

STATE of the UNION

A stylized graphic of the American flag, featuring a blue field with white stars and red horizontal stripes, positioned to the right of the text.

EARNINGS

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Gender Inequality: Earnings

2018 State of the Union
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TRADITIONAL WAGE GENDER GAP

Inequality in earnings between men and women is a key aspect of gender gap

Large literature documenting gender earnings gap across time and countries

Most widely used statistic is the ratio of female to male median wages among workers

This ratio is typically estimated with survey data (Current Population Survey in the US)

In the US, ratio was 62% in 1973, 76% in 1993, and 81% in 2015

COMPREHENSIVE EARNINGS GAP

Traditional wage gender gap captures only fraction of total gap in earnings

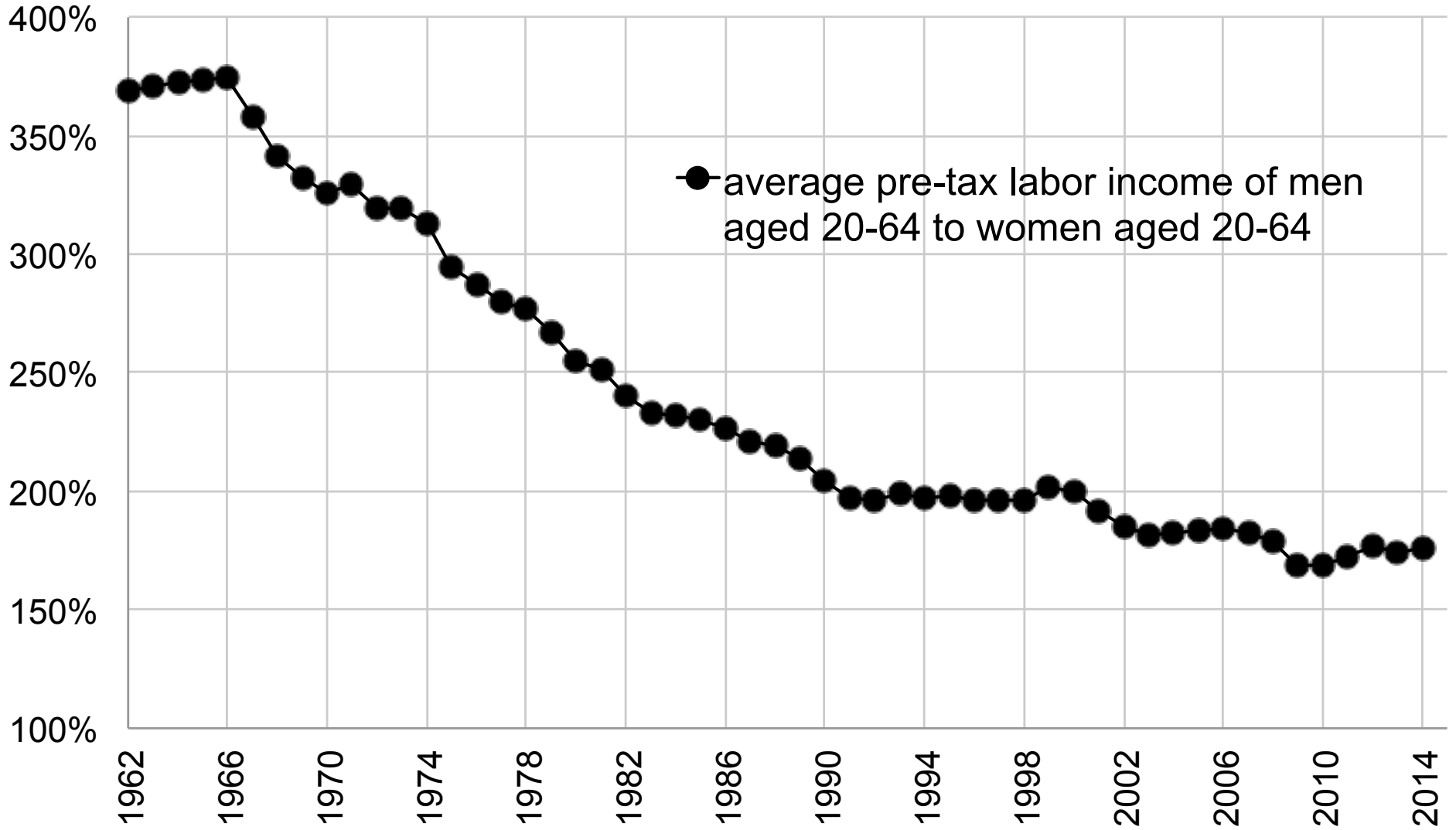
- 1) Women less likely to work than men or work fewer hours
- 2) Wage does not include fringe benefits or self-employment
- 3) Median does not capture the top of the distribution

In Piketty, Saez, Zucman QJE'18, we compute comprehensive measures of the earnings gender gap combining tax data, survey data, and national accounts

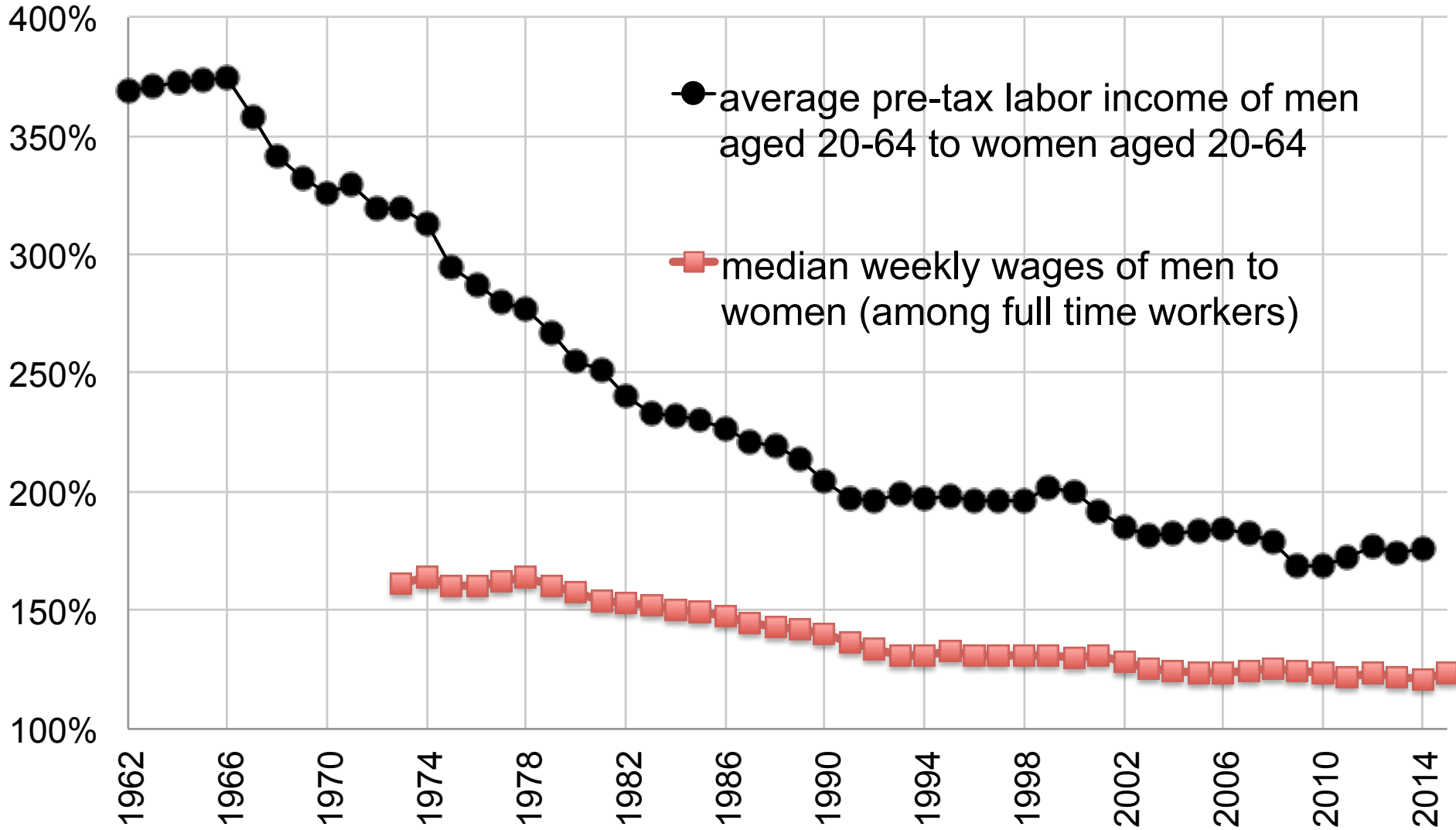
Earnings = wages earnings + payroll taxes + fringe benefits + self-employment income

Comprehensive measure of labor income

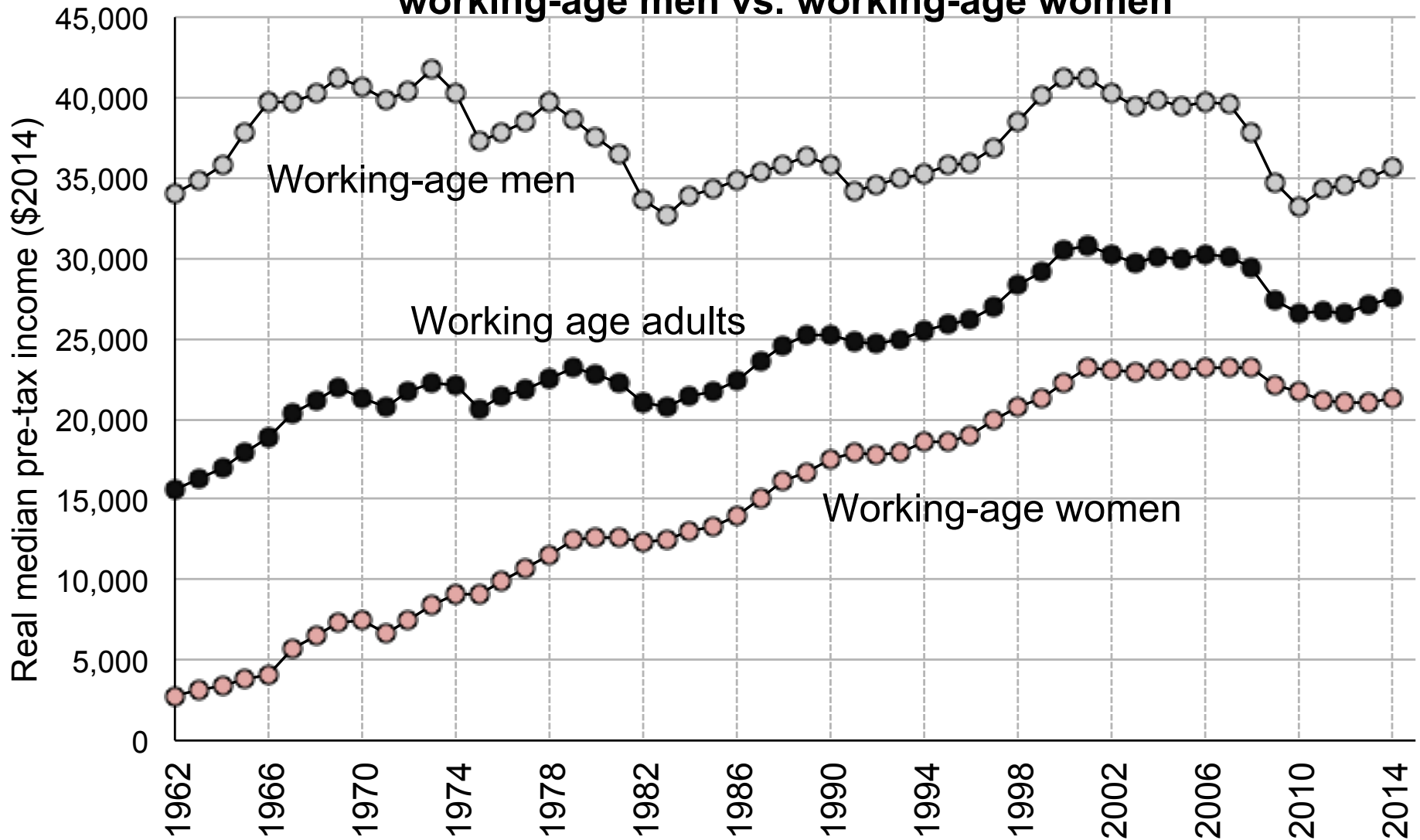
Gender Gap in Earnings: Men to Women ratio



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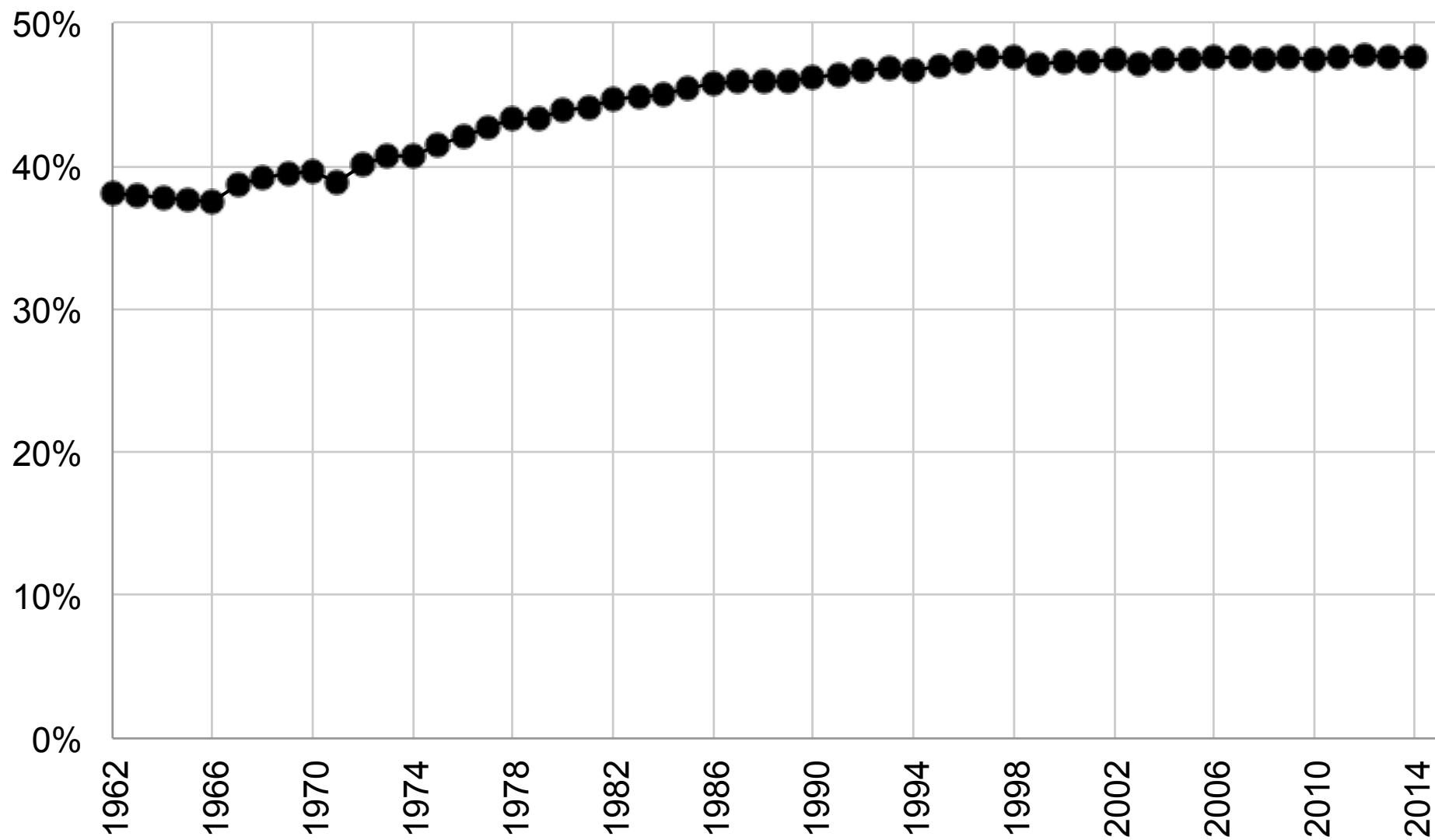


Median pre-tax labor income: working-age men vs. working-age women



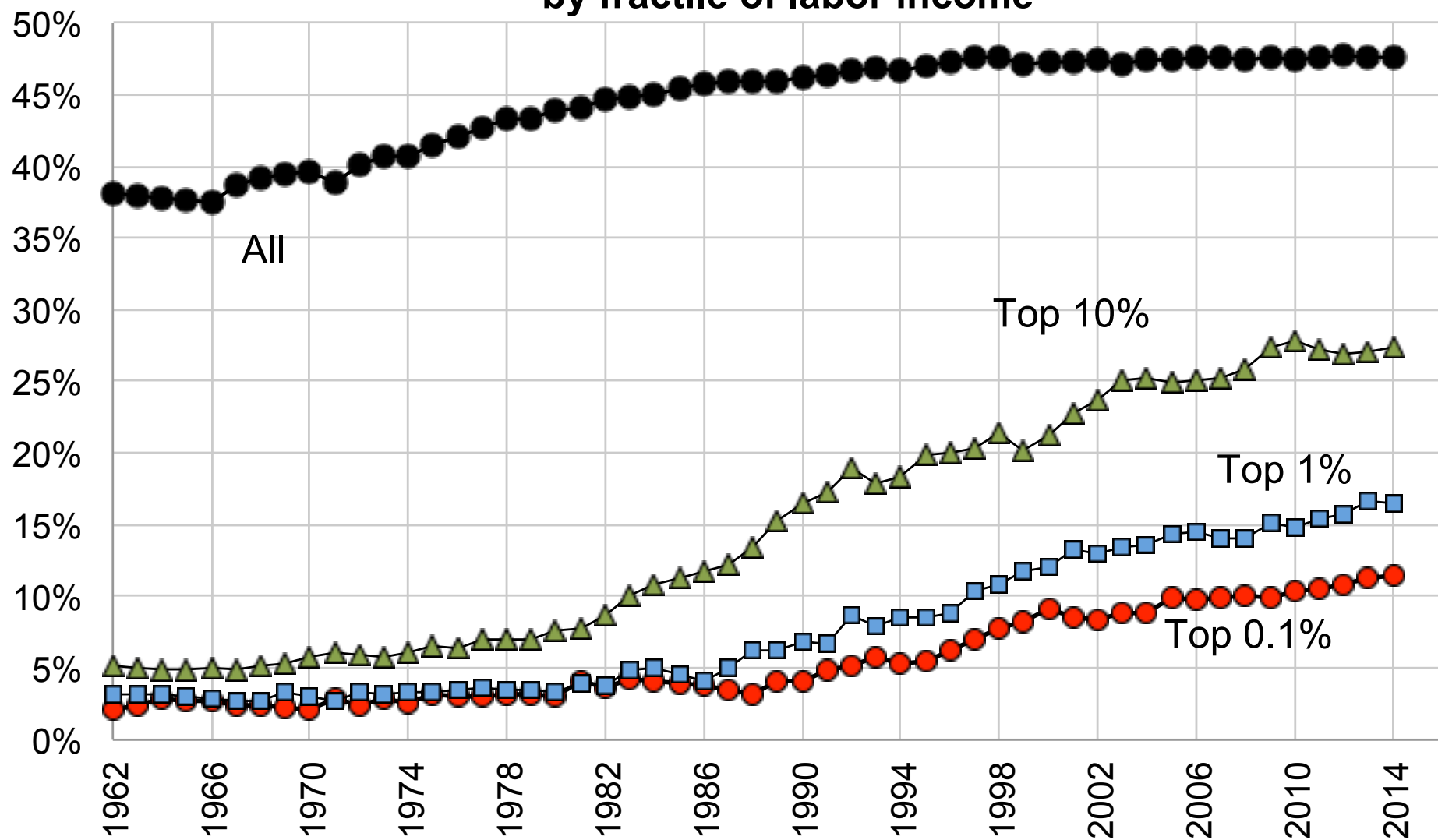
Source: Appendix Table II-B13.

Share of women in the employed population



Source: Appendix Table II-F1.

Share of women in the employed population, by fractile of labor income



Source: Appendix Table II-F1.

CONCLUSIONS

Comprehensive gender gap in earnings much larger than traditional median wage gap

Comprehensive gender gap has shrunk a lot in the US but pace of convergence has slowed down

Substantial gender gaps remain at the top of the distribution

Gender gap evolution is a fascinating laboratory to understand determinants of pay inequality

⇒ Clearest evidence that social norms, work regulations, policies affect relative power and shape pay disparity

⇒ Economic model (pay = marginal product) too narrow