
The Impact Of Gender On Income Inequality

In order to fully grasp the wage gap predicament in the United States, one must first be able to accurately define the term wage gap. The gender wage gap refers to the difference in income earnings between men and women. This wage gap is only one of the many indicators of the presence of gender inequality within the labor force market participation. One has to be able to clearly differentiate between a gender wage gap and overall income inequality. There are numerous factors that produce a wage discrepancy but for it to be classified as a gender wage gap there must be clear evidence suggesting that there was direct influence by factors directly relating to a person's gender. This paper talks about the progressive era in women's rights that started in the 1970s and continues till today (Goldin, 2006). The paper does not only discuss changes in opportunities for women but also provides background into the different evolutionary stages women endured leading up to the revolution (Goldin, 2006). The Quiet Revolution stood apart from the previous 3 phases of change because change was created due to the introduction of dynamic decision making rather than making decisions based purely on statistics. This paper is extremely important because it illustrates that although conditions have improved for women; there is still a noticeable advantage in compensation favoring men (Goldin, 2006).

Gender inequality in the workforce has developed throughout history. In its early stages women weren't even allowed to hold jobs. Men instead were seen as the providers of the household and women handled all the household motherly duties. This paper explains how the expectations and participation of women in the workforce has changed over the years (Goldin, 2006). The first evolutionary stage was known as "The Independent Female Worker stage"; this lasted between the late 19th century-1920s. "They were often piece workers in manufacturing or labored in the service sector as domestics and laundresses" (Goldin, pg.13). This stage mostly consisted of young and single women that worked in manufacturing and domestic positions due to the need for men to join the battlefield for World War I. A 15.5% increase of labor productivity from married women was a direct cause of this revolutionary phase. The third stage saw an increase of women in pink-collared positions such as secretaries, nurses, and librarians. A much more elastic labor supply was present in this phase causing the economy to be much more responsive to wage changes. Educational opportunities became more available for women during this phase, however, a great majority of women went to college seeking spouses rather than the primary goal of getting an education. "The Phase III decades were ones of great expansion of the female labor force and also immense strides in modern labor economics" (Goldin, pg.7). Goldin's main argument is that the development in women's labor force participation is due to changes in various factors such as female horizons, identities, and average marrying age. In her own words, Goldin refers to the term "horizon" in the sense that it

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represents what a woman perceived her lifetime labor force involvement to be at the time and whether it would be for a short period of time or longer. “By expanded horizons, I mean that women more accurately anticipated their future work lives” (Goldin, pg.8). These three phases of revolutionary change preceded the main phase of evolution known as the “Quiet Revolution”. This revolution differentiated from the previous three phases because it was caused by the presence of dynamic decision making rather than making decisions based purely on statistics. New technology such as the introduction of contraceptive technology influenced the female labor participation rate. Birth control pills lowered the number of babies which allowed women to prioritize work and educational opportunities. According to the National Longitudinal Survey (NLS) as cited by Goldin (2006), women were optimistic about their opportunities during this phase. This revolution signaled the main push for equality in the work area for women. They were receiving education at almost the same rate as men and women’s rights was becoming an issue brought to the mainstream media.

Conditions in the workplace have improved for women but there still remains a disparity in wages between men and women. This paper will examine empirical data such as the U.S Department of Labor report that details the comparison in compensation for both men and women over the past 5-6 decades. This data will be analyzed to conclude whether new legislation and policies that have been introduced have benefited women within the work force. This report by the U.S Department of Labor analyzes the reasoning for the disparity in income between Men and Women within our country. The report utilizes data to not only directly analyze the income disparity but also to take a deep look into the factors that affect that disparity. Factors researched include the effects of child birth, the tendency of women to work more part-time positions than men, and women valuing more family friendlier workplaces than men. This report also takes into account the individual choices people tend to make and how it may have an effect on their raw wage.

Literature Review

In his book *Rewriting the American Economy: An Agenda for growth and Shared Prosperity*, Nobel prize winning economist Joseph Stiglitz challenges readers with the question “Can the rules of America’s economy be changed to benefit everyone- not just the wealthy?” (Stiglitz, Pg.8). This question challenges the overall presence of pay inequality in the country; The top 1% of wage earners in the country make up 85% of the country’s income growth. Stiglitz answers the research question by stating there is a possibility of changing the rules to benefit everyone. He states “The current situation is a stark picture of a world gone wrong” (pg.4). He refers to failed policies and activities that have allowed the economy to reach this point, “We did not reach this low point overnight, instead it was a buildup of ineffective practices such as weak regulation and financial oversight, a focus on short-term vs long-term growth which rewarded shareholders more than the average household.” (pg.5). Although Stiglitz’s book is aimed

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towards the overall issue of income inequality, it still ties into the gender wage gap problem. Stiglitz refers to “the lack of wealth-building opportunities for females and in minority communities” (pg.5). One big aspect of the gender wage gap is the lack of opportunities for women. Women only hold 14% of the country’s executive positions (pg.6). The biggest hindrance to women getting these positions is due in large to a domino effect problem. It starts at the bottom of the work chain and makes its way up to executive positions. Rita McGrath, a professor at Columbia Business School stated the reason for so few female business leaders is "If you don't have women in the pipeline, they are not going to get the top job," (Egan) which reinforces Stiglitz notion that women are not being provided with the same advancement opportunities such as promotions that men are being offered. The topic of gender wage gap can also be loosely compared to the concept of structural racism. Structural Racism is a term that refers to subjecting minorities to fewer opportunities for success in order to lower their chances of succeeding. Not providing females with the same advancement opportunities that men are receiving can also be seen as a structural form of discrimination. In conclusion the change that Stiglitz envisions for America’s economy in this book is realistically impossible. The desire for equal employment and lower costs on people without increased taxation is simply not doable (Rewriting the American Economy: An Agenda for growth and Shared Prosperity, pg.127)

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