

Study: Parsing the pill's impact on women's wages

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(PhysOrg.com) -- Although women continue to lag behind men in pay, the gender wage gap has narrowed considerably since the 1960s. Now a new University of Michigan study is the first to quantify the impact of the pill on women's labor market advances.

The study shows that roughly one-third of women's wage gains through the 1990s are due to the availability of oral contraceptives.

Published online this week by the National Bureau of Economic Research as a working paper, the study was conducted by U-M economist Martha Bailey and colleagues Brad Hershbein at U-M and Amalia Miller at the University of Virginia.

"We found that [women](#) who had early access to the pill in the 1960s and 1970s earned 8 percent more on average by the 1980s and 1990s than women without early access," said Bailey, an assistant professor of economics in the U-M College of Literature, Science, and the Arts and a research affiliate at the U-M Institute for Social Research.

Bailey and colleagues analyzed the careers of approximately 4,300 women, born from 1943 to 1954, using the National Longitudinal Survey of Young Women. These women varied in their legal ability to obtain the pill from their doctors between the ages of 18 and 21

"The difficulty of parsing the pill's effect on women's careers relates to the timing of its appearance," Bailey said. "By cause or coincidence, the pill's diffusion coincided with important changes in norms and ideas about women's work and the end of the baby boom."

Bailey and colleagues developed a novel analytic strategy to answer this question. After the U.S. [Federal Drug Administration](#) approved the pill in 1960, laws in different states placed different age limits on when women could legally obtain it. As these laws changed in almost every state in the country, largely due to reducing the legal voting age to 18, the inadvertent side-effect was that women could obtain the pill at younger ages. This meant that women no longer had to decide between looking for a mate (and the risk of pregnancy) and investing in their educations and careers. They could do both.

The researchers found that early access laws doubled contraceptive pill use among women between the ages of 18 and 20 – precisely the ages affected by access laws – but not beyond age 21, when the laws did not bind. Pill use by age 18 was 140 percent higher, and by age 20 was 43 percent higher than national mean use at those ages.

"As the pill provided younger women the expectation of greater control

over childbearing, women invested more in their human capital and careers," Bailey said. "Most affected were women with some college, who benefitted from these investments through remarkable wage gains over their lifetimes."

Their analysis shows that nearly two-thirds of these pill-access induced gains in wages were due to increasing labor-market experience; another third came through to greater educational attainment and entry in non-traditionally female occupations.

But even these results may not do justice to the over-arching importance of the pill.

"Our results may understate the pill's broader influence because they do not explore the effect of changes in access to the pill beyond age 20 and fail to capture the potentially large social multiplier effects," Bailey said. "The pill's availability likely altered norms and expectations about marriage and childbearing. It also likely affected the decisions of companies to hire and promote women."

The study is forthcoming in the *American Economic Journal: Applied Economics* in July.

Provided by University of Michigan

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