ISSUE 9

Is Gender Discrimination the Main Reason Women Are Paid Less Than Men?


**NO:** Naomi Lopez, from “Free Markets, Free Choices II: Smashing the Wage Gap and Glass Ceiling Myths,” *Pacific Research Institute* (1999)

**ISSUE SUMMARY**

**YES:** Stephen J. Rose and Heidi I. Hartmann, scholars at the Institute for Women’s Policy Research, argue in their 2004 study that discrimination is still the main reason for the persistence in the gender gap.

**NO:** Naomi Lopez, director of the Center for Enterprise Opportunity at the Pacific Research Institute in San Francisco, provides evidence that the wage gap is a function of several different variables beyond gender discrimination. She concludes her analysis with the observation that we may never reduce the wage gap entirely and that such an outcome is not necessarily undesirable.

During the 1950s, female workers in the United States earned about 59 cents for every dollar males earned. Not surprisingly, the differential in pay between women and men—the “gender wage gap”—was assumed to be the result of sexual discrimination in the workplace. Critics and social reformers at this time made the issue of wage discrimination—gender, racial, or any other type—an integral part of the overall civil rights movement that was sweeping the country in the first part of the 1960s. As a result, two critically important laws were passed that directly addressed the issue of discrimination and the wage gaps produced by it. The Equal Pay Act of 1963 requires employers to pay equivalent rates for similar work regardless of gender. Similar pay must occur for jobs requiring equal skill, equal effort, equal responsibility, or jobs with similar working conditions (Mathis and Jackson, *Human Resource Management*, Thomson South-Western, 2003, p. 388). In 1964, the Civil Rights Act was passed, which, among other things, further solidified the basis of the Equal Pay Act as a discrimination barrier in the workplace. Over the next three decades, the gender wage gap slowly, but consistently, declined as women gained access to jobs and pay levels typically reserved for men. By the mid-1990s, women, on average, earned 70 cents on the male dollar, a fact generally interpreted as evidence that the legislative actions of the 1960s were having the desired effect on workplace gender discrimination.

Despite the apparent large gains women have made in this area over the last several decades, the question of gender discrimination in wage rates has seen renewed interest in the last few years. The main reason for this is data from the U.S. Census bureau indicating that the trend in female wage gains may be reversing. Women have seen their pay levels decline from 76.5 percent of male pay in 1999 to 75.5 percent in 2003 (U.S. Census Bureau, “Income, Poverty, and Health Insurance Coverage in the United States: 2003,” U.S. Department of Commerce, Economics and Statistics Administration). This decline represents the largest move backward in women’s wages since 1991 and has caused many social commentators to wonder if discrimination against women is on the upswing as we move into the twenty-first century. The comments of Dr. Barbara Gault, director of research at the Institute for Women’s Policy Research (IWPR), are typical: “To address the continuing disparities between women and men, we need to raise the minimum wage, improve enforcement of Equal Employment Opportunity laws, help women succeed in higher-paying, traditionally male occupations, and create more flexible, family friendly workplace policies” (IWPR, “Women’s Earning Gap: U.S. Census Bureau Finds Rising Gender Wage Gap,” *IWPR News*, August 27, 2004).

Although there is no dispute about the existence of the gender wage gap, there is definitely a difference of opinion as to its cause. On one side are those who believe the answer is straightforward—the persistence of the wage gap is due to gender discrimination. The above comments of the IWPR director of research exemplify this position nicely. On the other side are those who argue that other factors play a more important role in the gender wage gap. According to Howard J. Wall, senior economist at the Federal Reserve Bank of St. Louis, “The weight of evidence suggests that little of the wage gap is related to wage discrimination at all. Instead, wage discrimination accounts for, at most, about one-fourth of the gap, with the remainder due to differences between men and women in important determinants of earnings such as the number of hours worked, experience, training and occupation. Moreover, even this one-fourth of the gap may have less to do with wage discrimination than with the accumulated effects of shorter hours and interrupted careers on women’s earnings and promotion prospects” (Wall, “The Gender Wage Gap and Wage Discrimination: Illusion or Reality,” *The Regional Economist*, October 2000).

In the following selections, Stephen J. Rose and Heidi I. Hartmann, scholars at the IWPR, argue that discrimination is still the main reason for the persistence in the gender gap. Naomi Lopez, director of the Center for Enterprise Opportunity at the Pacific Research Institute in San Francisco, provides evidence that the wage gap is a function of several different variables beyond gender discrimination.
Still a Man’s Labor Market: The Long-Term Earnings Gap

Many argue that women’s prospects in the labor market have steadily increased and that any small remaining gap in earnings between women and men is not significant. Others believe that with women now graduating from college at a higher rate than men and with the economy continuing its shift toward services, work and earnings differences between women and men may disappear entirely.

Although the wage gap, measured by conventional methods, has narrowed in the last several decades, with women who work full-time full-year now earning 77 percent of what men earn (compared with 59 cents on the male dollar 40 years ago), its sweeping effects are largely unacknowledged because its measurement is limited to a single year and restricted to only a portion of the workforce. When accumulated over many years for all women, the losses to women and their families due to the wage gap are large and can be devastating.

For many families, the quality of children’s care and education suffers from women’s low earnings throughout their child rearing years. Even with increased time in the labor market after their children are grown, women cannot make up the loss in lifetime earnings. Moreover, most women enter retirement without pensions, either from their own or their husband’s employment, and thus lack security in old age.

A New Measure Highlights Wage Gap Understatement

The conventional way of measuring the differences in earnings and labor force experience between women and men is misleading because it fails to capture the difference in men’s and women’s total lifetime earnings. The more commonly cited wage ratio is based on comparing the annual earnings of women and men who work full-time, full-year in a given year. Using a more inclusive 15-year time frame (1983–1998), and taking into account women’s lower work hours and their years with zero earnings due to family care, this study finds that women workers, in their prime earning years, make only 38 percent of what men earn. Across the 15 years of the study, the average prime age working woman earned only $273,592 while the average working man earned $722,693 (in 1999 dollars). This gap of 62 percent is more than twice as large as the 23 percent gap commonly reported.

This new measure of the long-term earnings gap is based on comparing the average annual earnings, across 15 years, of prime-age workers between the ages of 26 and 59 years, regardless of how many hours they worked or how many years they had earnings. The data used are from the Panel Study of Income Dynamics, a longitudinal data set that tracks the same groups of women and men over many years. Compared with men, women are more likely to work part-time, less likely to work year-round, and more likely to have entire years out of the labor force. Thus, the conventional 77 cent comparison underplays all of these factors by focusing only on the earnings of the approximately half of women and the 85 percent of men who work full-time for at least 50 weeks in a given year. To measure the access women and men have to economic resources through working, earnings for all prime-age women and men is a more relevant statistic.

Across 15 years, the majority (52 percent) of women but just 16 percent of men have at least one complete calendar year without any earnings. A career interruption like this has a large effect on the earnings of both men and women independent of their education and previous experience, and such interruptions partially account for women’s lower lifetime earnings. But even among men and women who have earnings in all 15 years, men’s average annual earnings are $49,068 while women’s are $29,507, or 57 cents on the dollar. Again, this figure is considerably below the commonly cited 77-cent comparison.

Women Are More Likely to Be Long-Term Low Earners

Women’s lower average earnings mean that women are much more likely than men to be low earners overall. Even among those who have earnings every year in the 15-year study, 17 percent of women but only 1 percent of men average less than $15,000 per year in earnings—just above the poverty line for a family of three. Women are less likely than men to move up and out of low-wage work. In fact, more than 90 percent of long-term low earners among prime-age adults are women. Furthermore, in the new economy, one’s educational background plays more of a role than ever before. Yet, women with a bachelor’s degree earn less than men with only a high school diploma or less (even when the comparison is restricted to those with earnings in all 15 study years).

Again when only committed workers, those with earnings in all 15 years, are considered, the earnings range of $25,000–$49,999 annually is the most common earnings range for both men and women with nearly half of both sexes earning in that range. But for men, that range is effectively the bottom, since 42 percent of men earn more than $50,000 annually, while for women it is effectively the top, since only 9 percent of women average above that amount.
Gender Segregation in the Labor Market
Results in Lower Pay for Women

One major reason for the gender gap in earnings is that women work in 'women's jobs'—jobs that are predominantly done by women, while men work in 'men's jobs'—those predominantly done by men. This phenomenon is known as the gender segregation of the labor market.

In this report, we develop a three-tier schema of elite, good, and less-skilled jobs: within each tier, there is a set of occupations that are predominantly male and a set that are predominantly female. In the elite tier, women are concentrated in teaching and nursing while men are business executives, scientists, doctors, and lawyers; in middle tier jobs, women are secretaries while men are skilled blue collar workers, police, and fire fighters; and in the lowest tier, women are sales clerks and personal service workers while men work in factory jobs. Among prime-age workers who are continuously employed (have earnings every year in the 15-year study period), nearly 60 percent are employed consistently at least 12 of 15 years in one of these six occupational clusters.

Within each of the six gender-tier categories, at least 75 percent of the workers are of one gender. In each tier, women's jobs pay significantly less than those of their male counterparts even though both sets of occupations tend to require the same level of educational preparation.

Perhaps largely because of the generally low pay scales in the female career occupations, only 8 percent of men work in them. In contrast, 15 percent of continuously employed women, apparently more eager to seek higher-paying male jobs, work consistently in male occupations. These women, however, earn one-third less than their male counterparts in male elite and less-skilled jobs. Among the few women who make it into the middle tier of good male jobs (the skilled, blue collar jobs), the more formal wage structures (due to unions and civil service regulations) mean that their pay lags men's by only one-fifth. Increasing women's entry into this tier of male good jobs would thus increase their earnings substantially.

For the preponderance of women who remain in the female sector of each tier, earnings are strikingly low. In general, even restricting the comparison to women who work full-time, women in women's jobs earn less than men in men's jobs one tier below: women in female elite jobs earn less than men in male good jobs, and women in female good jobs earn less than men in male less-skilled jobs.

Time Spent in Family Care Limits Women's Own Earnings

Women's working experience is conditioned on their experience in families, where they often do most of the child and elder care and family and household maintenance. Because the United States lags behind many other countries in providing subsidized childcare and paid family leave, families are left to their own resources to meet the challenges of combining family care and paid work.

Most women spend the majority of their prime-age years married. As a result, women's average standard of living (as measured by average household income over 15 years, assuming that all family members share equally in this income) lags men's by only 10 percent (despite women's much lower earnings). For married women, it is still their connection to men that insulates them at least partially from their own low earnings. For women with few years of marriage, however, their family income lags men's with similar marital histories by more than 25 percent.

Women's lack of own earning power limits their options (in the worst case, they may feel forced to stay in an abusive relationship) and exposes them to great risk of poverty and near poverty when they divorce or if they never marry (especially if there are children present). Women who never experienced a year as a single parent during the 15-year study period had an average annual income of $70,200, compared with women who experienced single-parenthood in at least 5 of 15 years, who had an average annual income of less than $35,800. Moreover, after the prime earnings years observed in this study, approximately half of women enter the retirement years alone, no longer married even if they once were. Women's low earnings come home to roost in old age, when widowed, divorced, and never married women all share high poverty rates of approximately 20 percent.

The Gendered Division of Labor Is Self-Reinforcing But Increasingly Unstable

Another major reason for the gender gap in cumulative earnings is the self-reinforcing gendered division of labor in the family and its implications for women's labor market time. First, families need childcare and other activities to be performed. Second, since the husband usually earns more than his wife, less income is lost if the lower earner cuts back on her labor force participation. Third, employers, fearing that women will leave their jobs for family responsibilities, are reluctant to train or promote them and may take advantage of women's limited opportunities by paying them less than they would comparable men. Fourth, a set of jobs evolves with little wage growth or promotion opportunities but part-time hours and these jobs are mainly held by women. Fifth, an ideology develops that proclaims this the natural order, resulting in many more men in men's jobs with higher pay and long work hours and many more women working in women's jobs with lower pay and spending considerable time off family care. Women without men particularly suffer from this ideology since they often support themselves and their families on jobs that pay women's wages.

This self-reinforcing arrangement, while long lasting, is also increasingly unstable. Women are demanding more independence and greater economic security through the life cycle, whether single or married. Many women and men believe that women's talents are being underutilized and undercompensated.

In the United States, the flipside of women typically being the caregivers and men typically the breadwinners has led to very high working hours, especially for men. Compared with other advanced countries, the United States has developed a set of institutions that leads to significantly longer labor market hours and considerably less leisure.
Policy Changes Can Bring Improvement

Several policy recommendations are offered to help move U.S. institutions toward supporting greater equity between women and men. Among them are: strengthening enforcement of existing equal opportunity laws, increasing access to education and training in high paying fields in which women are currently underrepresented, developing new legal remedies for the comparable worth problem (the tendency of ‘women’s jobs’ to pay less at least partly because women do them), making work places more ‘family friendly’ through more flexible hours, providing more job-guaranteed and paid leaves of absence for sickness and family care, encouraging men to use family leave more, increasing subsidies for childcare and early education, encouraging the development of more part-time jobs that pay well and also have good benefits, and improving outcomes for mothers and children after divorce. Certainly, the United States should be able to develop a better way to share responsibility for family care and work, resulting in increased gender equity in earnings, family work, and leisure and greater long-term economic security for both women and men.

Policy Implications

While experts disagree about the significance that should be attributed to the remaining differences found in women’s and men’s work experiences in and out of the labor market, we argue in this report that they are significant for many reasons.

- First, the gender gap in earnings has a major influence on families’ life choices and poverty rates, on older women’s retirement security, and on single mothers’ ability to provide for their children’s care and education. More and more women, both single mothers and married women, are contributing to their family’s income through their paid work. Nearly all families with women earners or would-be earners would have a higher standard of living if women’s wages and lifetime earnings were higher.

- Second, there is ample evidence that women’s low earnings are not primarily the result of their preferences for low-wage work. Rather women face discrimination in the labor market and in pre-labor market preparation as well. The degree of sex segregation in the labor market is striking and women’s jobs at all educational levels pay less than men’s jobs at the same level. Women’s access to the better paying jobs and occupations is still constrained. Women deserve equal opportunity in the labor market.

- Third, while many women spend more time on family care than many men, the choices women and men make in allocating their time between work and family are heavily constrained. The lack of societal provisions for family care such as subsidized child and elder care means that most families have to fend for themselves. Women’s lower earnings, of course, make it more practical for the family to sacrifice the woman’s rather than the man’s earnings and, given the loss of the woman’s earnings, the man often works even more hours.

- Thus, a kind of perverse internal logic perpetuates a system with a rigid division of labor both in the workplace and in the home. Employers may feel justified in discriminating against women workers if they think they will be less devoted to their jobs because of family responsibilities. They may structure jobs as part-time and dead-end for this reason and many women may accept them because they cannot find better-paying jobs. Labor market discrimination means lower earnings for women; women’s low earnings mean women spend more time in family care. Women’s commitments to family care contribute to discrimination against them. Single mothers especially suffer as they must attempt to support their families on women’s lower wage levels.

- Finally, such a system surely fails to use human talent productively. How much total output is lost to society because the skills of women are not developed and put to work in the most productive way? To what extent are economic resources misallocated because of the constraints noted above? To what extent are both men and women denied the opportunity to allocate their time between home and work as they would most prefer?

As this study demonstrates, the pay gap remains quite large and is bigger than many people think. Women still retain primary responsibility for family care in many families, making it difficult for women workers to compete equally with their male counterparts. Ideological attacks on women’s equality also seem to be growing (or in any case not abating). Every few years, the media reassert that working moms may be hurting their children and wearing themselves out under the strain of the double burden. In late 2002, Allison Pearson’s I Don’t Know How She Does It: The Life of Kate Reddy, Working Mother (Anchor Books) provided an example of this trend. And in late 2003 Lisa Belkin in “The Opt-Out Revolution” (New York Times Magazine, October 26) argued that highly educated and high earning women (with high earning husbands) are increasingly stepping off the fast track voluntarily, without presenting much evidence to support an actual increase. Her article also seemed to downplay the evidence she had collected in her interviews of this small, select group, showing that several of the women dropped out only because their employers would not offer more family friendly work schedules. The cultural war over the demands of childrearing and work represents a real dilemma that society must face. The critics of working mothers and the champions of at-home mothers, however, tacitly assume that it is primarily the responsibility of women alone to solve the problem.

The genie is out of the bottle. Women, even those with young children, are working for significant portions of their lives. And, despite the economic slowdown and the continuing critique of women’s increased employment, women continue to devote more and more hours to work and fewer to family care. They don’t appear to be changing their minds and going back home. While many married women are partially insulated from the effects of their own lower earnings by living with higher earning men, overall women are acting to reduce their economic dependence on husbands and to protect themselves from the vulnerabilities of divorce. Women are choosing the path to greater independence, arranging childcare, balancing their work and care giving tasks as best they can, and trying to get their partners to put in their fair share of housework and care giving. Women are spending less of their adult lives in marriage, marrying later,
and having fewer children. One third of prime age working women have at least one year as a single parent. Women's needs for equal earnings are increasing as they spend less time living with men.

The current system also places a burden on American men, who have the longest work hours in the advanced industrialized world, and the least leisure. The relative lack of infrastructure to support working parents in the United States (subsidized childcare, paid family leave) means that families are left to cope on their own. Most do so by increasing male work hours, enabling women to work less and spend more time on family care in the short run, but increasing women's economic vulnerability in the long run.

And to the extent that women's unequal pay contributes to poverty, it places a strain on our social safety net. The cumulative effect of years of lower earnings for women raises the cost to our welfare system, and reduces tax revenues.

Can the system change to become more conducive to women's equality? Certainly nothing is fixed in the long run, but many barriers remain in the United States. If Women in the United States hope to improve their economic standing and achieve greater economic parity with male workers, there must be a systematic change in both practices and policies with regard to work and family life. Among the policy strategies that are needed are the following:

- Strengthening equal employment opportunity (EEO) enforcement, by increasing federal support for government oversight agencies, both the Equal Employment Opportunity Commission (EEOC) and the Office for Federal Contract Compliance Programs (OFCCP). Complaints could be resolved more quickly with more resources, and, if more cases were resolved in the plaintiffs' favor, due to stronger and more timely enforcement efforts, employers would have larger incentives to improve their employment practices. The OFCCP could target federal contractors in egregious industries (e.g., construction) to encourage them to adhere to their affirmative action plans, much like mining and banking were targeted in the 1970s. One promising approach might be to audit many large employers regularly for discrimination, much like way large federal contractors have their financial transactions continually monitored by on-site auditors. Women's greater entry into predominately male jobs in the middle tier—in fire fighting, police work, or skilled trades—would be especially important in raising women's wages since women's jobs in this tier are particularly underpaid relative to men's jobs.

- Opening up educational and job training opportunities. Unfortunately there are still too many women who have been discouraged from pursuing higher education and/or job training for occupations that are not traditionally held by women. Jobs in the skilled trades and in the computer industry, for example, frequently require pre-job preparation that women are less likely to have access to. Programs that help women get to the starting gate with equal skills will benefit women tremendously.

- Developing new EEO remedies to address unequal pay for jobs of comparable worth (the tendency for jobs done disproportionately by women to pay less than jobs that require similar skill, effort, and responsibility but are traditionally held by men). Employers could be required to show that comparable jobs are paid fairly, using tools such as job evaluation systems that measure job content on many dimensions. Both men and women in jobs that are underpaid because they are done predominantly by women would stand to gain from comparable worth implementation.

- Improving workers' bargaining power in the workplace, such as through encouraging increased unionization in unorganized sectors and raising the minimum wage, especially since women are over-represented among the non-unionized and low-wage work force. Living wage campaigns and efforts to tie the federal or state minimum wages to cost of living increases all raise public awareness about the importance of setting a reasonable wage floor. A reasonable wage floor disproportionately benefits women workers and the children they support.

- Creating more good part-time jobs that provide decent pay, benefits, and promotion opportunities. A less than optimal equilibrium may have formed in the labor market where many good jobs require more than 40 hours of work per week. This prevents workers from entering such jobs if they want to work fewer hours, and employers miss the opportunity to learn whether part-time workers in these jobs can contribute equally (on a per hour basis). Career part-time jobs could be fostered by public sector employers and, if successful, private sector employers could be encouraged to follow suit. Single parents would also be especially helped by the greater availability of part-time jobs with good hourly pay and benefits since their family care responsibilities generally limit their hours to less than full-time.

- Making work places 'family friendly'—including flexible hours, parental and other family care leave (including paid leave), and paid sick leave. Too often it is the lowest-paid workers who have the least access to these benefits because they are not legally covered. Yet if such leaves were made more available and if they were used equally by both sexes, new workplace norms would be developed that recognize that all workers, male or female, have responsibilities to others that sometimes take them away from their jobs. Such paid leave programs could be provided through social insurance schemes, such as the recent expansion of the Temporary Disability Insurance system in California to include paid leave for family care. More widespread use of leaves should, over time, reduce the earnings penalties observed for time out of the labor market.

- Providing more high quality, affordable childcare, through subsidized childcare centers at workplaces and in the community, and more public subsidies for higher education as well. Since well-reared and well-educated children are an asset to the whole society it makes no economic sense that most parents shoulder the financial responsibility for children's care and education alone. This arrangement disadvantages single mothers particularly since they have only one wage, and a lower one at that, with which to provide for their children.

- Encouraging men to be full participants in family care. Such sharing can be encouraged by government requirements for both parents to share available parental leave (as is done in the Nordic countries) and by utilizing the bully pulpit to educate employers and the public about the positive benefits of encouraging men to exercise options for flexible work arrangements when available and spend more time with children and less time working. A full-scale public education campaign against the double-standard in parenting, in which mothers seem to be expected to meet a higher standard of care than fathers, is needed.
• Reducing income tax rates on secondary earners, most often women, and reducing the ‘marriage penalty’ for dual earner couples. Higher tax rates for married couples are found up and down the income scale and they generally depress the work effort of the lower earning member of the couple.

• Improving access to non-custodial fathers’ incomes or otherwise raising incomes in single mother families. Since single mothers and their children suffer disproportionately from poverty and near-poverty, even when the mother works (as the mothers in this study do), additional measures are needed to improve their income and support their work effort. In addition to paid leave and other family-friendly benefits, benefits such as subsidized housing or child care should be extended further up the income scale. Child support should be increased and income and property settlements at divorce should be more generous to the custodial parent. A strong safety net and work supports are necessary for low-income parents to maintain their employment and enable them to gain from long-term, steady employment.

• Democratizing the ‘old boy’ network. Since many positions in the economy depend on strong social interactions, these seemingly non-work relationships have economic consequences. The refusal of the Augusta National Golf Club to admit women in the spring of 2003 is one example of a principal location where the ‘old boy’ network remains intact. More surprising, perhaps, is the failure of male corporate leaders to resign from the club quickly once its exclusive membership policies became generally known. Federal EEO regulations and tax laws could be strengthened to clarify that employer support of such networks is discriminatory and not allowable as a business-related tax deduction.

• Reducing working time norms. As long work hours increasingly become the standard, women can be more easily excluded because they are less likely to be able to meet this requirement. Most European countries manage to both provide more public support for parenting and have lower working hours on average. Reducing work hour norms, perhaps through eliminating or setting a cap on mandatory overtime, increasing the required premium paid for overtime work, or reducing the standard work week to 35 hours could spread the work and jobs more equitably across all members of society, increase gender equality in family care time, and increase the time available for leisure and civic engagement.

Achieving equality in the work place will likely require several more decades. The important thing is to keep the momentum going and prevent backsliding toward the reestablishment of the feminine mystique or 1950s family values. Instead, we must continue the progress our society has been making toward equal opportunity and fair compensation for women in the labor market and the more equitable sharing of family care between women and men.

Notes

1. Interestingly, research shows that mothers today, despite spending much more time working for pay, spend about as much time directly interacting with their children as mothers a generation ago (Blanch 2000).

2. While data show a small drop from 1998–2002 in the labor force participation of mothers with infants (children less than one year of age), at approximately the same time the economic recession and slow recovery reduced labor force participation generally. The long-run trend in the labor force participation of mothers has been one of considerable increase. For mothers of infants, for example, the proportion in the labor force increased from 31 percent in 1976 to 55 percent in 1995, roughly the same as the 2002 figure of 54.6 percent (U.S. Census Bureau 2003b: Figure 2).

3. In an overview of changes in women’s well-being, Blau (1998) shows that housework time decreased for almost everyone between 1978 and 1988. Married men were the only group to increase their housework time, indicating that married women were having some success in getting household tasks reallocated.
Free Markets, Free Choices II:
Smashing the Wage Gap and
Glass Ceiling Myths

Executive Summary

Despite women's rapid gains in the working world, gender preference advocates and the media often portray working women as victims of rampant discrimination. This discrimination, such advocates argue, results in a wage gap and renders women powerless in the face of an impenetrable glass ceiling. While discrimination does exist in the workplace, levels of education attainment, field of education, and time spent in the workforce play a far greater role in determining women's pay and promotion.

Today, the average American woman earns about 74 cents for every dollar the average man earns. Women compose about 11 percent of corporate officers in the Fortune 500 companies. While such statistics are routinely used as evidence of gender discrimination, they ignore the many variables that affect position and earnings. More important, these claims serve to devalue women's choices—such as family, volunteer work, and self-employment—when they are not geared towards the corporate boardroom.

The reality is that, when considering men and women with similar fields of study, educational attainment, and continuous time spent in the workforce, the wage gap disappears. This is true for some women in high-paying “male” fields such as engineering, chemistry, and computer science.

Women make up 60 million of the nation's 138 million workers and have more than doubled their salaries, in real terms, over the past 50 years. These trends are only expected to continue as more women pursue higher education and seek professional career tracks.

Today, many women's groups have abandoned equal opportunity and are now calling for government action to create gender preferences that aim to guarantee women equal outcomes in earnings and representation in management. These advocates presume that unequal outcomes are due to discrimination, ignoring individual differences, preferences, and decisions.

When gender discrimination does occur, a formal, legal process exists to compensate alleged victims and protect them from retaliation from employers. The process also punishes alleged perpetrators and protects them from false claims.

Women's most dramatic employment gains occurred well before equal-pay legislation, civil-rights legislation, and affirmative-action programs. Furthermore, women's greatest gains in earnings occurred during the early 1980s—without hiring quotas and comparable-worth pay.

Women's continued success in the workplace will be secured by promotion of the original intent of the Civil Right's Act—equal opportunity, not special preferences. Enforcement of anti-discrimination laws also has a role to play, along with free-market economic policies, such as reducing the tax and regulatory burdens for small business. In these ways, the United States can create and maintain equal opportunity for women and all Americans.

Introduction

Women's dramatic gains in academia, the workplace, and the political world are well documented and cause for celebration. But as feminist leaders continue to use the wage gap and glass ceiling as rallying cries for further government action, some have come to believe that, absent gender preferences, women would not have achieved dramatic gains in these areas. There is no doubt that technological advances, attitudinal changes towards women's roles, and the women's movement profoundly contributed to these gains. The role of government in attempting to eliminate gender discrimination, however, deserves careful attention.

Women's labor force participation has dramatically increased since the turn of the century. Economist and Nobel laureate Gary Becker points out that market forces play a powerful role in determining women's labor force participation and earnings. Becker notes that:

... the growth in employment and earnings of women over time is explained mostly by market forces rather than by civil rights legislation, affirmative-action programs, or the women's movement. Such programs can hardly explain the steady growth in the employment of women prior to 1950, or its accelerated growth during the 1950s and 1960s, since neither civil rights programs nor women's movements were yet widespread. Nor can equal-pay-for-equal-work legislation alone explain the narrowing earnings gap between men and women in the past 15 years. For one thing, the gap also narrowed in countries, such as Italy and Japan, that did not introduce such legislation.

By failing to examine historic trends in women's labor force participation—including participation in white collar jobs, such as managers—and educational attainment, one can mistakenly over-credit civil rights and equal-pay legislation for many of the opportunities women now enjoy. That is not to say that women have not been benefited from equal protection under the law, but it is important to realize there is a significant distinction between opportunity and preference. Opportunity, however unequal, is responsible for many of the gains and successes that women now enjoy.
Whether at the turn of the century or today, the single necessary condition of women's success is affirmative action in its original sense—equality of opportunity. This should be the guiding principle of today's women's movement. According women anything beyond the same rights and opportunities as men, without special preferences, assumes that women will not continue to succeed.

**The Wage Gap**

The wage gap is the alleged difference between female and male earnings. In 1959, women earned about 59 cents for every dollar a man earned. Today, the wage gap has narrowed to about 74 cents for every dollar a man earns. When we compare educational attainment, we still find a significant gap even as education rises. Based on these disturbing numbers, it is easy to see why there is so much interest in this issue. But this is only part of the story.

Women do earn less than men, even at the highest educational levels. Upon further examination, however, we find that field of study has a major role in determining earnings. A 1970 U.S. Census Bureau study revealed that, among men with four-year degrees or higher who had earnings in 1966, fields of study accounted for wide disparities in subsequent earnings. Men specializing in law, health professions, and engineering garnered the highest earnings, while men specializing in religion, the humanities, education, and the biological sciences earned lower. While we know that women made significant strides in educational attainment earlier in the century, we do not have detailed information on their field of study until the mid-1960s.

A 1976 Census Bureau study examined field of study for two- and four-year college students between 1966 and 1974. While this study did not provide information on matriculation, level of degree earned, or highest degree earned, it indicated the rapid entrance of women into higher education; the dramatic increases of women in most non-humanities fields of study; and, with the notable exception of the health profession, a concentration of women in lower-yield fields of study.

Decades later, whether between men and men or men and women, field of study is still an important factor in subsequent earnings. In fact, many of the high-yield fields in the mid-1960s continue to be among the most lucrative today. Women are continuing their pursuit of these fields as evidenced by a continuous gravitation towards these high-yield fields and attainment of graduate degrees in these fields.

What is particularly striking is that, for women between the ages of 25 and 34 with bachelor's degrees, there does not appear to be a wage gap with their male counterparts in some of the same fields of study that require "men's" quantitative and scientific aptitudes. Architecture and environmental design are male-dominated fields but women's earnings in this area are a full 95 percent of men's. Engineering, another male-dominated field, yielded women 99 percent of men's earnings. Women earned 97 percent of men's earnings in chemistry and 94 percent in computer and information sciences.

Women between the ages of 35 and 44 with bachelor's degrees leaped ahead of men in architecture and environmental design, at a rate of 109 percent. Economics, another male-dominated field, saw women break even at 100 percent of men's earnings. One must question how these women managed to fare this well in some of the most competitive, highest-paying, and male-dominated fields in the face of rampant gender discrimination, which some claim begins in the earliest years of one's education.

**Love and Marriage**

The remaining piece of the wage gap puzzle lies in continuous time spent in the workforce. This factor is critical because it is not readily apparent at first glance. For example, knowing that six out of every ten women were in the workforce in 1997 does not reveal whether they were the same six still in the workforce in 1999.

According to U.S. Bureau of the Census and Bureau of Labor Statistics data, men consistently log more work activity than women, regardless of educational level. In the aggregate, however, women are actually earning more per hour than men. In these ways, time spent away from the workforce adversely affects earnings and seniority.

As women's roles have changed from homemaker to breadwinner, women still assume a disproportionate share of housework. Economists Joni Hensch and Leslie S. Stratton found that wives' domestic responsibilities adversely affect income and that time spent on housework is responsible for eight or more percent of the wage gap. While this may not come as a surprise to mature wives, there are indications that Generation X couples are likely to more equally divide domestic responsibilities which should mitigate this housework/income trade-off for wives.

Since the early 1970s, never-married women in their thirties with continuous labor force participation earn slightly higher incomes than their male counterparts with the same background. Furthermore, women without children have earnings approaching 98 percent of men's.

In addition to changing the composition of the American workforce, married women are also "bringing home the bacon." Today, about one out of five married women is earning more than her husband. This trend will likely continue in the future, especially as men assume more domestic responsibilities and as women have fewer children and bear them later in life. Some households are now relocating to new cities to accommodate the wife's job, a trend almost unheard of in the 1960s.

Personal decision making—choices such as level of education attainment, field of study, time spent in the workforce, and, yes, time spent in the kitchen—plays a far greater role in determining women's pay and promotion than gender discrimination.

**The Glass Ceiling**

Good For Business: Making Full Use of the Nation's Human Capital, the report of the 1995 Federal Glass Ceiling Commission, claimed that only five percent of senior managers at Fortune 1000 companies are women. This finding has since become a rallying cry for advocates of gender-based preference policies. The "glass ceiling"
refers to the idea that discrimination against women in the workplace remains a formidable barrier to their upward mobility in the corporate world.

While disturbing, this figure both falls to reveal the dramatic gains women have made in management over the past few decades and the future trend of women in these positions. This figure overlooks the fact that, of the qualified labor pool, women are accurately reflected in these senior management positions. Furthermore, this five percent figure is a minuscule portion of managers in a small, select group of companies, not reflecting the wide array of management positions in the broader workforce.

U.S. Department of Labor statistics reveal that, though they represent only 46 percent of the U.S. labor force, women hold about half of all management jobs, and in the aggregate, hold fewer bachelor’s and higher degrees than their male counterparts. Since the Glass Ceiling Commission report was released, the number of women in Fortune 500 senior management positions has tripled.

What about the future prospects of women in the Fortune 500? The typical qualifications for senior corporate positions are a MBA and 25 years in the labor force. Looking back 25 years, fewer than 7 percent of MBA graduates were women. Assuming that no women left the workforce over the 25-year period between 1974 and 1999, one would only expect to find around 7 percent of women holding these jobs—far less than the current 11 percent. And with women representing more than one third of MBA graduates, women are now in the “pipeline” for these positions.

Rather than choosing to climb the ladder in corporate America, many women are instead seeking success in their own firms and are fulfilling their desire for more flexibility and independence.

Today, women-owned businesses account for one third of all firms in the United States. According to the National Foundation of Women Business Owners (NFWBO), there were almost 8 million women-owned businesses in the United States in 1996. Estimates also reveal that the number of women-owned firms grew by 78 percent between 1987 and 1996 and that employment in those firms grew by 183 percent.

Women are also engaging in job-sharing arrangements and telecommuting in greater numbers, reflecting both the individual's desire for a more flexible lifestyle and employers' desire to allow greater freedom.

The End of Discrimination? Not Likely

There is no doubt that women face gender discrimination in the workplace, but a statistical disparity or the mere appearance of discrimination does not make it so. For example, the parents of a child that receives several injuries over the course of a year—far more than the average child—are not automatically guilty of child abuse or neglect. Accompanied by additional evidence, however, such a case might be proven true. Attempting to use statistical disparities, which are often the rule rather than the exception in America, as the sole arbitrator of discriminatory practices sets a dangerous precedent.

According to the U.S. Equal Employment Opportunity Commission (EEOC), fewer than one in five sexual harassment charges results in a meritorious outcome and fewer than one in twenty is found to have reasonable cause. Of sex-based charges, about one in eight charges result in a meritorious cause. Only one in 25 is found to have reasonable cause. A formal, legal process, based on evidence not conjecture, exists to compensate alleged victims and protect them from retaliation. The process also punishes alleged perpetrators and protects them from false claims. Equating seeming disparities in pay to discrimination, without carefully scrutinizing the facts, undermines the important legal protections and processes that have been carefully established.

Many women's groups are abandoning these legal protections that ensure equal opportunity in pursuit of government action to create gender preferences that aim to guarantee women equal outcomes in earnings and representation in management. These advocates presume that unequal outcomes are due to discrimination, ignoring individual choices, preferences, and personal decisions. This, in turn, undermines opportunity, however unequal, which has been the cornerstone of women's achievements throughout this century.

Conclusion

Women may never achieve parity with men in the workplace, but that is not bad news for women. Some will choose not to work, while others will set their sights to lead the top corporations in America. The majority of women will fall somewhere in between.

Women's dramatic gains in academia, the workplace, and the political world are cause for celebration. The record confirms that these dramatic gains were achieved without government gender preferences. Whether at the turn of the century or today, the single necessary condition of women's success in affirmative action in its original sense—equality of opportunity. This should be the guiding principle of today's women's movement. According women anything beyond the same rights and opportunities as men, without special preferences, assumes that women will not continue to succeed.

The record shows otherwise, and refutes the notion that women need special preferences and government programs. No rehashing of shopworn grievances can change the facts. Given equal opportunity, women achieve at the highest levels and their record of achievement will continue to grow.
Is Gender Discrimination the Main Reason Women Are Paid Less Than Men?

Another way of viewing the wage gap debate is understanding it as an "equality of outcome" versus "equality of opportunity" issue. The goal of the former approach is equality in the sense that people are economically, socially, and legally equal. Regardless of where they start, this view holds that equity exists only when everyone enjoys the same results. Persistent differences in outcomes are indicative of discriminatory forces and can only be remedied through social initiatives designed to provide redress to victims. At the workplace, this approach argues that, within reason, all groups should be equally represented at each level of the organization. There should also be no persistent differences in pay between males and females. To the extent that there is, gender discrimination is presumed to be the cause. And, as researchers Stephen J. Rose and Heidi I. Hartmann note in their article here, women's access to high-paying career paths is constricted, thus indicating that "women face discrimination in the labor market and in the pre-labor market preparation as well."

Those who believe our societal obligations extend no further than providing everyone with a level playing field argue from a perspective of equal opportunity. Advocates of this view recognize that what accounts for the differences in women and men's pay and other indicators of corporate success has little to do with discrimination and much more to do with factors such as motivation levels, skill differences, and willingness to work hard. In the article you just read, Naomi Lopez has strong words for those who disagree with her viewpoint: "These advocates [equality of outcome supporters] presume that unequal outcomes are due to discrimination, ignoring individual choices, preferences, and personal decisions. This, in turn, undermines opportunity, however unequal, which has been the cornerstone of women's achievements throughout this century."

Suggested Readings

