



# How Much of the Gender Wage Gap Is Due to Discrimination?

By Howard J Wall, Alyson Reed

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The response to economist Howard Wall's October 2000 article on the gender wage gap prompted some spirited feedback from readers. Among those we heard from was Alyson Reed, director of the National Committee on Pay Equity, who asked if we would consider publishing an alternative view. The following is a summary of Wall's original remarks, Reed's response and Wall's rebuttal.

## **The Gender Wage Gap and Wage Discrimination: Illusion or Reality?**

### **Howard Wall:**

Despite laws to prevent wage discrimination in the workplace, the median weekly earnings for full-time female workers in 1999 was only 76.5 percent that of their male counterparts. A close analysis, however, reveals that much of this gap is due to non-discriminatory factors:

- Weekly vs. hourly wages. Women typically work fewer hours a week than men. When you compare hourly wages, almost one-third of the gap disappears.
- Education, experience, occupation, union status. A 1997 study shows that men's educational and experience levels are currently greater than women's and that men gravitate toward industries and occupations that are higher-paying than women, including union jobs. These factors reduce the remaining wage gap by 62 percent.

The remaining 6.2 cents of the gap, which is unexplained, is the maximum that can be attributed to wage discrimination. Some of this unexplained portion might be due to the difficulties involved in accounting for the effects of childbearing on women's wages. For example, women aged 27 to 33 who have never had children earn a median hourly wage that is 98 percent of men's.

If it is flawed as a measure of wage discrimination, what do we make of the gender wage gap? Perhaps it is best used to indicate the underlying expectations and social norms that drive our career and workforce decisions, which themselves may be affected by other types of gender discrimination.

## **Whatever You Call It, It's Still Discrimination and It Still Affects Women's Wages**

### **Alyson Reed:**

As Howard Wall notes in his article, the relationship between wage discrimination and the gender wage gap is complicated. As the national nonprofit coalition that has worked on this issue exclusively for more than 20 years, the National Committee on Pay Equity has tracked the debate, collected the facts and talked with women across the country about their experiences with discrimination on the job. This long-term involvement in pay equity issues informs our understanding of the complexities surrounding the wage gap and its use as an indicator of workplace equality.

I agree with Wall that not all of the wage gap is attributable to outright wage discrimination. He notes that differences in experience, training and occupation all contribute to the wage gap. I agree. However, it is important to understand whether the differences in experience, training and occupation themselves reflect larger workplace and societal discrimination. Indeed, Wall's point that other types of discrimination may have played a part in creating human capital and other differences between men and women is right on target.

The issue of occupational differences between men and women, and how the occupational segregation of these groups contributes to wage disparities, has been a focus of pay equity research. These differences may not constitute wage discrimination per se, but the disparities do reflect sex discrimination that limits the economic opportunities of many women. The issue of occupational segregation is a significant component of the wage gap because studies have shown that the more women are represented in a particular occupation, the less money it is likely to be paid. In other words, in a sexist society, the work of women tends to be undervalued.

The issues of experience and training are also significant. If women have less workplace experience than men do, it is typically because they have taken time out for family care-giving. In today's economy, women are still expected to bear the brunt of this responsibility. Furthermore, given their lower earnings, women are usually the parent in dual-income families who takes time off to raise small children. In this sense, the wage gap can become a self-fulfilling prophecy. Given the fact that the creation of an educated and secure workforce is one of the most important investments we can make for a strong economy in the future, it would be short-sighted for our economic system to penalize women for building the human capital of our youth.

Career preparation and training are also affected by gender norms. Women are encouraged to pursue certain types of work and discouraged from pursuing others. These gender role expectations can be very subtle, such as when the mass media stereotypes what is considered appropriate behavior for women, or they can be profound, such as when women enter traditionally male-dominated fields and encounter hostile work environments. Recent legal settlements indicate that women at Home Depot were discouraged from floor sales positions and steered toward cashier jobs, while male technicians at CBS were more likely to be offered lucrative overtime assignments than women. This hostility and subtler forms of resistance discourage women from pursuing non-traditional work opportunities. Recently, nine Ivy League universities acknowledged that women face barriers in the fields of science and engineering and pledged to remove those barriers.

It is also important to critique the notion that occupational differences merely reflect women's "choices." While some women may prefer teaching over police work, or a clerical job over a construction site, many women end up in jobs without making well-planned "career" choices in high school or college. The notion that most women look for job flexibility and "slow job skill deterioration" does not really apply to the vast majority of women in low wage or minimum wage jobs.

Although Wall's article did not address the racial wage gap, for women of color the intersection of both gender and racial discrimination in the workplace can be profound. For example, Hispanic women earn just 52 cents on the dollar compared with white men. While a portion of the gender wage gap is frequently attributed to women's occupational and lifestyle choices, this argument does not account for the wider wage gap experienced by women of color.

In the final analysis, wage disparities are just another indicator of the larger economic disparities between those with greater economic opportunities and those with fewer. Unfortunately, gender continues to be a significant factor in determining those opportunities. Until we have eradicated all vestiges of sexism in our society, the wage gap will persist.

### **But Discrimination Is Hardly the Whole Story**

#### **Howard Wall:**

Alyson Reed and I seem to agree that wage discrimination explains little of the gender wage gap. Instead, most of the gap can be explained by differences between men and women in average levels of various human capital measures—training, experience, occupation, etc. We also seem to agree that differences in these human capital variables could be affected by other types of discrimination that women may face at various stages of their lives and careers. Unfortunately, because of childbearing and child-rearing, it is difficult to separate the effects of discrimination from the effects of rational choices that women make about their work lives. In her response, Reed highlights these difficulties.

Reed mentions the negative correlation between the share of women in an occupation and the occupation's average wage, and, if my reading is correct, she implies that the causality flows from the former to the latter. The difficulty with much social science research, however, is that it is almost always impossible to draw such a causal conclusion from a simple statistical correlation.

This is what makes the determinants of the gender wage gap so hard to pin down. For example, women, for whatever reason, tend to bear a greater share of child care duties. Because of this, they might be more willing than men to trade wages for time flexibility, or to select occupations in which skills and wages erode relatively slowly in the event of an extended absence from the labor force. This means that jobs with relatively low wages but lots of time flexibility are more attractive to women than to men, and that there will be some relatively low-paying occupations with disproportionate shares of women. While my article does not espouse "the notion that occupational differences merely reflect women's 'choices,'" it does say that discrimination is by no means the only explanation.

One might argue that the fact that mothers are expected to bear a greater share of child care duties is itself a form of societal gender discrimination. While this is probably true, it is also probably true that other factors are important. For example, single-parent families are disproportionately ones in which the mother is present and the father is absent, meaning that the mother has no option but to assume the main role in child care and to bear the resulting labor market consequences. Similarly, because many babies are breast-fed, there are simple biological reasons for the mother to be more heavily relied upon. Finally, because husbands tend to be older than their wives, they will also tend to have more labor market experience and, therefore, higher wages. So,

even if a husband and wife are in the same occupation and the wife faces no wage discrimination, the wife would have the lower wage and, because of this, might end up bearing more of the child care duties.

My original article concluded that, even if gender discrimination were eliminated, a gender wage gap of some unknown size—but smaller than the current one—would persist because it is determined partly by things other than discrimination. Reed appears to disagree with this in her final point, but this depends on what she means by "sexism." Nevertheless, I find ample evidence to support my original conclusion.