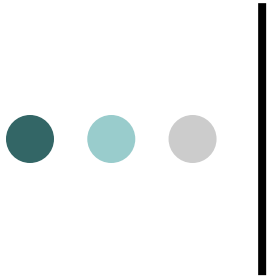




”Time for a gender equal tax reform”

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”Kungälv 28. september 2015



Feminist economics challenges the economic order in a fundamental way.

However, we also need to challenge existing sexist legislation on a day-to-day basis.

An example:

Danish tax reforms implemented 2009 by a blue and 2012 by a red government.



2009: Tax reform by blue government



2009: Men profit more than women from tax reform

Tax reform 2009: Gender distributed effects of tax cuts.

Gender	Tax cut	Charges and transfers	Total proceeds
		Mia. kr	
Men	9.5	-5.0	4.5
Women	5.7	-3.3	2,4

Men got 2/3 of tax cuts.



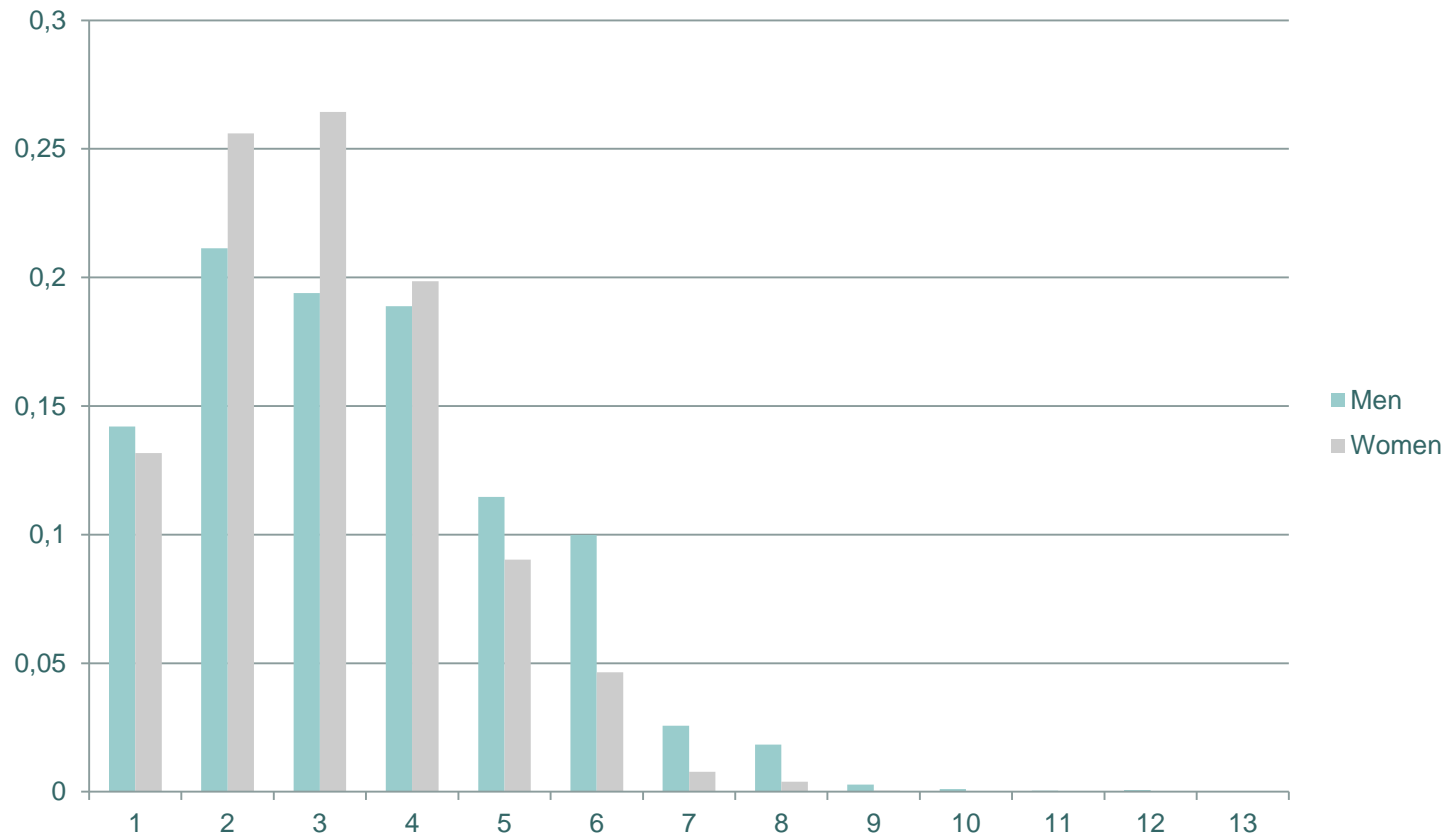
Intersectionality

With a blue government:

Tax cuts benefit the rich

Income	Tax cut (mia. Kr)	Share of cuts	Total tax cut (miai.kr)
Highest 10 %	7	40 %	17
Highest 30 %	12	70 %	17

Income distribution. Denmark





Comment from Labour Union Think Tank

”The government expectsthat the tax cuts (12,7 mia.kr) will provide 4.000 more jobs corresponding to a cost of 3,2 mio. kr pr. job. Public works investments could, however, create many more job for less money”.



Comment from Labour Union Think Tank

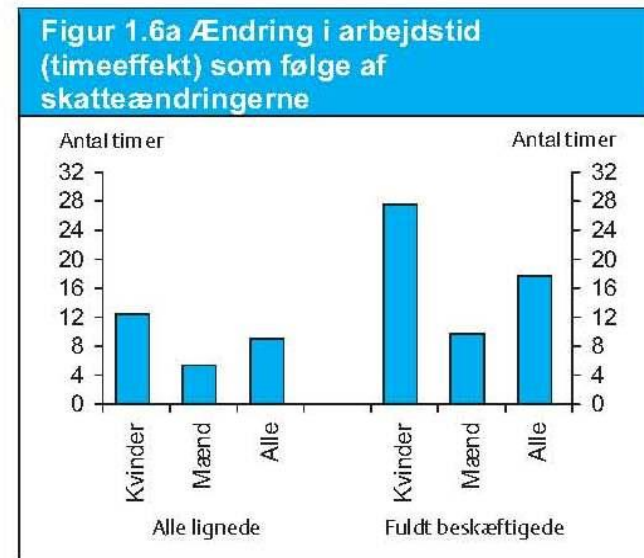
”The government expectsthat the tax cuts (12,7 mia.kr) will provide 4.000 more jobs corresponding to a cost of 3,2 mio. kr pr. job. Public works investments could, however, create many more job for less money”.

How many health and welfare jobs could you get for that amount??

Stated aim of reform: Create labour supply

"A tax reform should make it more attractive to contribute an extra effort. The aim is a significant reduction in labour income taxes to stimulate work and enterprise.

Forecast:



Women are expected to deliver 2/3 of the new jobs and get 1/3 of the tax cuts. What a stupid tax reform, if the aim is to get more employment.



Mainstreaming

- Skatte- og afgiftssystemet er i sine grundprincipper kønsneutralt. Der gælder de samme regler for kvinder som for mænd. Det ændrer skattereformen ikke ved. Det er ved udformningen af forslagene til ændringer af bestemmelser i såvel personbeskatningen som på afgiftsområdet sikret, at alle personer uanset køn fortsat behandles ens i henhold til lovgivningen. (...)
- På den baggrund er det ikke fundet relevant at medtage en konsekvensanalyse fordelt på køn i lovforslagenes bemærkninger, da en sådan alene vil afspejle de generelle indkomstforhold mellem mænd og kvinder i samfundet.
- Brev til Folketingets lovsekretariat fra Skatteministeriet j. nr 0200379 24.09.2012





2012: Tax reform by red government



2012: New government but men still profit more than women from tax cuts

Tax reform 2012: Gender distributed effects of tax cuts.

Gender	Tax cut	Charges and transfers	Total proceeds
		Mia. kr	
Men	3,4	-1,3	2,1
Women	2,5	-1,4	1,2

Men get 2/3 of tax cuts.



What are the mechanisms?

Tax reform 2012. Gender distributed proceeds of tax cut.

Distribution of proceeds	Women	Men
	Bio. kr.	
Upper tax limit raised	1,2	3,1
EITC (Beskæftigelsesfradrag) raised	4,0	4,8
Additional deductions for single parents	0,4	0,1
Lower transfers	-3,5	-2,8
Compensation to pensioners etc.	2,6	1,6
Targeting of child allowance	-0,3	0,0
Compliance	-0,4	-0,7
Free car	0,0	-0,2
Charges	-1,6	-1,7
Total	2,4	4,2



Intersectionality

With a red government:

Tax cuts still benefit the rich

Overall effect of tax reform	Kvinder	Mænd
Socio-economic group	Bio.kr	
Chief executive	5,8	6,3
Wage earner, highest level	4,8	6,8
Wage earner, middle level	3,5	5,8
Wage earner, basic level	2,2	2,9
Self employed	1,4	2,0
Students	-0,4	-0,4
Pensioners	0,7	0,4
Early retirement	-8,9	-9,3
Unemployed	-2,1	-1,6
Social security	-4,5	-4,1
Others outside the labour force	-2,4	-1,7



Household equated effects

In discussions of tax reform most governments exclusively consider “Household equated effects”, where an equal distribution of income inside households is stipulated. This makes gender differences disappear (almost).

Tax reform 2009 and 2012. Gender specific distributional effects of tax cuts. Household equated.

Tax reform		2009			2012	
Gender	Tax cut	Charges/ transfers	Total proceeds	Tax cut	Charges/ transfers	Total proceeds
Men	10,4	-5.5	4,9	4,2	1,8	2,4
Women	8,9	-4,6	4,3	3,7	1,5	2,2



Economic welfare and economic independence

The distinction between economic welfare and economic independence is important to make and to understand. Economic welfare, in other words: the access to resources and well-being potential depends on a wider set of income sources accruing to the *household*. In order to study welfare, all income entering a household is aggregated and then apportioned among the members of that household.

In social surveys designed to gauge economic well-being, this means that income of men and women living as a couple as *equal by construction*.¹ (...) Due to this fact, gender differences in access to resources are almost certainly severely underestimated in any measure that relies on household income. Should our interest lie in the related, but conceptually independent, issue of relative independence between genders, this shortcoming is even more distorting.

F.Bettio, P. Tinios, G. Betti: The gender gap in pensions in the EU, 2013



The Finance Minister (Lars Løkke Rasmussen) in discussion:

I do not deny that we currently have an income distribution where men earn more than women. I don't do that. I reject that it should lead to some sort of system where you would have different tax rates. It may just be that which lies in the question.

It seems to be an absurdity. Incidentally, I think that it is such a very rigid approach. I do not think, for example that this is the approach in most marriages. We have it at least not so at home with us. We don't sit and calculate each other's income or each other's tax payments. We see the family economy as a whole.



And more ...

It is true that men on average earn more than women. It is however also true that women receive more benefits from the government than men. This reform contributes to finance the welfare state. It makes welfare more robust, and it makes it more realistic that we can continue to pay for more public services. They point all to women, so I simply can not buy, that there should be such a feminist approach to this tax reform.

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A toolbox for tax legislation

Gender equal taxes: Items for a checklist

Instrument	Who benefits?	
	Men	Women
Lower marginal tax rate	+	
A “flat” tax rate	+	
Raise of top tax threshold	+	
Lower top tax rate.	++	
Lower wealth tax	++	
EITC (Beskæftigelsesfradrag) raised	+	+
Additional deductions for single parents		+



A toolbox for tax legislation

More items for checklist:

Instrument	Who pays ?	
	Men	Women
Tax cut financed by cuts in transfers		+
Lower deductions for travel expenses and health insurance	+	
Higher pay for free cars and other job related perks	+	
Lower deduction for private pensions	+	



Who are used to exemplify the effects of tax reforms:

Allways Nurses
Policemen
Blue collar families with houses
White collar families in rented flats
Single parent with one child

Never Women
Chief executives
Unemployed
Welfare recipients
Single mothers



A need for feminist econometric models

The Danish econometric models used by changing governments are basically skewed. (ADAM, DREAM, etc.)

In their perspective only production and not reproduction increases the wealth of the nation.

Only private, not public investments contribute positively.

They include derived (positive) second order effects of tax cuts, but not derived (negative) second order effects of deprived children.

And so on.

In this optic only neoliberal (sexist) reforms are of economic benefit