GOING AGAINST THE GRAIN: WOMEN ON CENTRAL AND EASTERN EUROPEAN LABOR MARKETS DURING THE TRANSITION

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Abstract[1]

Upon a close examination, one finds that mainstream economic literature on Central and Eastern European transitions focuses predominantly on macroeconomic reforms, making generalized statements on transitional developments most often without taking into account that outcomes might differ with respect to factors such as gender. This paper purposefully goes against this trend in an attempt at a gender-segregated analysis of the labor markets in ten former socialist countries (the eight that became members of the European Union in 2004 and Bulgaria and Romania, which are to join in 2007). Using the framework of the neoclassical labor market model as a basis for empirical analysis of quantitative labor market indicators, but also taking into account findings of gender and development economists, sociologists, historians and other social scientists, particularly in relation to qualitative indicators, the paper takes an interdisciplinary approach to the analysis of the situation of women on transitional labor markets.

1. Introduction

Transitions in Central and Eastern Europe have been the focus of both regional and international debates of the past decade and an issue in many fields such as economics, politics, sociology, and gender studies, to name but a few. However, upon a closer examination of scholarly literature on the region, one finds that the majority of the papers focus on a rather narrow aspect of the transitions instead of viewing problems from a wider perspective. Accordingly, mainstream economic literature on the transitions concentrates predominantly on macroeconomic developments and thereby generalizes transitional outcomes without taking into account that such outcomes might differ with respect to factors such as gender and/or ethnicity.

This paper goes against this trend and examines the question of how the

[1] The paper presented here is a shorter version of my Bachelor's thesis presented at the University of Göttingen under the supervision of Prof. Stephan Klasen, Ph.D. Due to a restriction regarding space I have omitted several sections from the original text: a theoretical section presenting the economic framework of labor market analysis, a section discussing the historical background (the socialist economy and the reforms undertaken during the transition period) as well as a part containing a more thorough analysis of quantitative labor market indicators (which also contains an analysis on the aggregate level, i.e. not segregated by gender). I would be glad to provide the full version of the paper to those interested upon request.

economic, political and social transformations in Central and Eastern Europe affected labor market outcomes taking into account gender differences. Although the main theoretical framework used is the one developed by neoclassical economists for labor market analysis, the findings and arguments of development and gender economists, sociologists, historians and other social scientists as well as of NGO networks are integrated where appropriate. I argue that this approach not only enriches and complements the economical analyses, but is, indeed, indispensable when examining such a complex issue, connected as much to economic and political reforms as to perceptions and persisting models in society.

Thus, a careful gendered analysis of Eastern European labor markets reveals that the lack of gender sensitivity on the part of politicians and economists has most often affected women's situation more negatively than men's (in terms of falling employment and participation rates as well as rising unemployment). Moreover and most importantly, the qualitative characteristics of the labor situation both before and after the transition clearly show vertical and horizontal segregation in the labor market and a large gender pay gap.

Due to reasons of space and time, I have chosen to limit myself to an analysis of the eight former socialist countries that became members of the European Union (EU) in 2004[2] and Bulgaria and Romania, which are to join the EU in 2007. In writing this paper I start from an assumption of a common background (often termed the Communist legacy) and similar transitional reforms in the above mentioned countries, thus viewing them as a group. These are specific characteristics that distinguish them from other groups of countries (such as the old EU member states or developing countries). However, it is important to note that in spite of these common traits, there are many country-specific features (of a historical, geographical, cultural, political, and geopolitical nature) that play an important role in the development of these countries.

The paper is structured as follows: in the next section I give a brief overview of economic theories explaining gender differences in labor market outcomes; the third section builds on them and presents a gendered analysis of the main quantitative labor market indicators (employment, participation, and unemployment rates). The fourth section discusses qualitative differences with respect to gender in Central and Eastern European labor markets. Finally, the fifth section draws some conclusions from the research.

2. Theoretical Framework

According to the neoclassical model of the labor market[3], the wage (price of labor)

[2] These countries are the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia.

3 For an overview of the model, see Francine D. Blau, Marianne A. Ferber, and Anne E. Winkler, *The Economics of Women, Men, and Work.* Third

and the employment level (quantity of labor) in the economy are determined through the interaction of supply and demand on the labor market. The supply side is constituted of workers, renting their labor for pay to finance consumption of goods and services. The demand side is constituted of employers, hiring labor to use it as an input along with other factors of production.

2.1. Factors behind Men's and Women's Labor Force Participation[4]

As women's and men's labor force participation levels in many countries have converged in the second half of the 20th century, economic theory has been reemployed to examine the factors behind these developments. A change in labor force participation is influenced by both demand and supply side factors[5]. As the demand for labor is derived from the demand for goods and services, economic growth leads to increased labor demand for both sexes. Changes in the composition of the economy also involve changes in the demand for labor. For example, shrinking of the (predominantly male) manufacturing sector and expansion of the services sector leads to decreased demand for male labor and increased demand for female labor. With the introduction of more complex production technologies, more skilled labor is demanded. Increases in female/male education relevant for market work lead to increased demand for female/male labor. As competition in labor supply increases (all else remaining equal), demand for more qualified workers rises, while that for less qualified labor declines, sometimes pushing the less qualified out of the labor force.

As for the supply side, an individual is said to weigh different alternatives for the allocation of time available to him (subtracting the hours biologically necessary for sleeping) when deciding to work or not. Here it is assumed that one has two possibilities – either to work for pay or to spend time for leisure (or formulated otherwise, the choice is between paid and unpaid work in the home). The individual's decision depends on several factors: the opportunity cost of leisure (i.e. the hourly wage one would receive if he/she were to work instead of

Edition (Upper Saddle River, NJ: Prentice-Hall, 1998), 8-11; Ronald G. Ehrenberg and Robert S. Smith, *Modern Labor Economics. Theory and Public Policy*. Eight Edition (Boston et al.: Addison-Wesley, 2003), 56-87 and 163-200; Richard B. Freeman, *Labor Economics*. Second Edition (Englewood Cliffs, NJ: Prentice Hall, 1979), 16-34 and 60-80; Joyce P. Jacobsen, The Economics of Gender. Second Edition (Malden, MA and Oxford: Blackwell Publishers, 1998), 26-29. For more comprehensive analyses see also Part I and Part II of Volume 1 of the Orley Ashenfelter and Richard Layard, eds. *Handbook of Labor Economics*. Vol. 1 (Amsterdam et al.: North-Holland, 1986).

[4] The discussion that follows is based on Blau, Ferber, and Winkler, *The Economics of Men, Women, and Work*, 76-122; Jacobsen, *The Economics of Gender*, 106-153; James J. Heckman and Mark R. Killingsworth, "Female Labor Supply: A Survey," in *Handbook of Labor Economics*. Vol. 1, ed. Orley Ashenfelter and Richard Layard (Amsterdam: North-Holland, 1986). 103-204; John Pencavel, "Labor Supply of Men: A Survey," in *Handbook of Labor Economics*. Vol. 1, ed. Orley Ashenfelter and Richard Layard (Amsterdam: North Holland, Amsterdam, 1986). 3-102.

[5] Jacobsen, *The Economics of Gender*, 118-130.

spending the hour in leisure activities), one's wealth level (the income one has independent of working) and one's set of preferences. Greater availability of substitutes for home produced goods and services as well as greater efficiency due to labor saving machines (washing-machine, microwave) make household production less time consuming or easier to substitute and will most likely lead to increased substitution of home produced for market goods and thus to more time allocated for market work. Family composition is also an important factor influencing the participation decision. A single or divorced person is likely to have less non-earned income available to him/her (otherwise earned, for example, by a working spouse), thus he/she is more likely to decide to work. A person with children, on the other hand, faces lower opportunity costs for not working as he/she has to subtract eventual costs for childcare from the wage he/she receives. Thus it has been argued that a person with lower earnings opportunities would more likely be induced to stay home if childcare costs increase[6]. A rise in early-retirement pensions, disability, and unemployment benefits will, on the other hand, set off an income effect[7] that will reduce labor supply.

[6] See Gary S. Becker, *A Treatise on the Family*. Enlarged Edition. Third Printing (Cambridge, MA and London: Harvard University Press, 1994) for a neoclassical analysis of division of labor within a household.

[7] The income effect depicts the idea that if non-earned income rises keeping all other factors (one's wage rate and preferences) constant, a person will choose to work less as the income available to him has increased while the opportunity cost of leisure has remained the same.

2.2. Theories explaining different labor market outcomes for men and women

Gender differences in labor market outcomes usually amount to occupational segregation and differences in earnings. Occupational segregation can be both horizontal (inter-occupational) and vertical (intra-occupational), the first one denoting the idea that some occupations are predominantly male and others predominantly female[8]. Vertical occupational segregation means that in occupations where both sexes are represented women tend to occupy positions of lower pay and lower prestige, while men tend to occupy the well-paid supervisory positions. A number of

[8] The most common method of measuring horizontal occupational segregation is the Duncan segregation index, which shows what percentage of either group would have to change occupations in order to arrive at a level of representation proportional to the labor force participation of the respective group of the population (Jacobson, *The Economics of Gender*, 212). For overviews of segregation indexes see Joseph Deutsch, Yves Flückiger, and Jacques Silber, „On Industrial versus Occupational Segregation by Gender: Measurement and an Illustration," in *Inequality in Labor Markets: The Economics of Labor Market Segregation and Discrimination, Research on Economic Inequality*. Vol. 5, ed. Shoshana Neuman and Jacques Silber (Greenwich, CT and London: Jai Press Inc, 1994). 27-54; Beverly Duncan and Otis Dudley Duncan, "A Methodological Analysis of Segregation Indexes," *American Sociological Review* 20, No. 2 (1955): 210-218; Nanak C. Kakwani, "Segregation by Sex: Measurement and Hypothesis Testing," in *Inequality in Labor Markets: The Economics of Labor Market Segregation and Discrimination*, *Research on Economic Inequality*. Vol. 5. ed. Shoshana Neuman and Jacques Silber (Greenwich, CT and London: Jai Press Inc, 1994). 1-26.

theories have been developed by economists to explain these differences in outcomes (both from a supply side and from a demand side perspective), and while none of them are universally valid, most offer an important partial insight on the situation[9].

2.2.1. Supply side theories

Supply side theories attribute differences in men's and women's positions in the labor market to differences in preferences and abilities. The most cited of those theories - human capital theory - views education and on-the-job training as investments in future earnings, as they lead to rising productivity (be it real or perceived), which in turn leads to higher pay. In this connection, Nobel-prize winner Gary Becker argues that women have less incentive to invest in human capital because they anticipate to spend time out of the labor force in child bearing and child rearing (they have a smaller rate of return due to the shorter period of time in which they are able to reap the benefits of their investment)[10]. In another article he even goes as far as arguing that due to their household and childcare obligations, women face a greater burden and that married women therefore put less effort into each hour of paid work than married men. According to him, as a consequence, women's labor market productivity is lower than men's, which in turn leads to gender differences in occupations and earnings[11]. Another theory takes up on the theory of compensating differentials that traces back differences in earnings to different tastes and claims that jobs that are less pleasant receive higher pay as compensation and men are more likely to choose such jobs, while women place more value on the pleasantness of a job[12]. Supply-side theorists have been largely criticized for speaking of women's and

[9] For critical overviews see Richard Anker, "Theories of Occupational Segregation by Sex: An Overview", *International Labour Review* 136, No. 3 (1997): 315-397. http://www.ilo.org/public/english/support/publ/revue/articles/ank97-3.htm (accessed July 14, 2005); Blau, Ferber, and Winkler, *The Economics of Men, Women, and Work*, 141-233; Jacobsen, *The Economics of Gender,* 219-227 and 241-323; Elias H. Tuma, *The Persistence of Economic Discrimination: Race, Ethnicity, and Gender. A Comparative Analysis* (Palo Alto, CA: Pacific Books, Publishers, 1995), 119-142. On methodological questions regarding the measurement of occupational differences in earnings by gender, see Derek Robinson, "Differences in Occupational Earnings by Sex," *International Labour Review* 137, No. 1 (1998): 3-31.

[10] Gary S. Becker, *Human Capital. A Theoretical and Empirical Analysis with Special Reference to Education*. Third Edition (Chicago, ILL and London: The University of Chicago Press, 1993), 85-88.

[11] Gary S. Becker, "Human Capital, Effort, and the Sexual Division of Labor," *Journal of Labor Economics* 3, No.1, Part 2, (1985): 33-58.

[12] Jacobsen, *The Economics of Gender*, 271-288; Ehrenberg and Smith, *Modern Labor Economics*, 231-259. An important point advanced by feminist economists concerns determining how valuable, skilled or productive a certain type of work is. Many argue that sometimes work is devalued and lower paid just because it is performed by women, although it requires a similar level of skills as a higher paid male job (see Drucilla K. Barker and Susan F. Feiner, *Liberating Economics. Feminist Perspectives on Families, Work, and Globalization* (Ann Arbor: The University of Michigan Press, 2004), 68.

men's "preferences" without acknowledging that these preferences are formed within a society, which by teaching and reinforcing stereotypes often discriminates against women (or against men). Richard Anker as well as Blau, Ferber, and Winkler name this "societal discrimination".

2.2.2. Demand side theories

On the demand side, a number of economic theories of discrimination have been developed[13]. In them: "Labor market discrimination is said to exist if individual workers who have identical productive characteristics are treated differently because of the demographic groups to which they belong"[14].

Discrimination models can be divided into those involving tastes for discrimination and others stemming from market imperfections[15]. Gary Becker's models, in which either an employer, an employee or a customer act as if they incur psychic non-pecuniary costs of production, employment, or consumption by employing, working with or consuming through someone they discriminate against, pertain to the first group[16].

The second group of discrimination models relevant for gender concerns includes monopsony models[17], institutional or two sector models (Bergmann's overcrowding model can be viewed as a special case of them[18]) and statistical discrimination models[19].

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[13] See Joseph G. Altonji and Rebecca M. Blank, "Race and Gender in the Labor Market," in *Handbook of Labor Economics*. Vol. 3C, ed. Orley Ashenfelter and David Card (Amsterdam: Elsevier, 1999), 3143-3259; Kenneth J. Arrow, "The Theory of Discrimination," in *Discrimination in Labor Markets*, ed. Orley Ashenfelter and Albert Rees (Princeton, NJ: Princeton University Press, 1973), 3-33. Gary S. Becker, *The Economics of Discrimination* (Chicago: The University of Chicago Press, 1957); Glen G. Cain, "The Economic Analysis of Labor Market Discrimination: A Survey," in *Handbook of Labor Economics*. Vol. 1, ed. Orley Ashenfelter and Richard Layard, (Amsterdam: North-Holland, 1986), 693-785; Janice F. Madden, *The Economics of Sex Discrimination* (Lexington, MA, Toronto and London: D.C. Heath and Company, 1973); Ronald Oaxaca, "Sex Discrimination in Wages," in *Discrimination in Labor Markets*, ed. Orley Ashenfelter and Albert Rees (Princeton, NJ: Princeton University Press, 1973), 124-151.

[14] Ehrenberg and Smith, *Modern Labor Economics*, 382.

[15] The classification is used in Jacobsen, *The Economics of Gender*, 300-311.

[16] Becker, The Economics of Discrimination, 122.

[17] Madden, *The Economics of Sex Discrimination,* 69-85.

[18] Barbara Bergmann, "Occupational Segregation, Wages and Profits When Employers Discriminate by Race and Sex," *Eastern Economic Journal* 1, No. 2 (Apr. 1974): 103-110.

[19] Dennis J. Aigner and Glen G. Cain, "Statistical Theories of Discrimination in Labor Markets", *Industrial and Labor Relations Review* 30, No. 2 (Jan. 1977): 175-187; Arrow, "The Theory of Discrimination", 23-33; David L. Dickinson and Ronald L. Oaxaca, "Statistical Discrimination in Labor Markets: An Experimental Analysis," *Department of Economics Working Paper* 05-11 (2005). Boone, NC: Appalachian State University, http://econ.appstate.edu/RePEc/pdf/wp0511.pdf (accessed September 28, 2005); Edmund S. Phelps, "The Statistical Theory of Racism and Sexism," *The American Economic Review* 62, No. 4 (Sept. 1972): 659-661.

Due to market imperfections, employers in a monopsonist industry might be able to discriminate given that some conditions are met[20]. Institutional models depart from the assumption of an internal labor market (which involves a continuous climb up the ladder within a firm, less accessible to women due to breaks in their career) or from dual labor markets, which involve institutional streaming in primary and secondary jobs. Once hired in a secondary job, one can move up only in this job. Barbara Bergmann's overcrowding model takes a similar approach in departing from dual labor markets. It suggests that overcrowding (excess supply) in female industries might drive wages in these industries down, given that there are fewer female-dominated than male-dominated jobs in the economy and that women are more likely to look for a job in a female rather than a male-dominated sector, either due to preferences or discrimination in the male sector[21]. Statistical discrimination models depart from the assumption that there is imperfect information of worker's actual productivity on the labor market[22]. They claim that employers make their decision on the basis of information on *average* productivity of a group of workers. Thus in the case that women are *perceived* to be less productive or less reliable on average than men or in the case that they *are* actually less productive on average in market activities due to their double burden as Becker has argued, employers are more likely to prefer a man to a woman even if they are equally qualified.

The above-mentioned discrimination models have been criticized on many grounds (incompatibility with long-term equilibrium, failure to explain both occupational segregation and the gender pay gap, as well as for legitimizing the status quo of gender inequality, etc.) by economists and non-economists[23]. Many have pointed out that static economic models fail to depict the feedback effects of gender discrimination[24]. Here, I will not go into any further details of the critiques, as the purpose instead is to use the above-mentioned models as complementary lines of thought for explaining labor market outcomes in transition countries rather than to comment on the theoretical qualities of the models.

3. Quantitative Labor Market Indicators

In this section I use the standard economic framework introduced above in an attempt to explain the development of the main quantitative labor market indicators (namely: employment, participation, and unemployment rates) during the transition[25]. The main questions in each

[20] Madden, *The Economics of Sex Discrimination,* 71.

[21] Bergmann, "Occupational Segregation, Wages, and Profits".

[22] Arrow, "The Theory of Discrimination"; Dickinson and Oaxaca, "Statistical Discrimination in Labor Markets"; Phelps, "The Statistical Theory of Racism and Sexism".

[23] For critiques see: Blau, Ferber, and Winkler, *The Economics of Men, Women, and Work*, 179-183 and 185-214; Jacobsen, *The Economics of Gender*, 219-226, 249-259, 277-283, and 300-312; Tuma, *The Persistence of Economic Discrimination*, 119-142.

[24] Jacobsen, *The Economics of Gender*, 312.

[25] In this section I will look just at the statistics disaggregated by gender due to restrictions in space. A thorough analysis of the labor market

case will be: What was women's labor market position as compared to men's before and after the transition? Have women been more or differently affected by recent changes, and if so, in what respect?

There are, however, several points that I would like to note before undertaking an analysis of the statistical data. To begin with, statistics from the socialist period are not very reliable due to the fact that they were often distorted or censored to serve legitimating purposes for the governments. A second problem emerges from the change of measurement methods and definitions of the indicators in the 1990s, which result in breaks in the series. Thus, the data are not always comparable across periods. Third, data are not always comparable across countries, because of differences in definitions and measurement methods. However, most countries started to use international measurement standards at some point in the 1990s[26]. Fourth, as is well-known, the empirical evidence includes just the formal sector of the economy while the informal sector, which has grown significantly during the transition, is not registered. Fifth, and maybe most important for our concerns, is the selection of indicators to be measured and the criteria for desegregation of data applied in a country. As Adriana Mata Greenwood from the ILO notes, the choice of labor market statistics reflects society's idea of what deserves measurement. Thus they often misrepresent, devalue, or fail to depict women's roles and positions in the economy, which often differ from the mainstream perception of labor market involvement[27].

As sensitivity to gender issues was not well-developed in post-socialist countries (and was somewhat distorted under socialism), it is often the case that some important issues regarding either sex fail to be represented by official data. Taking the above-listed problems into account, I will turn to a discussion of the available data.

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indicators on an aggregate basis as well as a more detailed introduction to the neoclassical labor market model is to be found in the complete version of the paper. On labor supply and labor demand, see for example Blau, Ferber, and Winkler, *The Economics of Men, Women, and Work,* 8-11; Ehrenberg and Smith, *Modern Labor Economics*, 56-87 and 163-200; Freeman, *Labor Economics*, 16-34 and 60-80; Jacobson *The Economics of Gender*, 26-29 as well as Part I and Part II of Volume 1 of the *Handbook of Labor Economics* by Ashenfelter and Layard, eds.

[26] For an account of statistics under socialism, the restructuring of statistics in accordance to the needs of market economies and the introduction of new methods in the transition countries see Igor Chernyshev, ed., *Labour Statistics for a Market Economy. Challenges and Solutions in the Transition Countries of Central and Eastern Europe and the Former Soviet Union* (Budapest, London and New York: CEU Press, 1994); Igor Chernyhev and Guy Standing, *Statistics for Emerging Labour Markets in Transition Economies. A Technical Guide on Sources, Methods, Classifications and Policies* (Houndmills et al.: McMillan Press Ltd and St. Martin's Press, 1997).

[27] Adriana M. Greenwood, "Labour Statistics which are useful for Gender Concerns", Geneva: ILO Bureau of Statistics (1999): 1-2. http://www.ilo.org/public/english/bureau/stat/download/mata.pdf (accessed June 21, 2005).

3.1. Employment

As Figure 1 shows, employment ratios (defined as the annual average number of employed as a per cent of the working-age population, here defined as the population aged 15-59) have fallen dramatically in all countries since the beginning of the transition (Figure 1). In 1989 the Central and Eastern European countries boasted of relatively high employment rates as compared to EU countries. The employment ratio was highest in Estonia (87.9%), the Czech Republic (86.9%), and Lithuania (83.9%) and lowest in Romania (77.4%), Poland (74.7%), and Slovenia (74.5%)[28].

By 2002 employment dropped by more than 15 per cent (as compared to the 1989 level) in all countries, except for Slovenia (where it fell by just 3.3 %). Employment losses have been most pronounced in Slovakia, Hungary, and Bulgaria (more than 20%).

3.1.2. Employment rates by gender

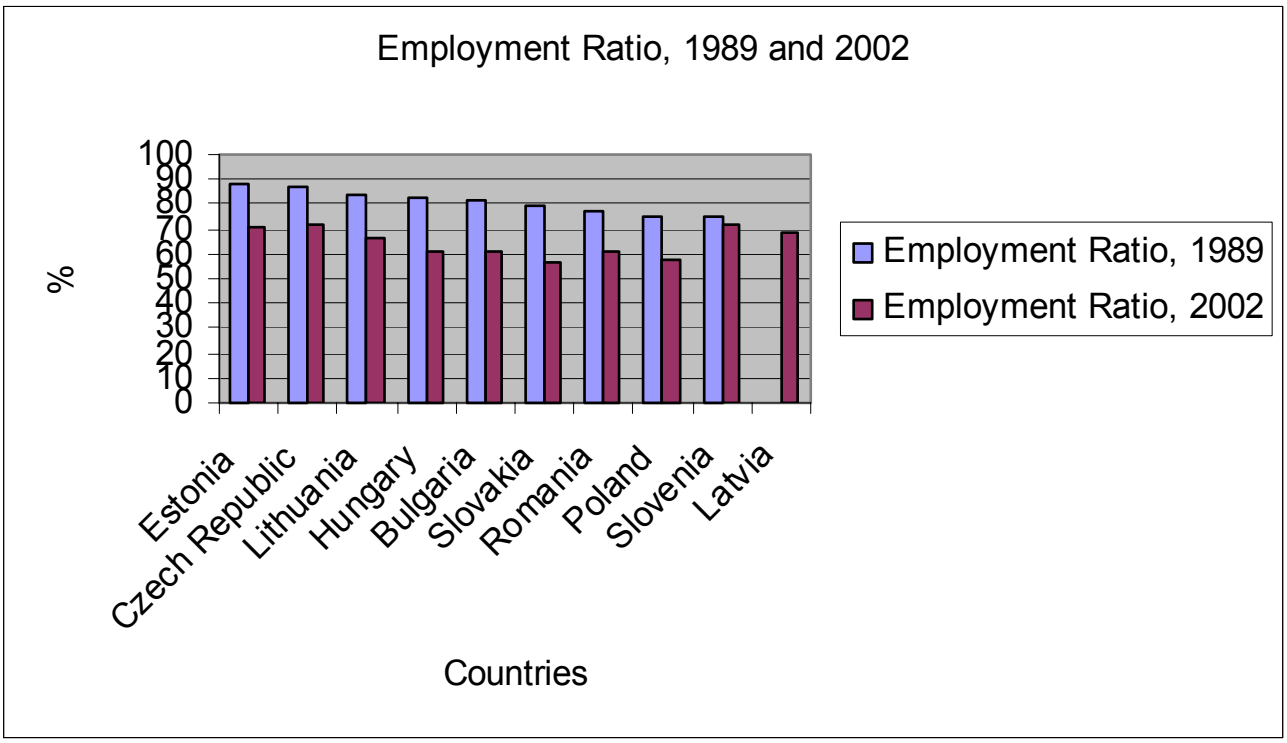
Although a higher share of the female working-age population was employed in the socialist countries than in many Western European countries in the late 1980s, female employment rates in the socialist countries were always considerably lower than the male employment rates in the same countries, a tendency similar to the one prevailing in Western Europe and the rest of the world[29]. Figure 2 shows the employment rates by gender in 2004. As is to be expected, in all countries male employment rates are still considerably higher than female. Slovenia, Estonia, Latvia, and Lithuania still have higher female employment rates than the EU-15 average, while the rest of the transitional countries under examination have lower.

The difference between the male and the female employment rate is higher than the EU-15 average (15.9 per cent) only in the Czech Republic (16.3 per cent). It is lower in all other countries, signifying that the communist legacy of a relatively good performance in female employment with respect to male employment rates has not disappeared. The smallest differences between the male and the female employment rates are found in the three Baltic States and Bulgaria (roughly 7 per cent). However, this compares unfavorably to Sweden, which is often cited as the best performer concerning gender equality in the EU, where both the female and male employment rates are very high (70.5 and 73.6 per cent, respectively) and the difference between them is very low (just 3.1 per cent) (see Table 3.A. in the Annex).

[28] Data from TransMONEE 2004 Database, UNICEF IRC, Florence.

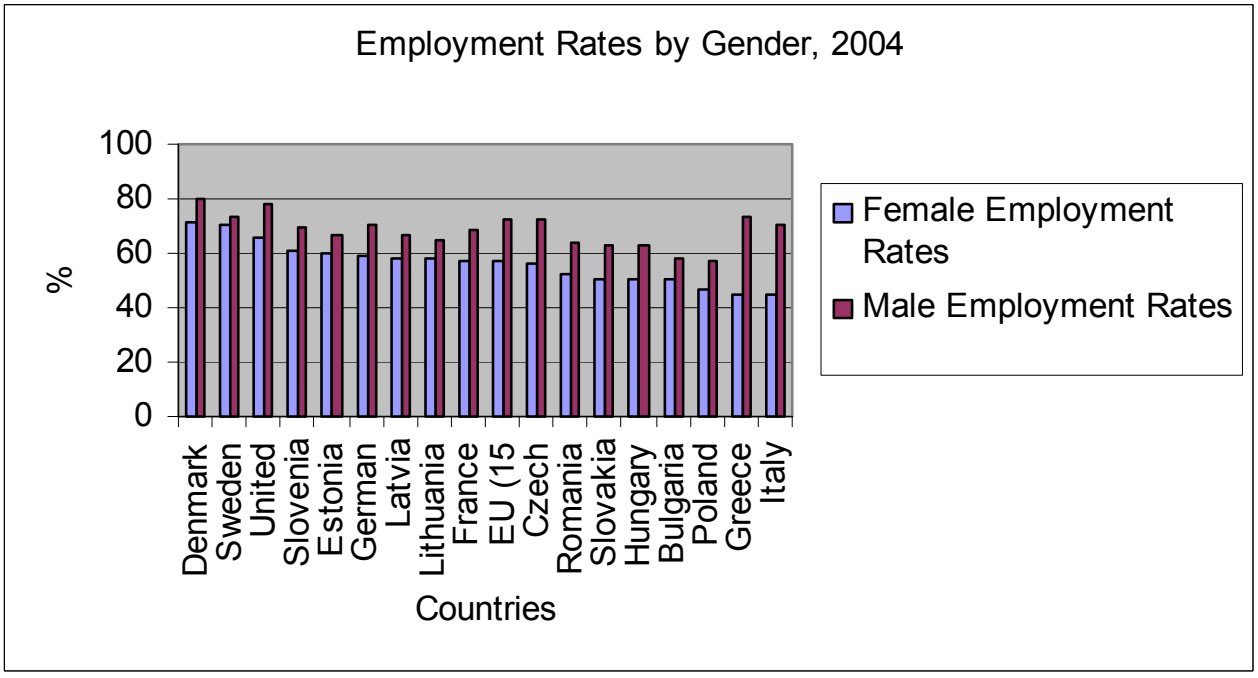
[29] Data from Jacobsen, *The Economics of Gender*, 373, 11.1 show an East European average female participation rate of 71% in and an East European average male participation rate of 80% in 1989. The OECD averages are 58% for the female and 83% for the male participation rate in the same year. Considering that there was no open unemployment under socialism, this could be considered fairly identical to the employment rates in Eastern European countries.

Figure 1. Employment Ratio (Annual average number of employed as per cent of population aged 15-59) in the ten transition economies, 1989 and 2002.



Source: TransMONEE 2004 Database, UNICEF IRC, Florence

Figure 2. Employment Rates by Gender, 2004



A part (although a very small one) of the differences in female and male employment rates as defined by Eurostat, i.e. employed women/men aged 15-64 as a share of the total female/male population of the same age group, can be attributed to the fact that the official retirement age in many of the countries is generally five years lower for females than for males. Taking this into account, it is highly improbable that the employment rates for the population 15-64 would become equal for males and females unless retirement ages were equalized first. In some countries this has already been done, but inquiries in other cases show that there is considerable opposition among the population[1]. There are, however, other reasons behind gender differences in employment rates that will now be reviewed considering both the demand and the supply side.

A demand side factor is that male employment has fallen predominantly due to the fall in labor demand and labor shedding in the predominantly male heavy industries. On the supply side, some men might have experienced a rise in non-earned income due to the restitution of pre-communist property, and many men also made use of the widely offered disability and early retirement schemes at the beginning of the transition, as they were more likely to work in dangerous jobs or in the military, where such schemes were initially offered to offset firing shocks[2].

Women's employment losses can be explained as a result of a number of factors. On the demand side, an often cited reason has been the reduction of some formerly predominantly female industries such as textiles. Women were also affected from the closure of male dominated industries and the dismantling of state bureaucracy, where they constituted the predominant share of the administrative personnel (secretaries, accountants, etc.)[3]. Second, overwhelming anecdotal evidence has shown discrimination in firing practices[4],

[1] A sociological survey of the National Public Opinion Center, "Bulgarian Women: Social Status and Political Participation," Sofia: National Public Opinion Center, 2000, quoted in: Women's Alliance for Development (WAD), *Gender Labor Markets and Poverty. Background Paper for the Gender Assessment. Bulgaria CAS 2000*, mimeographed. Sofia: Women's Alliance for Development, 2000: 13, Figure 8 indicates that 66.1% of men and 76.4% of women don't think that the retirement age of men and women in Bulgaria should be leveled off. This is a curious finding given the fact that the pension calculating methodology entails higher pensions for those with longer employment records.

[2] Christine Allison and Dina Ringold, eds., *Labor Markets in Transition in Central and Eastern Europe 1989-1995. World Bank Technical Paper No. 352* (Washington, D.C.: The World Bank, 1996), 14; Tito Boeri, "Unemployment Dynamics and Labor Market Policies," in *Unemployment, Restructuring, and the Labor Market in Eastern Europe and Russia*, ed. Simon Commander and Fabrizio Coricelli (Washington, D.C.: The World Bank, 1995). 371.

[3] Barbara Einhorn, *Cinderella Goes to Market. Citizenship, Gender and Women's Movements in East Central Europe* (London and New York: Verso, 1993), 130.

[4] Stefano Paternostro and David E. Sahn, "Wage Determination and Gender Discrimination in a Transition Economy: The Case of Romania," *Policy Research Working Paper no. WPS 2113* (April 1998). Washington, D.C.: The World Bank.

probably due to the fact that men are perceived as the main earners in the household and employers are thus more likely to get rid of female labor first, in order to spare the families. Third, there is some evidence of discrimination against women in hiring practices. Employers are unwilling to hire young women or women with children as they perceive them as "unreliable workers" and do not want to bear costs of maternity leaves and child benefits[5]. This is a case of statistical discrimination, already discussed in the theoretical section. As one author also points out, there is also discrimination against hiring older women, mainly attributed to employer's prejudice and their preferences for "young and pretty female workers" (this could be considered taste discrimination)[6].

On the supply side, some might have experienced a rise in non-earned income (through increases in their husbands' earnings or restitution of pre-communist property) and have preferred to withdraw from employment (an example of the income effect). However, it is very unlikely that this has contributed much to employment decline, as there are very few who can afford it and the prevailing attitude is that women should work[7]. A second supply side factor, probably the one most cited in the literature, is the dismantling of the welfare state caused by fiscal difficulties and by labor market liberalization policies[8]. The generous maternity leaves and childcare benefits were cut drastically and government provision of childcare facilities was also reduced, which created the effect of rising prices for childcare costs (and possible lowering quality). As is to be expected by the theoretical model of the decision to work, this has contributed to women's falling employment and participation by raising the opportunity costs of working. Other supply side factors, some of them working in the opposite direction, will be mentioned in the next section.

Where did people who lost their employment go? An examination of the destination of the outflows from employment shows that the highest share of employment outflows have been destined to inactivity (or more correctly

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http://www.worldbank.org/html/dec/Publications/Workpapers/wps2000series/wps2113/wps2113.pdf
(accessed September 28, 2005).

[5] On Latvia: Astrida Neimanis, "Who Would Dare to Hire Her?" *Fair Play. Gender & Development Magazine of KARAT Coalition* 2 (2000): 14-15; On Poland: Kinga Lohmann and Anita Seibert, eds., *Gender Assessment on the Impact of EU Accession on the Status of Women in the Labour Market in CEE. National Study: Poland* (Warsaw: Karat Coalition, 2003).

[6] Krassimira Todorova, "Kak si tursih rabota." ("How I Searched for a Job."), *Zharava* 5, No. 33 (2000): 9. Anecdotal evidence also points out at discrimination practices in hiring against young men. In Bulgaria employers often refuse to hire those who have not yet completed their military service in fear that they might discontinue their job in order to do so at some point. However, no official research has been done on the issue yet.

[7] United Nations Children's Fund (UNICEF), Women in Transition. The MONEE Project. CEE/CIS/Baltics, Regional Monitoring Report No.6. (Florence: UNICEF ICDC, 1999), 23.

[8] Sandrine Cazes and Alena Nesporova, *Labour Markets in Transition. Balancing Flexibility and Security in Central and Eastern Europe* (Geneva: International Labour Organization, 2003), 77.

former sector inactivity), followed by unemployment and just a small share to reemployment[9].

3.2. Labor Force Participation

Labor force participation is defined as the share of the labor force (total of employed and unemployed persons) in the total working-age population (here: in the population aged 15-64).

As indicated earlier, a large part of the decline in employment rates was reflected in declines in labor force participation. Participation rates have declined considerably in all countries during the transition period as the following table will illustrate. As no official comparable data on labor force participation in the early years of transition is available, I have used the calculation by Cazes and Nesporova for the year 1990. The data for 2003 is taken from the LABORSTA comparable estimates data of the International Labor Organization. Both refer to the participation rates of the population aged 15-64. Thus, although the exact numbers should be used with caution, it is worth comparing them in order to get a sense of how labor force participation has evolved during the transition. Total labor force participation rates have fallen by over 15 percentage points in Slovakia, Poland, and the three Baltic states. Declines have been lowest in the Czech Republic and Romania at 7.7 and 6.1 per cent, respectively. No comparable data is available for Bulgaria and Hungary in 2003.

3.2.1. Labor force participation by gender

According to the data, the decline in labor force participation in the course of transition has been significantly higher for women than for men in the Czech Republic, Estonia, Slovakia and Latvia. It has been nearly the same in Lithuania, Poland and Slovenia and slightly lower for women in Romania. Figure 3 shows the differences between male and female participation rates at the beginning of the transition and in 2003.

Men have higher participation rates in all countries both at the outset of transition and in 2003 (in the preceding section we saw that they had higher employment rates as well). Moreover, the differences in male and female participation rates have risen in most countries – in the Czech Republic, Slovakia, and Estonia and somewhat less in Latvia, Lithuania and Slovenia. They have dropped in Poland and Romania by 0.6 and 1.9 per cent, respectively. However, the last two countries entered the transition with very high differences between male and female participation rates. In Poland in 1990, 15 % more men than women between the ages 15-64 participated in the labor force. In Romania, the difference was 16.2 %. The data thus suggests that Central and Eastern European countries are actually heading backwards in terms of women's participation in the economy. Comparing it to the tendency of rising female

[9] Data on the Czech Republic, Estonia, Hungary, Poland and Slovenia is presented in Cazes and Nesporova, *Labour Markets in Transition*, 79, Table 4.10.

employment rates in old EU countries[10], this signifies that they are likely to lose one of the few advantages inherited from socialism. Age has been an important factor driving changes in participation rates[11]. The decline in men's participation rates can be traced back to the factors discussed in the section on employment, as well as a rise in non-earned income for the older groups of the working-age population due to disability and early retirement provisions (an income effect)[12] and lack of demand for the skills of industrial workers, which led to a "discouraged worker" effect.

For women, the fall in participation can be explained by the factors discussed in the employment section, namely the eventual rise in non-earned income, deterioration of the kindergarten system and rising costs of childcare, shorter maternity leaves (all of which directly affecting labor supply), a mismatch of skills possessed and skills demanded in the new sectors of the economy, and discrimination in hiring and firing practices (indirectly affecting supply through feedback effects)[13]. An increase in divorce rates, decrease in marriages, and drastic decreases in fertility rates (see tables 2.A. to 3.A.) have most probably worked in the opposite direction, as an incentive for women to seek work[14]. Also, greater availability of labor-saving household appliances as a result of the opening of markets is likely to have contributed to increasing women's participation[15]. On the other hand, the statistical recording of women on extended maternity and childcare leaves under socialism as participating might lead current participation rates to appear lower as a result of changes in social policy and not of changes in actual activity[16]. Both the discouraged and the added worker effect might have influenced women's and men's participation rates in opposite directions. The second effect denotes the idea that high male unemployment might induce married women formerly not working to enter the labor force[17].

3.3. Unemployment

Open unemployment, which was virtually nonexistent during communism, emerged and escalated in the course of the transition. Broadly speaking, there were

[10] Silke Steinhilber, "Gender Relations and Labour Market Transformation: Status Quo and Policy Responses in Central and Eastern Europe," in *Gender in Transition in Eastern and Central Europe. Proceedings,* ed. Gabriele Jähnert et al. (Berlin: trafo verlag, 2001). 203.

[11] Allison and Ringold, eds., *Labor Markets in Transition*, 11-14. For more details see the complete version of this paper.

[12] Tito Boeri, "Unemployment Dynamics and Labor Market Policies," 371.

[13] See Catherine Saget, "The Determinants of Female Labour Supply in Hungary," *The Economics of Transition* 7, No. 3 (Nov. 1999): 575-591.

[14] On Poland see Irena E. Kotowska, "Demographic and Labor Market Developments in the 1990s," in *Women on the Polish Labor Market*, ed. Henryk Dománski, Hilary Ingham, and Mike Ingham (Budapest: CEU Press, 2001). 94.

[15] Hillary Ingham and Mike Ingham, eds., *Women on the Polish Labor Market* (Budapest: CEU Press, 2001). 44.

[16] Ingham and Ingham, eds., *Women on the Polish Labor Market*, 44.

[17] Ingham and Ingham, eds., *Women on the Polish Labor Market*, 44.

two periods of significant rises in unemployment in most countries, 1990-1994 and 1998-2002 (see Table 5.A. in the annex)[18]. The two methods of unemployment measurement, Registered Unemployment and Labor Force Surveys (LFS), however, often result in different numbers, mainly dependent on the varying incentives to register as unemployed in different years (or more concretely on changes in government policies regarding the provision of unemployment benefits and people's expectations to find a job through the Labor Offices)[19].

3.3.1. Unemployment Rates by Gender

As with most empirical data, comparable gender-disaggregated statistics on unemployment rates are lacking for the beginning of the transition or there is a break in series (change in measurement methods). There are also disparities in the empirical data from the LFS and from registered unemployment and in some countries gendered patterns have emerged. For example, it seems that in Poland women are more likely to register as unemployed. The registered female unemployment rate was higher both than the male and the female unemployment rate as measured by the LFS[20].

In 2004 the female unemployment rate was higher than the male in seven of the countries – the Czech Republic, Slovakia, Poland, Latvia, Lithuania, and Slovenia. It was only slightly higher in Hungary and lower in Romania, Estonia, and Bulgaria. In the Czech Republic and in Poland this has been the case since 1998 and 1997, respectively (comparable data is lacking before that.) In many of the other countries where the female unemployment rate is higher than the male rate, this trend has developed only in recent years (see Table 6.A.). Some authors point out that women have more difficulty becoming reemployed once unemployed and therefore constitute a much greater share of the long-term unemployed[21]. Viewing the transition from the prism of the standard labor market model offers multi-causal and multi-directional explanations of labor market changes on both the supply and the demand side. However, so far I have reviewed what is known as the quantitative aspects of employment. Next I present and analyze the data on qualitative differences in the labor market situation of men and women in the countries under discussion.

4. Occupational Segregation, the Gender Pay Gap, and Education

4.1 Occupational Segregation

Numerous studies point out that the Central and Eastern European economies

[18] For a thorough analysis, see the complete version of the paper.

[19] Boeri, "Unemployment Dynamics and Labor Market Policies," 363.

[20] Ingham and Ingham, eds., *Women on the Polish Labor Market*, 67. For a micro-survey of women's unemployment in the Czech and Slovak Republics, see John C. Ham, Jan Svenjar and Katherine Terrell, "Women's Unemployment during Transition. Evidence from Czech and Slovak micro-data," *The Economics of Transition* 7, No. 1 (March 1999): 47-78.

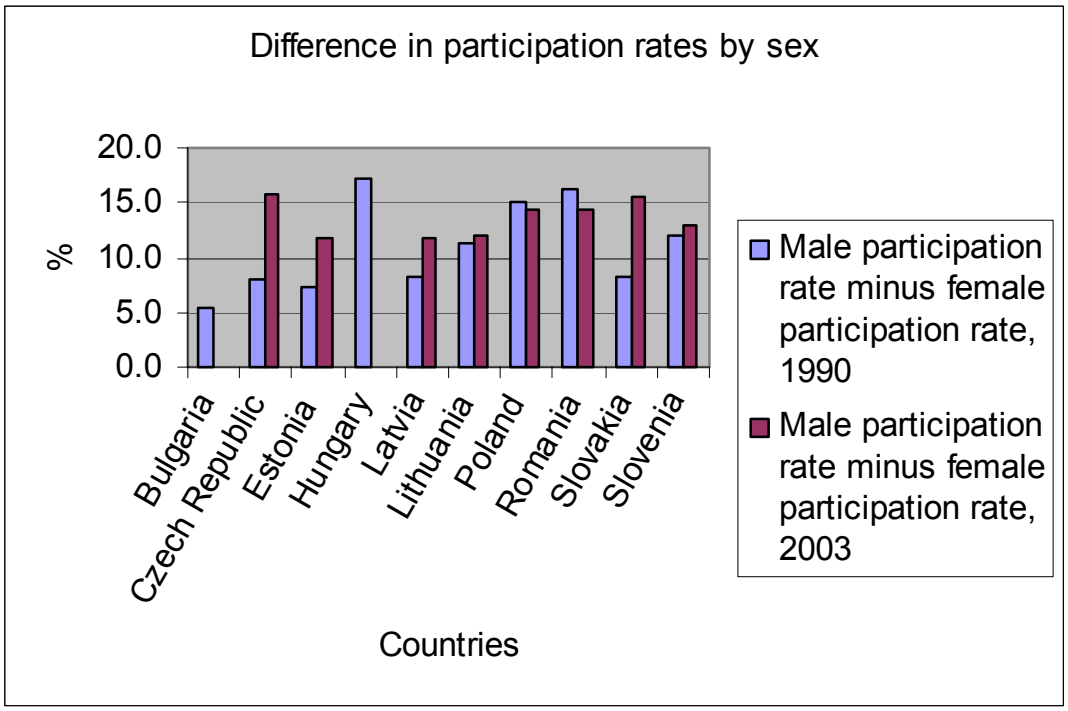
[21] Kotowska, "Demographic and Labor Market Developments in the 1990s," 102.

Table 1. Participation rates of population aged 15-64 for the ten transition countries, 1990 and 2003 (percentages)

Country	1990			2003		
	Men	Women	Total	Men	Women	Total
Bulgaria	77.7	72.2	75.0	:	:	:
Czech Republic	82.2	74.1	78.1	78.2	62.5	70.4
Estonia	83.3	75.9	79.4	69.5	57.8	63.3
Hungary	74.5	57.3	65.4	:	:	:
Latvia	83.6	75.3	79.4	68.3	56.5	62
Lithuania	81.8	70.5	76.0	64.7	52.7	58.2
Poland	80.1	65.1	72.5	62.4	48	54.8
Romania	76.7	60.5	68.5	69.6	55.3	62.4
Slovakia	82.5	74.2	78.3	68.4	52.9	60.3
Slovenia	76.7	64.8	70.7	63.2	50.2	56.5

Sources: For 1990 data Cazes and Nesporova, *Labour Markets in Transition*: 12, table 2.2; for 2003 data LABORSTA, Comparable Estimates Data

Figure 3. Difference in Participation Rates by Sex for the transition economies, 1990 and 2003



Sources: For 1990 data Cazes and Nesporova, *Labour Markets in Transition,* 12, table 2.2; for 2003 data LABORSTA, Comparable Estimates Data

were highly gender segregated under socialism, both vertically and horizontally, and continue to be so at present[1].

Also, even if women were represented in universities, they did not reach the level of rectors and academicians (the highest academic title under the socialist system). The highly valued blue-collar jobs in heavy industry and mining were reserved for men[2].

White-collar professions such as lawyers and doctors became more valued than blue-collar jobs in industry. At the beginning of transition, women had a comparative advantage due to their broader educational pattern and their overrepresentation in some white-collar jobs under socialism. But a clear trend of masculinization or at least defeminization of *some* formerly female-dominated professions such as banking and insurance has emerged recently as they become more prestigious and better paid[3].

As elsewhere, women in Central and Eastern Europe are underrepresented in the high levels of the economy. A Polish survey of the mid 1990s shows that women are fully absent from the executive boards of over sixty per cent of companies registered on the Polish Stock Exchange and from the supervisory boards of almost half of them. Furthermore, women constitute only 4.4 per cent of executive board presidents and 8 per cent of supervisory board presidents in the rest of the companies surveyed. They form 16.6 per cent of other members in the executive boards and 12.1 per cent of other members in the supervisory boards[4].

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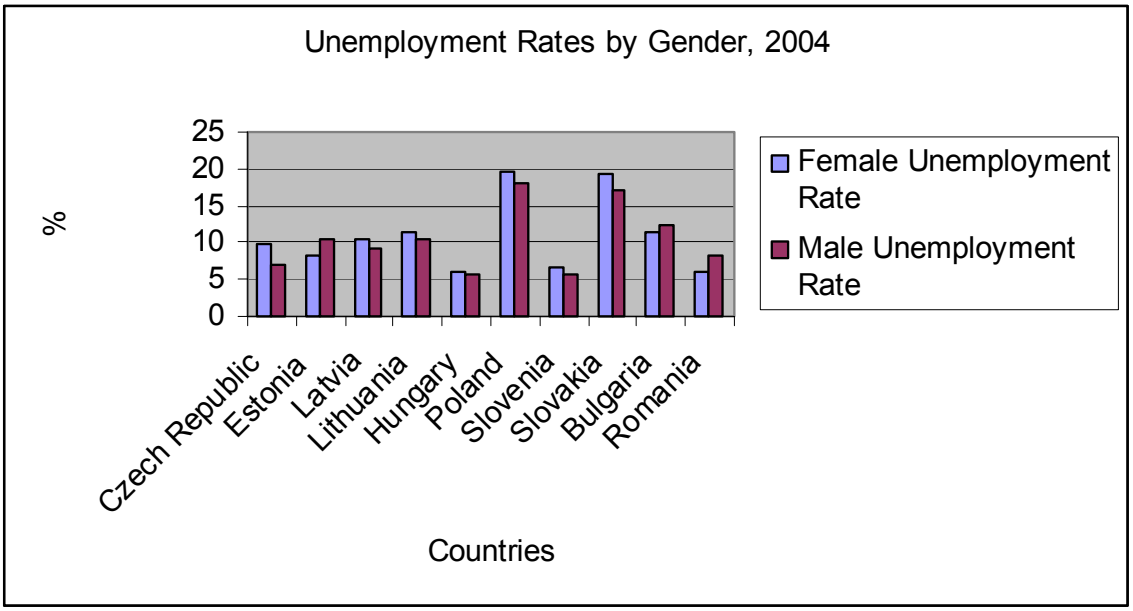
[1] Einhorn, *Cinderella Goes to Market,* 121; Mariya Gencheva and Jivka Marinova, eds., *Gender Assessment on the Impact of EU Accession on the Status of Women in the Labour Market in CEE. National Study: Bulgaria*. (Sofia: Bulgarian Gender Research Foundation, 2003), 43; Irena E. Kotowska, "Discrimination against Women in the Labor Market in Poland during the Transition to a Market Economy," *Social Politics* 2, No. 1 (Spring 1995): 79-80; Lohmann and Seibert, eds., *Gender Assessment on the Impact of EU Accession on the Status of Women in the Labour Market in CEE,* 47; Michaela Marksová-Tominová, ed., *Gender Assessment on the Impact of EU Accession on the Status of Women in the Labour Market in CEE. National Study: Czech Republic* (Praha: GENDER STUDIES o.p.s., 2003), 42; UNICEF, *Women in Transition*, 36-37; Pierella Paci, ed., *Gender in Transition* (Washington, D.C.: TheWorld Bank, 2002), 9. http://lnweb18.worldbank.org/eca/eca.nsf/Attachments/Gender+in+Transition/$File/GenderDraftPaper052802cFINAL.pdf (accessed October 3, 2005).

[2] Einhorn, *Cinderella Goes to Market.*

[3] Ludmila N. Zavadskaya, "Gender Paradoxes of the Transition Period," in *Making the Transition Work for Women in Europe and Central Asia*, *World Bank Discussion Paper* 411, ed. Marnia Lazreg (Washington, D.C.: The World Bank, 2000). 9.

[4] Aleksandra Dukaczewska-Nałecz, "The Participation and Power of Women in Public Life," in *Women on the Polish Labor Market,* ed. Henryk Domański, Hilary Ingham, and Mike Ingham (Budapest: CEU Press, 2001). 233.

Figure 6. Unemployment Rates by Gender, 2004 (per cent)



Notes: The female/male unemployment rate is defined as the share of unemployed women/men aged 15-74 in the total female/male active population. *Source*: Eurostat

The fact that women were absent from management levels under socialism also resulted in a much higher share of males among the self-employed and employers in the transition economies, while women formed a larger part of employees. The contrary is the case only in Romania, where most self-employment occurs in small-scale family agriculture[1].

Men have also tended to move faster to private sector employment, so that women are currently overrepresented in public sector jobs in many countries[2]. This is mainly attributed to the fact that formerly female-dominated sectors are either more likely to remain public (such as education and healthcare) or are becoming defeminized after privatization (banking and insurance). One author points out that if one considers that in the transition power shifted from the public to the private sector, this might represent a disadvantage for women[3].

Usually unpaid domestic work and care giving are not included in an analysis of the occupational structure of the economy. This paper purposefully goes against this trend in order to emphasize the fact that various household tasks as well as caring for the children and the elderly do in fact constitute work, which should be equally acknowledged as paid labor[4]. An argument supporting this idea is that

[1] UNICEF, *Women in Transition*, 31.
[2] UNICEF, *Women in Transition*, 31.
[3] Dukaczewska-Nałecz, "The Participation and Power of Women in Public Life," 229.
[4] The idea has been announced in numerous analyses recently. See, for example, Drucilla K. Barker and Susan F. Feiner, *Liberating Economics. Feminist Perspectives on Families, Work, and Globalization* (Ann Arbor: The University of Michigan Press, 2004), 43-44.

should there be no one from the household available or ready to perform them, these services will become marketable (as the occupations of babysitter and housekeeper suggest). In Central and Eastern European countries it is commonly acknowledged that women do a greater share of unpaid household work. In Poland and Hungary, for example, although both men and women participated full-time in the economy under socialism, their unequal participation in the home led to the fact that women worked on the average seven hours more per week than men[5]. This is what has been termed the "double burden" of women in socialist countries.

Women's role in high level decision-making in the government is also limited. As the quotas for women's representation in Parliament were abolished at the outset of transition, women's share in Parliament dropped by more than 10 per cent in all countries (in the 1980s women constituted around 20-30 per cent of members of Parliament), but has recently recovered to some extent[6].

As mentioned earlier, the informal economy has grown significantly during the transition. However, due to lack of data it is hard to determine whether more women or men work in the grey sector.

4.2 The Gender Pay Gap

Women in all Central and Eastern European countries (as well as in most other countries in the world) earn on average less than men[7]. The Gender Pay Gap is usually measured as women's average monthly earnings as a per cent of men's average monthly earnings or as women's average hourly earnings as a per cent of men's average hourly earnings. In order to understand what part of this unadjusted gender pay gap remains unexplained by differences in productivity and might therefore be due to discrimination, one needs to control for human capital factors (such as education and experience), and for job factors (such as occupation and sector of the economy). In case one considers the pay gap on the basis of monthly and not hourly earnings, one also needs to take into account the number of hours worked[8].

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[5] Einhorn, *Cinderella Goes to Market,* 117.

[6] However, the high share of parliamentary seats occupied by women under socialism didn't represent their real power, as they were de facto absent from the governing bodies of the Central Committees of the Communist Party, where actual decision-making took place, see Einhorn, *Cinderella Goes to Market* ; UNICEF, *Women in Transition*. On women and democracy in Central and Eastern Europe see Valentine M. Moghadam, ed., *Democratic Reform and the Position of Women in Transitional Economies* (Oxford: Clarendon Press, 1993); for an international perspective on gender and democracy, see the volume edited by Shirin Rai, ed. *International Perspectives on Gender and Democratisation* (Basingstoke and New York: Macmillan and St. Martin's Press, 2000); for a comparison Latin America and Eastern Europe, see the volume edited by Jane S. Jaquette and Sharon L. Wolchik, eds., *Women and Democracy. Latin America and Central and Eastern Europe* (Baltimore, MD and London: The Johns Hopkins University Press, 1998).

[7] Einhorn, *Cinderella Goes to Market*, 122; Kotowska, "Discrimination against Women in the Labor Market in Poland," 75; UNICEF, *Women in Transition*, 33; Pierella Paci, ed., *Gender in Transition*, 25.

[8] UNICEF, *Women in Transition*.

In the 1980s women in the socialist economies earned on average 66-75% of men's incomes across all sectors[9]. According to the UNICEF report, the gender pay gap has diminished (considerably in the first two cases) in the Czech Republic, Slovakia, Poland, and Hungary between the late 1980s and the late 1990s, while it has widened in Bulgaria, Slovenia, and Romania. In the late 1990s, women in the above-mentioned countries earned on average between 70 and 90% of men's monthly wages. Part of the decline in the gender pay gap can be explained by the fact that more men than women are employed in each of the above-mentioned economies and these women tend to be better qualified than those who have withdrawn from formal sector employment during the transition[10]. According to the same report, the gender pay gap widens after accounting for education, as women tended to have a higher level of education than men in CEE countries. Part of the pay gap can be explained by job factors; as discussed earlier women tend to work in lower-paid jobs. Another part of it might be accounted for by shorter working hours for women. However, after adjusting for all these factors, the gender pay gap still persists, which shows a certain degree of gender discrimination in the economy, with a man tending to earn more than a woman even if they are equally productive.

A study of the gender pay gap in Poland, for example, explains 50-60 % of the wage gap by differences in observed characteristics (observed characteristics include human capital factors and job factors). Most of it is accounted for through occupational segregation. However, 40-50 % of the gap still remains unexplained and is attributed to gender discrimination[11].

4.3. Explanations for differences in outcomes

Several possible explanations, such as occupational segregation and the gender pay gap, were introduced in the theoretical section. Supply side theories advance the idea that different labor market outcomes can be explained by differences in preferences and abilities. Human capital theorists stress the importance of education and on-the-job training in determining gendered outcomes.

Under socialism education was free and the socialist countries achieved near-universal basic education. Secondary education extended to between 70 and 90% of the population in Bulgaria, the Czech Republic, Hungary, Poland, and Romania. Higher educational enrolment ranged from 9% of those aged 20-24 in

[9] Einhorn, *Cinderella Goes to Market*, 122. The number denotes the gender-pay gap in unadjusted form, i.e. without considering adjusting for human capital and job factors. There is probably no need to adjust for the number of hours worked, as generally both men and women worked full-time in the socialist economies.

[10] In UNICEF, *Women in Transition*, 33, this is referred to as the "selectivity bias problem".

[11] Vera A. Adamchik and Arjun S. Bedi, "Gender Pay Differentials during the Transition in Poland," *The Economics of Transition* 11, No. 4 (Dec. 2003): 697-726.

Romania to 26% of the same age group in Bulgaria[12]. In accordance with government priorities, educational quality was very high in fields such as mathematics and natural sciences and not as high in the social sciences (law, economics, sociology, etc., which were highly ideologized)[13]. Women's education increased rapidly during socialism and already in the 1970s women constituted at least half of the university students in most Central and Eastern European countries, a noteworthy achievement that has been achieved only about a decade later in some Western European countries[14].

Some authors have argued that women's educational attainment was more a byproduct than a real purpose of the socialist system, in which educational policies were designed to advance the interests of the state, rather than to promote gender equality. In accordance with the drive to develop heavy industries, technical education was favored and males were those more likely to participate in it and have better paid jobs in the industrial sector. A characteristic feature that has received much attention recently was the high share of vocational secondary schools, which offered narrow technical training and very little general education. They were frequented mostly by males. Females enrolled predominantly in general secondary schools and therefore became more represented in universities in fields such as law, medicine, economics, pedagogy, etc., which (as pointed out earlier) received lower recognition and lower pay in the socialist economy, in contrast to Western European countries[15].

In the course of transition advantages shifted, as those with general secondary education have greater opportunities and are more likely to continue to university studies, which are higher rewarded in a market economy. Accordingly, boys' secondary educational enrollment also shifted towards general secondary schools[16].

Thus, a particularity of Central and Eastern European countries is women's high educational attainment as compared to men's. In accordance with this, one study found that after controlling for education the wage gap widens[17], at first glance suggesting that human capital theory might be of less relevance in this case. However, as is also the case in other countries women are overrepresented in some fields of education and men in

[12] Bruno Laporte and Julian Schweitzer, „Education and Training," in *Labor Markets and Social Policy in Central and Eastern Europe. The Transition and Beyond*, ed. Nicholas Barr (New York: Oxford University Press, 1994). 262. Table 11-1.

[13] Laporte and Schweitzer, „Education and Training," 263.

[14] Ireneusz Białecki and Barbara Heyns, "Educational Attainment, the Status of Women, and the Private School Movement in Poland," in *Democratic Reform and the Position of Women in Transitional Economies*, ed. Valentine Moghadam (Oxford: Clarendon Press, 1993), 110-111.

[15] Białecki and Heyns, "Educational Attainment, the Status of Women, and the Private School Movement in Poland," 131.

[16] Białecki and Heyns, "Educational Attainment, the Status of Women, and the Private School Movement in Poland," 131

[17] UNICEF, *Women in Transition*, 34.

others, which could to a large extent account for occupational segregation. Unfortunately, no gendered data is available on formal and informal job training.

On the other hand, it has already been mentioned that supply side theories also consider the different preferences of men and women as a key determinant of occupational segregation and, through it, the gender pay gap. Gendered educational attainments can also be viewed through this prism. However, as already mentioned "preferences" might be subject to "societal discrimination", or the influence that society exerts on preference formation through teaching and reinforcing roles and stereotypes, confining men and women to certain jobs or spheres. Societal discrimination is also of particular importance as it entails feedback effects[18]. Thus it is very likely that "preferences" influence women's and men's positions in Central and Eastern European economies. However, it can be argued that these preferences are formed through traditional roles and stereotyping[19].

Becker's theory[20] might suggest that women in Central and Eastern Europe are less productive on the job due to the double burden (work and family) they carry, but this is an issue that needs further examination and cannot be taken for granted. Moreover, such considerations might induce statistical discrimination, damaging individual highly-qualified women.

The theory of compensating differentials might also be useful in explaining outcomes in Central and Eastern European countries, taking into account that under socialism (and in many cases at present), women were protected from taking up jobs entailing compensating differentials such as night shifts and overtime work, as they were considered dangerous for their health[21]. In such a case it is questionable whether women's occupational choice is a question of their own preferences.

On the demand side, there are a few econometric studies of the factors behind

[18] For an example of societal discrimination in education, more particularly of teaching and reinforcing gender stereotypes in history textbooks in Bulgaria, see Krassimira Daskalova, „Der Einschluß und Ausschluß von Frauen in bulgarischen Geschichtsbüchern der 1990er Jahre," *L'Homme. Europäische Zeitschrift für feministische Geschichtswissenschaft* 15.Jg., No. 2 (Jan. 2004): 331-343.

[19] See Anker, "Theories of Occupational Segregation by Sex." On stereotypes regarding women's role in Poland, see Anna Titkow, "On the Appreciated Role of Women," in *Women on the Polish Labor Market,* ed. Henryk Domański, Hilary Ingham, and Mike Ingham (Budapest: CEU Press, 2001). 21-40. On stereotyped opinions on women entrepreneurs in Poland, see Irena Reszke, "Stereotypes: Opinions of Female Entrepreneurs in Poland," in *Women on the Polish Labor Market*, ed. Henryk Dománski, Hilary Ingham, and Mike Ingham (Budapest: CEU Press, 2001). 177-192.

[20] See Becker, "Human Capital, Effort, and the Sexual Division of Labor."

[21] Henryk Domański, Hilary Ingham, and Mike Ingham, "Women on the Labor Market: Poland's Second Great Transformation," in *Women on the Polish Labor Market,* ed. Henryk Domański, Hilary Ingham, and Mike Ingham (Budapest: CEU Press, 2001). 3.

the wage gap[22]. They conclude that almost half of the gender wage gap remains unexplained by observed characteristics and might be attributed to discrimination. Some reports point at taste discrimination against older women, for example, in the case of job ads directed explicitly to young and good-looking women[23]. Statistical discrimination has been found to exist in Central Europe - the Czech Republic, Poland, and Slovakia and to a lesser extent in Hungary – and in Poland and Slovakia is closely linked to occupational segregation[24]. Similarly, the presence of a "glass ceiling", which refers to the prejudice-based barriers that women face in promotion opportunities, has been discussed[25]. Institutional models could be considered when examining the structure of state enterprises in heavy industry (where women were hired chiefly in dead-end administrative jobs, while men could climb up the ladder in industrial jobs in the enterprises). Bergmann's overcrowding model might help explain low wages in female dominated occupations such as teaching and health care. However, one might conclude that the issue of discrimination needs much further examination, as econometric studies on it have been very limited, most probably due to the insufficiency of gender-segregated statistics.

5. Conclusions

This paper analyzed women's position in Eastern European labor markets in the framework of the transition from a socialist-type to a market-type economy. It posed several questions. First, were women's participation, employment, and unemployment affected differently than men's in the course of transition, and why? Second, how different are labor market outcomes for men and women in terms of occupations and earnings? These issues were examined on the basis of available empirical data and the relevant literature on transition, labor markets, and women's labor market position in the transition process. The neoclassical model of the labor market and its consideration of supply and demand factors served as guidelines for multi-causal and multi-directional explanations of the changes in employment and participation rates for both men and women. Here, briefly are some conclusions.

First, although the socialist countries boasted of very high women's employment rates as compared to the rest of the world, women's employment and participation in the region has always been lower than men's (as is the case in the rest of the world).

Second, changes in women's and men's employment and participation rates have been influenced by a variety of factors both on the supply and the demand side. However, in view of the transformational

[22] Adamchik and Bedi, "Gender Pay Differentials during the Transition in Poland"; UNICEF, *Women in Transition*.
[23] Neimanis, "Who Would Dare to Hire Her?"
[24] Ariane Pailhé, "Gender Discrimination in Central Europe during the Systemic Transition," *The Economics of Transition* 8, No. 2 (July 2000): 505-535.
[25] Kotowska, "Discrimination against Women in the Labor Market in Poland," 79.

recession, the fall in labor demand should be highlighted. As a result, both women's and men's employment and participation have declined considerably, and in a slight majority of the cases women's participation has declined more than men's. Meanwhile, unemployment has risen. In 2004 women had higher unemployment rates than men in seven of the countries, which can partly be explained by their share among the long-term unemployed and difficulties in finding work once unemployed.

Third, there is widespread occupational segregation and a gender pay gap. Although the issue has been only partially examined so far, the available econometric studies suggest that 40-50% of the gender wage gap remains unexplained by observed characteristics and might be caused by gender discrimination.

In fact, reports by international organizations and publications by NGO networks also provide evidence for gender discrimination, most often taking the form of statistical discrimination, which suggests a need for improving information on actual employee abilities. Feminist economists and other social scientists point out that widespread societal discrimination (an issue not considered by main stream economists) is also involved in influencing women's and men's labor market positions and restricts equality of opportunities.

Fourth, regarding the available data, I argue that statistical information is very often gender blind. Hence, improving the quality of statistics to better reflect men's and women's performance and specific situations would supply valuable and currently scarce information to policy makers. It will also provide valuable sources for scholars trying to analyze the factors behind different labor market outcomes for men and women.

Recently, many studies by development economists have found that gender inequality is of both intrinsic and instrumental concern[26] as it entails costs to people's well-being, productivity and growth, and to governance[27]. Therefore it is important that the existing inequality of opportunities be examined further by scholars from all fields and addressed by policy makers in the transitional economies.

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Appendix

Table 2.A. Crude Marriage Rate (Marriages per thousand mid-year population), 1989-2002.

Table 1. A. Total Feritility Rate (Births per woman), 1989-2002

Country	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Czech Republic	1.87	1.89	1.86	1.72	1.67	1.44	1.28	1.18	1.17	1.16	1.13	1.14	1.15	1.17
Hungary	1.8	1.84	1.85	1.76	1.68	1.64	1.57	1.45	1.37	1.33	1.29	1.33	1.31	1.31
Poland	2.05	2.04	2.05	1.93	1.85	1.8	1.61	1.6	1.5	1.4	1.4	1.3	1.3	1.3
Slovakia	2.08	2.09	2.05	1.98	1.92	1.66	1.52	1.47	1.43	1.38	1.33	1.28	1.2	1.2
Slovenia	1.52	1.46	1.42	1.34	1.34	1.32	1.29	1.28	1.25	1.23	1.21	1.26	1.21	1.21
Estonia	2.22	2.05	1.8	1.71	1.49	1.42	1.38	1.37	1.32	1.28	1.32	1.39	1.34	1.37
Latvia	2.04	2	1.85	1.74	1.52	1.41	1.27	1.18	1.13	1.11	1.18	1.24	1.21	1.23
Lithuania	1.98	2.03	2.01	1.97	1.74	1.57	1.55	1.49	1.47	1.46	1.46	1.39	1.3	1.24
Bulgaria	1.9	1.81	1.65	1.54	1.45	1.37	1.23	1.24	1.09	1.11	1.23	1.27	1.24	1.21
Romania	2.2	1.84	1.57	1.52	1.44	1.41	1.34	1.3	1.32	1.32	1.3	1.3	1.23	1.25
Notes:														

a. 1999 survey reports 1.3 for 1997-1999 (Serbanescu, Morris and Marin, 2001).

Source: TransMONEE 2004 Database, UNICEF IRC, Florence

Country	_Note_	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Czech Republic	a	7.8	8.8	7	7.2	6.4	5.7	5.3	5.2	5.6	5.3	5.2	5.4	5.1	5.3
Hungary		6.4	6.4	5.9	5.5	5.2	5.2	5.2	4.7	4.6	4.4	4.4	4.7	4.3	4.5
Poland	b	6.7	6.7	6.1	5.7	5.4	5.4	5.4	5.3	5.3	5.4	5.7	5.5	5	5
Slovakia	a	6.9	7.7	6.2	6.4	5.8	5.3	5.1	5.1	5.2	5.1	5.1	4.8	4.4	4.7
Slovenia		4.9	4.3	4.1	4.6	4.5	4.2	4.1	3.8	3.8	3.8	3.9	3.6	3.5	3.5

Estonia		8.1	7.5	6.6	5.8	5.2	5	4.9	3.9	4	3.9	4.1	4	4.1	4.3
Latvia		9.2	8.9	8.4	7.2	5.7	4.6	4.5	3.9	4	4	3.9	3.9	3.9	4.2
Lithuania		9.4	9.8	9.2	8.1	6.4	6.4	6.1	5.7	5.3	5.2	5.1	4.8	4.5	4.7
Bulgaria	a	7.1	6.9	5.7	5.2	4.7	4.5	4.4	4.3	4.2	4.3	4.3	4.3	4.1	3.7
Romania	b	7.7	8.3	8	7.7	7.1	6.8	6.8	6.6	6.5	6.5	6.2	6.1	5.8	5.9
Notes:															
a. Rates for 2001-2002 based on on 2001 census.															
b. Rate for 2002 based on 2002 census.															
Source: TransMONEE 2004 Database, UNICEF IRC, Florence															

Table 3.A. General Divorce Rate (Divorces per hundred marriages), 1989-2002.

Country	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Czech Republic	38.6	35.2	40.8	38.6	45.8	52.9	56.7	61.4	56.2	58.8	44.2	53.7	60.3	59.1
Hungary	37.3	37.5	39.9	37.9	41.3	43.3	46.5	46.2	53.3	57.4	56.3	49.9	56	55.4
Poland	18.5	16.6	14.5	14.7	13.4	15.2	18.4	19.4	20.8	21.7	19.2	20.3	23.2	23.7
Slovakia	22.7	21.9	24.1	23.8	26.5	30.8	32.7	34.2	32.7	33.9	35.3	35.8	41.3	43.7
Slovenia	22.1	21.8	22.4	21.6	21.7	23.1	19.2	26.5	26.6	27.6	26.9	29.5	33.1	34.8
Estonia	46.8	49.1	55.8	74.9	74.3	76	106.4	102.5	94.5	82.7	81.6	77.1	76.4	69.6
Latvia	45.9	45.7	49.6	77	70.4	72.7	70.6	62.8	63	64.4	63.9	66.6	62	61.1
Lithuania	35.5	35.1	44.5	46.4	58.6	47.4	46.1	55.4	60.5	63.6	63.7	64.4	69.9	65.5
Bulgaria	20	19	22.6	21.1	18.3	21.1	29	28	26.9	29.2	27.5	30.1	32.1	34.9
Romania	20.2	17.1	20.2	16.8	19.3	25.7	22.7	23.7	23.6	27.5	24.6	22.6	24	24.6
Source: TransMONEE 2004 Database, UNICEF IRC, Florence														

Table 4.A. Employment Rates by Gender, 2004.

Employment rate - females - Employed women aged 15-64 as a share of the total female population of the same age group		
Employment rate - males - Employed men aged 15-64 as a share of the total male population of the same age group		
Country	females	males
EU (15 countries)	56.8	72.7
Czech Republic	56	72.3
Denmark	71.6	79.7
Germany	59.2	70.8
Estonia	60	66.4
Greece	45.2	73.7
France	57.4	68.9
Italy	45.2	70.1
Latvia	58.5	66.4
Lithuania	57.8	64.7
Hungary	50.7	63.1
Poland	46.2	57.2
Slovenia	60.5	70
Slovakia	50.9	63.2
Sweden	70.5	73.6
United Kingdom	65.6	77.8
Bulgaria	50.6	57.9
Romania	52.1	63.4
Source: Eurostat		

Table 5.A. Annual Registered Unemployment Rate (Annual average per cent of labour force), 1989-2002

Country	_Note_	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Czech Republic	a		0.3	2.6	3.1	3	3.3	3	3.1	4.3	6	8.5	9	8.5	9.2
Hungary	a	0.4	0.8	8.5	12.3	12.1	10.4	10.4	10.5	10.4	9.1	9.6	8.7	8	
Poland			3.4	9.2	12.9	14.9	16.5	15.2	14.3	11.5	10	12	14	16.2	17.8
Slovakia			0.6	6.6	11.4	12.7	14.4	13.8	12.6	12.9	13.7	17.3	18.2	18.2	17.8
Slovenia		2.9	4.7	8.2	11.5	14.4	14.4	13.9	13.9	14.4	14.5	13.6	12.2	11.6	11.6
Estonia						3.9	4.4	4.1	4.4	4	3.7	5.1	5.3	6.5	5.9
Latvia					0.9	4.6	6.4	6.4	7	7.5	7.6	9.7	8.5	7.8	8.9
Lithuania				0.3	1.3	4.4	3.8	6.1	7.1	5.9	6.4	8.4	11.5	12.5	11.3
Bulgaria					13.2	15.8	14	11.4	11.1	14	12.2	13.8	18.1	17.5	17.7
Romania	a			3	8.2	10.4	10.9	9.5	6.6	8.9	10.4	11.8	10.5	8.8	8.1
Notes:															
a. End-of-year.															
Source: TransMONEE 2004 Database, UNICEF IRC, Florence															

Table 6.A. Unemployment Rate by Gender - Unemployed women/men aged 15-74 as a share of the total female/male active population, 1996-2004 (*Source:* Eurostat)

	1996	1996	1997	1997	1998	1998	1999	1999	2000	2000
Country	female	male	female	male	female	male	female	male	Female	male
Czech Republic	:	:	:	:	8.1	5	10.3	7.2	10.3	7.3
Estonia	:	:	8.9	10.3	8.3	9.9	10.1	12.5	11.5	13.4
Latvia	:	:	:	:	13.6	15.1	13.6	14.4	12.9	14.4
Lithuania	:	:	:	:	11.7	14.6	12.3	15.1	14.1	18.6
Hungary	8.8	10.2	8.1	9.7	7.8	9	6.3	7.4	5.6	6.8
Poland	:	:	13	9.1	12.2	8.5	15.3	11.8	18.6	14.6
Slovenia	6.7	7	7.1	6.8	7.5	7.3	7.4	7	6.8	6.4
Slovakia	:	:	:	:	:	:	16.9	16.6	18.5	18.9
Bulgaria	:	:	:	:	:	:	:	:	16.2	16.7
Romania	:	:	5.7	5	5.3	5.5	5.6	6.8	6.3	7.2

	2001	2001	2002	2002	2003	2003	2004	2004
Country	female	male	female	male	female	male	female	Male
Czech Republic	9.7	6.7	9	5.9	9.9	6.2	9.9	7.1
Estonia	12	11.5	8.9	10.1	9.9	10.5	8.1	10.3
Latvia	11.5	14.2	11.4	13.6	10.6	10.1	10.3	9.2
Lithuania	14.3	18.5	13.4	13.6	13.1	12.3	11.3	10.3
Hungary	4.9	6.1	5.1	6	5.5	6	6	5.8
Poland	20.2	17.1	20.7	19	20	18.6	19.7	18
Slovenia	6.2	5.5	6.5	5.8	7	6	6.4	5.6
Slovakia	18.9	19.8	18.9	18.6	17.8	17.2	19.3	17
Bulgaria	18.4	20	17	18.5	13.2	13.9	11.5	12.2
Romania	6.2	6.9	7.1	7.8	6.3	7.2	5.9	8.2