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## **Comparison Of Women's Situation In The Labour Market In The Former GDR And Poland**

### **Abstract**

*Twenty-five years have passed since the fall of the Berlin Wall and the beginning of transition in the former socialist countries. The aim of this research is to find out how women in East Germany and Poland, which followed completely different transformation patterns, have been affected by the introduction of market reforms.*

*As a result of the investigation we found that the situation of women in both countries has been changed after the collapse of the communist system in Europe. However, women in former German Democratic Republic, following a significant decrease in their participation in the labour market in the early transition period, went on to become even more active than their counterparts in the Western lands. At the same time, in Poland the economic activity rate of women is lower than was observed before the transformation.*

**Keywords:** *labour market, economy in transition, gender inequalities*

### **1. Introduction**

In the beginning of nineties of the twentieth century, when the post-communist countries in Central and Eastern Europe began their transformations towards a market economy, there was no pre-existing theory of transition.

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Therefore from the very beginning the transformation from centrally planned to market economies has been accompanied by a number of controversies (Roland 2001), including:

- the speed of reforms,
- privatization methods,
- the role and organization of government,
- the type of financial system needed, etc.

These controversies have been mainly connected with the ignorance and unpreparedness of economists and politicians with respect to the large-scale institutional changes inherent in such a transition. It is worth mentioning that these changes have influenced not only the domestic conditions in the transformed states, but also the international situation; it is enough here to mention the breakup of Yugoslavia, Czechoslovakia and the Soviet Union.

The transition from centrally planned to market-oriented economies has attracted much attention from economists since the beginning of the 1990s. Hence one can find discussions of many problems in the literature, starting from the “general view” of transformation through opinions concerning the problems and the goals that should be achieved on to many detailed aspects of transition. In general two types of transformation of the economic system have been distinguished (see (Svejnar 2002) and (Roland 2001)):

- Type I – rapid reforms in a “big bang” style, also called “Washington Consensus”;
- Type II – gradual reforms, also labeled as the “evolutionary – institutionalist” perspective.

Type I was dominant at the beginning of the transformation of Central and Eastern Europe. These reforms proved relatively sustainable and were associated with improving economic performance in Central Europe (except the Czech Republic) and in the Baltic states. However they were much less successful in Russia and other countries of the Commonwealth of Independent States (CIS) and the Balkans.

Type II has had more support in the academic environment than in international policy circles. It was a minority approach at the beginning of the economic and political transformation, but it gained more support over time. The implementation of evolutionary reforms required that governments have enough resources to enforce market-friendly laws and avoid being captured or dominated by special interests. While it is difficult to capture the full range of differences across transition states implementing Type II reforms, it is possible to point out the differences in several specific areas: privatization, banking reform, labour allocation, the legal system, etc. (see (Svejnar 2002), (Boeri and Terrel 2002)).

Roland (2001) argues that such classification of the changes that were introduced in transition countries mainly emphasizes the speed of reforms, and that there are many other dimensions that should be taken into account. He also identifies several "unexpected surprises" that were brought about by transition, among them an economic decline in all countries in the former socialist bloc, and the appearance and extension of the "Mafia phenomenon".

On the other hand Boeri and Terrel (2002) emphasize the situation on the labour markets and distinguish two key patterns of the reallocation of labour. The first could be observed in the group of former Soviet Union republics, where there was relatively little decline in employment, a marked decrease in labour productivity and real wages, a large turnover of the unemployment pools, and a relatively small reallocation of jobs between "old" and "new" sectors.

The second pattern was characteristic for the majority of Central and Eastern European (CEE) states, with lower declines in labour productivity. In these countries the economic recovery started earlier than in Russia and the other countries which joined the Commonwealth of Independent States. However, along with a fairly rapid degree of structural change, the CEE countries experienced stagnant unemployment (see (Rutkowski 2003), who provides a detailed discussion of the case of Lithuania).

There are two exceptions from the above-described patterns: The Czech Republic, which experienced a long period of low unemployment, and Estonia, which displayed a significant labour reallocation from the beginning of transformation process. The former German Democratic Republic (GDR) constitutes a special case and is usually not considered in such analyses because its path toward a market economy was unique among the post-communist states. GDR simply joined the Federal Republic of Germany, an event which is known in the literature as German reunification, officially dated on October, 3, 1990. German reunification contributed to essential and immediate changes in the economic, social and political situation of the former GDR. For instance, the reconstruction of the East Germany economy and infrastructure, the new currency, the adoption of new regulations, etc. were financed by the western lands (the so-called 'Solidarity Surcharge') and by German capital.<sup>1</sup> The new United Germany retained all West Germany's memberships in international organizations (including the European Community and NATO), while relinquishing all GDR memberships (for instance in the Warsaw Pact).

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<sup>1</sup> The estimated cost of reunification is two trillion euros during the twenty years, a figure given by Peer Steinbrück, the former German Finance Minister. (*Interview...* 2011).

The aim of the research described in this paper<sup>2</sup> is to determine generally how the transition process affected the labour market; and in particular how women in formerly socialist countries have been affected by the introduction of market reforms. In our investigation we focus on gender disparities and problems related to the changes of socio-economic situation in two former Soviet bloc states i.e. East Germany and Poland, which followed completely different transformation patterns.

## 2. The demographic situation

In discussing situation in Poland and Germany we should note that both states face similar demographic problems (see Tables 1–2), which include:

- A low fertility rate, which has been decreasing and has been below the replacement fertility rate (being about 2.1 in industrialized countries); and
- Population ageing.

According to a report by the Hamburg Institute of International Economics, a labour market shortage might damage, or at least hamper, the German economy because the German birth rate has fallen to the lowest in the world (8.2 children born per thousand inhabitants over past five years). In such a situation women's participation in labour market could become one of the main factors influencing the country's economic future.<sup>3</sup>

Comparing observations from the years 1985–2010 (in five-year periods), it is visible that the demographic structure did not essentially change, however in 2010 the population in Germany rose by 5%, while in Poland it increased by 2% in comparison to the year 1985. At the same time, in the Eastern part of Germany (with Berlin in 1990; divided between East and West Berlin) it decreased by 2%. The estimated fertility rate for 2014 is 1.43 for Germany and 1.33 for Poland.<sup>4</sup>

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<sup>2</sup> The research was conducted within the framework of a DAAD grant: Changes of women's situation in the labor market in European post-communist states. The examples of former East Germany and Poland and the NCN grant No. 2015/17/B/HS4/00930: *Changes of women's position in the labour market. Analysis of the situation in Poland and in the selected European Union States in the years 2002–2014.*

<sup>3</sup> See Germany replaces... 2015.

<sup>4</sup> See <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2127rank.html>.

**Table 1. Demographic structure**

Year	Population by sex					Fertility rate	
	Overall total in thousands			Female as a % of the overall total			
	Germany	East Germany	Poland	East Germany	Poland	Germany	Poland
1985	78896.4	16640	37340.5	52.66	51.23	1.46	2.33
1990	80487.2	18262	38073.0	52.28	51.27	1.43	1.99
1995	83147.7	17646	38284.0	51.53	51.34	1.30	1.55
2000	83512.5	17232	38254.0	51.19	51.54	1.35	1.37
2005	83826.0	16740	38157.0	50.95	51.64	1.35	1.24
2010	83017.4	16326	38200.0	50.82	51.72	1.36	1.38
Rates <sup>5</sup>	1.05	0.98	1.02				

Source: Own elaboration on the basis of data from: Polish and German Central Statistical Offices worldometers.info. Data for the year 1985 – Statistisches Jahrbuch der Deutschen Demokratischen Republik, Zeitschriftenband 1987, 1988.

**Table 2. Life Expectancy**

Year	Life expectancy at birth					
	Female			Male		
	Germany	East Germany	Poland	Germany	East Germany	Poland
1985	na.	75.5	74.8	na.	69.6	66.5
1990	na.	76.2	75.5	na.	69.2	66.5
1995	na.	78.6	76.4	na.	71.3	67.6
2000	81.4*	80.8	78.0	75.6*	73.8	69.7
2005	82.2	81.9	79.4	76.7	75.6	70.8
2010	83.0	82.6	80.6	78.0	76.8	72.1
2012	83.3	na.	81.1	78.5	na.	72.7
Rates 2010:1985		1.09	1.08		1.10	1.08
* Data from 2001						

Source: Own elaboration on the basis of data from: Polish and German Central Statistical Office worldometers.info. Data for the year 1985 Statistisches Jahrbuch der Deutschen Demokratischen Republik, Zeitschriftenband 1987, 1988.

Length of life depends on the living conditions, which were better in the former GDR than in Poland during the communist period, and continue to be better today due to the higher level of socio-economic development in Germany. In both countries life expectancy at birth differs in terms of gender and the investigated period. Comparing Poland to East Germany, the difference in life expectancy is visible especially for men, where it was 3.1 years in 1985, and has risen to 4.7 years

<sup>5</sup> Rates are defined as simple index numbers.

in 2010, while for women this spread was 0.7 and 2 years in 1985 and 2010 respectively. Life expectancy in 2010 in comparison to 1985 increased in Poland by 8% (i.e. 5.8 years for females and 5.6 years for males) and in East Germany by 9% (7.1 years) and 10% (7.2 years) for women and men respectively. As a result, in 2010 in the former GDR women lived 5.8 years longer on average than men, while in Poland this difference was 8.5 years. It is also visible that the average life expectancy evaluated for the whole of Germany is higher than in the Eastern lands and in Poland, and in 2012 this difference was 2.2 years and 5.8 years for females and males, respectively.

**Table 3. Population with tertiary education, attainment of ISCED level 5-6; in 2013**

State or region	Percentage share of population			Tertiary education graduates
	Total	males	females	women per 100 men
EU 27	25.4	23.8	27.0	143.2
Germany	25.1	26.7	23.6	122.4
Poland	22.6	18.5	26.7	193.9

Source: Own elaboration on the basis of data from Eurostat.

Level of education is an important characteristic of a society, and it influences the level of economic development. In Poland the share of the population with the tertiary education is smaller than in Germany and the European Union (i.e. as the average of 27 states). However in Poland women are better educated than men, as 26.7% of women and only 18.5% men are college or university graduates, while in Germany we can observe the opposite situation i.e. the share of women with a tertiary education is slightly smaller than for men (Table 3).

### **3. Labour market in East Germany and Poland after the collapse of communist system**

The collapse of the centrally planned economies and the introduction of market reforms influenced the overall situation in all transitional states. The sudden exposure to competition from developed countries, together with the breakdown of traditional export markets, destroyed the prevailing national economies in all Central and Eastern European states. Following German unification, the economy in former GDR had to compete with West Germany and abroad, which caused an unprecedented increase in effective unemployment (Bonin, Zimmermann 2000). Immediately after unification, a complete collapse of productivity and employment in East Germany was avoided only with the aid of substantial transfers from West

Germany.<sup>6</sup> Ten years after unification the number of regularly employed persons in East Germany had declined by almost 40%, and the official German unemployment rate exceeded 19% of the labour force in the former GDR, while in former German Federal Republic this rate was less than 10% in 1999.

In the former German Democratic Republic, like in other former Soviet-bloc states, there was a high involvement of women in the labour force. Before the collapse of the communist system, more than 80% of women of working age participated in the labour market. In particular, it appears that women in the GDR were better integrated into the labour market than women of the former German Federal Republic (GFR), where participation rates were low by international standards. Based on the information given by Krueger and Pischke (1995, p. 419), in year 1988 female labour force participation in GFR was 49.6%, while in the GDR it was 81%. Bonin and Euwals (2002) note that after the unification of the two German states, the share of women residing in the area of East Germany who participated in the labour market declined, but only gradually. In May 2000, 72% of all women of working age in East Germany were employed or, if not, in search of employment. Although at that time the female participation rate in East Germany was lower than the rate before unification, it still substantially exceeded the corresponding rate of 62% for women residing in the area of West Germany.

The moderate decline in female labour force participation in East Germany is quite remarkable considering that women have been facing high levels of unemployment since the collapse of employment opportunities at the outset of unification. The economic transition which followed thereafter brought the employment rate among women of working age to the West German level of 58%.

Taking into consideration the situation in the labour market (Table 4 below), one can note that in both countries number of employed persons significantly decreased in 2010, by 14% in East Germany, and by 18% in Poland in comparison to 1985. Since the population did not radically decrease, this significant decrease in active employment seems to be connected with the early retirement programs that were introduced in both states to "make room" for younger workers and for migration of people of working age to different states, where better jobs and higher incomes were offered. In the former GDR this migration started just after the unification and was directed mainly to West Germany, while in Poland a significant wave of emigration began when Poland became a member of the European Union in 2004.

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<sup>6</sup> A discussion of East German unemployment can be also found in Merkl, Snower (2008).

**Table 4. Labour market situation**

Year	Number of employed, in thousands		Unemployment rate*		
	East Germany	Poland	Germany	East Germany	Poland
1985	8937.00	17914.70	8.2*	Full employment	
1990	8789.00	16484.70	6.0	10.27	6.39
1995	7774.00	15485.70	9.2	13.23	14.51
2000	7463.00	15480.00	9.3	16.82	14.86
2005	7188.00	12890.70	11.4	18.34	17.70
2010	7718.00	14629.01	7.1	11.59	12.40
Rates	0.86	0.82	*FRG		

\* Own calculation as a percentage share equal to: number of unemployed / (number of employed + number of unemployed).

Source: Own elaboration on basis of data from: Polish and German Central Statistical Office worldometers.info. Data for the year 1985 Statistisches Jahrbuch der Deutschen Demokratischen Republik, Zeitschriftenband 1987, 1988.

The economic activity rates (for males, females and the total population – total) evaluated for Germany, East Germany (as average from 6 Eastern lands i.e.: Berlin, Brandenburg, Mecklenburg-Vorpommern, Sachsen, Sachsen-Anhalt and Thüringen) and Poland in years 1999–2014 are presented in Table 5.

**Table 5. Labour participation rates for persons aged 15–64**

Year	Economic activity rate								
	Poland			Germany			East Germany		
	Total	Males	Females	Total	Males	Females	Total	Males	Females
1999	65.8	72.1	59.6	71.2	79.3	62.9	74.5	78.5	70.4
2000	65.8	71.7	59.9	71.0	78.8	63.0	73.8	77.7	69.7
2001	65.5	71.5	59.8	71.3	78.8	63.7	73.6	77.4	69.6
2002	64.6	70.6	58.7	71.5	78.7	64.2	73.4	77.0	69.6
2003	63.9	70.0	58.1	72.1	79.0	65.0	73.9	77.4	70.4
2004	64.0	70.2	58.0	72.1	79.0	65.1	74.4	77.6	71.1
2005	64.4	70.8	58.1	74.3	80.6	68.0	76.3	79.4	73.0
2006	63.3	70.0	56.7	75.3	81.3	69.3	77.6	80.6	74.4
2007	63.2	70.0	56.5	76.0	81.8	70.2	78.6	81.6	75.4
2008	63.8	70.9	57.0	76.5	82.1	70.8	79.0	82.0	75.9
2009	64.7	71.8	57.8	76.9	82.3	71.4	79.9	82.8	76.9
2010	65.3	72.1	58.5	76.6	82.3	70.8	80.0	83.2	76.6
2011	65.7	72.6	58.9	77.3	82.7	71.9	80.2	83.3	76.9
2012	66.5	73.3	59.7	77.2	82.6	71.9	79.6	82.7	76.4
2013	67.0	73.9	60.1	77.6	82.6	72.6	79.6	82.7	76.5
2014	67.9	74.6	61.1	77.7	82.5	72.9	79.5	82.2	76.7



Women's employment rate									
Year	Poland			Germany			EU 27		
	2006	2011	2012	2006	2011	2012	2006	2011	2012
	53.1	57.2	57.5	65.0	72.4	72.2	61.2	62.3	62.5

Source: Own elaboration on basis of Eurostat regional data.

In the comparison provided above (for the years 1999–2014), it is visible that the highest rate of (total) economic activity can be observed for East Germany and the whole of Germany (from 71% to 80%), while for Poland participation in the labour market is smaller, and the difference between the two post-communist states has remained pretty large (the largest in the years 2010 and 2011 – about 15%). In general women's participation in the labour market is smaller than men's. In Germany, especially in the Eastern part, women's participation rate has been increasing, while in Poland it decreased in the years 2001–2007, and in 2012 the rate of women's participation in the labour market was equal to that from 1999.

The analysis of women's participation in the labour market for different age groups, particularly aged 15–64 and 25–54, is presented in Table 6. We selected the latter age group because:

- Since women spend more time completing higher education they enter the labour market later (not at 15 years old); and
- We wanted to consider a younger generation of women (since an employee aged 64 in 2005 was born in 1941. i.e. in 1990 she was nearly 50 and the majority of women from this generation either accepted the earlier retirement program (offered in countries undergoing transformation) or they accepted the patriarchal style of life (in western countries where one working person – usually men, were able to provide a good standard of life for the family)).

The comparison of activity rates for both age groups shows that women in the age group 25–54 are significantly more active in comparison to the age group 15–64, and that the average labour participation rate for the ten-year period investigated was greater by 10 percentage points for Germany and by nearly 20 percentage points for Poland.

**Table 6. Comparison of labour participation rates for different age groups**

	Germany		Poland	
Labour participation rates for females aged:				
Year	25-54	15-64	25-54	15-64
2005	79.100	66.925	76.425	58.100
2006	80.275	68.500	75.400	56.800
2007	80.600	69.350	75.600	56.475
2008	80.500	69.700	76.275	56.950
2009	80.975	70.375	77.450	57.800
2010	81.350	70.825	78.575	58.525
2011	82.250	71.900	78.675	58.875
2012	82.250	71.850	79.125	59.750
2013	82.450	72.625	79.100	60.150
2014	82.475	72.875	79.650	61.125
Average	81.223	70.493	77.628	58.455
Difference	10.730		19.173	

Source: Own elaboration on the basis of FRED data.<sup>7</sup>

Employment rates indicate the percentage of persons of working age who are employed. In the short term, these rates are sensitive to economic cycles, but in the longer term they are also affected by government policies that pertain to higher education, income support, and measures that facilitate the employment of women. Employment rates for men and women differ both between and within individual countries. We may note (Table 7 below) that the structure of employment in Poland, Germany and the EU as an aggregate, by economic branches and job contracts, significantly differs. In Poland there are relatively many more employees in agriculture – twice the average for the EU 27 and six to ten times more than in Germany, while there are relatively fewer employees in services. Part-time employment seems to be less popular in Poland (especially for men), while temporary and self-employment is higher than such a working profile in Germany and the EU 27 average. The unemployment rate in Germany in 2013 was very small –5.3% – while in Poland it was comparable to EU 27 rate and twice as large as in Germany. One may also note that the unemployment rate in Germany is smaller for women than men by 10 percent, while in Poland we can observe the opposite situation.

<sup>7</sup> <https://research.stlouisfed.org/fred2/series/>

**Table 7. Employment by industry branches, job contract (as a percentage of employment), and the unemployment rate in 2013**

Employment in	Industry			Services			agriculture		
State or region	total	men	Women	total	men	women	total	men	women
EU 27	22.4	32.1	11.2	72.5	61.8	84.9	5.1	6.1	4.0
Germany	24.7	35.9	12.2	73.8	62.2	86.7	1.5	2.0	1.1
Poland	30.3	41.8	14.3	57.7	45.3	73.1	12.0	12.9	10.9
State or region	Part-time employment			Temporary employees			Self employment		
EU 27	19.0	8.2	31.8	12.8	12.2	13.4	15.5	18.8	11.6
Germany	26.2	9.2	45.8	11.6	11.3	11.9	10.9	13.5	7.9
Poland	6.9	4.2	10.2	26.4	26.8	26.0	22.1	24.6	18.9
State or region	Unemployment rate								
EU 27	10.8	10.8	10.8						
Germany	5.3	5.6	5.0						
Poland	10.3	9.7	11.1						

Source: Eurostat.

#### 4. Wage differences

Analysis of the wage differences between men and women has recently emerged as one of the core questions in labour market research, mainly due to the increasing participation of women in the labour market. There are several indicators, such as income, employment, social benefits, that may be examined in order to assess the relative economic situation of women. However, wages seem to be the most important determinants of economic well-being and personal success. In particular, the male-female pay differential affects the position of women in the labour market as well as the status and power of women within the household.<sup>8</sup>

It is worth mentioning that the literature on gender inequalities in the post-communist states is not as rich as for other countries and is dominated by research

<sup>8</sup> Gender pay differences in the labor market are important since the relatively lower wages for women may generate a wide spectrum of negative consequences. First, lower wage rates for women may increase the economic dependence of women on their male partners, which in turn may increase their susceptibility to domestic violence. Second, many women are single mothers and the sole wage earners in their families. For single mothers, adverse labor market outcomes, combined with less accessible childcare, are likely to enhance the probability that their families live in poverty. Third, gender differences at the work place are transformed into inequality after retirement. Since, on average, women live longer than men, and they are more likely to fall into poverty in their old age.

concerning the early transition period (see: (Bialecki and Heyns 1993), (Rueschemeyer 1993), (Klasen 1994), (Pailhé 2000), (Popova 2002), (Adamchik and Bedi 2003), (Jurajda 2005), (Keane and Prasad 2006), (Simon 2007), among others).

However the gender pay gap (GPG) in transitional countries has been discussed in the literature by some authors. Newell and Reilly (2001) found a low gender wage differential by international standards, although there was evidence of larger gaps in the higher paid jobs relative to the lower paid jobs. Simon (2007) found female segregation into low-wage jobs, while Brainerd (2000), Newell and Reilly (2001) reported a decline of discrimination against women in the transition period. Studies on gender disparities in the labour market for Poland were provided by Grajek (2001), Newell and Reilly (2001), Adamchik and Bedi (2003), Keane and Prasad (2006), Newell and Socha (2007), Witkowska (2012) and (2013); while those related to East Germany in transition were provided by Hunt (2002), Krueger and Pischke (1995). See also: (Maier 2007) and (Botsch, Maier 2009).

**Table 8. Gender pay gap in unadjusted form**

Year	2006	2007	2008	2009	2010	2011	2012
EU 27	17.7	na.	17.3	17.2	16.2	16.5	16.6
Germany	22.7	22.8	22.8	22.6	22.3	22.2	22.4
Poland	7.5	14.9	11.4	8.0	4.5	5.5	6.4

Source: Eurostat.

The gender pay gap is a remarkably persistent issue in Germany, and according to Eurostat remained over 20%, in comparison to the EU-27 average in 2013 of 16.4%; while in Poland it ranged 4.5% to 14.9% in the years 2006–2012 (Table 8 above). Pay gaps may be analyzed from different perspectives such as economic activity, sectors, working profiles, age, and occupation.

**Table 9. Wage differences between East and West Germany**

East wages compared to West wages, in %			Collective regulated low wage occupations full-time monthly gross wages (in euro)		
full-time monthly gross	West=100%				
Source of data and year	Women	Men	Occupations	West	East
Current wage data 2004	81.4	74.9	Unskilled shop assistant	1035	863
IABS 2001	86.5	70.4	Florist (skilled)	1294	948
SOEP 2003	79.0	67.1	Cleaner (skilled)	1380	978

Source: (Maier 2007).

Due to the different sources of data and periods, a comparison of wage differentiation between Western and Eastern lands, i.e. the former FRG and GDR, is presented in Table 9 above. It is visible that the difference in women's

earnings is smaller than for men, although it is significant for both genders regardless of the workers' occupation.

Table 10 contains a comparison of the gender pay gap (GPG) evaluated for both parts of united Germany, taking into account hourly, monthly and yearly wages. As can be observed, the gender pay gap in the former GDR is smaller than in West Germany. This is especially visible when annual incomes are considered based on IAB-Beschäftigtenstichprobe, IABS, and German Socio-Economic Panel<sup>9</sup> (SOEP) data, where the GPG in the West is over 20% and in the East less than 10%. Smaller differences in the GPG are visible for monthly wages, from 4.2% to 5.7% in 2001 and 2004, while over 12% in the 1990s. When taking into account hourly wages the differences in GPG do not exceed 5.6%. One may also note that the comparison of earnings obtained by men and women in both parts of Germany shows that the gap is smaller for women than for men, however the difference in wages between the East and West is still very high for both genders.

**Table 10. Gender pay gap in the Western and Eastern parts of Germany**

Source of data	Year	West	East	West	East	Source of data	Year	West	East
	Monthly		Hourly		Yearly				
	Gross wage						Full-time gross		
Current wage data	1991	34.9	22.5	26.7	21.1	IABS	1993	23.8	7.0
	2004	28.3	22.6	23.7	21.6		2001	23.1	5.5
		Full-time gross wage					Full-time gross		
GLS	1990/1992 (East)	38.1	25.5	26.0	22.1	SOEP	1993	25.4	5.1
	2001	32.7	28.5	22.7	17.7		2003	23.3	9.8

Source: own elaboration on the basis of (Maier 2007).

**Table 11. Gender pay gap for different labour market segments in Germany**

Year	Salaried employees		Workers	
	West	East	West	East
1991	34.9	22.5	26.7	21.1
2004	28.8	22.6	23.7	21.6
2005	28.4	21.9	25.4	22.1

Source: own elaboration on the basis of (Botsch and Maier 2009).

<sup>9</sup> This is a household-based study which was started in 1984 and which interviews adult household members annually.

In general, there is a smaller GPG in the lower paid segments of the labour market than in higher paid positions. In Germany around 70% of all low paid employees are women, while there is low proportion of women among the highly paid groups. For instance, only 12% of women are among the higher paid employees and civil servants, whereas 22% of men are in that group.<sup>10</sup> Also women are part-time employees more often than men (see Table 7). These two factors help bring about such a large GPG, especially when monthly and annual pay disparity is taken into account.

A salaried employee is paid annually. Salaried employees are usually supervisory, managerial, or professional employees who work on an annual basis and are not paid an hourly rate.<sup>11</sup> The GPG among this group of employees is greater than for workers, but it has been decreasing in analyzed years, while the GPG for workers does not follow this trend (Table 11). In both groups of employees, the earning disparities between the genders are smaller in the Eastern part of Germany.

When discussing the different income levels in both parts of Germany one should keep in mind that in general there is great diversity among European Union member states, especially when the “old” EU states are compared to the “new” member states. Based on the Structure of Earning Survey (SES) data from 2010, the lowest mean annual earnings were observed for Bulgarian region BG3 (4,094 euro) and Romanian region RO2 (4,846 euro) while the highest were recorded in the United Kingdom region UK1 (55,451 euro). Taking into account all European countries, Switzerland (64,448 euro), Luxemburg (53,451 euro) and Denmark (49,994 euro) are at the top of the list.<sup>12</sup> In Poland average wages are slightly above 30% of the average wages for the European Union, while in comparison to German salaries this rate is worse (Table 12 below).

While the situation in Poland cannot be directly compared to Germany, because the level of life and incomes are completely different, women in Poland also earn less than men. Table 13 shows that at the beginning of the new century there were several branches where women’s average wages were higher than men’s, but in 2009 this remained true among all NACE branches only for construction. It is worth mentioning that in Poland the most feminized economic activities are Health and social work, Education, Financial intermediation, and Accommodation and food services, but even there women earn less than men (in 2009 the smallest difference in earnings was observed for education and real estate services, where women earn 92% of men’s wages).

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<sup>10</sup> BMFSFJ 2005 quoted after (Maier 2007).

<sup>11</sup> Salaried employees are typically considered to be exempt from overtime pay. That is, they work to fulfill the duties associated with their job.

<sup>12</sup> <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do?dvsc=0>.

**Table 12. Relation between average wages in selected EU member states in 2014**

State or region	Relation to average in EU			Relation to average in Germany		
	Total	Males	Females	Total	Males	Females
EU 27	100.00	100.00	100.00	79.42	79.26	80.66
Germany	125.91	126.16	123.98	100.00	100.00	100.00
Poland	33.26	32.15	35.03	26.42	25.48	28.25
Denmark	178.68	179.62	182.67	141.91	142.37	147.34
Bulgaria	15.01	14.43	16.05	11.92	11.44	12.95

Source: own elaboration on basis of Eurostat data.

**Table 13. Comparison of average women's to average men's wages (man's wage =100) by NACE branches; for Poland**

Codes	NACE branches	2001	2003	2006	2009
A1	Private farms in agriculture	100.50	99.80	78.00	76.2
A2	Agriculture, forestry and fishing, excluding (A1)	118.60	125.20	100.40	89.1
B	Mining and quarrying	89.80	79.80	76.40	86.8
C	Manufacturing	75.80	82.10	76.80	79.5
D-E	Electricity, gas and water supply	108.70	90.20	75.90	95.3
F	Construction	86.20	105.90	102.90	102.2
G	Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods	74.00	72.20	80.70	77.4
H	Transport, storage and communication	97.90	82.50	94.50	88.0
I	Accommodation and food service activities	93.50	95.50	88.30	74.5
K	Financial intermediation	137.70	79.40	67.00	81.7
L	Real estate, renting and business activities	85.20	90.40	80.00	92.2
O	Public administration and defense, compulsory social security	85.80	83.70	81.20	80.9
P	Education	115.40	91.30	84.90	92.0
Q	Health and social work	78.50	83.40	81.30	83.5
S	Other community, social and personal service activities	67.60	77.70	77.50	79.6
	All VACE branches	84.57	83.91	81.40	83.15

Source: Own calculation on the basis of Polish Labour Force Survey.

Analyzing the data presented in Table 14 below, one can see that GPG is bigger in Germany than in Poland in all but two types of economic activities. Only in Financial and insurance activities and in Public administration, defense and compulsory social security, wage disparities are smaller in Germany than in Poland.

**Table 14. The unadjusted GPG in 2012 by NACE economic activity, working profile and sector**

<b>Economic activity (NACE code)</b>	Germany	Poland
Business Economy (B to N)	25.6	15.6
Manufacturing (C)	26.4	21.4
Electricity, gas, steam and air conditioning supply (D)	21.1	7.2
Construction (F)	13.1	-10.3
Financial and insurance activities (K)	30.0	36.9
Public administration and defense; compulsory social security (O)	7.4	17.6
Education (P)	7.9	1.6
Arts, entertainment and recreation (R)	21.2	8.3
Other service activities (S)	22.3	30.6
<b>Working profile</b>		
Part-time	11.7	13.5
Full-time	20.6	6.2
<b>Sector</b>		
Public	14.0	3.7
Private	25.7	16.1

Source: Eurostat <http://epp.eurostat.ec.europa.eu>.

## 5. Conclusions

When market reforms were first introduced, women in both the former GDR and Poland lost their jobs and their maternity and child-care benefits.<sup>13</sup> In other words, they lost the forms of equality that communism had brought, and the first years of transformation were extremely difficult for women because they were jobless more often than men, and in addition it was often argued that they should be more domesticated and somehow more docile.

As a result of our investigation we found that the situation of women in both countries has changed following the collapse of the communist system in Eastern Europe. However in former German Democratic Republic women, after a significant decrease in their participation in the labour market in the early transition period, became very active, even more than women in the Western lands. It is enough to recall that in 2014 their economic activity rate equalled 76.7% for

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<sup>13</sup> Profound analysis of the Polish case is provided by Cukrowska 2011.



East Germany and 72.9 for the whole country, while in Poland this rate remained lower by 10 percentage points and in 2014 was 61.1%.

In general, women earn less than men in both parts of Germany as well as in Poland. However, the gender pay gap is larger in the Western part of Germany than in the Eastern part (former GDR). The income differences are the smallest for hourly wages and the largest for annual earnings. The gender pay gap in Germany is one of the highest in Europe, while in Poland it is one of the smallest. Interesting results are obtained for construction branch in Poland, where women earn more than men, which can be explained by the fact that in this particular branch women are employed in senior positions which require higher education.

To conclude our considerations, it might be said that under the centrally planned system women's position in the labour market was clearer, in part because of the existence the full employment rule. But women adapted themselves to the new situation, as is clearly visible in the Eastern Part of Germany. In market-oriented economies, turbulences affect all employees and women's position in the labour market depends on several factors such as education, occupation, economic sector, etc.

The opinions concerning women's situation in transitional countries differ among researchers and politicians. In discussing German female employees, Bennhold (2010) states that: *“Eastern women are more self-confident, better-educated and more mobile, recent studies show. They have children earlier and are more likely to work full time. More of them are happy with their looks and their sexuality, and fewer of them diet. While Western women earn 24 percent less than men, the pay gap in the East is a mere 6 percent (although the overall levels of pay are lower).”* However one may also find opinions that, in the former GDR *“women are the losers of the reunification”* (Shomaker 1996).

After 25 years of economic transformation a new generation of women has been entering the labour market. On one hand they know that both genders should be treated in the same way, and especially that they should have equal opportunities and a gender pay gap should not exist. But on the other hand they appreciate the important demographic problems faced by European societies and realize how hard it might be to harmonize family duties and a professional career.

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## Streszczenie

### PORÓWNANIE SYTUACJI KOBIET NA RYNKU PRACY W DAWNEJ NRD I POLSCE

*Minęło 25 lat od upadku muru berlińskiego i rozpoczęcia transformacji w krajach byłego bloku wschodniego. Celem analiz jest zbadanie jak zmieniła się sytuacja kobiet w byłej Niemieckiej Republice Demokratycznej i w Polsce, które to kraje zmieniały gospodarkę na rynkową według zupełnie innych schematów.*

*W wyniku badań stwierdzono, że sytuacja kobiet w obu krajach uległa zmianie. Jednakże o ile kobiety we wschodnich landach niemieckich, po znacznym spadku ich udziału w rynku pracy na początku transformacji, wykazują większą aktywność zawodową niż kobiety w pozostałych landach, to kobiety w Polsce są w dalszym ciągu znacznie mniej aktywne niż obserwowano to w okresie funkcjonowania gospodarki centralnie planowanej.*

**Słowa kluczowe:** rynek pracy, transformacja gospodarki, nierówności implikowane płcią