The Wage Gap

Noël Merino, Book Editor
# Contents

**Foreword**  
13

**Introduction**  
16

**Chapter 1: Is the Wage Gap Between Men and Women Due to Discrimination?**

**Overview: Women’s Earnings**  
21

*Bureau of Labor Statistics, US Department of Labor*

Women’s earnings are lower than men’s earnings, but this difference varies by age, race, level of education, occupation, hours worked, and other factors.

**Yes: The Wage Gap Between Men and Women Is Due to Discrimination**

**Women’s Wages Are Lower Due to Occupational Segregation**  
27

*Ariane Hegewisch and Maxwell Matite*

The most common occupations for women pay less than the most common occupations for men, creating a gender pay gap and increased risk of poverty for women.

**Institutional Bias Partially Explains the Gender Wage Gap**  
32

*Bryce Covert*

The theory that the gender wage gap can be explained by a lack of career motivation by women is not borne out by the evidence. Recent research has shown that there is no measurable difference in ambition between men and women in the workplace, yet women continue to receive less money and fewer promotions than men. Other factors, such as institutional bias, need to be considered when attempting to explain the gender wage gap.

**No: The Wage Gap Between Men and Women Is Not Due to Discrimination**

**The Gender Wage Gap Is a Myth**  
37

*Diana Furchtgott-Roth*
The highly touted pay gap between men and women is a false myth. When wages of men and women within the same occupation are compared, the so-called gender gap virtually disappears. It is also untrue that women are discouraged from entering high-paying fields and that there is a glass ceiling preventing women from attaining the highest levels of corporate management. The fact is that women often choose to work in less demanding and more flexible jobs, leading to lower wages and fewer career advancements.

The “Equal Pay Day” Myth

Carrie Lukas

The myth of the gender pay gap discourages women from taking responsibility for the choices they make that affect their earnings, and it encourages unnecessary government intervention. Indeed, greater government oversight of the private sector would likely have a negative effect on women’s employment, limiting job opportunities and workplace flexibility.

Sex, Workers: Gender Discrimination Does Not Explain the Male-Female Pay Gap

Andrew Biggs

The Paycheck Fairness Act is unwarranted because any gender wage gap that may exist is due to factors other than discrimination, such as women’s preferences for more flexible occupations and for jobs with better non-wage benefits. In fact, such government intervention like the Paycheck Fairness Act may ultimately hurt the women it is supposed to help, leading companies to hire fewer women in order to avoid potential lawsuits and the costs required by new regulations.

Chapter 2: Is the Wage Gap Between Rich and Poor Harmful?

Overview: The Gap in Income Between Rich and Poor

Pew Social & Demographic Trends
Between 1970 and 2010, income growth was greater for upper-income households than for middle- and lower-income households. The growth in wealth, as opposed to income, for upper-income families is even more pronounced, as that sector was the only one to see notable gains in wealth from 1983 to 2010; the net worth of lower- and middle-income families during this period is virtually unchanged.

Yes: The Wage Gap Between Rich and Poor Is Harmful

Rising Income Inequality Adversely Affects Many Social Systems

Elizabeth McNichol et al.

The growth in income inequality has several causes and has negative effects on America's economy, democracy, health care, housing, and education. Evidence shows that income inequality has the most direct harm on people in poverty, who as a result experience higher mortality rates, poorer health, more violence, homelessness, and less success in school.

Income Inequality Has Eroded the Middle Class and the American Dream

Stewart Lansley

The widening gap in income inequality in the United States contradicts the dominant theory about the benefits of inequality and an unfettered market system. Unless new economic models are put into practice that reverse the growth in the wage gap, the American middle class will continue to shrink and the economy will stumble from one crisis to the next.

Income Inequality Affects Social Equality, Social Unity, and Happiness

Timothy Noah

The arguments that inequality is good, is irrelevant, does not create unhappiness, and is not increasing all fail to hold up against the facts of the real-life effects of income inequality in America. Less inequality would make the country more socially cohesive and improve society, not just for the lower- and middle-income classes, but for all Americans.
No: The Wage Gap Between Rich and Poor Is Not Harmful

There Is No Evidence That Inequality Harms the Economy or Democracy

Scott Winship

Research neither supports the view that inequality has slowed economic growth and suppressed income growth among the lower and middle classes, nor that it has damaged the democratic process in America. As such, liberals need to rethink their rhetoric and economic priorities.

Income Inequality Can Be Good for Everyone

Richard A. Epstein

The growth in income inequality is good and acceptable as long as the group that gains does not do so at the expense of everyone else. Thus, there is no good reason to oppose the unequal growth of income, and any government attempt at narrowing the income gap will only end up hurting those it intends to help.

Inequality Does Not Make People Unhappy

Arthur C. Brooks

Unhappiness results from a lack of earned success, not a lack of income equality, and free enterprise—as opposed to government redistribution of wealth—is the best way to realize earned success. Thus, the attempt by liberals and redistributionists to replace America's free enterprise system with an intrusive government that seeks to manipulate wealth is not just an attack on the economics of free enterprise but an attack on our culture as a nation.

Chapter 3: Is the Wage Gap Among Races Problematic for Society?

Overview: Income by Race and Hispanic Origin

Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith
Median household income varies by race and Hispanic origin, with all groups having a lower median income in 2011 than prior to the recession of 2001. The greatest decline in median household income during this period was experienced by blacks (down 16.8 percent) and Hispanics (down 10.8 percent).

Yes: The Wage Gap Among Races Is Problematic for Society

Discrimination Explains the Low Wages of Black Men

Darrick Hamilton, Algernon Austin, and William Darity Jr.

The segregation of black men into low-wage occupations is not caused by education, skills, or occupational preferences, but by labor market discrimination. No other metric besides labor market segregation can explain why black males are overrepresented in low-wage occupations and underrepresented in high-wage occupations.

Income Inequality Disproportionately Harms Women of Color

Sophia Kerby

Closing the wage gap for women of color is particularly important, since they are more likely to be breadwinners for their families. Ensuring that women of color receive fair and equitable wages for their work not only benefits them and their families but also contributes to America's prosperity as a nation.

The Racial Wage Gap Contributes to a Racial Wealth Gap

Signe-Mary McKernan et al.

The wealth gap between non-Hispanic whites, on the one hand, and African American and Hispanic families, on the other, is significantly greater than the income gap. While income inequality between the races is a major contributor to this wealth gap, other factors contribute as well, including government assistance programs that discourage savings. The US government should take steps to reduce wealth inequality and promote saving opportunities for all Americans.
No: The Wage Gap Among Races Is Not Problematic for Society

Discrimination Does Not Explain the Race and Gender Wage Gaps

_June O’Neill_

Since the 1980s, federal programs to address the gender and racial wage gaps have had little effect. That is because, in truth, employer discrimination is not an important contributor to either the race or gender gap in pay in society today. The reasons for these gaps, where they do exist, involve factors other than discrimination.

Minimum Wage Laws Hurt, Not Help, Unskilled Black Youths

_Walter E. Williams_

Increases in the legal minimum wage cause unequal harm to young black men, who have higher unemployment as a result, hindering their chance to gain employment and work skills and climb out of poverty.

Chapter 4: Is Education Key to Reducing Wage Gaps?

Yes: Education Is Key to Reducing Wage Gaps

Education Is the Key to a Healthy Economy

_George P. Shultz and Eric A. Hanushek_

Improved K-12 education in the United States would have the benefits of improving individual income, reducing income inequality, and boosting overall economic growth.

Affordable Higher Education Could Be a Great Equalizer

_Josh Freedman_
While a college education for low-income students would be an effective tool to reduce income inequality, most colleges today—both public and private—are enrolling fewer low- and middle-income students because they cannot afford to. Instead, they have shifted dollars away from financial aid to fund other amenities in order to attract full-pay, high-income students. As such, government action is needed to end these practices, so that colleges can help to eliminate economic inequality through education, not increase inequality through unaffordability.

No: Education Is Not Key to Reducing Wage Gaps

Education Is Not the Cure for Income Inequality

*Lawrence Mishel*

Getting more low- and middle-income people to attend and graduate from college will not reduce income inequality, as many experts claim. The fact is that the United States currently has an adequate supply of college graduates to meet the demand for jobs, and increasing the number of graduates will result in an oversupply and lower, not higher, wages. While college graduates will continue to fair better than those without college degrees, a four-year college education is not the cure to the wage gap many believe.

Higher Education Is Not Always a Smart Monetary Investment

*Stephanie Owen and Isabel Sawhill*

The money spent on a college degree does not always result in higher earnings, especially when spent at less selective schools and on certain fields of study. While evidence clearly shows that the return on a four-year college degree is highly positive, a bachelor’s degree is not a smart investment for every student. For this reason, policy makers should take steps to ensure that parents and students have critical information and alternative options concerning education after high school.

The Wealthy Kids Are All Right

*Chuck Collins*
Children that come from affluent families have inherent advantages over middle- and low-income households that only increase as they progress through life. As these inherited advantages reinforce each other and accumulate, they increase the barriers to upward mobility and success of less-fortunate families. While there are individuals who overcome their disadvantages and achieve prosperity, statistics consistently show that children born in the bottom quartiles of wealth, even those who manage to get a college degree, will remain there their entire lives. As such, government programs and investment are needed to minimize these wealth advantages and expand the mobility of all Americans.

Organizations to Contact

Bibliography

Index