

Intelligence MEMOS



From: Tammy Schirle
To: Canadians Concerned about the Gender Pay Gap
Date: March 8, 2019
Re: **THE VARYING SIZE OF THE GENDER PAY GAP**

How big is the wage gap between men and women? It depends on who, specifically, you are talking about, and why you ask.

In January 2019, Canadian women working full time between the ages of 25 and 54 earned an hourly wage that, on average, was roughly 12.5 percent less than the hourly wages of men. Looking back at the past few decades, that gap has been slowly and steadily narrowing. The gap in hourly wages was more than 20 percent in 2000.

But is that the most important number to consider? It depends on what concerns you. There are many reasons for wages to differ between individuals. Perhaps they have different levels of education, take different types of jobs and work in places that offer different levels of wages. There are many decisions involved, often influenced by social and family pressures, but also the nature of industry culture that encourages or dissuades women from taking some jobs.

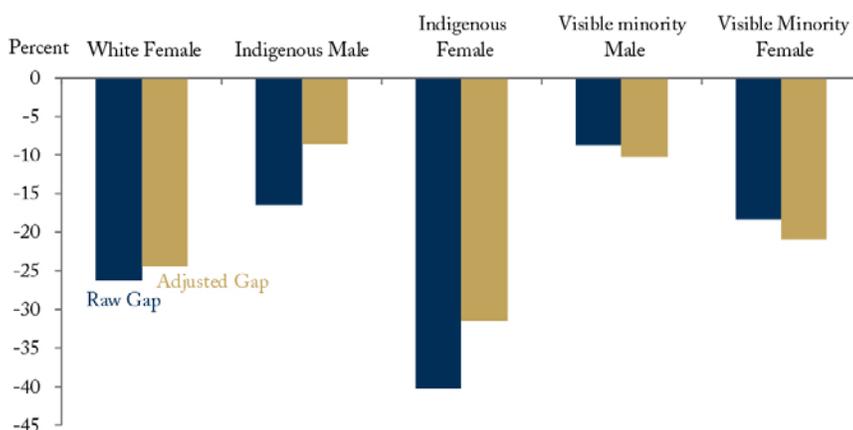
When the January 2019 wage gap is adjusted to make a more apples-to-apples comparison, by accounting for differences between men and women in terms of having children, the industries and occupations where jobs are held, education levels, and some basic demographics – the hourly wage gap is slightly smaller at 11.7 percent.

Hourly wages often seem most important when thinking about how employers compensate their employees. But for public policy purposes we might also be interested in differences in total earnings. In this regard, we know that men and women tend to have different work schedules, even among those who work full time. This is often attributed to the schedules women can feasibly pursue given that they continue to be more likely the primary caregivers of children, adjusting their careers to manage the various responsibilities. The gender gap in weekly earnings (based on reported hourly wages and total hours actually worked in a week) is much larger than the gap in hourly wages, at 20 percent. Even when one adjusts the gap for general differences in types of jobs, education and other characteristics, that adjusted gap is still 17 percent.

For many women, the gender gap characterized by differences in average earnings is only part of their experience in the labour market. Often, individuals' identity as a visible minority, or as an Indigenous person, also plays a role – and that identity plays a different role for women than men. The role of identity is not easily summarized, but for the sake of exemplifying the diverse experiences in the labour market, we can make some broad comparisons between the earnings of white men and other broadly defined groups using the 2016 Census figures for 2015.

While white women working full time have annual earnings that are 26 percent less than men's (with a gap that is only slightly smaller when we adjust for differences in men and women's characteristics), Indigenous women experience much larger gaps when compared to white men (noting that differences in characteristics appear more important). Interestingly, visible minority women in Canada have earnings closer to white men than do white women, and that are closer to their male counterparts than is the case for white or Indigenous women. However, unlike other groups, the gap between individuals identified as visible minority and white men actually increases once we account for differences in education and other characteristics.

Difference in Annual Earnings between White Men and Each Group



Note: Annual earnings of men and women, age 25-54, Canadian born and working full time full year. Author's tabulations based on 2016 Census PUMFs for 2015. Adjusted gaps account for education, industry, occupation, age, marital status, having children under 6, province and urban/rural residence.

These group differences in earnings call attention to some of the differences in well-being and opportunities that are present in the Canadian market and not easily explained. A growing body of evidence has made it clear these differences are not merely reflecting differences in individual preferences or abilities. Nor can they be purely attributed to discrimination, particularly on the part of employers. To put it simply, it's complicated.

Tammy Schirle is Professor of Economics at Wilfrid Laurier University, and is a C.D. Howe Institute Research Fellow.

To send a comment or leave feedback, email us at blog@cdhowe.org.

The views expressed here are those of the author. The C.D. Howe Institute does not take corporate positions on policy matters.