Title:

"How the Wage Gap is Calculate
Why it is Wrong, & What We Car
Do About It"

Author(s):

Michael Patrono, Senior Lecturer
Bagwell Center Affiliated Faculty

The Gender Wage Gap is the difference between the average male salary or wage and the average female salary or wage. Wage gaps can of course be calculated between any two groups, such as between whites and blacks, educated and the non-educated, etc. In this article we concentrate on the male/female wage gap, but the points made can be applied to any comparison of groups.

In the U.S. today women earn on average 81.2% of what men earn, leading to the oft-reported statistic that women earn 81 cents for every dollar earned by a man.[1] This data can also be restated as, “women earn 18.8% less than men.” This difference, or gap, is then purported to be evidence of widespread discrimination in the labor market, often attributed to widespread systemic sexism – likewise, the black/white wage gap is attributed to systemic racism. In a

i-4 (u)-4 (u)-4 (previous article 12 770.17 Tw 12 i-1)-6 (i-3W (6)-8 (e)(E)J4 M(a)P1.9 (8)]TJ9 BDC 0.02 Tw 12 0 0 12 446339.i)-5614 Tm(2)Tj-

the unequal numbers of men and women in the two different fields, and not to men and women getting paid different amounts for doing the same job. You would never know this from the lurid reporting on the wage gap, which implies that the gap between men and women's wages is for doing the same work. Unequal pay for the same work has actually been illegal since 1963 with the passage of the Equal Pay Act, and rarely happens.

Next consider the figures in Table 2 (which were, again, constructed by the author for illustrative purposes – continue to assume that men and women within each profession are doing the same job with equal productivity).

Table 2:

Elementary School Teacher	Electrical Engineer
1. Female $40,000	1. Male $90,000
2. Female $40,000	2. Male $90,000
3. Female $40,000	3. Male $90,000
4. Female $40,000	4. Male $90,000
5. Female $40,000	5. Male $90,000
6. Male $50,000	6. Female $80,000
7. Male $50,000	7. Female $80,000
8. Male $50,000	8. Female $80,000
9. Male $50,000	9. Female $80,000
10. Male $50,000	10. Female $80,000

In this example, the average wage for women was $60,000, and the average wage for men was $70,000. Using the methodology employed earlier, we see that women earn on average 86% of what men earn on average, generating a 14% wage gap.

Does the fact that the wage gap of only 14% in Table 2 is smaller than the wage gap of 27% in Table 1 mean we are making progress on women's pay if we move from Table 1 to Table 2, or is it worse for women? We can see that even though the measured "wage gap" is falling, there is actually clear gender pay discrimination in Table 2, where[illegible]

Likewise, if we compared the $90,000 average wage of female engineers with the $90,000 average wage of male engineers, we would again draw the conclusion that discrimination was not taking place since there would be no wage gap if we reformed our methodology.

However, if we applied this same reformed procedure to the data in Table 2, we would immediately see that the average wage of $40,000 for female teachers was significantly lower than the $50,000 average of the male teachers and that the average wage of $80,000 for the female engineers was lower than the $90,000 wage of the male engineers. Applying the wage gap methodology