and the political agendas of the traditional political parties in Iceland, bringing policies regarding women's welfare onto the discussion tables of the Icelandic political system. As a result, to ensure women in Iceland have an equal chance to be elected into power, nowadays among the long-established political parties, only one party does not apply some sort of gender quota rules, such as a "zipper system" when choosing men and women on the party's lists of candidates [4].

As pointed out in *Economic Systems in Developing Countries – A Macro Cluster Approach.*, Iceland is a country that adopts the Coordinated Market Economy and a Social Democratic welfare state [5]. With these political-economic frameworks and the policy establishments mentioned above, nowadays in Iceland, as in the other Nordic countries, by granting parental leave to both parents, the welfare state is supportive of gender equality, which results in not only more power-sharing but also an increase in responsibility-sharing for running a home and family. Subsequently, culturally ideas about masculinity are changing among the young Icelandic population, which will very likely contribute to the elimination of gender segregation in the labor market in the near future [4].

In addition, as evident in the introduction of the law on equal pay certification, gender-equal rights are supported by political will in Iceland. This legislation of the law on equal pay certification is based on a tool called the Equal Pay Standard, which aims to eliminate the adjusted gender pay gap. This standard will apply to all companies and institutions with 25 full-time staff positions. It is believed in Iceland that the Equal Pay Standard will be instrumental in eliminating the gender pay gap. The reasoning behind this implementation is that implementing this standard will empower employers to truly implement a management system of equal pay according to the principle of equal pay for equal work and work of equal value. The said employers will thereby comply with the act on the equal status of men and women, and fulfill the requirements of international treaties, such as the Beijing Platform of Action and the Convention to Eliminate All Forms of Discrimination Against Women (CEDAW), the International Labour Organization Conventions. The intention of the Icelandic government to implement the Equal Pay Standard through legislation was widely debated in Iceland, just like every other legislative measure on the subject has been. In turn, these debates have brought the gender equality debate into mainstream politics and policy-making in Iceland, away from the margins where it often resides [4].

The policy efforts in the United States, on the other hand, are quite different. 54 years after the United States passed the Equal Pay Act, a woman earns 79 cents for every dollar a man earns on average, and it was being predicted that it will still take nearly 500 years for women to reach fair representation in government in the United States at the current rate of progress, the political-economic gender inequality there is much more severe than of Iceland [6] [7]. Among all the factors contributing to this result, these are the ones that have caught my attention: With a lack of the using of the "fair representation" electoral systems, the presence of women in government leadership is insufficient; Women with children are penalized in the market, while men with children are rewarded; The adaptation of the Liberal Market Economy model [6] [7].

4. Conclusion

As previously mentioned, the achievements Iceland has attained in its pursuit of political-economic gender equality is achieved under its frameworks of Coordinated Market Economy and Social Democratic welfare policies, with a significant presence of women in its government, while implementing policies that foster and enforce the business practices that are consistent with the demands of gender equality in the society. The Coordinated Market Economy and Social Democratic welfare policies, promoting inter-firm cooperation, taking the corporatist approach in industrial relations management, having higher labor representation in its corporates' governances, with centralized and higher union density, can empower women employees in firms in decisions making in ways that are not as feasible in the Liberated Market Economy model, and can give the government more legal power to enact social welfare policies. With sufficient women presence in politics,

frameworks as such, if established, could empower more women to join the government until its political gender representation is fair, which could foster stronger political will to implement policies that promote and enforce the business practices that are consistent with the demands of gender equality in the society, which will, in turn, strengthen the mentioned political-economic frameworks. Under this theory, we can see that, if the United States wants to succeed in its battle against gender inequalities in politics and economics in the way that Iceland has, the first step that would need to occur would be for the current social-political activism for gender equality in the country to stay viable and keep growing, so the political presence of women can grow, for which policies that promote and enforce gender equalities can have a higher chance of being enacted, and ultimately a political-economic framework that sustains such practices can be established and maintained. In other words, talk the talks, walks the walks, and do not be silenced when you should be loud.

References

- [1] World Economic Forum. "Global Gender Gap Report 2020". [Online] Available at: http://www3.weforum.org/docs/WEF_GGGR_2020.pdf
- [2] World Economic Forum. "Global Gender Gap Report 2018". [Online] Available at: http://www3.weforum.org/docs/WEF_GGGR_2018.pdf
- [3] The World Bank|Data. "GDP (Current US\$)". [Online] Available at: https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?most_recent_value_desc=true.
- [4] Marinósdóttir, Magnea, and Rósa Erlingsdóttir. "This Is Why Iceland Ranks First for Gender Equality." World Economic Forum, 1 Nov. 2017, [Online] Available at: <https://www.weforum.org/agenda/2017/11/why-iceland-ranks-first-gender-equality/>.
- [5] Ahlborn, Markus & Schweickert, Rainer, 2019. "Economic systems in developing countries – A macro cluster approach," Economic Systems, Elsevier, vol. 43(3).
- [6] Sheth, Sonam, and Skye Gould. "5 Charts That Illustrate the Current US Gender Gap." World Economic Forum, 13 Apr. 2017, [Online] Available at: <https://www.weforum.org/agenda/2017/04/the-us-gender-gap-in-5-charts>.
- [7] Hill, Steven. "Why Does the US Still Have So Few Women in Office?" The Nation, 7 March 2014, [Online] Available at: <https://www.thenation.com/article/why-does-us-still-have-so-few-women-office/>.