



Issues in Economic Policy

**The Gender Wage Gap: The Future of
Female Equity in the Workplace**

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ABSTRACT**The Gender Wage Gap: The Future of Female Equity in the Workplace**

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As we enter the 21st century, women continue to strive for equality in society and in the workplace. Even though the labor force participation rate for females has increased dramatically over the past 40 years, there continues to be evidence of a gap between the wage rates of male and female workers in the United States. We contend that the observed wage gap is not the result of discriminatory practices by firms, but stems from the labor market choices made by women. The cause of the gap is important for the type of policies that could be implemented to shrink its magnitude. A review of previous research and economic concepts are used to support our hypothesis. Given that the male-female wage differential stems from the tough choices females are forced to make between responsibilities at home and work outside the home, policies to reduce the gap involve reducing the perceived costs of labor force participation. Possible policy recommendations include government subsidized child care and re-training programs, as well as, tax breaks for women re-entering the labor market.

