

A New View of the Male/Female Pay Gap in Canada

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Abstract

We construct a new time series on the Canadian female/male pay ratio. The new series is based on wage data rather than the earnings data that has been used in the past. Wages more closely correspond to the price of labour, which is the focus of most theories of labour market discrimination and public policies in this area. Earnings based estimates combine gender differences in wages with gender differences in decisions of how much to work (i.e., hours). Our results reveal significant differences between the wage and earnings based series. Most importantly the wage series reveals that women have continued to make progress in the last fifteen years. In 2006 the wage based ratio is 0.85 while the earnings based ratio is only 0.72. We also find that as the gender wage ratio has risen, the remaining gap in wages is increasingly unexplained in the sense that it cannot be accounted for by gender differences in observable characteristics that the labour market values.

Keywords: Gender pay gap, Wages, Earnings

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