



BRIEF ANALYSIS

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The Wage Gap Myth

by Denise Venable

Tuesday, April 16, 2002, is Equal Pay Day — the day on which many organizations protest wage discrimination between men and women. According to the U.S. Bureau of Labor Statistics, the median income for all women is about three-quarters that of men, although the results vary significantly among demographic groups. Feminist organizations and some politicians point to these statistics as evidence of the United States as a patriarchal society that discriminates against women. But a closer examination leads to a different conclusion.

The Good News.

When women behave in the workplace as men do, the wage gap between them is small. June O’Neill, former director of the Congressional Budget Office, found that among people ages 27 to 33 who have never had a child, women’s earnings approach 98 percent of men’s. Women who hold positions and have skills and experience similar to those of men face wage disparities of less than 10 percent, and many are within a couple of points. Claims of unequal pay almost always involve comparing apples and oranges.

Lifestyle Choices. Women make different choices, and those choices affect how they work. Women often place more importance on their relationships — caring for children, parents, spouses, etc. — than on their careers. A study by the Center for Policy Alternatives and Lifetime television found that 71 percent of women prefer jobs with more flexibility and benefits than jobs with higher wages, and nearly 85 percent of women offered flexible work arrangements by their employers have taken advantage of this opportunity.

Entry and Exit from the Job Market. Women are more likely to enter and leave the workforce to raise children, take care of elderly parents or move with their families. Working mothers are nearly twice as likely to take time off to care for their children as are working fathers in dual-earner couples. Yet time out of the workforce is an enormous obstacle to building an attractive resume and working up the corporate ladder. Women 25 years of age and over have been with their current employer 4.4 years, on average, compared to 5.0 years for men. Data from the National Longitudinal Survey

reveal that women between the ages of 18 and 34 have been out of the labor force 27 percent of the time, in contrast to 11 percent for men. Women ages 45 to 54 who have recently re-entered the workforce after a five- or 10-year break are competing against men who have had 20 years of continuous experience.

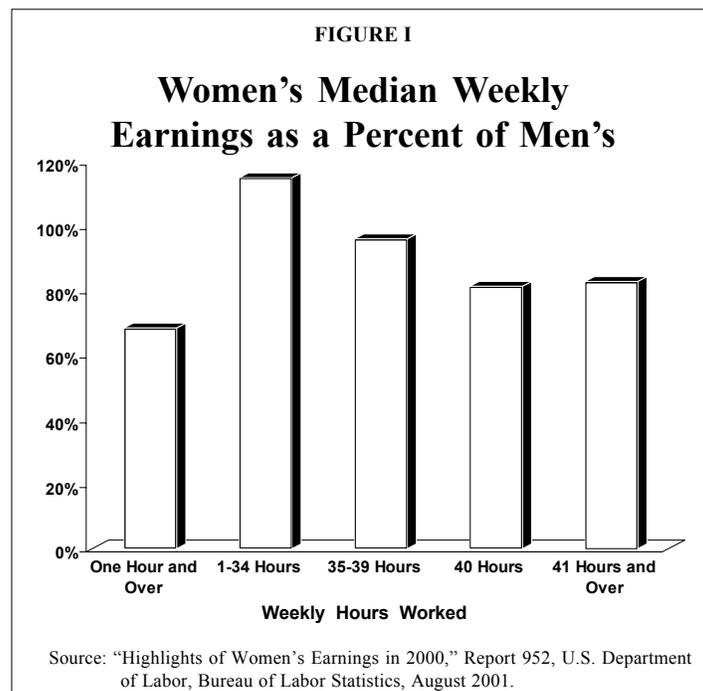
Part-Time Work.

Women are also more likely to work part-time. In 2000, one-quarter of all women employees worked part-time, compared to less than 10 percent of men. Nearly 85 percent of those who

worked part-time did so for non-economic reasons; e.g., to spend more time with the family or to further their education. In general, married women would prefer part-time work at a rate of 5 to 1 over married men.

While part-time work usually increases flexibility, the part-time worker loses out on promotions and pay increases. Part-time work also tends to mean lower hourly pay. Shorter labor stints and part-time work contribute to the probability of working for the minimum wage. Nearly two-thirds of minimum wage earners are women.

However, women’s wages hold up quite well to men’s wages when comparing specific job categories. [See Figure I.] Among adults working between one and 34



hours a week, women's earnings are 115 percent of men's. Among part-time workers who have never married, and who thus confront fewer outside factors likely to affect earnings, women earn slightly more than men. These statistics suggest that skill level, tenure and working hours — not gender — determine wages.

Occupational Choices. Beyond work behavior, women gravitate to sectors of the economy that compensate workers at lower levels. While women hold 53 percent of all professional jobs in the United States, they hold only 28 percent of jobs in professions averaging \$40,000 or more in annual compensation. For example, fewer women have chosen to enter such technical fields as computer sciences, math and science teaching, medicine, law and engineering. In 1998, women earned only 26.7 percent of computer science degrees.

Closing the Gap.

Despite all these factors, the gap between men and women's wages has been closing. Figure II illustrates that over the last 20 years women's earnings have jumped at least 12 percentage points relative to men's earnings, closing the wage differential at every level of education. A change in women's work expectations also has tended to close the gap. Until the 1970s, a minority of women expected to work after marriage. Today, almost 75 percent of young women expect to be working at age 35.

Changing work expectations are an apparent cause of women's increased focus on education, and the enrollment of women in higher education has grown much faster than that of men. Women were awarded more

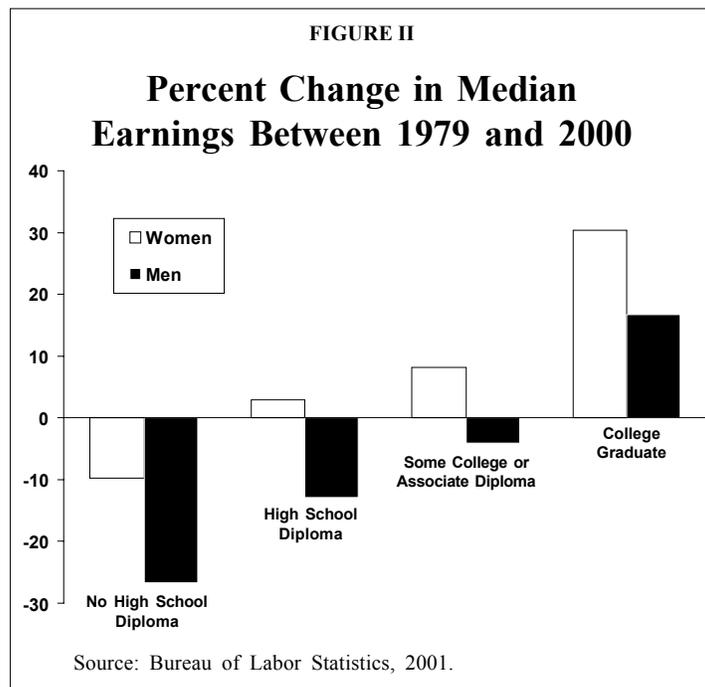
than 50 percent of associate's, bachelor's and master's degrees in the 1990s. Women currently earn more than 40 percent of Ph.D.s, medical and law degrees.

The narrowing of the gender wage gap approximately one percentage point a year since 1980 is particularly significant, since during the 1980s and '90s the overall wage level rose little and the wage inequality between skilled and unskilled workers grew. Without enhanced skills, women's wages likely would have fallen further behind men's. However, market pressures have helped to generate corrective mechanisms, and as the costs of denying employment to women mounted, prejudices were set aside.

Conclusion. Women's work-life patterns and their occupational preferences are significant factors in determining wages. Rather than being "funneled" into low-wage, low-prestige and part-time positions, women often choose these occupations because of the flexibility they offer. After adjusting for these factors, scholars find that the difference between men's and women's earnings is very narrow.

Those who still cite women's 76 cents for every male dollar as evidence of sexism fail to take into account the underlying role of personal choice. The "wage gap" is not so much about employers discriminating against women as about women making discriminating choices in the labor market.

Denise Venable is with the Women in the Economy project, an initiative of the National Center for Policy Analysis.



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