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Economic Development and the Gender Wage Gap

Sherri Haas

Illinois Wesleyan University

Michael Seeborg, Faculty Advisor

Illinois Wesleyan University

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Oral Presentation O10.3

ECONOMIC DEVELOPMENT AND THE GENDER WAGE GAP

Sherri Haas and Michael Seeborg*
Economics Department, Illinois Wesleyan University

Differences in earnings between men and women vary widely across countries. While a small number of countries have a gender wage ratio close to equality, others exhibit inequality to the extent where men earn over three times the amount women earn. Simon Kuznets postulated that an inverted-U relationship exists between the level of economic development of a country and the degree of income inequality within it. This study predicts that a similar relationship holds between economic development of a country and the amount of gender income inequality within it. It also predicts that disparity in educational achievement between the genders will be positively related to the wage ratio, as will be the amount of general income inequality. Regression analysis is used to test the hypotheses. The study examines data on 121 countries obtained primarily from the United Nations Human Development Report. The results of the study support the hypotheses. An inverted-U relationship exists between economic development and the wage ratio. This study finds that as economic development increases the size of the gender wage gap increases, but at high levels of development the difference in earnings decreases.