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Gender Inequality in the Spanish Public Pension System

María Jesús Vara

This study explores the extent to which the public pension system in Spain reproduces the existing gender inequalities of the labor market. The gender disparities in the labor market are determined by the roles that men and women play in Spanish society: they reflect that women tend to be allocated subordinate positions in the paid labor market because they spend less time in it over their lives than men do. That is because during their working life, women are still responsible for the work within the household, including unpaid domestic work and care for children, the ill, and the elderly.

Exploring the gender pension gap. Using data for 2010, María Jesús Vara examines the relationshp between two labor market variables (employment rate and working conditions of women) and two pension variables (type and amount), incorporating also the age for different cohorts of women pensioners. She also assesses the evolution of the pension gender gap between 2000 and 2010.

Reproducing inequality. Vara shows that employment inequality is transferred to the Spanish pension system through two processes: First, women who did not engage in paid work, or who have not earned sufficient entitlement to an old-age pension, are dependent on other types of benefits (widow's pension or non-contributory assistance), which are considerably lower. Second, women who are entitled to an old-age pension receive, on average, less than men with those same entitlements due to the way in which pensions are calculated, reflecting the volume of employment contributions (proportional to the salary), the number of years during which these contributions were made, and the continuity of such contributions.

Enduring differences. As a result of these two different processes, a Spanish woman's average pension is 40 percent lower than a Spanish man's, and the proportion of women who are entitled to the old-age pension is lower than the proportion of men. These differences persist despite greater numbers of women entering the labor market, finding better-quality jobs, and earning higher salaries. The intensity with which inequality is transferred from the job market to the pension system remains undiminished over the period of 2000–-2010.

Inequality within groups of women. The second main finding is that unequal pension distribution is reproduced among different cohorts of older women. This inequality within groups of the same gender can also be explained by labor market differences. Women who retired or who were widowed two or three decades ago received pensions that were fairly low, in accordance with the weak welfare system of the time. These pensions have gone up only a few times with adjustment for inflation and continue to remain low. Thus, there is a large income gap between this group of women and those who have more recently begun to claim pensions.

Finally, the paper finds there is a narrower range of pension incomes among women pensioners than among men pensioners. This is due to the majority of women's monthly pension payments, whether for widows or old-age pensions, being under 800 euro, whereas the pension range among men is much greater (with 41 percent receiving more than 1,000 euro).

Can the gap be closed? The author suggests these findings could be used to improve gender equity in pensions. Using gender-sensitive calculation methods, or taking legislative measures that recognize years spent undertaking care work within the minimum contribution period required, as is done in Italy, France, Germany, and Sweden, could help close the gap between men and women's pensions. However, it is important to bear in mind that the underlying causes of inequality in the pension system are labor market conditions that favor men's participation and, ultimately, the gender division of labor. Only by changing these employment conditions and by increasing men's involvement in unpaid household work can the unequal distribution of pensions be substantially corrected.

Read the article in full at
http://www.tandfonline.com/doi/full/10.1080/13545701.2013.822525#.U19lt_ldX_M