COMPETITION POLICY AND GENDER

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The OECD's Social Institutions and Gender Index (SIGI) estimates that the impact of discrimination in laws, social norms and practices costs:

- the MENA region, $14 Billion ($2738 per capita)
- the world, $6 Trillion ($1552 per capita)

Hence, **SDG5: Achieve gender equality and empower all women and girls.**

SDG 5.1.1 “Whether or not legal frameworks are in place to promote, enforce and monitor gender equality and women’s empowerment.”
'the process of assessing the implications for women and men of any planned action, including legislation, policies or programs in all areas and at all levels.'

UN Economic and Social Council

E.g. in Canada Gender-Based Analysis has been used to identify the potential impacts of the national budget and trade agreements on women.
What's gender got to do with competition policy? … More than we think

Competition Policy is traditionally Gender Blind

– Consumers
– Firms
– Governments
– Regulators
– Investors
– Maybe workers (maybe not)

…and proud of it
Our work: Two propositions:

1. A gender lens can improve the *effectiveness* of competition policy, and
2. A more *effective* competition policy can help us address gender inequality.
Proposition 1: A more effective competition policy can help us address gender inequality.
1. Lower prices on products consumed by women
2. Lower prices on services that facilitate labour market participation by women
3. Lower prices on inputs that facilitate entrepreneurship
4. Remove barriers to facilitate entrepreneurship
5. Increase demand for women on boards
6. Increase wages to women workers by reducing scope for discrimination
7. Increase protection for women workers by shifting jobs into formal sector
8. Prevent wage reductions for women workers as a result of merger to monopsony
9. Increase wages for women workers by removing barriers to switching job
1. It can lower prices in markets that are disproportionately important for women as consumers...

   – they buy from these markets

     • Evidence: The ‘Pink Tax’ adds up to $1351 per women each year in California, 7% price difference in New York.

     • Price discrimination is not necessarily a bad thing. But a lack of price competition often is a bad sign.
Prop. 1: More \textit{effective} competition policy can help us address gender inequality

2. It can lower prices in markets that are disproportionately important for women as workers...

- they rely on these markets in order to participate in the labour market.
- Care services: childcare, schools, elderly care
- Household services: cleaning, washing, cooking
Evidence: Burden of unpaid work

Figure 1: Time spent on unpaid care work varies by gender and region

Note: This chart presents the average hours per day spent on unpaid care work by women and men by regions of the world: Middle East and North Africa (MENA), South Asia (SA), Eastern Europe and Central Asia (ECA), Latin America and the Caribbean (LAC), East Asia and Pacific (EAP), Sub-Saharan Africa (SSA) and North America (NA).
Source: OECD (2014), Gender, Institutions and Development Database.
Example application: The case of Japan

- As part of the growth plan of Prime Minister Shinzo Abe, also known as ‘Abenomics’, Japan recognized gender equality as an important goal of its supply-side reforms.

- Enhancing work-life balance is therefore considered a priority in the "Fourth Basic Plan for Gender Equality" (2015).
Example application: The case of Japan

• Gender inequality in the labor market
  – In 2016, 44% of women in Japan were employed full-time while full-time employment represented almost 78% of total employment for men (GoJ, 2018).
  – Female ordinary full-time workers earn 73% of male earnings (gender wage gap).
  – 2.74 million women out of the labor force declared being willing to join (GoJ, 2018).
Example application: The case of Japan

• Gender inequality in Japan within the household
  – Japanese women in married couples with at least one child spend 7.34 hours a day on housework, out of which 3.45 hours are spent on childcare (GoJ, 2018).
  – Japanese men spend 1.23 hours a day on housework out of which 0.49 hours is spent on childcare.
Example application: The case of Japan

- For women to join the labour force, substitute services related to childcare must be efficiently provided in competitive markets.

- In April 2013 the Prime Minister Shinzo Abe launched the "Zero Childcare Waiting List Acceleration Project".
  - In the last quarter of 2016, 23,553 children were on waiting lists for childcare services.
  - Furthermore, there is likely to also be a "hidden" demand for service.
In this context the Japanese Fair Trade Commission undertook a market study on the childcare sector in Japan in 2014.

It surveyed users to identify the reasons for the lack of supply and the key issues for competition policy.

It concluded that facilitating competition would be critical to improving the quality and availability of services. In particular:

– It found there were unnecessary barriers to entry into the provision of childcare services that were suppressing output and driving prices up and quality down.

– It also found the information available to help parents choose was inadequate and that municipalities needed to collect and present information to parents in a way that helped them choose.

Example application: The case of Japan
Prop. 1: More *effective* competition policy can help us *address* gender inequality

3. It can lower prices in markets that are disproportionately important for **women as entrepreneurs:**
   - they rely on them in order to grow their business
     - Credit markets
     - Investment markets

Evidence:

- There exists a gender-gap in start-up financing (Greenberg and Mollick, 2016; Breschi et al. 2018).
- When women access credit they obtain worse conditions (Bellucci et al. 2010, Alesina et al. 2013).
- Anticipating this women are less likely to apply for a loan (Moro et al., 2017).
Prop. 1: More effective competition policy can help us address gender inequality

4. It can remove anticompetitive barriers to entry for women entrepreneurs:
   - Restrictions on registering a business or opening a bank account
   - Restrictions on ownership of land & assets (and hence ability to access credit)
     - 75 of 189 countries have a default separate property regime for married couples
   - Restrictions on ability to inherit
     - 39 of 189 countries have discriminatory inheritance laws
   - Restrictions on mobility (location, travel)
     - 31 of 189 countries restrict choice of where to live; 17 restrict travel outside the home
   - Use of gender as a credit-rating variable
     - 117 of 189 countries lack a law prohibiting such discrimination
Evidence on barriers to entrepreneurship

SIGI - Access to productive and financial resources

Note that higher values indicate greater inequality.

- Secure access to land assets
- Access to non-land assets
- Secure access to formal financial services
# Evidence on barriers to entrepreneurship

<table>
<thead>
<tr>
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<td>Apply for a passport</td>
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5. It strengthens the business case for improved balance on boards

- Evidence: The OECD’s International Cartels Database suggests that less than 5 percent of the executives prosecuted for involvement in international cartels between 2010 and 2016 were women (against 16% of board seats for women in the OECD during that time).

- This improves compliance and reduces exposure to sanctions for anticompetitive behaviour.
Evidence

• Unclear precisely why, possibilities include:
  – Moral/ethical positions?
  – Risk aversion?
  – Outsider?

• Evidence: Women are more likely to whistle-blow to law enforcement on corporate misconduct or financial fraud (Feldman and Lobel, 2010).
Board diversity in MENA

Figure 1. Voting women board members by MENA regional exchange (%)

Note: The following exchanges are covered: ADX 20 (UAE); ASE 20 (Jordan); DFMGI/NASDAQ Dubai 23 (UAE); EGX 30 (Egypt); MASI 20 (Morocco); and TASI 30 (Saudi Arabia).
Source: OECD secretariat analysis (2018), based on data collected by Ethics & Boards Governance Analytics.
Prop. 1: More *effective* competition policy can help us address gender inequality

6. It reduces the scope for gender-based discrimination by employers

- Without market power firms are unable to indulge in inefficient discrimination that increases costs (Becker)

- Exception: if consumer demand is discriminatory a competitive market will deliver discriminatory outcome (e.g. art markets in Adams 2017)
Empirical testing of Becker:

• Cooke, Fernandes & Ferreira, (2018) on impact of registration cost shock
• Hirsch et al. (2014), changes in product market competition
• Heyman (2013) on takeover shocks
• Black & Brainerd (2004) on trade shock
• Black & Strahan on bank deregulation shock (2001)
Prop. 1: More *effective* competition policy can help us address gender inequality.

7. It helps shift businesses out of the informal economy and into the formal economy.

- Women are a large proportion of the workforce in the informal sector.
- Moving those jobs into the formal sector would therefore bring additional employment protection for those women.
8. It can address mergers that create monopsony market power (and abuse of it)
   – Evidence: Research suggests that women typically have a lower wage elasticity of labour supply to a single employer than men (Germany, Norway, US, Italy, Australia)
   – This means that when monopsony market power exist, it is optimal for firms to use that power to discriminate.

Prop. 1: More effective competition policy can help us address gender inequality
Prop. 1: More *effective* competition policy can help us address gender inequality.

9. It can identify and remove anticompetitive regulatory barriers to switching for women workers:

- Restrictions on mobility (location, travel)
  - Evidence: 31 of 189 countries restrict choice of where to live; 17 restrict travel outside the home (source: World Bank)

- Restrictions on jobs that can be done (e.g. working nights)
  - 104 countries have some form of job restrictions on women’s work, for instance in industries such as mining, manufacturing, construction, energy, agriculture, water and transportation

- Restrictions on permission to take a job
  - 18 countries have restrictions on women’s ability to take a job
### Evidence on barriers to switching jobs

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Proposition 2:
A gender lens can improve the effectiveness of competition policy
Prop 2: A gender lens can improve the **effectiveness** of competition policy

1. It can improve the accuracy of market definition
   - Requires the use of the hypothetical monopolist test
   - Requires consideration be given to how different consumer groups respond
     - and hence whether a SSNIP might be profitable on some groups but not others

Examples:
- CUTS India – skin creams
Prop 2: A gender lens can improve the effectiveness of competition policy

2. It can improve the effectiveness of consumer remedies that are recommended by market studies.
   - When to introduce additional choice points
   - How to disclose information
   - How to frame information

Examples:
- Canada – broadband market study: women more likely to be ‘balanced consumers’
Prop 2: A gender lens can improve the effectiveness of competition policy

3. It can improve the effectiveness of whistleblowing programmes (of agencies & firms)
   – The features that incentivise & encourage whistle-blowing differ by gender. So to work effectively these programmes need to appeal to both genders.
   – Rewards, protections, and duties to report.
What can we recommend that agencies do?
A. Prioritise activities in...

1) Markets for substitute services to care and household work
2) Markets for complements to workforce participation
3) Markets where women consume
4) Markets where women work (monopsony concerns)
5) Markets with a large informal sector
What can agencies do: menu of options

B. Investigate regulatory barriers to women entrepreneurs (or to women as workers) within market studies
C. Investigate the existence of price discrimination markets in product (and labour) market definition
D. Ensure diversity of case-teams and decision-makers
E. Consider diversity when designing whistle-blower programmes
F. Consider whether proposed demand-side remedies work well for female consumers
What can agencies do: menu of options

G. Work with government to increase the number of firms with diverse boards as a pro-competitive, pro-growth measure (not as a pro-equality measure)

H. ...and finally (...we do not advise the creation of public interest tests but...) If you have a public interest test, then include gender equality within it
And what can you do?

• Spread the word. This a new topic area and we will need a broad range of stakeholders to raise the profile of competition as an element of women’s economic empowerment in MENA as until now it has been left out of the conversation

• Engage with women’s business groups to understand the barriers they face

• Join the OECD’s LinkedIn group on Competition Policy & Gender

• Reply to the imminent call for ideas for further research

Thank you for your attention!

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