How Does the Economic Development Level Cause Difference in the Gender Income Gap: Comparative Political-Economic Research Based on the USA and India

Yijia Sun[1,a,*]

[1]Shenzhen College of International Education, Shenzhen, China
a. s19111.sun@stu.scie.com.cn
**corresponding author*

Abstract: Since the middle of the 1970s, the variance of the global GDP per capita in the logarithm of PPP prices has been declining. It grew from 1960 to 1968. Later, the growth in intra-country inequality was more than countered by the convergence of income between nations. Two-thirds of the measures of inequality in the world are between nations, three tenths are between families within nations, and twenty percent are variations in gender-based educational outcomes between nations. By contrasting a few situations, this essay seeks to clarify the connection between economic growth and the gender wage gap. Comparing the size of the gender pay gap in nations with various levels of economic development using the USA and India as examples. Then, from three aspects, education, culture, and feminism, and specific policies for reducing the gender income gap, how the variance of economic development level leads to the difference in the gender income gap will be explained and evaluated**.**

Keywords: gender payment gap, economic development, gender inequality

1. Introduction

At present, compared with the previous centuries the speed of economic development is much more rapid, which brought sharper conflicts between efficiency and equality. According to the Global Gender Report 2022, the gender pay gap exists in all countries to a different extent. For instance, India is frequently referred to as a "poster nation" for globalization and as being "very globalist." The Indian government, which focused on deregulation in 1991 to seek deeper integration with the global economy and spur economic growth, implemented extensive trade reforms as well as other reforms. The benefits of integration in a large economy, which is frequently referred to as "globalization," are evident. but the drawbacks such as inequality also cause more and more concerns, which can be reflected by the gender pay gap. For India, higher engagement of women in the paid labor sector may result from increased trade opportunities and trade openness. Due to cultural and social expectations, it can be low even for highly educated women. Women's engagement in the workforce is also influenced by their education, health, and other cultural variables including mobility. Particularly in many regions of South Asia, women's mobility is constrained because men are typically expected to provide for the family financially while young girls and women are typically expected to carry the home load. The issue is present in industrialized

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nations as well. The gender wage gap varies by industry of employment and is taken into account when analyzing data from the US Census. In the US private sector, gender pay disparities don't exhibit the "glass ceiling" or "sticky floor" effects that have been observed in many other nations. However, the government sector is characterized by the clear sticky floor effect caused by the salary gap between men and women. Across the board, regardless of the type of occupation, women make less money per hour than males. the American workforce Women made 59 cents for every dollar men made in 1963. Women made 80 cents for every dollar men made in 2009.That's a change of 21 cents in 46 years, the equivalent of a year and a half. Even though the U.S. Constitution declares that all people are created equal, women are not treated equally when it comes to wages.

Gender inequality is the difference between individuals due to their genders. Research on this problem is abundant, even different studies have come up with different definitions. According to Sen’s definition, gender inequality is not a homogeneous phenomenon, but as different and interconnected aggregate problems." He thinks it could be mortality inequality; Birth rate inequality; Inequality in basic infrastructures, such as girls' access to education; Specific inequalities of opportunity, such as access to higher education and professional training; Occupational inequality in some occupations; The unequal ownership of assets; And the family's disproportionate distribution of labor. The wage gap and unequal treatment of men and women are only two examples of how gender inequality prevails in the workforce and disadvantages women in higher positions.

Since there are variations between men and women in terms of employment, abilities, and social economic factors, the gender wage gap has been extensively researched. This observation shows that gender role equality is a more complex process than enactment. In the analysis of gender differences in payment, many economists focus on men-women in the differences of skills, as well as on differences in treatment of Male and females with equal qualifications (i.e. discrimination). Some of them thought there can be some gender-specific factors, suggesting women tend to be less skilled than men in some areas, which can lead to a gender pay gap. However, few of their research compared the situation of two different countries and linked the difference to economic development levels.

This paper will first introduce the economic development background of India and the USA, evaluating the development level of the two economies respectively will be cited and analyzed. Then there will be a discussion of the problems of the gender income gap the two countries are facing, and the causes behind it. Three main variables will be emphasized: education, culture, and policies for improving the condition, which is disparate due to different economic development levels, leading to differences in the gender income gap.

2. What Affects the Gender Income Gap: Based on the Comparison Between the United States and India

The United States is a highly developed country with a free market economy, and it has the largest nominal GDP and net worth in the world [1]. According to purchasing power parity (PPP), that nation has the second-largest economy. Its nominal GDP per capita ranks eighth and its PPP GDP per capita ranks ninth in the world in 2022. The United States has the largest economy in the world for innovation and technology. The dollar is both the most significant reserve currency in the world and the currency that is used in international trade the most frequently. Due to its robust economy, stable government, and strong military backing, the dollar is also the reference standard system of petrodollars. Additionally, its Eurodollars are linked to a sizable market for American Treasuries. It is the de facto money in some nations, some of which use it as their official currency [2]. America's major trading partners include China, the EU, Canada, Mexico, India, Japan, South Korea, Britain, and Taiwan. The US is the second-largest exporter in the world, and free trade agreements with

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many other countries, including Australia, Canada, Israel, Mexico, South Korea, and the EU, are already in effect or are being negotiated. The abundance of natural resources, well-developed infrastructure, and high level of productivity in the country support its economy. It has the second-highest estimated total value of natural resources, valued at $44.98 trillion in 2019, despite coming from a variety of sources. In the OECD, Americans' average household and worker salaries are the highest. They fell from fourth place in 2010 to sixth place in terms of median household income in 2013.

India's economy is a developing market economy with a middle income level. [3] In terms of nominal GDP, it is the fifth-largest economy in the world, while in terms of purchasing power parity (PPP), it is the third-largest. India ranks 128th in GDP (purchasing power parity) based on per capita income and 142nd in GDP (nominal GDP) according to the International Monetary Fund (IMF). From the time of independence in 1947 until 1991, successive governments implemented protectionist economic policies and engaged in extensive state involvement. The License Raj is a kind of dirigisme [4]. A significant balance of payments issue in 1991 and the end of the Cold War provided India with the impetus for its extensive economic liberalization. Since the turn of the twenty-first century, India's gross domestic product has increased by an average of 6-7% annually; between 2013 and 2018, India surpassed China to become the world's fastest-growing major economy. India possessed the world's largest economy by a significant margin from the first century to the nineteenth century. Long-term economic growth in India is possible due to a young population with a low dependency ratio, high rates of investment and savings, and a country that is becoming more globally integrated. The economy slowed down as a result of the shock of demonetization in 2016 and the introduction of the goods and services tax in 2017. Around 70% of India's GDP is fueled by domestic private consumption. The nation continues to be the sixth-largest consumer market in the globe. India's GDP is fueled by government spending, investment, and exports in addition to private consumption. Due to the pandemic, India is the world's 14th largest importer and 21st largest exporter in 2020.Since 1 January 1995, India has belonged to the World Trade Organization. In the Ease of Doing Business Index, it is placed 63rd, while it is ranked 68th in the Global Competitiveness Report. India's nominal GDP varies greatly as a result of the dollar-to-rupee exchange rate's unpredictable swings. The world's second-largest labor force, 500 million people work in India. India has one of the highest concentrations of billionaires and widest economic discrepancies in the world. Only 2% of Indians pay the income tax due to some exemptions.

As for the gender pay gap in both countries, the problem exists in both countries but is more serious in India. North America as a whole was the most advanced in closing the gender gap over the past year, the Global Gender Gap Report claims. The region's population-weighted average score was 76.9 percent, narrowing the gap from 62 to 59 years. The United States has a composite score of 0.769 on the Gender Pay Gap Index (inequality =0, equality =1), ranking 27th out of 146 countries. Despite making up roughly half of the workforce, women still earn less than men, according to the White House Council on Women and Girls. According to estimates from the White House Council for Women and Girls (2011), the percentage of women in the workforce rose from about 33% in 1950 to 61% in the 2000s. The White House Commission report also discovered that moms with children under 18 now participate in the work market at a higher rate than they did in 1975, rising from 47% to 71% in 2011. For India, the Global Gender Gap Report showed its score was only 0.629, ranking 135th. India still has a significant gender pay gap as a result. According to the 2019 March Monster Salary Index (MSI), women in the country earn 19% less than males. According to the survey, the median total hourly income for males in 2018 was Rs 242.49, compared to Rs 196.3 for women, meaning that women earned Rs 46.19 less than men. Surveys show gender pay gaps in major industries. In IT services, there is a wage disparity of up to 26%,

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whereas in manufacturing, men earn 24% more than women. But this is only a portion of the issue. Because of skill disparities, women often earn significantly less than males in the unorganized sector, and notably in industries like agriculture.

3. How Does the Level of Economic Development Affect the Gender Income Gap Education

According to the case study comparing India and the United States, socioeconomic factors also affect gender equality. Gender inequality cannot be explained by macroeconomic policy, including modifications to trade policies. The variable with the greatest impact on gender inequality in education expenditure and a reduction in gender inequality is associated with an increase in education expenditure.

3.1. Education Level

Public expenditure on education and expected schooling of girls varies directly with economic development level. Better publicly funded education can increase or decrease economic growth, and a better economic development level can also lead to better education, which is a virtuous cycle. And better education for more women is exactly what can reduce the gender income gap.

Because of the increasing number of jobs requiring higher education, education has played a key role in the employment surge of married women [5]. In 2009, only 7% of employed women aged 25 to 64 had less than a high school graduation, down from 34% in 1970, according to the White House Council on Women and Girls. Women are more likely to work if they have higher education.

Researchers have noted numerous times that women are more likely to select majors that lead to low-paying occupations, which is today's most compelling educational explanation for gender pay inequality [6]. Despite a trend toward the merging of fields of study, gender segregation in college majors still exists [7]. Approximately 70% of working women in 2009 were employed in the sectors of education or health care, while women purposefully shunned jobs in science, engineering, and technology, according to the White House Council on Women and Girls. Only 7% of female professionals worked in computer or engineering sectors 13 years later. While they can handle the labor, it might be challenging to handle the values and culture in a field where men predominate. In terms of occupational segregation, gender inequality is lower among those with higher education.

3.2. Culture

In some less-developed countries, Women may experience guilt when they give up their domestic duties owing to employment due to socialized and reinforced norms. Some working moms ask their daughters to help out around the house with the chores. Education International came to the conclusion that this subtly supports traditional gender norms, the feminization of unpaid care duties, and the diversification of educational opportunities, reinforcing a harmful gender dynamic. Polachek and Blau [8]found that the division of labor in the home, reinforced by societal discrimination, creates problems and manifests in the differences in lifetime labor force participation based on gender and marital status, Mothers must understand that instilling in their daughters traditional gender roles is counterproductive to their desire for achievement and financial independence. 80 percent of candidates for roles as female administrators and executive managers who were interviewed by Thompson-Stacy [9] accepted their jobs without even discussing compensation. On an individual level, women have to evaluate feminine behavior factors. Women often don't request more pay or fail to bargain for it. It seems that women are less skilled negotiators than men. As a woman advances in her job, the wage gap is perpetuated by lower base pay because she didn't bargain for greater compensation when she was first hired. Keen and Judge conjectured that perhaps traditional women have a less demanding approach to their employment roles. They don't prioritize their financial security in any other way than by compromising and negotiating less vigorously. Gender norms, according to Murphy and Graff, are internalized by women as well as external to them, making them believe that it is improper for them to request money for their use. The realization of equality depends on women's empowerment and full involvement in all aspects of society [10]. Due to her perception of her conventional duty, a woman may feel threatened by her husband helping out around the house. As a result, she may be reluctant to let him help. All of these lead to the expansion of the gender payment gap.

3.3. Policies

Increasing equitable opportunities and fostering more stable work patterns are the two main objectives of policies designed to close the gender wage gap. In this regard, accessible and cheap childcare is viewed as a crucial prerequisite. Only a few nations view childcare as a social right and provide it at greatly reduced costs. Other nations have few governmental subsidies and only offer expensive private childcare facilities; These elements unquestionably negatively affect women's ability to earn a living. Improving leave rules is a key component of the equal opportunity program. In order to boost the relative wages of women, the leave should not be unduly long and should be distributed equally among men and women. Equal distribution entails that the leave should be paid in any case, but setting aside weeks for the father could also be quite beneficial. Encouragement of young females to seek a wider range of career alternatives is another aspect of the equal chances program. It's critical to eliminate occupational rigidities, which could contribute to a solution to the issue of unequal compensation. However, solutions to the gender wage gap that encourage a change in career paths leave it unclear who will fill the significant and expanding employment in the care and services sector. A focus on desegregation that is overdone without altering the pay system may likewise pave the way for fresh racial segregation. Reevaluating the relative pay of occupations with a female workforce may be a better course of action in that regard. A third lever relates to wage policies that improve the pay for low-paying and/or female-dominated jobs and lower wage inequality. Actual legislative initiatives in this regard range from an overarching strategy to raise the minimum wage level to a reevaluation of low-paying jobs. The precise policy mix may vary depending on national specifics and the dominant theory regarding the causes of the gender wage gap. In some nations, the focus on deregulation and employer voluntarism may limit the alternatives available for national policy, particularly with relation to salaries. In these situations, social partners, particularly trade unions, may step in and spearhead a push for a more gender-equal pay scale.

4. Conclusion

The study made an effort to demonstrate the contribution of economic growth and development on the gender wage gap by comparing the USA and India as examples. The findings suggest that economic growth will have a positive impact on gender equality, and the higher the per capita income and economic growth, the lower the gender pay gap. Additionally, We have shown that in order for women to advance and be empowered, bold, constructive steps focused at improving women's education were required in the developing world. In developing countries, the budget for education needs to be distributed more to girls to ensure their access to school. The advancement of women would also in turn lead to higher economic growth and poverty reduction through their increased participation in the paid labor force.

We have discovered that, unless it is accompanied by higher female labor force participation and a shift in general thought and attitudes, improved literacy rates may still not boost women's

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contribution to economic growth and result in decreased gender inequality. Therefore, feminism must be disseminated and outdated culture abandoned if men and women are to participate in global integration. Reducing gender disparity demands social transformation by challenging deeply ingrained beliefs, beginning at the family level. The State's responsibility is to promote that transformation by putting laws in place that protect women's legal rights, increasing public knowledge of those rights, and offering women the most fundamental social services. From this study, it is clear that the achievement of economic development will reduce the gender pay gap and promote gender equality. Future studies can be made to take more countries and areas into discussion and show the change in the gender income gap in one country after improving the development factors.

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