Gays' Pay in the UK*

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ABSTRACT

This paper attempts, for the first time for the UK, to analyse the earnings of homosexuals and test for the possible existence of sexual orientation discrimination. Homosexuals are identified as individuals living with "same sex partners". Using twenty quarters of the LFS, we identify 630 homosexuals. Decomposition analysis indicates that although gays earn more than non-gays they are still discriminated against. However, looking at gay men and lesbians separately we find that it is homosexual men who are subject to discrimination and therefore are likely to benefit from legislation that has to be in place in the UK by the end of 2003.

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1. Introduction

UK law prevents discrimination on grounds of race, gender, marital status and, in Northern Ireland, on grounds of religious belief. As yet there are no laws to prevent discrimination against homosexuals. In June 1998 the House of Lords passed the Sexual Orientation Discrimination Bill but because of insufficient parliamentary time the Bill did not become law. However, outlawing of sexual orientation discrimination must be in place by 2003, mainly due to European Union pressure. The EU Commissioner for Employment and Social Affairs recently declared that such legislation strongly signals that the EU is a community of values. The forthcoming legislation gives added impetus to try to establish some basic facts about the labour market performance of homosexuals in Britain, before the legislation is introduced.

Since the work of Becker (1957) on the economics of discrimination, hundreds of papers have appeared in the economics literature attempting to analyse this important policy issue. Most of these papers apply a particular method of decomposition, capable of separating the earnings differential into an endowment component to account for differences in endowments between individuals, and a residual component, which is usually associated with discrimination. This method of decomposition, initially proposed by Oaxaca (1973) and Blinder (1973) and generalized by Oaxaca and Ransom (1994), has been applied to discrimination on the basis of gender, race, caste and religion. However, despite a large literature in other disciplines, economists have not really addressed discrimination against an obvious target group in our society, homosexuals.[1]

There are no studies on pay differentials between gays and non-gays in the UK and only three studies (all relatively recent) in the US, a country with relative abundance of data.

Klawitter (1998) attempts to explain why there is such a shortage of economic studies on sexual minorities. Within the sexual minorities group she includes homosexual, gay, lesbian, bisexual, queer, transgender or transsexual, or those who participate in same-sex sexual or affectionate behaviour. This list is very broad and it is not clear to us, or possibly to the potentially discriminating non-gays, what the subtle differences between these groups are. However, as long as non-gays perceive any, or all, of these groups as sexually deviant the possibility for discrimination exists. Klawitter's arguments range from straightforward discrimination to lack of appropriate data for analysis.

She argues that since sexual minorities are the most likely group to do research on sexual orientation, if academic departments in general, and economics departments in particular, discriminate against sexual orientation in their hiring, there would be fewer people of this group to do research on the subject. Those in the closet would not do so for the fear of being exposed and heterosexuals would not do so for the fear of being stigmatised as gay. Even in the absence of this fear, heterosexual economists know little and care less about sexual orientation. On the institutional side, departments and funding institutions may view research on sexual orientation as too interdisciplinary, political and non-objective and hence may discourage it. Finally, she argues that national surveys do not generally collect information on sexual orientation.

Whilst we cannot deny that some departments and some funding agencies may discriminate against gays, we find implausible the claim that heterosexual economists refuse to do research on the subject because of the fear of being branded a homosexual. Evidence by Dennis (2000) on recent graduates who submitted dissertations in social sciences and humanities on "queer topics" shows that these individuals did not have less a success in acquiring academic jobs compared to those who wrote their thesis on "non-queer" topics. In our view it is likely to be the non-availability of credible data of a sufficiently large sample size that has hampered research in this case. Questions on sexual orientation may not be asked in surveys because the data collectors may believe that they would not get reliable answers to the questions that they ask. Apart from the possibility of non-disclosure there seems to be no standard definition of homosexuality, which makes it difficult to ask questions about it. Some believe that a homosexual is an individual who thinks s/he is a homosexual. Others define it in terms of sexual practice. In the case of the latter is someone a homosexual who has had one same sex sexual experience or should it be more? Does the length of the relationship matter? How do we deal with bisexuals? These problems seem to be the reason behind not asking individuals whether they are gay or not in the British National Survey of Sexual Attitudes and Lifestyles (NSSAL). Those who constructed the questionnaire believed that, apart from the difficulty of defining homosexuality, some of the individuals who practice same gender sex might not regard themselves as gay.

Given that direct questions regarding sexual orientation are not asked in the census or other national surveys in the UK, there is no reliable data on the size of the homosexual

population. Stonewall claims that 1 in 10 of the British population is gay. This seems to rely on the work of Kinsey et al. entitled 'Sexual Behavior in the Human Male'(1948) and 'Sexual Behavior in the Human Female'(1953). Recent studies have proposed a much smaller figure of 2-3% of the population. Boroumand (2001), looking at statistics on physiotherapists, using surveys conducted by the Chartered Institute of Physiotherapy between 1995-2000, finds that among the people who answer the question on sexual orientation, 1% described themselves as lesbian, 0.5% as gay, 0.5% as transgendered and 0.5% as bisexual. Wellings et al (1995), using NSSAL give a slightly higher estimate. The NSSAL contains 19,000 individuals between the ages of 16 and 59, and was conducted in 1991 to provide reliable statistics to study HIV transmission. Their results indicate that 6.1% of the males in the sample reported having a sexual experience with another male. However, only 3.3% reported having such a relationship in the last 5 years. Only 3.4 % of females admitted having a same sex relationship.

2. Discrimination against homosexuals

Discrimination against gays may take different forms. Immigration policy in the UK still does not recognise same sex couples. Although the Inland Revenue has stated that pension schemes can recognise same-sex couples, many schemes, particularly in the public sector, still do not do so. There is differential treatment with respect to adoption of children. Homosexuals are subjected to abuse, harassment and violence at school or at work.[2] Until recently gays could not serve in the army. The Secretary of State for Defence, Geoffrey Hoon, lifted the ban on the 5th January 2000 after the European Court

of Human Rights, on 27th September 1999, declared that Britain's ban on homosexuals serving in the army was not lawful.[3]

Since this paper is concerned with possible discrimination in pay against homosexuals we will refrain from discussing other types of discrimination, however important, and concentrate on pay differential between gays and non-gays. There are no other studies in the UK on this issue. Blackaby and Frank (2000), looking at academic economists in the UK, report that 3.2% of a sample of 516 individuals who responded indicated that they were gay, lesbian or bisexual. However, this number is not sufficient for further analysis and hence they do not include a dummy for sexual minorities in their estimated wage function.

For the United States there are three studies of note that look at the issue of sexual orientation discrimination. The first ever study of this kind was undertaken by Badgett (1995). She uses the General Social Survey 1989-1991 and obtains a sample of 1680 full time workers. 34 out of 732 women and 47 out of 948 men reported same-sex relationships since the age of 18. Separate regressions were run for men and women and in each case sexual minorities were represented in the regressions via a dummy variable. There are two important findings in this study. *First*, homosexuals, on average earned less than heterosexuals. This runs against the general myth, as Badgett (1997) describes it, in the US. According to Joseph E. Broadus, in Testimony against Employment Nondiscrimination Act of 1994, homosexuals earn $55,400 compared with a national average of $36,500. *Second*, she argues that the extent of discrimination ranges from 11%

to 27%, depending on which group is considered (men or women) and how homosexuality is defined.

Badgett's rejection of the findings that gays are more educated and earn more is based on a number of arguments. *First,* she argues that there is no evidence that homosexuals are smarter than the rest of the population or that they are more privileged. *Second*, they have no incentives to study or work more because they are discriminated against. In her words "…while this strategy might work for some people at work or school, the achievement of these people might have been even greater if being gay were not stigmatized…". Although this statement may well be true it does not contradict the fact that homosexuals may, on average, have more education. In fact precisely because they may be discriminated against, they may attempt to compensate by acquiring more education. Given the prediction of human capital theory, this would result in higher earnings for this group. Her reasoning for the standard claimed phenomenon is that the surveys from which these figure are derived are used for advertising in gay newspapers and magazines, and the readers of these publications are likely to be from more educated and higher income sections of the gay community. She proposes that one should try to derive these estimates from nationally representative samples. While no one would argue against her last point, it is not clear if her own results are based on a nationally representative sample. Even if they are, the very small number of sexual minorities in her sample makes her results rather weak.

The two other studies on sexual orientation in the US, however, are based on a nationally representative sample. Clain and Leppel (2001) use data from 1/1000 Public Use Micro-data Sample (PUMS) of the 1990 Census of Population and Housing. People of the same sex who live in a household and declare themselves as partners are classified as gays or lesbians. There are 91 males living with a male partner out of a total male sample of 36829 and 58 females living with a female partner out of a total of 26028 females. Their results indicate that gay men earn less than men not living with partners but lesbians earn more than other women. Again the small number of homosexuals in this sample casts a shadow over the reliability of the results. However, it is interesting to note that both gay men and lesbians have a higher level of education than non-gays.

Allegretto and Arthur (2001) use 5% PUMS and identify 4427 male homosexuals, defined the same way as by Clain and Leppel. Gay men earn more than the mean of the sample but less than heterosexuals with married partners. 2.4% have a PhD compared to 1% of the total sample. 14.8% have an MA and 28.3% have a BA compared to 5.8% and 13.3% in the total sample respectively. Their results indicate a wage gap between gay and heterosexual men of –2.4% to –15.6%.

Plug and Berkhout (2001) in their analysis of earnings of two cohorts of higher vocational and university graduates 20 months after graduation in the Netherlands find that young gay male workers, with or without a partner, earn about 3 percent less than heterosexual men but that similarly qualified lesbian workers earn about 4 percent more than their heterosexual female co-workers. From this they conclude that the Dutch labour

market does not discriminate on the basis of both sexual orientation and gender in entry-level jobs.

All the above studies broadly use the same methodology: multiple regression analysis that includes a gay dummy, or a gay dummy and a limited number of interactions with other variables. This method assumes that the labour market returns to characteristics for gays and non-gays are the same, apart from possible interaction effects. A less restrictive way of analysing the problem would be to run separate regressions for gays and for non-gays, and then to decompose the wage differential into an endowment difference component and a residual, which would form the upper bound of discrimination, if any. The remaining part of this paper attempts, for the first time, to present such an analysis. It is also, to the best of our knowledge, the first econometric based study of discrimination against gays for the UK.

3. Data and empirical results

Since 1996, the Labour Force Survey (LFS) has contained information that allows identification of homosexuals who live together. The marital status question categorises individuals according to whether they are married and living with their partner or not. Those who do not belong to this group are then put into three groups: unmarried but living with a partner, unmarried and not living with a partner, and same-sex partners who live together. It is the latter group that forms our homosexual group. There is no other information in the LFS to identify gays and there is no way to distinguish between gays

and bisexuals, or any other sexual minority group. This way of identifying gays, similar to the US studies, is not perfect as it does not include homosexuals who are married and living with an opposite-sex partner or those who do not live with a partner, whether they have one or not. Moreover, it does not include those who live with a same-sex partner but do not disclose it. Although these exclusions may bias our results, this can be reduced by comparing gays to the appropriate group of non-gays, an issue that will be discussed below.

To perform the analysis on a reasonable sized sample of homosexuals we pool different waves of the LFS, from Quarter1 in 1996 to Quarter4 in 2000. After indexing the hourly wage to January 2000 prices, we remove probable outliers in the data by excluding all those who earn less than £1 an hour and more than £500 an hour. This leaves us with a sample size for the analysis of earnings of 273,015; of whom 630 are cohabiting homosexuals, 176,903 married heterosexuals and 33,104 unmarried heterosexual cohabitees.

Analysis of discrimination against homosexuals, in our view, faces three problems. *The first* is that we do not know exactly what it is that employers (or other employees or consumers) are discriminating against. Is it the knowledge that someone is a homosexual or is it camp behaviour? If it is the latter then given that not all gays are camp and not all camps are gay, there will be confusion between these two issues. We are obviously not able to separate these two effects. *Second*, if discrimination is only in the case of the former, some gays disclose their sexuality and others do not. Those who do not disclose

may fail do so because of the fear of discrimination. Those who do disclose, as Wood (1992) and Badgett (1995) argue, may do so because they trade off the risk of discrimination (the loss of earnings or promotion) against potential future gains. Future gains may be psychological in the form of higher self-esteem, economic in the form of benefits for partners, or political in the form of acceptance in the work environment. This may make disclosure endogenous. Given the nature of the way we identify gays in this study, we cannot correct for this endogeneity because we do not know gays who have not disclosed. Although this may result in a bias, we do not know in which direction the bias would run. Gays with higher levels of income would sacrifice more if they come out and then lose their jobs. On the other hand it is likely that higher income people would be more in control of their work environment and hence more likely to disclose. *Third*, it is not necessary that the people that we have classified here as gay are also known to their employers as gay.

Given the above reservations, our analysis is based on running separate regressions for gays and non-gays, and employing the standard Oaxaca (1973) decomposition to assign different components of the earnings differentials to endowment differences and discrimination. We then repeat the analysis for males and females separately. Table 1 presents the means of the hourly wage for the overall sample and for males and females separately. Additionally we divide the non-gay group into married, non-married couples (opposite sex partners living together) and all who live with a partner, whether married or not (married + non-married couples).

[Table 1 Here]

Around 87% of homosexual male cohabitees were in work during the sample period. This proportion is similar to the employment rates of married and cohabiting heterosexual men. Amongst women, around 86% of lesbian cohabitees are in work, some 10 points more than the average employment rate amongst heterosexual female cohabitees and some 15 points above the mean employment rate of married women.

It might be thought that one obvious correlate with the higher employment rate could be the presence of children. There are no gay couples with children in our sample, whereas around half of all couples live with dependent children. However, as Table 1 shows, the raw mean employment rates amongst heterosexual couples with no dependent children is little different than those of heterosexual couples with dependent children, male or female. Nor do the raw quantiles of the wage distribution seem to vary much amongst heterosexual couples conditional on the presence of children.

Although Table 1 shows that gays earn more on average than non-gays, the raw earnings data do not show that there is no discrimination, or even "reverse discrimination". Gays may also differ on average in characteristics that would affect earnings even in the absence of differential returns to those characteristics, e.g. if on average they have higher education. To analyse this fundamental issue in assessing discrimination, we use the following approach, which, as stated above, is due to Oaxaca (1973) and Blinder (1973).

Assume that the earnings generating function of gays and non-gays is given by:

$$(1)\ \ln W_{Gi} = X_{Gi}\beta_G + \varepsilon_{Gi} \qquad \text{for gays and}$$

$$(2)\ \ln W_{Ni} = X_{Ni}\beta_N + \varepsilon_{Ni} \qquad \text{for non-gays,}$$

where subscripts G and N represent gays and non-gays respectively, X's are individual characteristics, β's are their corresponding coefficients to be estimated and ε's are well behaved error terms. Given that gays earn more than non-gays in all categories, we represent the predicted average differential as:

$$(3)\ \ln\overline{W}_G - \ln\overline{W}_N = \overline{X}_G\hat{b}_G - \overline{X}_N\hat{b}_N$$
$$= \overline{X}_G(\hat{b}_G - \hat{b}_N) + \hat{b}_N(\overline{X}_G - \overline{X}_N)$$

The first term represents differences in rewards and the second differences in endowments. If the first term, the differences in rewards, is negative, then it indicates that gays may be discriminated against, even though they earn, on average, more than non-gays. In other words, gays would do better with the earnings generating function of non-gays than with their own.

[Table 2 Here]

Table 2 gives the sample means of the main covariates for the overall sample. The gay community is concentrated in London. Around 30% of cohabiting homosexuals live in London compared to 10% of heterosexual couples, though this disparity is less pronounced for females than for males (see Table A.1). Wellings et al. (1995) note a similar phenomenon. This makes it important to control for regional effects in the wage equations that follow, given the notable wage differences between the capital and elsewhere. Around 36% of gays have a degree or above compared to 15% of non-gays,

16% of the married group, 20% of the unmarried couples and around 17% of all heterosexuals living with a partner. Gays are represented less in other educational groups. 36% of those identified as gays are female compared to 50% of non-gays. 65% of them are in the professional, managerial and intermediate occupations compared to35% of non-gays. They tend to work more in the social and community works sectors (29%) in comparison to all heterosexual groups (17%). A higher proportion of gays work in large firms (25 or more employees) than non-gays. The average age of homosexual cohabitees is around 36, that of heterosexual cohabitees around 32 and married heterosexuals is around 42.

We first decompose the wage differential between gays and all non-gays and then perform the same analysis between gays and married couples, unmarried couples and all couples. If marriage between gay couples were to become legal, some of the gays in our sample would marry and others would not. It is impossible to know who would in our case. If the marriage decision is endogenous then those who would marry should have different characteristics (including unobserved) than those who do not. There is no strong reason to believe that gays who would marry are different than non-gays who do marry, except for their same-sex partnership. Consequently, although we present four different decompositions, we regard the comparison between gays and all heterosexual couples as the most appropriate one.

Tables 3-5 present the regressions on which the decompositions are based, while Table 6 presents the results of the decompositions.

[Tables 3-5 Here]

The wage equations seem well defined, with no obvious anomalies in the signs of the coefficients. As might be expected from the sample sizes, somewhat fewer of the variables reach standard significance in the separate regressions for gay men and women. The latter is more pronounced, and therefore, since the decomposition for discrimination is based on point estimates of coefficients, the decomposition for lesbians may be less reliable.

Among the differences in size of coefficients between the regressions for gays and for non-gays are that the returns to higher education are lower for gays than for non-gays. Another, which is compatible with the decompositions, is that in Table 3 the labour market disadvantage of women, as summarised by the coefficient on female, is half or less for gay than for non-gay women.

[Table 6 Here]

The estimation of discrimination, as calculated by the Oaxaca decompositions, is shown in Table 6.

Taking male and female together, if we were to simply compare all homosexual cohabitees to all heterosexuals there would seem to be "reverse discrimination", i.e. not only do gays have higher average (log) earnings, but they earn more even abstracting from the differences in endowments. However, this finding is misleading, and is reversed when we compare cohabiting gays with the comparable group of non-gays. Although the average earnings of homosexual cohabitees are higher, there is wage discrimination

against them compared to either married couples or all heterosexual cohabiting couples. Thus the results support the argument above concerning the importance of the groups to whom to compare gays, when the data on gays in only available for cohabiting gays.

Although the results are slightly modified when we examine males and females separately, the similar pattern again shows the importance of the relevant comparator group. For men, if we compare male homosexuals to all males, once we allow for the difference in endowments, there is discrimination against gays. However, the discrimination is much more apparent in the cases of the relevant non-gay comparison groups: married men or all men living with partners. [4]

For women, the pattern in Table 6 is the same, but the regressions imply some reverse discrimination even comparing cohabiting lesbians to married women or to all non-gay women in couples. For the reason given above, the decomposition results are less reliable for women. A further analysis of the results for females should also allow for the endogeneity of labour market participation by married and cohabiting non-gay women, as suggested by Table 1.

4. Conclusions

The question is would the forthcoming laws referred to in the Introduction be just a signal of value or would they have an effect, if implemented? Of course discrimination against homosexuals has various dimensions. In this paper we are only considering one of

its dimensions, unequal pay. Our results indicate that even though gays in general earn more and are more educated than the average person in Britain, there is an unexplained residual of around 10% in terms of pay. Gays earn more, on average, but might be expected to earn even more if they were paid according to the non-gay couples' earnings generating function than their own. The lower relative reward for given characteristics is more marked amongst gay men. Indeed, lesbians have a marked advantage in pay, in endowments and in the structure of rewards.

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Table 1. Labour Market Summary Measures by Sexual Orientation

	Gay		Married & Cohabiting Non-Gay		Married Non-Gay		Cohabitee Non-Gay		Married & Cohabitee Non-Gay No children	
	Mean	Standard Error	Mean	Standard Error	Mean	Standard Error	Mean	Standard Error	Mean	Standard Error
Men										
Employed(%)	87.1	.015	84.1	.001	86.4	.002	83.7	.001	79.6	.001
Unemployed	2.1	.005	3.6	.001	6.3	.001	3.2	.001	3.1	.001
Inactive	10.9	.014	12.2	.001	7.3	.002	13.1	.001	17.4	.001
Real Hourly Wage										
Mean	11.70	7.30	10.70	7.70	9.30	6.50	11.00	7.90	10.30	8.00
Median	10.10		8.90		7.80		9.10		8.40	
90^{th} p'ctile	20.20		18.30		15.40		18.90		17.50	
10^{th} p'ctile	4.90		4.80		4.40		4.90		4.70	
Women										
Employed	85.7	.018	71.4	.001	76.3	.002	70.6	.001	74.6	.001
Unemployed	3.8	.009	2.5	.001	3.8	.001	2.2	.001	2.1	.001
Inactive	10.5	.016	26.1	.001	19.9	.002	27.2	.001	23.2	.001
Real Hourly Wage										
Mean	10.10	7.40	7.60	5.70	7.50	4.70	7.60	5.90	7.50	5.10
Median	8.70		6.20		6.40		6.10		6.30	
90^{th} p'ctile	15.90		13.10		12.50		13.20		12.80	
10^{th} p'ctile	4.70		3.60		3.70		3.60		3.70	

Source: LFS. Sample averages 1996/2000

Variable	Definition
Degree	Degree or Above
High int	Higher Intermediate, e.g. HND, HNC, A Level
Low int	Lower Intermediate, e.g. OND, ONC, O Level, GCSE
Ed miss	Missing, Unknown or Foreign Qualification
Age 2635	Age 26 to 35
Age 3645	Age 36 to 45
Age 4655	Age 46 to 55
Age 56+	Age above 55
Ten1_5 yrs	Tenure more than 1 and up to 5 years
Ten5_10	Tenure more than 5 and up to 10 years
Ten10_15	Tenure more than 10 and up to 15 years
Ten15 +	Tenure more than 15 years
London	London (Inner + Outer)
South	The Rest of the South
Prof./Manager	Professional and Managerial
Clerical	Clerical
Intermed non-man.	Intermediate Non-Manual
Other nonmanual	Other Non-Manual
Skill Manual	Skilled Manual
Agriculture	Agriculture, Fishing or Forestry
Manuf/Energ/Const.	Manufacturing, Energy or Construction
Health & Social	Health and Social Security and Education
Community Services	Community Services
Transport	Transport
Finance	Finance and Business
Ind other	Other Industry
Flarge	Firm Size 25 and Larger
Fmissing	Firm Size Missing
Fulltime	Employed Fulltime
Temp job	Temporary Job
White	White
Private	Private Sector
Female	Female

Table 2. Means and Standard Errors by Sexual Orientation

	Total Gay		Total Non-Gay		Married Non-Gay		Cohabitee Non-Gay	
	Mean	Standard Error	Mean	Standard Error	Mean	Standard Error	Mean	Standard Error
Degree	0.360	0.019	0.158	0.001	0.161	0.001	0.202	0.002
High intermediate	0.487	0.020	0.573	0.001	0.550	0.001	0.570	0.003
Low intermediate	0.097	0.012	0.144	0.001	0.153	0.001	0.135	0.002
Ed missing	0.008	0.004	0.006	0.000	0.006	0.000	0.011	0.001
Age 2635	0.425	0.020	0.268	0.001	0.251	0.001	0.466	0.003
Age 3645	0.360	0.019	0.268	0.001	0.327	0.001	0.199	0.002
Age 4655	0.124	0.013	0.227	0.001	0.302	0.001	0.094	0.002
Age 56+	0.017	0.005	0.070	0.000	0.098	0.001	0.016	0.001
Ten1_5 yrs	0.360	0.019	0.316	0.001	0.282	0.001	0.377	0.003
Ten5_10	0.206	0.016	0.186	0.001	0.210	0.001	0.190	0.002
Ten10_15	0.125	0.013	0.121	0.001	0.148	0.001	0.101	0.002
Ten15 +	0.116	0.013	0.159	0.001	0.210	0.001	0.078	0.001
London	0.317	0.019	0.098	0.001	0.087	0.001	0.113	0.002
South	0.276	0.018	0.300	0.001	0.305	0.001	0.300	0.003
Prof./Manager	0.090	0.011	0.055	0.000	0.061	0.001	0.062	0.001
Intermed non-man.	0.565	0.020	0.306	0.001	0.341	0.001	0.329	0.003
Other nonmanual	0.133	0.014	0.254	0.001	0.231	0.001	0.242	0.002
Skill Manual	0.114	0.013	0.179	0.001	0.183	0.001	0.191	0.002
Agriculture	0.010	0.004	0.013	0.000	0.013	0.000	0.012	0.001
Manuf/Energ/Const.	0.127	0.013	0.251	0.001	0.263	0.001	0.275	0.002
Health & Social	0.229	0.017	0.122	0.001	0.131	0.001	0.108	0.002
Community Services	0.067	0.010	0.045	0.000	0.039	0.000	0.047	0.001
Transport	0.110	0.012	0.066	0.000	0.068	0.001	0.074	0.001
Finance	0.125	0.013	0.141	0.001	0.137	0.001	0.173	0.002
Ind other	0.189	0.016	0.161	0.001	0.185	0.001	0.127	0.002
Flarge	0.694	0.018	0.590	0.001	0.602	0.001	0.630	0.003
Fmissing	0.054	0.009	0.119	0.001	0.121	0.001	0.096	0.002
Fulltime	0.922	0.011	0.726	0.001	0.724	0.001	0.850	0.002
Temp job	0.076	0.011	0.069	0.000	0.053	0.001	0.058	0.001
White	0.978	0.006	0.958	0.000	0.959	0.000	0.978	0.001
Private	0.513	0.020	0.629	0.001	0.592	0.001	0.678	0.003
Female	0.367	0.019	0.508	0.001	0.494	0.001	0.509	0.003
Children	N/a		0.488	0.001	0.539	0.001	0.339	0.002

Source: LFS. Sample sizes are 630, 272385, 176903 and 33104 respectively. Standard errors of dummy variables are standard errors of sample proportions.

Table 3.OLS Estimates of Log Real Hourly Wage by Sexual Orientation – Total

	Gay	Total Non-Gay	Non-Gay & Married	Non-Gay Married or Cohabitee	Non-Gay Cohabitee
Degree	0.265	0.419	0.427	0.416	0.359
	(0.077)**	(0.004)**	(0.004)**	(0.004)**	(0.010)**
High int.	0.117	0.178	0.165	0.168	0.166
	(0.068)	(0.002)**	(0.003)**	(0.003)**	(0.008)**
Low int	0.070	0.072	0.060	0.064	0.074
	(0.081)	(0.003)**	(0.003)**	(0.003)**	(0.009)**
Ed. Missing	-0.185	0.052	0.037	0.045	0.068
	(0.204)	(0.011)**	(0.013)**	(0.011)**	(0.019)**
Age 2635	0.217	0.257	0.137	0.162	0.156
	(0.051)**	(0.003)**	(0.006)**	(0.004)**	(0.005)**
Age 3645	0.292	0.301	0.161	0.197	0.211
	(0.054)**	(0.003)**	(0.006)**	(0.004)**	(0.007)**
Age 4655	0.339	0.289	0.143	0.179	0.207
	(0.070)**	(0.003)**	(0.006)**	(0.004)**	(0.009)**
Age 56+	0.331	0.223	0.071	0.106	0.099
	(0.135)**	(0.004)**	(0.007)**	(0.005)**	(0.018)**
Ten 1_5 yrs	0.068	0.065	0.052	0.054	0.059
	(0.053)	(0.002)**	(0.003)**	(0.003)**	(0.006)**
Ten 5_10 yrs	0.153	0.134	0.111	0.116	0.127
	(0.060)**	(0.003)**	(0.003)**	(0.003)**	(0.007)**
Ten 10_15 yrs	0.161	0.178	0.159	0.164	0.170
	(0.069)**	(0.003)**	(0.004)**	(0.003)**	(0.008)**
Ten 15+	0.243	0.250	0.225	0.231	0.234
	(0.077)**	(0.003)**	(0.004)**	(0.003)**	(0.009)**
Female	-0.070	-0.163	-0.211	-0.199	-0.136
	(0.039)	(0.002)**	(0.003)**	(0.002)**	(0.005)**
London	0.246	0.212	0.210	0.214	0.253
	(0.043)**	(0.003)**	(0.004)**	(0.003)**	(0.007)**
South	0.097	0.085	0.083	0.086	0.101
	(0.043)**	(0.002)**	(0.002)**	(0.002)**	(0.005)**
Prof/Manag.	0.561	0.490	0.507	0.504	0.470
	(0.095)**	(0.005)**	(0.006)**	(0.005)**	(0.011)**
Clerical	0.431	0.468	0.502	0.490	0.417
	(0.057)**	(0.003)**	(0.003)**	(0.003)**	(0.007)**
Oth. nonman	0.142	0.165	0.198	0.194	0.167
	(0.070)**	(0.002)**	(0.003)**	(0.003)**	(0.007)**
Skill manual	0.141	0.077	0.089	0.091	0.099
	(0.065)**	(0.002)**	(0.003)**	(0.003)**	(0.007)**
Agriculture	0.075	0.100	0.124	0.123	0.110
	(0.188)	(0.008)**	(0.010)**	(0.009)**	(0.022)**
Manf/Eng/Const	0.309	0.188	0.204	0.200	0.182
	(0.063)**	(0.003)**	(0.003)**	(0.003)**	(0.007)**
Sociawk	0.224	0.046	0.072	0.069	0.050
	(0.065)**	(0.003)**	(0.004)**	(0.004)**	(0.009)**
Community	0.225	0.028	0.032	0.041	0.079
	(0.101)**	(0.005)**	(0.006)**	(0.006)**	(0.012)**
Transport	0.300	0.142	0.140	0.142	0.148
	(0.077)**	(0.004)**	(0.004)**	(0.004)**	(0.009)**
Finance	0.306	0.231	0.257	0.251	0.228
	(0.068)**	(0.003)**	(0.004)**	(0.004)**	(0.008)**

Ind other	0.327	0.121	0.142	0.140	0.120
	(0.077)**	(0.003)**	(0.004)**	(0.004)**	(0.009)**
Flarge	0.130	0.115	0.115	0.114	0.112
	(0.041)**	(0.002)**	(0.002)**	(0.002)**	(0.005)**
Fmissing	-0.026	0.037	0.045	0.046	0.040
	(0.088)	(0.003)**	(0.004)**	(0.003)**	(0.009)**
Full-time	0.067	0.085	0.083	0.085	0.096
	(0.089)	(0.002)**	(0.003)**	(0.003)**	(0.007)**
Temp job	-0.061	-0.022	0.001	-0.007	-0.046
	(0.091)	(0.004)**	(0.005)	(0.005)	(0.011)**
White	0.029	0.071	0.106	0.095	0.035
	(0.106)	(0.004)**	(0.006)**	(0.005)**	(0.014)*
Private	-0.025	-0.051	-0.040	-0.041	-0.055
	(0.051)	(0.002)**	(0.003)**	(0.003)**	(0.006)**
Constant	0.932	0.963	1.085	1.055	1.100
	(0.159)**	(0.006)**	(0.010)**	(0.008)**	(0.019)**
Observations	630	272385	176903	210007	33104
R-squared	0.47	0.53	0.51	0.50	0.47

Robust standard errors in parentheses **significant at 5%

Table 4.OLS Estimates of Log Real Hourly Wage by Sexual Orientation – Men

	Gay	Total Non-Gay	Non-Gay & Married	Non-Gay Married or Cohabitee	Non-Gay Cohabitee
Degree	0.240	0.417	0.430	0.417	0.354
	(0.095)**	(0.005)**	(0.006)**	(0.006)**	(0.015)**
High int.	0.089	0.181	0.168	0.172	0.181
	(0.090)	(0.004)**	(0.005)**	(0.004)**	(0.011)**
Low int	0.081	0.072	0.057	0.060	0.075
	(0.107)	(0.004)**	(0.005)**	(0.005)**	(0.013)**
Ed. Missing	-0.101	0.033	0.032	0.028	0.028
	(0.208)	(0.015)*	(0.020)	(0.016)	(0.026)
Age 2635	0.166	0.316	0.186	0.200	0.167
	(0.065)**	(0.004)**	(0.011)**	(0.006)**	(0.008)**
Age 3645	0.263	0.398	0.239	0.266	0.237
	(0.070)**	(0.004)**	(0.011)**	(0.006)**	(0.010)**
Age 4655	0.278	0.389	0.223	0.254	0.249
	(0.083)**	(0.004)**	(0.011)**	(0.007)**	(0.014)**
Age 56+	0.279	0.296	0.135	0.162	0.112
	(0.170)	(0.005)**	(0.012)**	(0.007)**	(0.025)**
Ten 1_5 yrs	0.069	0.067	0.043	0.048	0.060
	(0.068)	(0.004)**	(0.005)**	(0.004)**	(0.009)**
Ten 5_10	0.164	0.140	0.098	0.109	0.130
	(0.077)**	(0.004)**	(0.005)**	(0.005)**	(0.010)**
Ten 10_15	0.215	0.168	0.136	0.145	0.154
	(0.092)**	(0.004)**	(0.005)**	(0.005)**	(0.012)**
Ten 15+	0.204	0.240	0.209	0.216	0.223
	(0.087)**	(0.004)**	(0.005)**	(0.005)**	(0.013)**
London	0.289	0.196	0.197	0.198	0.232
	(0.051)**	(0.004)**	(0.006)**	(0.005)**	(0.011)**
South	0.107	0.100	0.102	0.103	0.107
	(0.058)	(0.003)**	(0.003)**	(0.003)**	(0.007)**
Prof/Manag.	0.674	0.459	0.483	0.480	0.454
	(0.110)**	(0.006)**	(0.007)**	(0.006)**	(0.015)**
Clerical	0.378	0.473	0.513	0.501	0.424
	(0.080)**	(0.004)**	(0.005)**	(0.004)**	(0.010)**
Oth. nonman	0.137	0.180	0.253	0.240	0.186
	(0.097)	(0.004)**	(0.006)**	(0.005)**	(0.012)**
Skill manual	0.134	0.084	0.103	0.103	0.106
	(0.100)	(0.003)**	(0.004)**	(0.004)**	(0.009)**
Agriculture	0.160	0.086	0.101	0.104	0.118
	(0.270)	(0.009)**	(0.011)**	(0.011)**	(0.027)**
Manf/Eng/Const	0.354	0.166	0.168	0.170	0.179
	(0.078)**	(0.004)**	(0.005)**	(0.004)**	(0.009)**
Sociawk	0.332	0.000	0.007	0.008	0.013
	(0.083)**	(0.007)	(0.008)	(0.008)	(0.018)
Community	0.370	0.003	-0.026	-0.011	0.076
	(0.132)**	(0.007)	(0.010)**	(0.009)	(0.020)**
Transport	0.427	0.099	0.087	0.091	0.112
	(0.100)**	(0.005)**	(0.006)**	(0.005)**	(0.012)**
Finance	0.377	0.215	0.233	0.228	0.208
	(0.076)**	(0.005)**	(0.006)**	(0.006)**	(0.012)**
Ind other	0.415	0.087	0.076	0.085	0.118
	(0.099)**	(0.005)**	(0.006)**	(0.006)**	(0.015)**

Flarge	0.109	0.150	0.163	0.157	0.128
	(0.052)**	(0.003)**	(0.004)**	(0.003)**	(0.008)**
Fmissing	0.092	0.078	0.099	0.097	0.073
	(0.126)	(0.005)**	(0.006)**	(0.005)**	(0.013)**
Full-time	0.044	0.120	0.156	0.153	0.150
	(0.136)	(0.006)**	(0.010)**	(0.009)**	(0.021)**
Temp job	-0.105	-0.039	-0.014	-0.025	-0.068
	(0.093)	(0.006)**	(0.009)	(0.008)**	(0.017)**
White	0.044	0.095	0.136	0.122	0.055
	(0.118)	(0.006)**	(0.008)**	(0.007)**	(0.019)**
Private	0.051	-0.019	-0.012	-0.012	-0.022
	(0.066)	(0.004)**	(0.004)**	(0.004)**	(0.010)*
Constant	0.891	0.808	0.894	0.880	0.977
	(0.214)**	(0.009)**	(0.017)**	(0.013)**	(0.033)**
Observations	399	133851	89454	105704	16250
R-squared	0.51	0.51	0.45	0.45	0.42

Notes. See Table 3.

Table 5. OLS Estimates of Log Real Hourly Wage by Sexual Orientation – Women

	Gay	Total Non-Gay	Non-Gay & Married	Non-Gay Married or Cohabitee	Non-Gay Cohabitee
Degree	0.141	0.402	0.413	0.400	0.355
	(0.144)	(0.005)**	(0.006)**	(0.006)**	(0.014)**
High int.	0.045	0.158	0.149	0.151	0.143
	(0.130)	(0.003)**	(0.004)**	(0.004)**	(0.011)**
Low int	-0.005	0.063	0.057	0.060	0.069
	(0.133)	(0.004)**	(0.004)**	(0.004)**	(0.012)**
Ed. Missing	-0.850	0.061	0.034	0.059	0.123
	(0.189)**	(0.014)**	(0.017)*	(0.015)**	(0.027)**
Age 2635	0.254	0.195	0.110	0.137	0.147
	(0.080)**	(0.003)**	(0.008)**	(0.005)**	(0.007)**
Age 3645	0.336	0.204	0.106	0.141	0.188
	(0.080)**	(0.003)**	(0.008)**	(0.005)**	(0.009)**
Age 4655	0.406	0.189	0.088	0.121	0.170
	(0.153)**	(0.004)**	(0.008)**	(0.005)**	(0.011)**
Age 56+	0.261	0.148	0.052	0.081	0.099
	(0.146)	(0.006)**	(0.009)**	(0.007)**	(0.027)**
Ten 1_5 yrs	0.119	0.065	0.060	0.059	0.058
	(0.074)	(0.003)**	(0.004)**	(0.004)**	(0.007)**
Ten 5_10	0.166	0.134	0.121	0.123	0.125
	(0.091)	(0.003)**	(0.004)**	(0.004)**	(0.009)**
Ten 10_15	0.044	0.187	0.175	0.179	0.188
	(0.103)	(0.004)**	(0.005)**	(0.004)**	(0.011)**
Ten 15+	0.277	0.246	0.232	0.235	0.240
	(0.138)**	(0.004)**	(0.005)**	(0.005)**	(0.014)**
London	0.104	0.226	0.222	0.229	0.273
	(0.092)	(0.004)**	(0.005)**	(0.005)**	(0.010)**
South	0.090	0.072	0.064	0.069	0.097
	(0.065)	(0.002)**	(0.003)**	(0.003)**	(0.006)**
Prof/Manag.	0.311	0.581	0.641	0.615	0.512
	(0.168)	(0.009)**	(0.012)**	(0.010)**	(0.018)**
Clerical	0.595	0.457	0.495	0.482	0.406
	(0.100)**	(0.004)**	(0.005)**	(0.004)**	(0.010)**
Oth. nonman	0.215	0.165	0.192	0.187	0.160
	(0.110)	(0.003)**	(0.004)**	(0.003)**	(0.008)**
Skill manual	0.229	0.037	0.055	0.058	0.059
	(0.092)**	(0.004)**	(0.005)**	(0.005)**	(0.011)**
Agriculture	-0.157	0.095	0.125	0.117	0.073
	(0.278)	(0.015)**	(0.020)**	(0.017)**	(0.035)*
Manf/Eng/Const	0.127	0.183	0.208	0.201	0.163
	(0.124)	(0.004)**	(0.005)**	(0.004)**	(0.009)**
Sociawk	-0.135	0.065	0.095	0.090	0.058
	(0.103)	(0.004)**	(0.005)**	(0.004)**	(0.011)**
Community	-0.152	0.046	0.079	0.082	0.087
	(0.136)	(0.006)**	(0.008)**	(0.007)**	(0.015)**
Transport	-0.123	0.185	0.207	0.210	0.206
	(0.122)	(0.006)**	(0.008)**	(0.007)**	(0.015)**
Finance	0.012	0.238	0.263	0.260	0.245
	(0.140)	(0.004)**	(0.005)**	(0.004)**	(0.009)**
Ind other	0.059	0.140	0.174	0.167	0.115
	(0.125)	(0.004)**	(0.005)**	(0.005)**	(0.011)**

Flarge	0.153	0.086	0.074	0.078	0.099
	(0.073)**	(0.002)**	(0.003)**	(0.003)**	(0.007)**
Fmissing	-0.111	0.007	0.005	0.007	0.014
	(0.153)	(0.004)	(0.005)	(0.004)	(0.011)
Full-time	0.082	0.067	0.071	0.072	0.086
	(0.124)	(0.002)**	(0.003)**	(0.003)**	(0.007)**
Temp job	0.013	-0.008	0.009	0.005	-0.025
	(0.150)	(0.005)	(0.007)	(0.006)	(0.014)
White	-0.167	0.044	0.060	0.055	0.013
	(0.202)	(0.006)**	(0.008)**	(0.007)**	(0.020)
Private	-0.231	-0.085	-0.069	-0.070	-0.082
	(0.100)**	(0.003)**	(0.004)**	(0.003)**	(0.008)**
Constant	1.377	0.955	1.003	0.981	1.046
	(0.266)**	(0.008)**	(0.012)**	(0.010)**	(0.025)**
Observations	231	138534	87449	104303	16854
R-squared	0.50	0.49	0.47	0.47	0.50

Notes: See Table 3.

Table 6. Wage decomposition results

Group comparisons	Total differential		Endowment differential		"Discrimination"	
Total						
Gays v non-gays	0.295	(100%)	0.291	(93.4%)	0.004	(6.4%)
Gays v married couples	0.196	(100%)	0.236	(120.4%)	-0.040	(-12.2%)
Gays v unmarried couples	0.263	(100%)	0.247	(93.9%)	0.016	(6.1%)
Gays v all couples	0.206	(100%)	0.232	(112.6%)	-0.026	(-12.6%)
Men						
Gays v non-gays	0.203	(100%)	0.227	(111.8%)	-0.024	(-11.8%)
Gays v married couples	0.068	(100%)	0.142	(208.8%)	-0.074	(-108.8%)
Gays v unmarried couples	0.214	(100%)	0.211	(98.6%)	0.003	(1.4%)
Gays v all couples	0.090	(100%)	0.146	(162.2%)	-0.056	(-62.2%)
Women						
Gays v non-gays	0.344	(100%)	0.274	(79.7%)	0.070	(20.3%)
Gays v married couples	0.290	(100%)	0.248	(85.5%)	0.042	(14.5%)
Gays v unmarried couples	0.270	(100%)	0.209	(77.4%)	0.061	(22.6%)
Gays v all couples	0.287	(100%)	0.237	(82.6%)	0.050	(17.4%)

Table A1. Means and Standard Errors, Cohabiting Homosexuals by Gender

	Male		Female	
	Mean	Standard Error	Mean	Standard Error
Degree	0.353	0.024	0.372	0.032
High int	0.504	0.025	0.459	0.033
Low int	0.090	0.014	0.108	0.020
Ed miss	0.010	0.005	0.004	0.004
Age2635	0.424	0.025	0.429	0.033
Age3645	0.338	0.024	0.398	0.032
Age4655	0.145	0.018	0.087	0.019
Age56+	0.020	0.007	0.013	0.007
Ten1_5 yrs	0.358	0.024	0.364	0.032
Ten5_10	0.216	0.021	0.190	0.026
ten10_15	0.120	0.016	0.134	0.022
Ten15 +	0.115	0.016	0.117	0.021
London	0.388	0.024	0.195	0.026
South	0.286	0.023	0.260	0.029
Prof./Manager	0.100	0.015	0.074	0.017
Intermed non-man.	0.586	0.025	0.528	0.033
Other nonmanual	0.125	0.017	0.147	0.023
Skill Manual	0.115	0.016	0.113	0.021
Agriculture	0.005	0.004	0.017	0.009
Manuf/Energ/Const.	0.113	0.016	0.152	0.024
Health & Social	0.165	0.019	0.122	0.001
Community Services	0.078	0.013	0.045	0.000
Transport	0.128	0.017	0.066	0.000
Finance	0.153	0.018	0.141	0.001
Ind other	0.173	0.019	0.161	0.001
Flarge	0.699	0.023	0.590	0.001
Fmissing	0.043	0.010	0.119	0.001
Fulltime	0.942	0.012	0.726	0.001
Temp job	0.070	0.013	0.069	0.000
White	0.970	0.009	0.958	0.000
Private	0.579	0.025	0.629	0.001

Source: LFS. Sample sizes are 399 and 231 respectively

[1] Terminology is a sensitive issue: we shall generally use the terms homosexual and heterosexual, or gay and non-gay, unless referring to other studies, which used other terminology. Unless required by the context, we shall use the same words for both male and female i.e. we include lesbians in the general terms.

[2] For further evidence on sexual harassment at work see Biaggio (1997) and Anastes (1998).

[3] For a general discussion of gay and lesbian rights in Europe see Van Der Veen et al (1993).

[4] The figure of greater than 100% discrimination for gays as compared to married men is fully acceptable. In the percentages, discrimination is compared to the actual (log) wage differential, not to what the differential would have been given the differences in endowments had there been no discrimination at all. In the case of male cohabiting gays compared to married men, had there been no discrimination then the differential would have been 0.142; discrimination reduces the differential to 0.068.