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## SPC 2 – Accountability in Governance The question of the ‘pink tax’



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## Introduction

“Women earn less and pay more.”- *Candice Elliot, Listen Money Matters*

The term 'Pink Tax' refers to the additional amount of money women pay for services and products directed at women that are similar or identical to those directed at men. The Pink Tax is the surcharge women pay for goods and services, sometimes as 50% more, to similar products or services that have the same production cost such as clothes, self-care products and vehicle repair. An example of Pink Tax is that products that are female-oriented cost more than the male-oriented version of them like: razors, shampoo and jeans. This means that women have to pay more than men for almost identical products, apart from the color and/or shape. “The average woman spends 1351USD annually on paying the Pink Tax on more expensive products and services targeted at women” (*Luis, Natalie San*). The Pink Tax is an example of gender discrimination in the sale of goods and services, because women have to pay more than men for the same or similar product/service.

The Pink Tax is a result of intricate social and economical encouragement. From a financial point of view, major companies use the idea that women are willing to pay more for feminized products as a reason to implement Pink Tax. From this point of view, companies and retailers earn more revenue and also more profit, which benefits their company without much resistance. However, another root cause of this infringement of gender equality is that society accepts that women have to pay more for an almost-identical product. The reason why this is socially acceptable is simply that they are women. In addition, the traditional view of society about men and women confirms the gender inequality views. Arguably, Pink Tax is in place for women because, if it were in reverse, men would effectively speak out about the issue and would ensure that changes would occur. However, because women are unaware of this and due to the social acceptability of Pink Tax, women speak out less often, not causing companies to be inclined to remove the Pink Tax from female-oriented products and services. However, governments have the responsibility to take care of their citizens and provide all with healthy living conditions without gender discrimination.



In addition to the Pink Tax on services and goods, women are still paid significantly less for the same job as men. Therefore, Pink Tax is a violation of gender equality, which is a human right. The wage gap between women and men working full time in the US is 79% according to *IWPR*. This means that for every 100USD a man earns a woman will only earn 79USD, while working the same working conditions. Keeping in mind, that the United States is a well developed country and that in many other countries in the world that are less developed the wage gap is often much larger. According to Research Gate, the wage gap between men and women in Nigeria is 57%. Worldwide, women still earn less money than their male colleagues that do the same job. In addition to that, women also have to pay more for products and services directed at them. Governments are accountable to provide a healthy working environment to all citizens and therefore governments from around the globe are called upon to come together and find a solution.

## Definition of Key Terms

### Female-oriented products

This refers to products that are directed at women to buy. In this case it pertains to feminized products that are directed at women, which have a cheaper male-oriented version.

### Gender discrimination

Discrimination that is based on a person's gender that mostly affects women and girls. Gender discrimination causes women and girls to have fewer opportunities than men and boys especially in political influence, education, economic advancement and careers.

### Gender equality

This term refers to the same responsibilities, rights and opportunities given to women, men, girls and boys.

### Gender pricing

Selling identical or similar products and services to men and women at different prices while the cost of production of the products and services is the same.

### Pink tax

The additional amount of money women pay for services and products directed at them that have a similar or identical product directed at men that is cheaper and has the same cost of production.



## Wage gap

This refers to the difference in income between different groups, in this case men and women. The wage gap is found by dividing the median annual income for women by that of men and is usually shown as a percentage.

## General Overview

### Clothing

Men and women have different body shapes and therefore have different needs pertaining to clothing. In addition, women and men's taste in clothing usually differ. Therefore, most brands have separate clothing lines for men and women to cater for the different needs. Clothes for women often require preparation work like: sewing, more fabric or decorations than men's, which results in higher production costs; a higher price of clothing. But, pink tax does not apply to this, because the cost of production is significantly different. Sometimes clothing pieces by the same brand have very similar or identical design, although the cut may be different, like in shirts. However, clothing items that have very similar or same designs for men and women may have different price tags. Clothing prices that are higher for females, which is most common in commercial apparel, is referred to as Pink Tax. An example of this is Old Navy, which is an American clothing retailer owned by Gap Inc. In 2014, CBS News found that Old Navy was selling women's plus-sized jeans for 15USD more expensive than the regular women sized jeans. They sold the men's plus-sized jeans for price of the regular sized jeans. Paying a higher price for larger jeans is logical because more fabric is needed to manufacture it. However, when only women have to pay more for a larger sized pair of jeans it is gender discriminating.

### *Luxury brands*

Pink Tax is also applied to luxury brands similar to commercial brands like. Many luxury brands make clothing lines that are designed by hand and/or a reoccurring a pattern or design between men and women apparel. However, these similarly designed pieces also have different prices and the price of the female-oriented version is most commonly more expensive. An example of this is Valentino's silk top diamond that has a male- and female-oriented version. The top directed at men retails for 1100USD, while the top directed at women costs 1390USD. This is a difference of 290USD. Clothes for women are often smaller than those for men, meaning that less material is used, which would logically mean that the piece of clothing should be cheaper as the cost of production is lower. This is not the case in



all clothing lines, but in fact, it is the exact opposite. The prices of these luxury brand items are significantly higher than commercial clothing, so is the difference in price between the items of clothing directed at women than that directed at men. This shows that Pink Tax is not only an issue the lower and middle class faces, even the upper class feels the effects of gender pricing.

## Toys

Not only women are affected by the surcharge of Pink Tax, but also girls. From birth onwards, women and girls have consciously or unconsciously experienced Pink Tax. Toys directed at girls frequently cost more than the identical, except for the color, toys for boys. An example of this is Target, a popular store located in the US. This company sold pink scooters targeted at girls for 25USD more than the equivalent red scooter targeted at boys. This indicates how girls grow up paying more for products that are directed at them than boys. This inequality shows how deep the issue goes, because from birth onwards women and girls are confronted with paying more for the same products as men, which normalizes it because they are so accustomed to it. In addition, parents pay for the toys, as well as other products especially when money is tight it is much more favorable to have boys than girls, which should not be the case.

## Wage gap

The gender wage gap is the difference in income between men and women. The wage gap is calculated by dividing the median annual income for women by that of men and is usually shown as a percentage. According to the IWPR, the wage gap in the United States is 79%, meaning that women earn only 79% on average of what a man earns for the same job. Women's competence is viewed as less than men's, which is one of the leading causes of the gender pay gap, even when women and men do the jobs that have equal value. Another major cause of the wage gap is that women, in general, find it more difficult to balance a professional and private life. Domestic responsibilities are still not equal, which also cause many women to stay at home, only 65.8% of women who have young children work in the EU, as oppose to the 89.1% of men who work and have young children, according to the European Commission of Justice. Women often work part-time or leave early sometimes to take care of domestic duties. This negatively impacts their career development and also means that they receive less financial rewards. These ideas lead people to believe that women are less competent to perform the same job as men and should, therefore, receive less payment, although they do the same job as men and work the same amount of hours.



## Companies' response to Pink tax

In the past, companies have been called out on implementing on their products. Many of the companies responded by pointing out that according to their market research, women shop less based on price and put more value to branding and marketing, whereas men shop profoundly based on price, especially when buying convenience goods like toiletries. In addition, companies indicate that higher competition on the market to sell similar products to women is more expensive. Therefore, in order to stand out to women, who are their target audience, companies need to invest in advertising and marketing to increase revenue. Companies argue that the addition cost spend on marketing to target women needs to be earned back. One way to improve profit is to increasing retail prices on women's goods, while the price on men's goods is lower.

## Sustainable Development Goals

The Sustainable Development Goals are 17 goals that were adopted by world leaders in September 2015 for the 2030 agenda for Sustainable Development and which officially came into force on 1<sup>st</sup> January 2016. Goal 5 states: *'to achieve gender equality and to empower women and girls all over the world. With this goal, the UN aspires to eliminate gender discrimination in education, employment and representation in politics amongst other areas.'* The link to the Sustainable Development Goals can be found in Appendix I. The importance of this goal, relating to Pink Tax, is to address the issue of gender inequality. The gender-based pricing is a form of gender discrimination. Therefore, this goal aims to address this problem and aims to create awareness among world leaders and the public, although it also addresses many more gender-inequality issues at the same time.

## Charter of the United Nations

Member States agreed upon the UN Charter (Charter of the United Nations) when the UN was established as an intergovernmental organization. The UN Charter is a foundational treaty for the United Nations, which communicates the values that the United Nations stands behind. In 1945 world leader adopted the UN Charter, one of the crucial foundations the UN supported were equal rights between men and women. This can be found in the preamble of the UN Charter, which states: *'to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small.'* The reason for including this principle in the UN Charter was to empower women, but also to empower men in some aspects; to reach equality between the genders. As Pink Tax is a form of gender discrimination, it is an infringement on the UN Charter and therefore necessary measures need to be taken.



## Major Parties Involved and Their Views

### UN Women

UN Women is the United Nations entity for the empowerment of women and for gender equality. They support Member States to implement measures striving towards achieving gender equality. UN Women views this issue as very important and has the main goal to irradiate gender discrimination. They believe that gender equality is the most important aspect to take into consideration than the requests of major companies for example. In an attempt to solve the issue of gender inequality they would work collaboratively with all Member States to come to a comprehensive solution.

### United States of America and United Kingdom

The United States of America and the United Kingdom have similar views on this issue, and would like to see change in gender inequality and tackle the issue of Pink Tax. However, they would like to ensure that the interests of major companies are kept in mind, as they are a large source of income for the United States and United Kingdom. In addition, the USA and UK have an interest in maintaining good international relations. The USA and UK believe that negatively impacting major companies may damage and cause friction between trading countries such as Canada, China and Germany.

### Canada

Canada's view on this topic is to address the issue at hand effectively. Canada is involved in this issue because similarly to many other nations there have been reported cases of pink tax that Canada would like to tackle. However, Canada also would like to take the needs of major companies into consideration, while keeping in mind the important goal these measures should address, similarly to the USA.

### China

China is a great trader with the UK and the USA and would like to see these good trade relations maintained. However they also believe that the issue of gender discrimination is a serious problem and would like to tackle it. They would preferably do this without causing too much negative publicity on major export and import companies they trade with. The reason for this is to maintain their current economic standings, as China currently is experiencing a decreasing rate in the increase of their economy.

## Timeline of Events



<b>Date</b>	<b>Description of event</b>
1945	Establishment of Charter of the United Nations
January 2010	Consumer Reports discover that products targeted at women that have equal men-oriented versions are more expensive.
July 15, 2010	The 'Strengthening the institutional arrangements for support of gender equality and the empowerment of women,' resolution is drafted.
September 14, 2015	Gender Equality and Empowerment of Women Strategy 2016-2019 is published.
September 27th 2015	The UN Sustainable Development Summit takes place to formally adopt the sustainable development goals.
January 1 <sup>st</sup> , 2016	The measures the Sustainable Development Goals suggests are officially implemented.
March 14-24th, 2016	The sixtieth session of the Commission on the Status of Women takes place.
April 8 <sup>th</sup> , 2016	Report on the Commission on the status of women on its 61 <sup>st</sup> session is published.

## UN involvement, Relevant Resolutions, Treaties and Events

- Report of the Commission on the status of women on its 61<sup>st</sup> session, 24 April 2016 **(E/2016/27-E/CN.6/2016/22)**
- United Nations Charter that supports equal rights between men and women.
- The creation of the Sustainable Development Goals by the United Nations addressing the issue of gender equality.
- Gender Equality and Empowerment of Women Strategy 2016-2019, a report by the Director General, 14 September 2015 **(GC.16/8)**
- Strengthening the institutional arrangements for support of gender equality and the empowerment of women, 15 July 2010 **(E/2010/L.21)**

## Evaluation of Previous Attempts to Resolve the Issue

In an attempt to tackle the issue of Pink Tax, research was carried out using publications through newspapers and schools, for example. Although these sources of research are credible they do not have much power in relation to the major companies that are implementing a Pink Tax on their products or services. The researchers do not have authority while tackling Pink Tax; therefore, support from other parties like the UN is vital in





their efforts to make a change. The UN, for example, has power to put significant pressure on companies to alter their policies on Pink Tax.

The major companies often do not respond to the accusations or they simply point out that the production cost of the female-oriented version is more expensive than the men's version, which is an acceptable answer to the public because this would make perfect sense. In addition, the researchers are not able to prove them wrong because they have no access to company files. This flaw in a previous attempt to solve the issue once again demonstrates that in order to tackle this problem effectively a party with authority needs to step in to ensure that companies truly do not have a Pink Tax.

Another the reason that these previous attempts have not been very successful is that non-authoritative parties do not follow through on the issue of Pink Tax. These major companies make sure that bad publicity is dealt with to keep the brand maintaining their good name. As these researchers who publish reports on the use of Pink Tax in companies do not have much authority over the companies, which the UN does, they quickly find themselves not able to do much about the issue. This pertains to the researchers not having the resources to create awareness campaigns for Pink Tax in order to help put pressure on companies to change their policies.

Many of the reports that are written, or research that is carried out, are not published all over the media. Instead, the research projects remain reports that are difficult to access for the general public. Previous attempts to solve the issue of Pink Tax have not been very successful because no major campaigns or media coverage was done to support this issue. This caused many people to remain unaware of the issue of Pink Tax. Public unawareness then leads to less people speaking up about the issue and putting pressure on companies to change their current prices and to abolish the Pink Tax. Moreover, because many people are unaware of the Pink Tax, companies continue their activities to implement the Pink Tax.

Another failed attempt to resolve the issue faced was the lack of corporation and communication between countries that were affected by Pink Tax. Many countries are affected by the use of Pink Tax because large international companies have branches all over the world. One reason for the failed corporation between the countries is due to a lack of communication, which is difficult with different time zones, for example.

## Possible Solutions

A possible solution that could help to solve the issue is implementing measures to increase the transparency between the transnational corporations and Member States or the



UN. By doing this, the UN will be able to monitor the costs of certain products/services, where there is a difference between the price of the female-oriented version and the version targeted at males. This way it will be easier for the UN to detect companies that have Pink Tax on certain products. This information should then be accessible to the public in order to provide them with reliable information in order to make an informed decision on which products they would like to purchase.

A way to help resolve this issue is to provide especially women and girls with education on gender equality, more specifically, on more modern gender discrimination like the Pink Tax. This way they will be able to identify things that are gender discriminating more quickly and possibly refrain from buying products from that shop/brand. In the education program either given at school or through a different media they should also be encouraged to leave complaints and to speak up about the gender discrimination they face. This way companies and the people these women know will be informed about the issue and could then work to solve it. In addition, the more people know and speak out about the issue of Pink Tax in a certain company the less people; especially women will want to buy goods/services from that shop, which will result in a drop in revenue for the companies. This can similarly be done through ad campaigns and through other media that are unbiased and educate people about current forms of gender discrimination.

Another solution to keep in mind would be to increase the corporation between countries to increase the communication between them concerning gender equality. An idea could be to organize an annual summit on gender equality, where world leaders would tackle issues like Pink Tax.

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## Appendix or Appendices

### Appendix 1. A link to the Sustainable Development Goals:

<https://sustainabledevelopment.un.org/?menu=1300>

The most relevant SDG is goal 5, which reads to:

Achieve gender equality and empower all women and girls.

#### TARGETS

##### 5.1

End all forms of discrimination against all women and girls everywhere

##### 5.2

Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation

##### 5.3

Eliminate all harmful practices, such as child, early and forced marriage and female genital mutilation

##### 5.4

Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate



## **5.5**

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

## **5.6**

Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences

### **5.a**

Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws

### **5.b**

Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women

### **5.c**

Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels

#### **Appendix 2. A link to the UN Charter:**

<http://www.un.org/en/sections/un-charter/un-charter-full-text/index.html>

#### **Appendix 3. A link to the report of the Commission on the status of women on its 61<sup>st</sup> session:**

[http://www.un.org/en/ga/search/view\\_doc.asp?symbol=E/CN.6/2016/22](http://www.un.org/en/ga/search/view_doc.asp?symbol=E/CN.6/2016/22)

#### **Appendix 4. A link to the Gender Equality and Empowerment of Women Strategy 2016-2019, a report by the Director General:**

[http://www.unido.org/fileadmin/user\\_media/PMO/GC.16/GC.16\\_8\\_E\\_Gender\\_Equality\\_and\\_Empowerment\\_of\\_Women\\_Strategy\\_2016-2019.pdf](http://www.unido.org/fileadmin/user_media/PMO/GC.16/GC.16_8_E_Gender_Equality_and_Empowerment_of_Women_Strategy_2016-2019.pdf)

