



## The Libertarian Solution to the Gender Wage Gap

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Libertarians tend to be wary of government intervention to solve societal issues, including to solve the purported gender wage gap.

Activists have fought to create new policies to address wage discrimination. Numerous studies have shown women get paid roughly 79 cents for every dollar a man earns. Nevertheless, libertarians warn government intervention would be harmful and that the best solution is to allow the economy to grow and be more competitive.

“The more competitive markets are and the fewer government interventions, the less gap there will be,” Mises Institute Senior Fellow Mark Thornton told InsideSources. “So-called equal pay for equal work laws would be a disaster.”

Women in a competitive and growing marketplace could be faced with more career choices.

Employers would be compelled to provide competitive wages since employees would have more options on where to work. Cato Institute Scholar Vanessa Calder warns government intervention limits the choices workers have.

“I would argue it’s still not the role of the government to come between a woman and her spouse or a woman and her children to decide what makes sense for her and her family,” Calder told InsideSources. “I would say what is worse is having your options actually limited by some kind of coercive government intervention.”

Calder found in her research the gender wage gap is very misleading. Research that breaks down compensation among different industries often finds wages equal out among genders within similar occupations. Women might receive less pay simply because of the occupations they choose.

“The 70 cents on the dollar statistic that is so widely cited by media outlets is incorrect,” Calder argued. “It’s spurious, it’s misleading, it’s a median number that compared men and women working in different roles, working in different industries.”

Some women are likely facing societal pressures that guides them into certain roles and occupations. The choice to work in a certain field might also come from personal considerations.

Government mandates may very well limit that choice for many women throughout the economy.

“Those pressures are no doubt different than the pressures men face, and I think people like a quick fix and when they want a quick fix they turn to the government,” Calder also noted. “That hard work for social change has to be done by individuals and not by government.”

Thornton notes there are positive trends when it comes to which careers women are choosing.

Women have increasingly looked toward occupations that have been traditionally male dominated. Many of these jobs are in higher paid areas like engineering, accounting, and architecture.

“Self-selection is still an issue,” Thornton stated. “I think it is probably still the case that some women make career choices that hinder themselves economically. Even here, however, things are changing fast and I’m seeing more women in engineering and economics.”

Nevertheless, there is still a slight difference in compensation when different occupations are considered. The slight difference, however, makes it difficult to determine whether it’s caused by discrimination or other mitigating economic factors.

“An eight cent gap isn’t okay if it is the result of discrimination against women,” Mercatus Center Senior Research Fellow Veronique de Rugy told InsideSources “However, a government-imposed pay scale isn’t the way to go either as it increases incentives to stay away from hiring women. The best anti-discrimination policy is strong economic growth.”

Calder believes societal change must come from individual workers. Workers are best suited to know what to negotiate with their employers and government mandates could limit that choice.

Businesses could also play a major role with some already actively encouraging women to enter nontraditional fields.