

Closing the Gender Wage Gap: A frontline public sector perspective

A submission to the Gender Wage Gap Strategy Steering Committee,
Ontario Ministry of Labour, from the Ontario Public Service Employees Union

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Foreword: OPSEU and the Gender Wage Gap

The Ontario Public Service Employees Union (OPSEU) represents approximately 130,000 working Ontarians employed across the province in the Ontario Public Service, the Colleges of Applied Arts and Technology, in some 20 sectors across the Broader Public Service, and at private sector employers contracted to perform work for government and its agencies. Fully two-thirds of OPSEU members are women.

Since its founding 40 years ago, OPSEU has represented members' interests not only at the bargaining table, but also in the realm of public policy around public service delivery and social justice issues. OPSEU members speak from experience as frontline public service providers, but also as people who live in communities and want a better province for all.

OPSEU welcomes the opportunity to make this submission as part of our contribution to the work of the Gender Wage Gap Strategy Steering Committee.



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Introduction: The Gender Wage Gap is real

The existence of a wage gap between women and men is not an unproven theory; it is a simple fact. Women on average in Ontario earn 31.5 per cent less per year than men and are more likely to be in precarious employment than their male counterparts.¹ No matter how it is measured – by the year, by the week, or by the hour – average incomes for women are substantially lower than those of men.² This disparity is even greater for racialized women, aboriginal women, and women with disabilities.^{3,4} And even though in recent years women have made up the majority of undergraduate and graduate degree holders, their income in all sectors, all occupational categories, and all educational levels is less than that of men.⁵

In the past few decades, we have seen some reduction in the gender wage gap in Ontario. However, this trend is not primarily the result of a rise in women's incomes: it is largely due to a drop in men's earnings following economic restructuring that has cost the province hundreds of thousands of well-paid jobs in manufacturing, a sector that has been historically dominated by men.⁶

Three features in our labour market contribute to the wage disparity, according to noted pay equity scholar Pat Armstrong:

- women are segregated from men into different work and different workplaces (e.g., teaching, nursing, clerical, administrative, service, etc.);
- women's segregated work is paid less than that of men, as their skills are undervalued; and
- women's lower pay reflects the systemic undervaluation of women's work relative to that of men.⁷

These features, according to Armstrong,

combine to create pervasive and often invisible discrimination.... The size and persistence of the wage gap clearly indicates that the problem does not stem simply from individual women and their capacities or from the practices of a few employers. Although there are certainly differences in the way individual women are treated by individual employers, women as a group face a common set of practices that disadvantage them in the labour force.

These practices include: gender-biased compensation and employment practices; absence of employment equity laws; insufficient employment and training supports; lack of affordable child care; and lack of accommodation for other care responsibilities.

While centuries of systemic oppression must be acknowledged, we also must ask why the past several decades of economic growth have not translated into the elimination, or at least the reduction, of the gender wage gap in 2016. Which policy initiatives have worked to reduce the gap? Which ones haven't? What can we do differently?

If our objective as Ontarians is to end the gender wage gap – and it must be – and also to create a better, fairer, and more equitable Ontario for all, then we must begin by answering these questions. The gender wage gap arises from workplace practices implemented by employers in a legal framework devised by governments in a social context that has yet to free itself from gender bias. Sound policy rooted in Ontarians' strong sense of fair play can address all three.

Principles of equal pay

The Gender Wage Gap Strategy and its consultation process would not have happened if not for the dedicated work of the Equal Pay Coalition, of which OPSEU is a proud member. It was the Coalition's demand to the Premier that started this process, and we hope this process will lead to the development of a lasting strategy to close the gender wage gap. The Coalition's "12 steps to close the gender pay gap by 2025,"⁸ which draws heavily on the work of Mary Cornish⁹, has the full support of OPSEU. The 12-step plan calls on the provincial government to:

- treat closing the gap as a human rights priority;
- raise awareness through annual Equal Pay Days and education;
- develop the "Close the gender pay gap by 2025 Plan";
- enforce and expand pay equity laws;
- implement employment equity law and policies;
- promote access to collective bargaining;
- increase the minimum wage;
- provide affordable and accessible child care;
- mainstream equity compliance into government laws and policies;
- mainstream equity compliance into workplaces and businesses;
- end violence and harassment of women; and
- secure decent work for women across the economic spectrum.

The following discussion offers OPSEU's perspective on some of these points.

Economic policy that worsens the gap

To understand the current state of the problem, it is helpful to look back a bit. In the decades following the Great Depression and World War Two, governments in developed democracies pursued economic policies that expanded economic growth while at the same time significantly

raising living standards across the population.¹⁰ Postwar Ontario saw rapid economic growth whose centerpiece was the expansion of high-productivity manufacturing employment.

Through trade unionism, workers were able to translate this surge in productivity into higher wages and better benefits. Through steeply progressive personal tax rates and high rates of taxation on corporate profits, government was able to make major investments in public services and public infrastructure. Economic growth and overall living standards surged. Overall income inequality fell.

By no means did this overall reduction in income disparity create the conditions to improve women's wages relative to men's. Nonetheless, the egalitarian (relative to family incomes) trend of the postwar "Golden Age" was built on economic policies that were fundamentally different from those pursued by our governments today.

Overall, the redistribution of income during the era of postwar Keynesianism did not sit well with business elites. In North America, the early 1970s began a movement that saw the formation of hundreds of conservative "think tanks" in the ensuing decades; Canada's Fraser Institute, founded in 1974, was one of the first. Heavily supported by corporate funding, these organizations influenced both academic thinking and public opinion, constructing the arguments and "spin" that would place individual opportunity – and greed – ahead of broadly-shared prosperity as a public policy priority.¹¹ Among the policies these think tanks promoted were: deregulation of labour markets through free trade agreements and the elimination of so-called "red tape"; privatization of the public sector; and deep cuts in corporate tax rates and progressive income tax rates, financed by cuts to public services.

Taken together, these policies – and others like them designed to increase the exposure of economic and political decision-making to market forces – came to be known as "neoliberalism."

Neoliberalism has reduced the bargaining power of working people in Ontario, in Canada, and throughout the developed democracies. Free trade agreements and privatization have pushed work out of the internal labour markets of countries and governments, exposing workers – unionized and not – to intensified competition with lower-cost workers in other countries and other sectors, and reducing wages, benefits, and pension coverage for all.

The intensification of market forces has not tended to reduce the gender wage gap, despite neoliberal economic theory, which suggests that greater market competition should reduce discrimination.

To neoliberal economists, wage rates are based on individual productivity, which is in turn based on an individual's skills and attributes – his or her "human capital." According to human

capital theory, discrimination on the basis of attributes that have nothing to do with productivity – for example, gender – will hurt employers who discriminate, as by discriminating they pay a higher price than necessary for a given worker with a given level of productivity.

That's the theory: in actual fact, employers who discriminate are able to pay women, racialized and aboriginal workers, and people with disabilities *less*. Indeed, under unregulated free market conditions, employers are *more* able to exploit pre-existing social attitudes towards gender, race, and ability, thereby increasing wage disparities.

For many workers, the labour market is not a place in which wages are determined by the smooth functioning of competitive forces or by the skills they bring to the workplace. There is a simple explanation for this: human capital theory fails to explain why market forces allow wage discrimination to occur because wages are not actually set by market forces.

“The key to understanding real-world labor markets,” writes University of British Columbia political economist Jamie Peck, “is to grasp the social nature of labor and the institutional means by which it is reproduced, which implies a fundamental break with [neoliberal] orthodoxy.” Labour markets, Peck says, can only be understood when they are seen as “a *socially constructed and politically mediated* structure of conflict and accommodation among contending forces.”¹²

Wages, in other words, are not set by the laws of economics: they are set by people – people with backgrounds, attitudes, and biases that affect how they perceive and value other people's work.

Women's wages in the neoliberal era

Of the major economic trends of the last century, none has changed the face of work in developed democracies more than the wholesale movement of women into paid employment. In 1911, women made up just 13.4 per cent of the total paid workforce in Canada¹³. In December 2015, that number was 47.9 per cent.¹⁴

The increased participation in paid work by women did not merely add more workers to the existing workforce; it *changed* the workforce as well. As women entered the workforce, the jobs they were offered were, in most cases, not like men's jobs. These jobs offered fewer hours, lower pay, and less security. For many women in Ontario today, they still do.

In workplaces and sectors where women have been successful in reducing the gender wage gap, it has primarily been for one of two not unrelated reasons: 1) unionization; and 2) legislative change. Nowhere has the combination of unionization and pro-equity legislation had

a greater impact than in the most female, and most unionized, sector in the Ontario economy: the public sector.

Immediately following World War Two, unionization was largely a male and private sector phenomenon as union representation became widespread in factories, forests, mines, and mills around the province. But as the economy matured and Ontarians demanded more and better health, education, and other services, the public sector grew. So, naturally, did the number of jobs in more traditionally female occupations such as public administration, education, health care, and social services. These public sector workers were not shy about turning to unions for representation, and in time, the overall unionization rate for women in Ontario surpassed the unionization rate for men.¹⁵

Today, the public sector in Ontario is 62 per cent female and 71 per cent unionized. The private sector, by contrast, is 47 per cent female and 14 per cent unionized. The most female industry in the private sector – financial services, insurance, and real estate – is 55 per cent female but nearly the least unionized, with just six per cent of workers having union representation. Compare that with the health care and social services sector, which is 84 per cent female and 47 per cent unionized.¹⁶

Not surprisingly, the public sector in Ontario, and in Canada, is the sector with the smallest gender wage gap.

The high rate of unionization is one reason. The existence of legislation aimed at equalizing pay rates between women and men – most notably Ontario's *Pay Equity Act* – is another.

Rising out of activism by a powerful women's movement in the 1980s, the *Pay Equity Act* has helped to reduce the gender wage gap in Ontario. But achieving pay equity is not easy. Typically, it requires access to pay records, complex calculations, and protracted negotiations. Most workers do not have the resources to achieve pay equity on their own. As a consequence, most of the workers who have seen their wages improve as a result of the *Pay Equity Act* have had a union to take their case forward.

Because of the high rate of unionization in the public sector, most of the big news stories about pay equity awards over the years have been public sector stories.

So on both counts – unionization and the ability to achieve pay equity – the public sector has been the sector with the greatest success at narrowing the gender wage gap.

The current Ontario government has committed to narrowing the wage gap. Yet despite its fine intentions, the only significant actions by the government in recent years that have affected the gender wage gap have actually *made it worse*.

Austerity measures hit women hardest

The effect of wage freezes

Since its appearance in the early 1970s, neoliberalism has made profound structural changes to labour markets around the world, and Ontario has not been exempt from those changes. Nonetheless, the aggressive restructuring of our economy and government has been punctuated by periods of relative calm. In the early years of the current government, first elected in 2003, the Ontario Liberal Party under Premier Dalton McGuinty made some modest efforts to undo the damage to public services caused by the preceding Conservative government of Mike Harris and his successor, Ernie Eves. That all changed with the “Great Recession” of 2008-09. Beginning with the March 2010 Ontario budget, the government began to implement wage “freezes” which, after inflation, are really pay *cuts*. Despite initially proposing that this period of restraint would last for two years, the government has instead extended it. For some public employees, the attack on their wages has been going on for more than five years. Those who have suffered wage freezes throughout the period have seen inflation erode their spending power by 10.9 per cent.¹⁷

By directly attacking the wages of public employees, a female-dominated group, the government’s austerity program has significantly affected the gender wage gap in Ontario. Every year women in the public sector see their standard of living eroded by inflation or devastated by job loss is a year in which women’s wages fall away from men’s wages for the province’s female workforce as a whole.

In this age of austerity and cuts to public services, jobs, and wages, the one area in which the current government *is* increasing spending is on public infrastructure. The government has committed to spending \$130 billion on new roads, transit, schools, hospitals, and courthouses over the next 10 years. This infrastructure is undoubtedly a way to create jobs, including many well-paid jobs, but most of the jobs created in this way will be in construction – a sector whose 325,000 workers are 88 per cent male.

Thus the government’s overall strategy – cuts to public services, more spending on infrastructure – could not be better designed to widen the gender wage gap.

The attack on pay equity

Pay equity, also known as “equal pay for work of equal value,” is based on comparators: the wages of workers in female-dominated job classifications are compared to those of workers in male-dominated job classifications. Often, the comparators used are from within the same organization. But in many cases, this is not possible. As noted above, the workforce in health care and social services in Ontario is 82 per cent female. In these sectors, male-dominated

classifications may not exist within a particular organization. When this happens, the *Pay Equity Act* allows for the use of comparators from other organizations, using what is known as the “proxy” method.

For many organizations, pay equity is simply impossible without the proxy method. So it was a direct blow to tens of thousands of Ontario workers when, in 1996, the Conservative government of Premier Mike Harris changed the *Pay Equity Act* to outlaw the proxy method and stopped funding pay equity for publicly-funded employers.

In response to this, in 2001 five unions and four women led a legal challenge under the Canadian Charter of Rights and Freedoms of the government’s attack on pay equity. OPSEU was one of the unions, along with the Canadian Union of Public Employees, the Ontario Nurses Association, the Service Employees International Union, and the United Steelworkers; the individual applicants were a child care worker, a registered nurse, a health care aide, and a developmental services worker – exactly the kind of workers who depend on the proxy method to achieve pay equity.

The unions, and the workers, won their case. A landmark settlement was reached with the government of Ontario on May 23, 2003. Under the settlement, the government agreed to provide up to \$414 million in pay equity funding over the next three years to approximately 100,000 women.

The proxy method was reinstated under the *Pay Equity Act*.

This welcome change did not solve the pay equity problem. As part of its austerity drive, the current government has suspended funding of transfer payments for pay equity for publicly-funded employers.

This has had a profound impact on the aspirations of many OPSEU members who hope to achieve pay equity one day. OPSEU represents more than 180 workplaces with proxy pay equity plans, with hundreds of female job classes and thousands of members.

For these workers, pay equity has now ground to a halt. As it is, the proxy method of achieving pay equity has no date by which it must be achieved; at the current rate, many OPSEU members will not achieve a pay-equity-compliant rate of pay before they reach their date of retirement. This is unfair to them, and every day that goes by, it widens the gender wage gap a bit more. Many employers of OPSEU members have not delivered on their pay equity obligations – required by law – for several years.

Conclusion: Closing the Gender Wage Gap

If the government of Ontario is truly serious about closing the gender wage gap, there is no better place to start than in the workplaces it funds. Across the public sector, women have seen real wages fall – often for years at a time – and many are not even receiving the pay equity payments they are entitled to under the law. Accordingly, OPSEU makes two recommendations to government that can help reduce the gender wage gap:

1. **Stop the attack on public sector wages.** Ontario already has the lowest program spending per capita of any province in Canada, a fact the government appears to be oddly proud of. This situation cannot continue. Public services are starving and austerity is widening the gender wage gap. It has to stop now.
2. **Restore full pay equity funding to employers in the proxy sector.** Pay equity is not a wage to be bargained – it is a human rights obligation. Human rights are supposed to be guaranteed by government. Respect for human rights is vital to the health of our democracy, and a human rights approach to the gender wage gap is a must if we are serious about closing it.

As noted above, OPSEU fully endorses the 12-point plan put forward by the Equal Pay Coalition. The gender wage gap is a systemic problem with multiple interconnected causes, and solving it will take a systemic and multi-faceted approach. To do so, however, will take more than a legal approach. To paraphrase Jamie Peck (above), the social nature of the gender wage gap and the institutional means by which it is reproduced must be tackled simultaneously.

Ontario has had measurable success at tackling public policy challenges embedded in cultural attitudes. Tobacco smoking continues to drop as a result of public awareness and education campaigns – backed by legislative change and government funding – that began decades ago. Dealing with the gender wage gap will take the same kind of commitment.

If this government is truly serious about closing the gender wage gap, it can be done. We know how.

For more information on OPSEU's ideas for closing the gender wage gap, please contact Ann Wallace, Senior Negotiator (Pay Equity), at awallace@opseu.org.

Notes

- ¹ Statistics Canada. CANSIM Table 202-0102: Average female and male earnings, and female-to-male earnings ratio, by work activity, 2011 constant dollars.
- ² As of December 2015, average hourly wages for women in Ontario are 15.6 per cent lower than wages for men; average weekly wages for women are 12.3 per cent lower than wages for men. Statistics Canada. CANSIM Table 282-0073. Labour force survey estimates, wages of employees by job permanence, union coverage, sex and age group, unadjusted for seasonality, monthly (current dollars).
- ³ Block, Sheila and Galabuzi, Grace Edward (2011). "Canada's Colour Coded Labour Market: The gap for racialized workers." Toronto: Wellesley Institute and Ottawa: Canadian Centre for Policy Alternatives.
- ⁴ Lewchuk et al., Poverty and Employment Precarity in Southern Ontario research group (2015). *The precarity penalty: the impact of employment precarity on households, individuals and communities – and what to do about it*. Hamilton: McMaster University and Toronto: United Way of Toronto.
- ⁵ Statistics Canada (2011). *Women in Canada: A Gender-Based Statistical Report, 2010–11 edition*
- ⁶ Drolet, Marie (2011). "Why Has the Gender Wage Gap Narrowed?" Statistics Canada, *Perspectives on Labour and Income*, Spring.
- ⁷ Armstrong, Pat (2008). "Equal Pay For Work of Equal Value." Expert Report prepared for the Canadian Human Rights Commission, Ottawa, 2002. Affidavit in the court case CUPE et al vs. Attorney General (Ontario).
- ⁸ Equal Pay Coalition (2015). "12 Steps to Close the Gender Pay Gap by 2025." Web publication. Available at <http://www.equalpaycoalition.org/wp-content/uploads/2015/10/12-Steps-To-Close-The-Gender-pay-gap-by-2025-Campaign-Documents.pdf>.
- ⁹ Cornish, Mary (2013). "10 ways to close Ontario's gender pay gap." Toronto: Canadian Centre for Policy Alternatives.
- ¹⁰ Piketty, Thomas (2014). *Capital in the Twenty-First Century*. Cambridge, MA: Harvard University Press.
- ¹¹ John Blundell, in Hayek, Friedrich A. (1999 (1945)), *The Reader's Digest condensed version of the Road to Serfdom* (London: Institute of Economic Affairs). Available at <http://www.iea.org.uk/sites/default/files/publications/files/upldbook43pdf.pdf>
- ¹² Peck, Jamie (1996). *Work-Place: The Social Regulation of Labor Markets*. New York: Guildford Press.
- ¹³ Boutilier, Marie Ann (1977). "Ideology Surrounding Women's Work in Canada, 1931-1956." *Open Access Dissertations and Theses, Paper 2075*.
- ¹⁴ Statistics Canada (2016). *Labour Force Survey*.
- ¹⁵ Galarneau, Diane and Sohn, Thao (2013). *Long term trends in unionization*. Ottawa: Statistics Canada, Insights on Canadian society.
- ¹⁶ Statistics Canada. CANSIM Table 282-0078. Labour force survey estimates, wages of employees by job permanence, union coverage, sex and age group, unadjusted for seasonality, monthly (current dollars).
- ¹⁷ Statistics Canada. CANSIM Table 326-0020. Consumer Price Index, monthly (2002 dollars).



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