



The Economics of Women, Men, and Work

FOURTH EDITION

Francine D. Blau • Marianne A. Ferber
Anne E. Winkler

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THE ECONOMICS OF WOMEN, MEN, AND WORK

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Prentice
Hall

Upper Saddle River, New Jersey 07458

Library of Congress Cataloging-in-Publication Data

Blau, Francine D.

The economics of women, men, and work / Francine D. Blau, Marianne A. Ferber, Anne E. Winkler.—4th ed.

p. cm.

Includes bibliographical references and index.

ISBN 0-13-090922-X

1. Women—United States—Economic conditions. 2. Feminist Economics—United States. 3. Women—Employment—United States. 4. Sexual division of labor—United States. 5. Labor market—United States. 6. Women—United States—Social conditions. I. Ferber, Marianne A., [date]– II. Winkler, Anne E., [date]– III. Title.

HQ1421 .B56 2001

305.42'0973—dc21

Executive Editor: *Rod Banister*

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Composition: *Impressions Book and Journal Services Inc.*

Full-Service Project Management: *Impressions Book and Journal Services Inc.*

Printer/Binder: *RRD/Harrisonburg*

Cover Printer: *Phoenix Color Corp.*

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Prentice
Hall

10 9 8 7 6 5 4 3 2 1
ISBN 0-13-090922-X

For

Lawrence M. Kahn
Daniel Blau Kahn
Lisa Blau Kahn

and

Bob Ferber
Don Ferber
Ellen Ferber Rogalin

and

Michael Joseph Kowalkowski
Henrik Francis Kowalkowski
Andrew Joseph Kowalkowski

With love

PREFACE

We wrote *The Economics of Women, Men, and Work* because we saw a need for a text that would acquaint students with the findings of research on women, men, and work in the labor market and the household. We are extremely gratified on the publication of the 4th edition to reflect that this belief was justified, and hope that this expanded and updated new edition will serve as effectively as the first three.

OVERVIEW OF THE TEXT

The book is written at a level that should both utilize and enhance students' knowledge of economic concepts and analysis but do so in terms intelligible to those not versed in advanced theory. Even though we assume a knowledge of introductory economics on the part of the reader, an interested and determined individual wanting to learn more about the economic status of women as compared to men could benefit considerably from the material offered here. The book also draws upon research in the other social sciences. The text, used in its entirety, is primarily intended for courses specifically concerned with the economic status of women. However, this book could be used to good advantage in interdisciplinary women's studies courses, as well as introductory-level courses in economic problems. Selected readings would also make a useful supplement to round out a general labor economics course. In addition, it would also serve as a useful reference work for those not familiar with the rapidly growing body of literature on women, men, and work as well as for practicing economists looking for a single volume on this topic.

SIGNIFICANT FEATURES OF THE 4TH EDITION

The 4th edition has been thoroughly revised to reflect the numerous changes in the labor market and in the family that have occurred in recent years. All data and references have been updated to take into account the most recent research on each subject covered. Questions have been added at the end of each chapter to provide for review of major concepts and to stimulate further discussion among students and instructors. The other new features of the 4th edition as well as some of the changes previously incorporated in the 3rd edition are summarized here.

- As in the past, we thoroughly review trends in the labor supply of women and men to the market. In Chapter 4, we summarize these trends and provide some analysis of important recent developments including the large increase in labor force participation of single mothers in the late 1990s.

- Our consideration of the role of labor market discrimination in explaining gender differences in labor market outcomes in Chapter 7 now includes a more detailed discussion of issues surrounding the notion of a “glass ceiling.”
- We highlight important recent developments in the labor market and their consequences for women and men. These include the decrease in the gender wage gap, as well as the declining employment prospects of less-educated men, growing wage inequality, the rise of nonstandard employment arrangements such as temporary and on-call workers and consultants, and changes in welfare policy that have moved greater numbers of welfare recipients, largely single mothers, into the labor force. Each chapter has been modified to some extent to reflect these changes as relevant, and Chapter 8, “Recent Development in the Labor Market,” and Chapter 10, “Policies Affecting Paid Work and Family,” focus specifically on these developments.
- We devote considerable attention to changes within married-couple families as well as to changing family structure and the implications of these shifts for labor market outcomes. Chapter 3, which focuses on nonmarket work, introduces a new discussion of trends in time spent with children, which is of interest, both in terms of its implications for time spent in non-market work and its potential implications for children’s development. Further, this chapter takes a much closer look at alternatives to the standard economic approach, including the transaction cost approach and bargaining models, as well as an expanded discussion of the radical feminist and Marxist feminist views of decision making in the family.
- In keeping with the times, the discussion in Chapter 9 examines trends in marriage, divorce, and overall fertility, along with trends in births to unmarried mothers, teen births, and cohabitation. The discussion of cohabitation has been further expanded to include gay and lesbian couples. Chapter 9 also devotes considerable attention to the implications of the large increases in the number of dual-earner, married-couple families and single-parent families for children’s outcomes.
- All discussions concerning policy have been thoroughly revised. In Chapter 7, we discuss affirmative action and findings regarding the effectiveness of antidiscrimination legislation. Discussions of policies that affect paid work and family have been updated, expanded, and consolidated into a single chapter, Chapter 10. This chapter focuses on three broad policy areas: (1) policies to alleviate poverty, including the Temporary Assistance for Needy Families (TANF) program, the Earned Income Tax Credit (EITC), and child support enforcement; (2) government tax policies; and (3) policies that should better help workers and their families balance the dual demands of paid work and family responsibilities. Among the changes, the section on welfare has been revised to reflect recent evidence on the effect of the 1996 welfare legislation (TANF) on welfare caseloads and economic well-being. The discussion on child support has been considerably expanded, and now includes more information on the success of child support

enforcement, as well as the particular difficulties of this policy for what have been termed “deadbroke” dads. The section on family leave has been expanded to consider recent findings regarding the effect of the 1993 federal family leave legislation and discusses related leave policies. The section on income tax policy now includes a more detailed discussion of how taxes affect women’s labor force participation and how the so-called marriage penalty arises, along with a fuller discussion of available policy options.

- Finally, Chapter 11, which examines gender differences from an international perspective, has been completely updated. As in the 3rd edition, after considering differences in women’s status across broad regions of the world, it compares the United States with a number of other economically advanced nations, especially Sweden and Japan, with respect to labor force participation, the gender pay gap, occupations, sharing of housework, and demographic trends. This chapter also specifically examines the situation of women in developing countries, highlighting the difficulties they face as well as the progress that they have made, and briefly considers the problems of women living in countries that were formerly part of the Soviet bloc.

ACKNOWLEDGEMENTS

Since all of us have taught a course on women in the labor market for some time, we wish to acknowledge that the book has benefited from the experience and the insights we have gained from our students. We are also greatly indebted to a rather large and diverse group of colleagues, from a number of disciplines, whose comments on the various editions were often voluminous and always extremely valuable:

Deborah Anderson, University of New Mexico, Albuquerque
 Orley C. Ashenfelter, Princeton University
 Nancy S. Barrett, Western Michigan University, Kalamazoo
 Andrea H. Beller, University of Illinois, Urbana-Champaign
 Lourdes Beneria, Cornell University
 Barbara R. Bergmann, American University
 Jewell Ray Bowen II, University of Missouri-St. Louis
 Charles Brown, University of Michigan
 Clair Brown, University of California, Berkeley
 Greg J. Duncan, Northwestern University
 Margaret C. Dunkle, American Association of University Women,
 Educational Foundation
 Cristina Echevarria, University of Saskatchewan
 Paula England, University of Pennsylvania
 Belton M. Fleisher, Ohio State University
 Claudia D. Goldin, Harvard University
 Janet Gornick, Baruch College, City University of New York
 Ulla Grapard, Colgate University
 Shoshana Grossbard-Schechtman, San Diego State University

Daniel S. Hamermesh, University of Texas, Austin
Michele Hoyman, University of North Carolina-Chapel Hill
Joan A. Huber, Ohio State University
John Johnson IV, University of Illinois, Urbana-Champaign
Heather Joshi, City University, London
Joan R. Kahn, University of Maryland
Lawrence M. Kahn, Cornell University
Kristen Keith, University of Toledo
Mark R. Killingsworth, Rutgers University
Pareena Lawrence, University of Minnesota
Phil Levine, Wellesley College
Shelly J. Lundberg, University of Washington, Seattle
Julie A. Matthaei, Wellesley College
Joan Moriarty, Cornell University
Janet Norwood, Urban Institute
Elizabeth Peters, Cornell University
Leila Pratt, University of Tennessee at Chattanooga
Harriet B. Presser, University of Maryland
Barbara B. Reagan, Southern Methodist University
Barbara F. Reskin, Harvard University
Patricia A. Roos, State University of New York, Stony Brook
Elaina Rose, University of Washington, Seattle
Steven H. Sandell, U.S. Department of Health and Human Services
Lisa Saunders, University of Massachusetts, Amherst
Richard Stratton, University of Akron
Myra H. Strober, Stanford University
Louise A. Tilly, New School University
Donald J. Treiman, University of California, Los Angeles
Jane Waldfogel, Columbia University
Alison Wellington, The Naval Post-Graduate School
Herbert D. Werner, University of Missouri-St. Louis
H. F. (Bill) Williamson, University of Illinois, Urbana-Champaign
Frances Woolley, Carleton University, Ottawa

Without their help, this book would have had many more deficiencies. For those that remain, as well as for all opinions expressed, we, of course, take complete responsibility. This list of acknowledgments would be incomplete if we did not also thank Joan Moriarty, Abhijay Prakash, Nantaporn Plurphanswat, Nathan Forck, Jeremy Bixby, Maria Tiratsuyan, and Lisa Blau Kahn, the research assistants who helped us track down sources and references and prepare tables and graphs for this edition. Finally, we are immensely grateful to the exceptionally helpful team at Prentice Hall that worked with us on this edition: Rod Banister, economics executive editor; Gladys Soto, managing editor; Marie McHale, assistant editor; Kelly Warsak, production coordinator; and Sarah Brown, copyeditor.

F. D. B.
M. A. F.
A. E. W.

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CHAPTER

INTRODUCTION

Chapter Highlights

- What Economics Is About
- Uses of Economic Theory
- The Scope of Economics
- Individuals, Families, and Households
- Outline of the Book
- Appendix: A Review of Supply and Demand in the Labor Market

Courses in economics abound at universities and colleges, and there is an ample supply of texts focusing on the many facets of this discipline. These courses and books increasingly recognize that women play an important role in the economy as workers and consumers and that in many ways their behavior and their problems differ from those of men. However, male patterns often receive the major emphasis and gender differences are, at best, just one of many topics covered. For example, workers are often assumed to enter the labor market after completing their education and to remain until their retirement. Similarly, institutions studied are mainly those involved in traditional labor markets, from businesses to labor unions and relevant government agencies. Although women in growing numbers are spending an increasing proportion of their time working for pay, their lives and their world continue to be significantly different from those of men, and much of their time continues to be spent in nonmarket activities.

In recent years, much attention has been focused on the rising labor force participation rates of women and particularly on the changing economic roles of married women. Much has been made, especially in the popular media, of the often large percentage increases in the number of women in nontraditional occupations, not to mention the publicity received by “the first woman” in a given field, whether it be stockbroker, jockey, or prime minister. All this tends to obscure both the continued responsibility of most women for the bulk of nonmarket work and the large occupational differences between men and women that remain, despite considerable progress. As long as this situation persists, there is a need to address these issues in depth, as is done in this book.

Although economic behavior is clearly not isolated from the remainder of human existence, the primary focus of this book is on the economic behavior of women and men, on economic institutions, and on economic outcomes. To refresh the memory of students who have some acquaintance with economics, and to provide a minimal background for those who do not, we begin with a brief introduction to the tools of this discipline. Neoclassical or mainstream economic theory provides the major emphasis of this book. But students should be aware that we have endeavored to constantly stretch and challenge the existing theories to shed light on issues related to gender and work. Further, in addition to presenting conventional analyses, we sometimes offer critiques of existing approaches. We also tend to emphasize the importance and implications of gender inequities in the labor market and in the household to a greater extent than some of our colleagues might. Finally, we have attempted to take account of institutional factors, alternative perspectives, and the insights of other disciplines where relevant.¹

Throughout this book, but especially in those segments where we deal with policy, we are confronted by a dilemma common to the social sciences. On the one hand, much of what we present is positive, rather than normative, in the sense that we present facts and research results as we find them. Furthermore, we try to avoid value judgments and prescriptive attitudes, for personal values should not be permitted to intrude upon objective analysis. On the other hand, it is unrealistic to claim that the choice of topics, the emphasis in discussions, and the references provided are, or even can be, entirely value free. A reasonable solution is to try to present various sides of controversial questions, while making clear that different premises will lead to different conclusions and that the policies one should adopt depend on the goals one wants to reach. This is the approach we attempt to follow.

At the same time, the tenor of this book is undoubtedly colored to some extent by our feminist perspective. Thus, we recognize, for instance, the extent to which persons of the same sex may differ, and persons of the opposite sex may be similar. And, like other feminists, in considering gender differences, we have become increasingly aware of how these differences vary by race and ethnicity. Our feminist perspective also means we believe that, as much as possible, individuals should have the opportunity to live up to their potential, rather than be forced to conform to stereotypical roles. Most of all, it means that, while recognizing differences between women and men, some possibly caused by biological factors and others by the way girls and boys are reared in our society, we are less inclined to emphasize the differences between them than the common humanity that unites them.

WHAT ECONOMICS IS ABOUT

Neoclassical economics is concerned with decision making under conditions of **scarcity**. This means that there are not enough resources to satisfy everyone's wants, and choices have to be made about their use. Given this constraint, it is crucial to recognize that using labor, capital, and land to produce one good means that fewer of these inputs will be available for producing other goods. Hence, the real cost of having more of one good is forgoing the opportunity of having more of another.

This concept of **opportunity cost** is fundamental to an understanding of the central economic problem—how to allocate scarce resources so as to maximize well-being. In

¹ For a feminist critique of neoclassical economics, see Julie A. Nelson, *Feminism, Objectivity and Economics* (London: Routledge, 1996).