

Forum: Economic and Social Council

Issue: The question of pink tax

Student Officer: Jung Min Jamie PARK

Position: President

Introduction

The term 'pink tax' has been introduced only in the early 20th century. In an era where poststructural feminism still seems prevalent, the demand for gender-equal products is still ongoing. In fact, it is not new to confront the fact that women are paid 78 cents for every dollar that men are paid. This earnings gap in addition to the pink tax only worsens the situation for women as they have more to spend with less disposable income.

Gender based discrimination upon consumer products is not a noble concept. Major protests and demonstrations have been held recently as additional taxes continue to be added upon feminine products. In many nations around the world, such phenomenon is being increasingly deemed unjust. In particular, recent topics dealing with luxury tax being added upon feminine products such as sanitary napkins or tampons are contentious as ever. There has been a rise in civilian activism in response to this along with 30,000 number of people petitioning against the tax, and the state had to respond to the opinions expressed by the people; in specific, at the European Council summit in Brussels, 28 leaders agreed a statement that welcomed "the intention of the commission to include proposals for increased flexibility for member states with respect to reduced rates of VAT, which will provide the option to member states of VAT zero-rating sanitary products.

This is not only the case in Britain; many nations impose a tax of more than 5% upon feminine products. Slovakia, for example, classifies feminine products as industrial goods and require 20% of additional taxing. America imposes a 6% sales tax on average in 45 states. Great Britain also treats such products as non-essential items that it imposes a value added tax of 5%. Yet, identifying gender discrimination in taxes on services is not always explicit since tax liability is established in relation to the particular commodity. Here, tax liability refers to the amount owed to the taxing authority by a certain individual or business.

The necessity of these items seems to be overlooked in the status quo. Despite them being essential to the everyday lives of most women, they are undermined to the extent that underprivileged youth do not have a means of being provided or funded upon the feminine products. Thus arises the

question: what are the effects of pink tax and what are the possible measures to resolve the issue at hand?

Definition of Key Terms

Pink Tax

Pink tax is different forms of taxations through which governments or companies demand additional charge for products used by women in particular for ambiguous reasons. Companies have tried to come up with reasons for the additional taxation put upon women's products as marketing strategies or the market's demands. Many governments have also justified the value added tax or additional tax as either necessary preferential treatment or necessary for non-essential items.

Luxury Tax/ VAT (Value Added Tax)

Luxury tax is one way of increasing the price of products by registered businesses before they are released for sale. This is referred to as consumption tax in the European Union.

Background Information

Statistical Data

According to a study conducted by the New York Department of Consumer Affairs, hair care products for women cost on average 48% more than the same items meant for men. It also concluded that female razors are 11% more expensive than men's, not to mention that jeans cost 10% more. The discrimination is predominant in all levels of society as girls' toys are marketed at a price that is 11% higher compared to boys' toys. The overall gender pricing study suggests that the pricing gap is not some fabricated statement, but truth.

Gender Discrepancy in Health Insurance

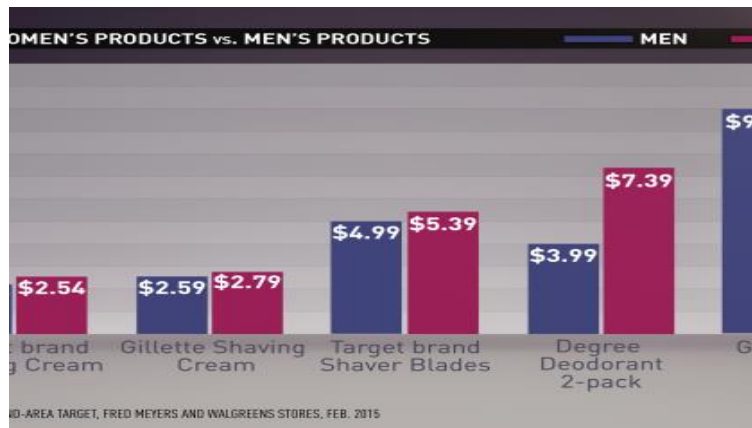
Services such as health insurance should be paid for more since women visit the doctor more frequently than men do in a lifetime due to factors such as pregnancy. This manifests in the US, for example, where women have higher insurance premiums than men.

Women's Products

Some women's clothes are classified as "non-standard" that for goods such as dry cleaning, women are charged more. A study conducted by Taylor called Fairer Trade: Removing Gender Bias in Import Taxes, revealed that on average even tariffs paid for women's goods are

higher than those for men. Specifically, the tax on the imported clothing of men is 11.9% compared to the 15.1% charged upon women.

Moreover, the society is made to accept pink tax from early on as the impressionable youth are often exposed to products that are strictly gender-divided and are easily led to buy products that are out for sale. Such unwitting purchase into the products laid out in the marketplace creates discriminatory social attitudes.



Caption #1: Comparison between men and women's products

Why is the pink tax continually added upon?

Companies' Advantage

Companies are taking advantage of the fact that most stores aren't set up for a system of cross-checking. In many stores, since products aren't placed directly next to each other, businesses can discriminate the products' prices on the basis of gender. The avoidance of comparison enables companies to circumvent noticeable criticisms.

Key Issues

Why does pink tax exist?

Possible reasons for the existence of pink tax are mainly marketing or ingredients geared to satisfy the needs of women. Some people try to dismiss contention by reasoning that feminine products usually require special treatment or additional ingredients such as specialised fragrances. Gender neutral products are readily altered with an additional twist such as adding sparkles on a girl's scooter to drastically raise the product's price.

Is pink tax justifiable for imposing comparably higher prices?

Products' prices should vary depending on the amount of labor or work involved in producing the good, not upon gender. Proponents of taxation, however, urge that due to the variety of styles and additional features added upon women's products, it is justifiable to sell such products at a higher cost. Some also justify the pricing difference to the different standards of hygiene that the distinct genders possess.

Supply and demand is another factor that influences the unfair pricing. Marketers often conduct price elasticity studies and when they realise that there will be considerable demand for a certain product, they will raise the price, knowing that there is still a demand despite the high price. In such situations, women inevitably have to buy products such as sanitary pads at a higher price if the marketplace increases it. Others justify pink tax as a psychological strategy: pink tax essentially supplies demand as it increases women's inclination to purchase some products if they are classified as luxurious items.

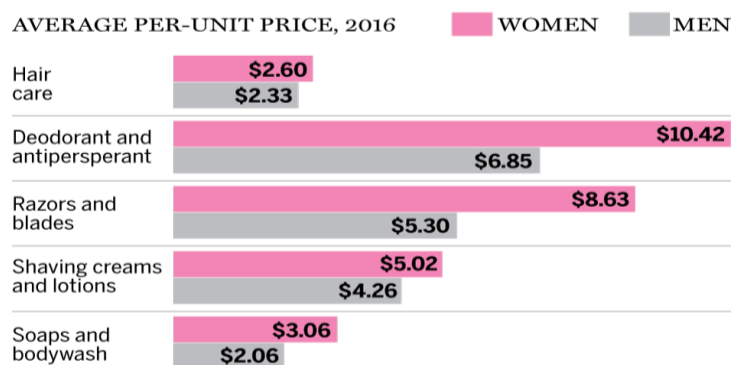
Another possible reason is that a distinction between men and women may be made in the tax code. Due to differences such as the average life expectancy, the US Tax Code for example, reduces a certain amount of tax according to the years that a person will retain a particular property. The same logic applies to areas such as annuities and pensions; men in general receive larger proportions per year as their average life expectancy is shorter than that of women's. This justification leads to other contentions regarding issues such as social security taxes; some believe that the benefits and taxes should be equally established according to the expected years of life.

Debate over price control vs. 'equality'

One of the main issues revolving around the question of pink tax is whether the government should intervene in the freedom of the market. Justifications for the additional tax pinpoint how the market has the freedom to decide upon its own prices and how the people should determine for themselves to buy the product or not. Proponents insist that it is not the government's duty to be involved in the private sector. Nevertheless, others urge for the need of government protection from monopolisation or excise taxing.

CANADA'S PINK TAX

43% premium on women's personal care products



SOURCE: PARSEHUB

NATIONAL POST

Caption #2: Premium prices set for women's products in Canada

Preferential treatment

Car insurance in favor of women

In the European Union especially, car insurers are neglecting the European Equality Laws by charging women less. To support, according to a study by the Johns Hopkins School of Public Health, women were involved in 5.7 crashes per million miles driven while men were involved in 5.1 crashes for the same distance. Despite getting into fewer crashes, the study clarifies that men are three times as more likely to die in a car crash than women. The pervading price difference in car insurances implies the notion that men are more risky drivers and thus, need more assistance in safeguarding their cars. At the same time, women are deemed to be drivers who get into more frequent, yet less dramatic accidents, and therefore, are justifiable to get the service at a lower price. Such preferential treatment well manifests the status of reverse sexism.

Child relief system

Singapore's tax system is unique in a sense that the nation makes available child relief. Approximately \$2000 is provided to a parent (up to the 4th child) for the purpose of offsetting the declared income. In addition to this, other relief systems such as the Working Mother's Child Relief is available, which implements an addition of a certain percentage to a mother's income depending on the number of children that she has. Other nations such as Pakistan and India also provide preferential treatment to women in terms of taxation.

Single Parent Family and the consequences/ minorities

Pink tax can be a financial burden to the social minorities in particular. Women of color already experience larger wage gaps: African American women are only paid 60 cents for every dollar a white man earns and Latinas earn only 55 cents. According to a survey conducted by the National Women's

Law Center, the gender wage gap alone costs women on average more than \$430,000 over a course of a 40-year career. Pink tax added upon the pay gap only pressurizes the women.

Moreover, pink tax is especially an immense burden upon those with a lower income bracket. Necessities become hard to afford. Indeed, the American government provides measures such as food stamps, but few feminine products such as sanitary pads are not included in the government provided basic living needs. Furthermore, the majority are not socially aware of the price discrimination or the existence of pink tax; this lack of awareness stymies people from addressing the financial burden through means such as buying gender-neutral products.

Issue of pink tax in developing countries

Gender discrimination is also evident in many developing nations' tax systems. Tax policies in many countries often reflect their cultural values and belief systems. Nevertheless, improvements have been made in the past few years. For example, the South African tax system used to impose different rate schedules by classifying people into married persons, married women, and single persons; the latter two categories required higher tax payments. By 1995, however, the system was eradicated--advancing a step closer towards gender equality. In Malaysia, a joint assessment is allowed since a woman's income is directly reflected upon in the husband's tax return. These discriminatory tax codes channel a further problem into the society: the policies encourage people to accept such system as the norm and indulge in the belief system. Many criticise such implementation for identifying women as second-class citizens.

Major Parties Involved and Their Views

Government or related political actors

France's Secretary of State for Women's Rights, Pascale Boistard, stated "is pink a luxury color?" Such claim expressed by a political figure demonstrates how the issue of pink tax should no longer be undermined and should be taken into consideration seriously. Accordingly, the Finance Ministry of France has ordered an inquiry in response to investigate the possibility of price discrimination. The study was propagated not just at Monoprix but at French retailers in general as well.

Fourth World Conference on Women in Beijing

The conference was formed after the consolidation of 3 previous conferences. The purpose of the conference was to ensure stronger national measures to combat gender stereotypes and reaffirm its commitment to eliminate all discrimination on the basis of gender. Specifically, the conference worked in collaboration with the UN Women to implement Platform for action, which was initiated in 2013. The UN economic and Social Council also requested the Commission on the Status of Women to review this platform and further implement actions in order to fully promote gender equality as well as encouraging UN member states to perform national reviews along with programs such as Beijing +20.

Companies and retailers

Major businesses and retailers believe that the suggested bills such as the Gender Tax Repeal Act of 1995 or the Pink Tax Repeal Act restrain the freedom of the market and allow the government to be in too much control.

Timeline of Relevant Resolutions, Treaties and Events

Date	Description of event
1959	<p data-bbox="408 734 721 761">Unruh Civil Rights Act</p> <p data-bbox="408 797 1442 880">This act requires businesses to grant “full and equal accommodations” to everyone regardless of race, sex, religion or national origin.</p>
August 23, 2015	<p data-bbox="408 1010 842 1037">Gender Tax Repeal Act of 1995</p> <p data-bbox="408 1077 1398 1308">Gender price discrimination for consumer services such as haircuts and dry cleaning were banned by California. Another bill to extend the law to cover consumer products was later proposed to the state Senate, but was later rejected as business groups believed that the bill could lead to unnecessary litigation and higher prices.</p>
1995	<p data-bbox="408 1435 695 1462">Pink Tax Repeal Act</p> <p data-bbox="408 1503 1410 1682">The Pink Tax Repeal Act was proposed to stop gender pricing in both goods and services, allowing the Federal Trade Commission to impose sanctions against violators and permitting state attorney generals to take civil action against the discrimination on behalf of the consumers.</p> <p data-bbox="408 1720 1347 1850">Congresswoman Jackie Speier introduced this bill believing that it could prohibit companies from charging different prices for similar products or services charged on the basis of the gender of the customer.</p> <p data-bbox="408 1883 1426 1960">Supporters of the legislation include the Consumers Union and the Consumer Federation of America.</p>

Evaluation of Previous Attempts to Resolve the Issue

Although there seems to have been a continual effort to resolve the question of pink tax, legislative action seems limited as bills have yet to be passed. Other more constructive attempts such as the European Equality Laws also has little power since pricing discrimination is still prevalent. Moreover, because price control is a very contentious issue and may intervene in the system of capitalism, it is true that the government has to take a cautious move.

The fact that more political figures and organizations' movements are addressing the issue, however, indicates how the society is moving towards a more equal one. To progress further, previous attempts should be strengthened with stricter legislative power.

Possible Solutions

Since there seems to be an obvious clash between politics and economics, the debate revolves around whether the government should be involved in regulating the price of certain products. Whilst it is true that free market should be left to the businesses' control, the issue of unfair price gap can be addressed by improving upon the previous efforts of the state government. Bills related to the elimination of pink tax and pricing discrimination on the basis of gender can be proposed. Policies such as the European Equality Laws can be re-emphasized as well. Moreover, continuous investigations can be conducted to prevent the price discrimination from occurring in the first place.

Nevertheless, because political action often requires a long period of time as well as agreement within the government, other effective measures may also be promoted as well. For example, civilian organizations or non-governmental organizations can host campaigns to raise awareness about the issue of pink tax. Such measure could potentially lead people to join in the movement or avoid buying products that are unfairly priced and buy unisex products instead. Through this measure, people can directly demand fair pricing to the businesses, and thus, waver power as the consumers in the marketplace.

Although pink tax is to some extent marketing driven, it is undeniable that public policy can also play a role in terms of preventing and redressing unjustifiable consumer prices in many situations. Nonetheless, it must also be recognized that various countries with different cultural backgrounds will confront gender bias in taxing differently.

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