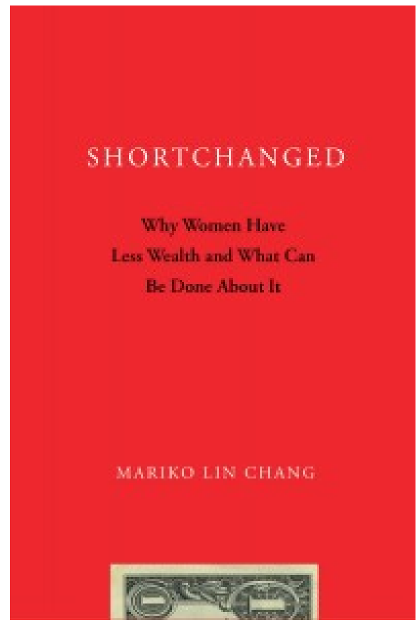
Shortchanged: overcoming the gender wealth gap

How do we close the gender wealth gap? Mariko Lin Chang assesses the policy situation in the US, suggesting reasons as to why many women find it hard to escape debt anchors, and how barriers often prevent them from taking the wealth escalator. ***Joe Laking*** *concludes that although* ***Shortchanged*** *fails to offer any radical solutions to wealth inequality, it does present a well-evidenced argument for addressing the gender wealth gap.*

Shortchanged: Why Women Have Less Wealth and What Can Be Done About It. Mariko Lin Chang. Oxford University Press USA. February 2012.



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As an issue, the gap between those who have wealth and those who don't is alive and kicking. During the French election Nicolas Sarkozy was criticised for his ostentatious presentation of wealth at a time when the average French citizen was feeling the pinch of a global financial crisis. The UK has slipped into a double dip recession and in the US, Bill Gates was complaining that he, as an extremely wealthy individual, is not being taxed enough.

Mariko Lin Chang's *Shortchanged* is an in-depth exploration of the gender wealth gap in America. Chang draws on a mixture of a quantitative analysis of the 2004 Survey of Consumer Finances and a series of semi-structured interviews carried out by the author and several colleagues.

Chang uses data from the Survey of Consumer Finances to highlight that although things have improved in terms of the gender wage ratio (currently at an all time high of 77.8%) the 'typical' woman owns 36% of the wealth that her male peer does. The idea of the 'typical' woman is used throughout *Shortchanged*, in acknowledgement that Chang is comparing the median rather than the mean. The wealth gap is examined along various different variables, including race, relationship status (never married, married, divorced/widowed) and age. The main conclusion drawn is that, to varying degrees, there is a substantial wealth gap between men and women across most variables.

Shortchanged goes on to look at the policies in America that maintain and exacerbate this gender wealth gap. Policies that assist citizens in accumulating wealth are labelled as being part of the 'wealth escalator,' while policies that limit the accumulation of wealth are referred to as 'debt anchors'. Policies listed as constituting the wealth escalator included tax breaks on mortgage payments, health care benefits that are predominantly accessible to full time workers and access to stock options. These policies disproportionately benefit men in more or less direct ways.

Chang suggests that a large reason that women are less likely to be able to access the wealth escalator is tied up with motherhood. The fact that women are more likely to reduce their working hours or take breaks in their employment to provide care prevents them form accessing policies aimed at full time employees and reduces their social security contributions. Further to this, women are more likely to have custody of dependent children if a relationship breaks down.

At the same time, women are more likely to be caught by the debt anchor. Whether this be through using credit cards to pay day to day essential expenses, being more likely to be offered subprime mortgages and loans or more likely to be employed part-time or have an interrupted employment history owing to caring commitments.

The final chapter is dedicated to suggesting public solutions to rectify this wealth gap. These suggestions include decoupling affordable healthcare from full time employment, the creation of Individual Development Accounts for single parents and encouraging men to take a more equal role in caring through changing custody laws and promoting paid paternity leave.

Shortchanged is a good and thorough exploration of how policies within America might perpetuate unequal accumulation of wealth between men and women. However, there are tensions in Chang's discussion of the gender wealth gap. The effects of intersections of other facets of identity (age, class, race etc) with gender are particularly discussed in Chapter Two, which sets out the problem of the gender wealth gap. This discussion seems to go some way to acknowledging that the category of 'women' is not a singular or homogenous bloc.

The problem is that Chang goes on to suggest that gender is the primary axis of discrimination and that other wealth gaps exacerbate a universal gender wealth gap. This prioritisation of a particular aspect of identity can mask complexities and contradictions. The emphasis on the importance of the gender wealth gap masks the huge wealth inequalities within the category of 'women'. While obviously not directly comparable, an idea of this inequality can be found by looking at data amassed in the report, *The Anatomy of Inequality in the United Kingdom*, produced in 2010. Following Chang and considering the median, while the typical single parent household headed by a woman had the median wealth of £23,252, the median wealth of a single woman was £100,733.

Further to this, if you look at the spread of wealth within any given variable, it begins to become apparent that households that may be considered to have the same interests may have wildly different priorities. Taking single women under state pensionable age, those women in the 90th percentile own wealth with amounting to 135.6 times the value of the bottom 10th percentile. While that is an extreme example, women in the 70th percentile have just under 10 times the wealth of those in the 30th.

The suggested solutions that Chang offers do focus predominantly on improving the ability of women on lower income to accumulate wealth, which is an approach I wholeheartedly support. However, I didn't feel that Chang's analysis acknowledged the contradictions within the categories of analysis that she had chosen.

If *Shortchanged* didn't offer any radical solutions to wealth inequality (I've always been a fan of the new economics foundation's *21 Hours* report) and relied on a very binary construction of gender and identity, it was a thorough and well-evidenced argument for addressing the gender wealth gap that exists.

Joe Laking studied MSc Gender and Social Policy at the London School of Economics, graduating in 2010. Read more reviews by Joe.

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