

Converging in inequality: A Panel Study of the Gender Wage gap in the European Union

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The remarkable process of narrowing of the gender wage gap which started in the 70s has interested the grate majority of OECD countries. The picture has been more heterogeneous in the 80s when some countries continued to experience a reduction of the wage gap, while others merely stagnated at the level reached by the late 70s. The main purpose of this paper is to provide a panorama of the level of the gender wage gap by the 90s in a panel of several EU countries which differ greatly with respect to labour legislation, bargaining practices, overall social-legal framework and structure of earnings. Following Rosholm and Smith (1996), and based on the European Community Household Panel (1994-2001) we use Hausman et Taylor's technique [Hausman et Taylor (1981)] to obtain male and female wage equations which take into account individual heterogeneity and at the same time provide unbiased estimators of both time varying and time constant covariates. Standard decomposition methods (like Oaxaca Blinder) have been adapted to analyse the dynamic and the international evolution of gender pay gap.