

Testimony before the U.S. House Committee on Energy and Commerce Subcommittee on Consumer Protection and Commerce

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Hello, I'm Hadley Heath Manning, Vice President for Policy at Independent Women's Forum, a nonprofit organization (501c3) dedicated to developing and advancing policies that aren't just well-intended, but actually enhance people's freedom, opportunities, and well-being.

Thank you Madam Chair Schakowsky for the invitation to serve as a witness at this hearing today. I appreciate the work of this Subcommittee to find bipartisan solutions to help reduce costs for American consumers and families, who are struggling during this time of record-high inflation.

However, my testimony will focus on one proposed bill that will not be helpful. The proposed repeal of the so-called Pink Tax may be well-intended, but it will result in fewer choices and reduced satisfaction for consumers.

The Pink Tax is Not a Tax, but an Economic Disparity

First, we should clarify that the Pink Tax isn't a tax at all. If it were, I would be in favor of repealing it! But the term refers not to a government levy but to the disparity in pricing between products marketed to men versus women. Some

women's products and services, most notably those oriented to personal care and hygiene, cost more than similar products made and marketed to men. One well-known and frequently cited <u>report from the New York City Department of</u> <u>Consumer Affairs</u> found that women's products, on average, cost 7 percent more than men's.

But — and this is critically important — a disparity isn't always evidence of discrimination. In this case, the disparity actually represents diversity: The robust, free, and capitalist American marketplace is capable of providing millions of products that are customized to the diverse American population. This is something to celebrate, not squelch.

Importantly, women are free to buy products marketed to either sex. Either men's and women's products — like shampoo, face wash, razors, and deodorant — are substitute goods or they are not. If they are, women (and men) are savvy enough as consumers to choose what they want, based on the product and the price point. Women make <u>85 percent of consumer brand decisions</u> and are capable of navigating this marketplace. In fact, when a writer for Mic.com bought all men's beauty products (instead of women's), <u>she saved about \$24 over the course of one week</u>. Nothing is stopping any American woman from doing this. No law is needed to make these more affordable men's beauty products available to us.

However, the reason many women do not buy men's or gender-neutral products is because in many cases these goods are not substitutes. Therefore, it's not appropriate to compare the prices of products that are substantially different. Even the aforementioned study showing that women's products are 7 percent more expensive explicitly says, "Men's and women's products are rarely identical, making exact comparisons difficult."

The Pink Tax is Driven by Supply and Demand

Often men and women's products are so different that the costs of production alone can explain the difference in price. For example, men and women's personal

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care products often have a different mix of active and inactive ingredients. They often smell different or have different features.

Even when it comes to services, such as dry cleaning, there are different costs on the supply side. Men's shirts can be machine pressed; women's blouses cannot. Men's shirts — and clothing in general — are simply more standardized than women's, meaning the average men's shirt fits the machine press and saves the dry cleaner time and money. These savings are passed along to male dry-cleaning customers.

The Pink Tax is not just a function of supply costs, but also a function of demand: Despite higher costs, women demonstrate a preference for goods that are made and marketed for them. Some goods are truly identical except for different colors or different colored packaging. As the mother of two young girls — and one young boy — I can tell you that my girls often prefer the pink or sparkly version of whatever toy or product their brother has.

We can speculate and debate the reasons why girls and boys have different preferences, but that may be beyond the scope of this hearing. Instead, today we can simply observe that these preferences exist and that no consumer protection is needed to keep Americans from demonstrating their preferences in the marketplace.

Referring to the preferences of female consumers as a "Pink Tax" may shortchange some smart and socially conscious choices many women are making. According to <u>a study by the global management consulting firm Kearney</u>, women control more than 50 percent of household spending on average in their late 20s and up to 74 percent at age 55. Female consumers value female-focused products, pro-woman branding and advertising, and socially-conscious companies with female leadership. No one could, or should, blame female consumers who prefer to pay a little more when a brand or product speaks to their core identity as women or allows them to support a cause they believe in.

The "Repeal of the Pink Tax" Will Harm Consumers

Attempts to "repeal" the Pink Tax would have unintended consequences. Prohibiting disparate pricing for products geared toward men and women ignores the supply and demand factors that I have discussed here today. The result would be that producers would simply standardize products, eliminating sex-specific options that women (and men) value and prefer. This would reduce the diversity of goods and services available and reduce consumer satisfaction.

A robust marketplace provides a broad spectrum of goods and services. The choice among different goods and services should belong to consumers. In some more socialized countries, consumers have fewer options. Rather than having our choice of more than 75 different brands of shampoo, we could arrive at the personal care aisle to find only "the shampoo" or "the soap." We are blessed to live in a country where the market is free to respond to the preferences of so many different types of consumers: shampoo for black hair, organic shampoo, kids' shampoo, shampoo for curly hair, flat hair, hair that's been permed or dyed... We have a variety of choices, and naturally prices vary according to product.

Sadly today in the U.S., due to supply chain issues and shortages, the specter of empty shelves is not a far-off concern. This is the matter that should hold the attention of lawmakers, not proposed restrictions like the Pink Tax repeal that, rather than offering consumers protection, would take products away.

The problems that undergird so many of our economic problems today—making it harder and harder for American consumers to afford basic necessities—are the result of needless government regulation and meddling. The attempt to eliminate the so-called Pink Tax and standardize pricing by fiat would be another step in the wrong direction.