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TORBEN IVERSEN & FRANCES ROSENBLUTH

WOMEN, WORK, & POLITICS

The Political Economy of Gender Inequality



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of Gender Inequality

Torben Iversen and
Frances Rosenbluth

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PREFACE

Why is it that women are still so far behind men in the exercise of power? Even in rich democracies, women are underrepresented in government legislatures and corporate boardrooms, earn less than men for comparable work, and are significantly more likely to live below the poverty line. This inequality extends into the private sphere of the family, where a third or more of society's work, unaccounted for in official statistics, is performed almost entirely by women.

This book provides an answer to that question. Part of our answer can be traced to the simple fact that women often take time off or slow down their careers to have children. For a comparably intelligent and educated man and woman employed in a job at which they can become better over time—because, for example, they come to understand the way the firm and market work, or because they build useful relationships within and outside the firm—the woman's career suffers if she quits her job or slows down while her children are young. But even women who don't take time off for child rearing are affected. *All* women are less likely to be hired or promoted in those kinds of jobs because on average, even in the twenty-first century, women are far more likely to slow down during the child-bearing years. From the standpoint of employers, women represent a bigger risk and a correspondingly worse investment in human capital. Discrimination against women—because as a group women are less productive—does not require prejudice to be efficient, and it is widely practiced.

It is hard to think of a serious career in which a worker's productivity

cannot be hurt significantly by taking off or cutting back for a few years. In finance, insurance, and law, suspended careers or curtailed hours can mean the loss of client portfolios to colleagues with greater availability. Business managers fail at their jobs unless they can regularly monitor markets and personnel and respond nimbly to new developments. In high-tech careers, it is hard to recover after falling behind technological developments. In academe, a bigger load of family work can translate into lower productivity, impaired academic standing, and lower salaries. In government legislatures that distribute powerful committee positions according to seniority, women who take time for motherhood find themselves farther back in line than men their own age. Regardless of her talents and energy, a woman who leaves her career midstream with the intention of returning later loses momentum. The hit to a woman's employment value from career interruption is lower, of course, at the bottom of the skills continuum: routine clerical work, food service jobs, bookkeeping, lower school teaching, child care, housecleaning, and some manual labor jobs. If women in fast-track jobs drop out while women in menial jobs are less pressured to do so, the net effect is that women find themselves huddled at the bottom of the economic stack, gender-equal education notwithstanding.

One measure of the cost of motherhood is the negative relationship between income and fertility. Regardless of education, women—though not men—earn less as they have more children. To put it another way, a woman who wants to maximize her income would have to think twice about having children in a way that a man never would. And as we've already noted, women are docked for the productivity losses associated with childbearing and other family work even when they choose not to have a family at all. Although equal employment legislation forbids it, employers find ways to protect themselves from the costs associated with widely accepted female roles in family life, essentially slapping on a “mommy penalty” to anyone without a Y chromosome.

None of this would matter a great deal, perhaps, if we could think of families rather than individuals as the relevant social actors. Members of a family love and care for each other, and as long as men and women pool their income, spending power evens out. From this perspective, a sharp division of labor may even maximize welfare. But in countries like today's

America, where one out of two couples dissolves somewhere on the way between altar and grave—or even in countries where divorce is low but men spend their resources on other women—the image of the family as a welfare-maximizing unit loses contact with reality. Having invested all your time and talents in the family is an obvious disadvantage when the family dissolves. Thus women, on average, have more to lose from a breakup than men.

We do not imagine that the possibility of desertion inserts itself into every decision involving family resources. The effect of asymmetric power to leave a marriage is likely to be far more subtle, internalized as social norms and expectations about who does what around the house. In a household where the man has greater average earning capacity, the woman has a larger stake in keeping the marriage as a going concern. This is empirically measurable by the larger share of family work that she performs around the house, even when she works as many hours outside the home as her husband. One way to interpret this—though possibly not the way she interprets it to herself—is that the work she does is proportional to the amount her living standards would drop if the family were to break up. We find empirically that the greater the woman's wages and education level—which captures something of her market power—the less extra work she does around the house; conversely, the longer she has been out of the labor market, the more grunt work she does at home. Yet in all cases, the woman does more of the work than the man, which is difficult to explain in the absence of social conventions.

This snapshot of gender inequality piques our curiosity rather than satisfies it. It leaves unanswered the question of where the inequality came from in the first place, where it is going, and how it varies across countries or sectors of the economy. The gender division of labor, women's representation in politics, and gender norms vary conspicuously across time and place. Since women's childbearing and -rearing responsibilities are largely constant, these variations present something of a mystery.

No one, from our perspective of political economy, offers a compelling explanation for differences in gender inequality. Socialization is a primary transmission mechanism because families teach their sons and daughters to fit into roles that society has laid out for them, but socialization is an effect

of inequality, not its cause. Where do these roles come from in the first place, and why are they more or less universal? If gendered roles in family life place women at a disadvantage in earning market income, how did we end up with that division of labor? In our view, a large part of the explanation rests on differences in male and female productivity in market labor. In systems of economic production in which having a baby and leaving the labor market for a period of time does not impair productivity while in work, the demand for female labor should match that of men, and by extension, so should her bargaining power within the home. But when child birth significantly reduces a woman's market productivity, the low demand for female labor means that she is unable to live without male patronage, weakening her standing in the home. When such inequality persists, socialization follows suit. Parents who want the best for their children teach their daughters—as well as sons—to be strong and self-confident when there is demand for their labor. But when women's labor has lesser value, daughters are taught to behave in ways that are pleasing to fathers and husbands to whose largesse they are beholden.

In this book we will show how gender inequality is shaped by the interactions between women's roles as caregivers and their productivity in different economic systems, from the hunter-gatherer and agricultural societies that have existed throughout most of human history to different types of industrial and postindustrial societies. In many pre-agricultural societies, women collected as much as three-quarters of the community's daily caloric intake in the form of plants and small animals while men specialized in the high-risk, high-return job of hunting large game. To the extent that women were able to carry children with them as they gathered or could rely on kin to help care for them, their childbearing role did not rob them of their source of livelihood. With less need of a male patron to survive, women were in a stronger bargaining position within the family and, by extension, the community. Families in such settings need not teach their daughters that marriage (or the equivalent) is destiny, and gender relations can be relatively equal.

The sharp differentiation in male and female roles likely arrived along with sedentary agriculture. The gradual shift to labor-intensive cultivation and protection of single-family land plots put women at a physical disadvantage relative to men in securing their own livelihood. It is a rule of

thumb that small changes in comparative advantage can produce large effects in the allocation of resources, and gender inequality is no exception. Men are on average only about 15 percent larger and stronger than women, and women are incapacitated by childbirth for relatively short periods. But for communities living at the edge of survival, these small differences sufficed to push families to allocate roles in the most productive way possible. The power of social norms is to transform small biological differences into gender roles with enormous consequences for who gets what. The male comparative advantage in brawn was accentuated by growing land scarcity, which increased the value not only of a man's labor but also of his ability to defend the farm against marauders. Women also performed back-breaking farm labor, but their work in the field was supplemental to men's. Cultural and religious precepts that relegated women primarily to household work may have encoded the wisdom of the ages, but economic efficiency came at the cost of gender equality, since in this arrangement only men had mobile resources. If he chose to leave his marriage, a man had his farming skills and knowledge and possibly property as well, whereas a woman making a similar decision would forfeit her investment in children and the household. A future partner would not regard her children as an asset, and in any case, children were property that remained with the father. Yet it is a testimony to the limits of male power that marriage in most cultures became a sacred institution, and that there were strong norms against abandoning wife and children. Men enjoyed greater privileges, but their freedom was not unbounded.

Then came the industrial revolution. The forklift made a 120-pound woman as strong as a 180-pound man, creating the potential to upend gender inequality. Mechanization of work that had formerly required male brawn reduced men's productivity edge over women in the labor market. Yet while factories did hire women (and children), the demand for female labor did not rise to parity with men. For one thing, much unskilled work still required muscle power to move mortar, steel, and big machinery around. For those who received significant training, skills tended to be specific to firms and industries, and this made uninterrupted careers a priority for employers who invested in skilled workers. Male workers, who could more credibly commit to continuous careers, had an advantage in competing for skilled jobs. Many kinds of industrial work, particularly in

coordinated market economies of Europe, relied on heavy investment in specific skills, and this put women at a distinct disadvantage. Women owe their entry into the industrial labor market almost entirely to the introduction of mass production techniques, which created a number of unskilled routine jobs around the assembly line that women could compete for.

But the industrial revolution's main impact on gender relations came via the unprecedented number of service jobs it created. One of the starkest empirical findings of this book is that gender equality in any given country—as measured by female labor force participation, wage equality, and gender norms—is more strongly correlated with the size of the country's service sector than its industrial sector. Moreover, economics matters more than politics. Postindustrial countries are also the world's oldest democracies, but among rich democracies, gender equality is uncorrelated with the duration of female suffrage. The evolution of economic productivity is what has transformed societal norms and practices. The demand for female labor in the service sector followed from these jobs' lower costs of career interruption. Female employment has grown the fastest in economies and industries, such as retail sales, that require large numbers of interchangeable people with general rather than firm-specific or job-specific skills. But even the service sector is not a silver bullet for gender equality, because client or personnel contact and continuity are important in the highest-paying service jobs. Just as women ended up in the lowest paid assembly-line jobs in manufacturing, they tend to concentrate in the lowest paid jobs in services.

The grim implication is that women are trapped in a feedback loop. As long as women are the primary caregivers at home, employers factor the greater likelihood of their quitting or slowing down into their wages and other opportunities for advancement. But as long as a woman makes lower wages, her family will likely assign lower priority to her career rather than hamper the higher-earning family member.

One way out of this trap is for governments to push employers to treat men and women equally, regardless of the economic cost of doing so. But equal employment opportunity (EEO) legislation can never achieve perfect equality as firms have ways to disguise discrimination, and mandating parental leave has the potential to make matters even worse for women by

making it more costly for firms to employ them in the first place. So far, the most extensive experiment in female employment without regard to the cost of career interruption has occurred in Scandinavian countries, not by private sector firms (which disfavor women as effectively as firms anywhere else) but by governments, which employ women in public sector jobs. Governments, of course, can do this irrespective of cost because they do not face market competition. Their challenge is instead is to convince voters that socializing the costs of family work for the sake of gender equality (or for the higher rates of fertility needed to finance social security in the future) is worth the taxpayers' expense. So far, a majority of citizens in the Scandinavian countries have agreed.

But the only way to give women an equal chance at private sector jobs is to even out the cost to employers. This means changing norms and practices so that men and women are likely to take off equal amounts of time for child rearing and other family work. It is hard to see how this could happen without strong policy intervention in the form of government subsidies covering firms' costs of hiring women, or mandating equal parental leave for both men and women. (But trying to penalize male workers who do not share equally in child care leave may just reduce fertility, if it did not fail in lawsuits first.) No country has yet moved decisively in this direction, and the best paying and most challenging private sector jobs remain starkly gender segregated.

Still, gender inequality is not inevitable. It is the social codification of economically efficient roles, and fortunately for women, what is economically efficient has become more gender-equal in the last fifty years. But we have also seen that market solutions have their limits, and the service sector may have done as much as it can to advance gender equality. It would be pleasing to suppose that gender equality marches ever onward, but history provides no grounds for such optimism. Given the importance of public policy to take gender equality to the next step—that is, to equalize the costs of family work—it is important to look at women's participation in legislative politics.

The percentage of women in national legislatures has strangely little relation to other measures of gender equality in a society, such as the gender wage gap or gender norms. This puts a sharp point on our warning that gender equality is not simply awaiting an attitude transformation. But

there is another pattern underlying differences in female legislative representation. As in other labor markets, women do well in politics where career interruption is not costly. Where parties are comparatively strong and politicians are more or less interchangeable representatives of a party platform (as in the proportional representation countries of Europe), female legislative representation tends to be upwards of 30 percent—a few cases have reached virtual parity. Where parties are weak and politicians survive elections by establishing personal visibility and credibility as legislative players—often by establishing seniority in the legislative hierarchy—women do poorly. The United States illustrates this pattern: despite one of the highest female labor force participation rates in the world and a larger percentage of women in corporate management positions than any European country, the United States has a Congress that is only 12 percent female. We can show that this pattern reflects differences in constraints, rather than some strange cultural attribute, by looking at differences within countries. In the United States, the same voters who overwhelmingly choose male politicians for national office elect women to almost 30 percent of local and state offices. The reason: higher turnover at the local level makes seniority less valuable and career interruption less relevant. This same pattern can be seen in countries that combine party lists and single-member districts. In Japan, Germany, Italy, and New Zealand, women have a much better chance of getting elected to the party list portion of the ballot than to the district seats.

Political underrepresentation of women is thus an expression of the disadvantage women face in all high-powered careers. But female legislative parity may not be needed to implement policies that advance gender equality. There are many examples of politicians facilitating the aims of organized groups of activists without suffering public outrage as long as the public is not mobilized in opposition. Yet the challenges of building electoral coalitions in favor of greater gender equality are somewhat different in Europe and the United States. In the welfare states of continental Europe, where labor protections create barriers to female equality in the workforce, governments face predominantly male labor unions. Unions have to be convinced that leveling the playing field between men and women will not cost jobs for incumbent male workers. It is easier to do that in a growing than in a shrinking economy. In the United States, where

fluid labor markets have already generated high levels of female labor force participation, women at the top of the income ladder may feel that they have more in common with the men above them than with the women below them. Class politics crosscuts gender politics more in the United States than in Europe, and this makes majority coalitions in favor of new initiatives for gender equality hard to assemble.

Still, progress in gender equality has been very significant during the past four decades in some countries, and we think others will follow suit. Even highly gender-stratified societies can change radically in a short time as economic, behavioral, and normative changes reinforce each other to produce an avalanche. The rise of the postindustrial economy has improved women's opportunities in the labor market, raised divorce rates, and transformed gender norms. The interaction of these changes will cause significant pressure on public policies to change as well. One sign of the pent-up demand for change is the current fertility crisis in the countries with the lowest female labor force participation rates. When traditional policies force them to choose, women are sacrificing family for careers, and it seems increasingly unlikely that norms in these countries will move back into line with policies rather than the other way around.

Women have come a long way, but they have not arrived. The challenge for future champions of women's equality is to find ways to build coalitions for progressive change that take account of evolving family, workplace, and political bargains that structure politics, employment, and domestic life.

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1

A POLITICAL ECONOMY APPROACH TO GENDER INEQUALITY

For thousands of years, in most of the world's societies, women have had fewer life chances than men. Certainly they have been under-represented in the ranks of the rich and powerful. But even among ordinary folk, women have been subordinated to their fathers and husbands, and sometimes to brothers and grown sons. Even in the twenty-first century, men still dominate, if to a lesser extent. Patriarchy is so much a part of life that for many people it is largely invisible. This book takes male dominance as a puzzle to be examined.

Its sheer ubiquity among many different cultures and levels of economic development has convinced many scholars that patriarchy is simply a part of human nature, whether that nature's source is evolutionary or divine. But although patriarchy has ancient roots, it has varied considerably across time and place. Male dominance was much less pronounced in hunting and gathering communities before the Neolithic Revolution, and today young women in countries as diverse as the United States and Sweden look at the subordination of their grandmothers with bewilderment. A huge variety of factors has shaped this variation, ranging from biology to culture to changing economic and political arrangements. Historians and social scientists have illuminated different dimensions of them, but none has paid sufficient attention to the ways in which these arrangements interact with the domestic dynamics between women and men. That is our focus here.

We believe the standard tools of political economy can help to explain

why patriarchy is so common. It is not an inevitable part of our evolutionary heritage, like language acquisition or an omnivorous diet, but is instead a product of specific economic conditions that are nonetheless very widespread.¹ Existing social science on the family and gender relations tends to divide into two broad methodological traditions. One is rooted in a macrosociological approach that looks at how the organization of political, economic, and social institutions shapes ideologies and affects men and women differently in terms of income, careers, and political power. Esping-Andersen (1999), for example, attributes gender inequality to the institutions of the welfare state and the role of markets in the provision of services.² The large feminist literature on gender and the political economy traces macrolevel effects all the way down to the individual, where internalized social norms can create constrained preferences.³ The other approach is a microeconomic analysis of how the division of household labor, fertility choices, and consumption patterns arise from considerations of household efficiency or as the result of bargaining within the family.⁴ Both approaches provide valuable insights into gender inequality and family policy, but they are limited by the focus on either macro- or microlevel processes, and by their relative neglect of each other. In this book we seek a systematic integration of the two perspectives by embedding a microlevel household bargaining model in a macrolevel mode of production framework. In this embedded bargaining model the balance of power between the sexes inside the household is shaped by macrolevel conditions that define “outside options” in the event of marital dissolution.⁵ Because the relevant macrolevel conditions vary across time and space, so does the power of men and women in household bargaining. Who does the laundry, who decides where to spend the family vacation, how to spend income, and so on, are all shaped by the organization of the economy and the political system, so we need a model that pays attention to macrolevel institutions and processes. This includes cultural values in the sense that equilibria in the embedded bargaining game come with common knowledge about appropriate behavior. Such common knowledge is what we usually refer to as norms, and these can take on an independent causal force in situations where there are multiple equilibria.

But it is insufficient to say that macroconditions shape household bargaining since the microdecisions by household members in turn have sig-

nificant implications for macro-outcomes. When some women decide to enter into paid employment in spite of the attending social opprobrium—whether to achieve greater economic independence, improve their influence over household decisions, or as an insurance against divorce—they change the incentives of other women to do the same. Because of the externalities of individual decisions, once changes have been set in motion among some women they can cause a cascade of behavioral changes that shifts the macrolevel equilibrium and alters the division of labor, public policies, and even gender norms. In this book we therefore seek to explore the macroimplications of microdecisions, even as we try to understand how the microchoices are shaped by macroconditions. In this sense our ambition is to provide a general equilibrium model of the household where distinct family structures and gender norms are complements to distinct modes of production and political systems.

The embedded bargaining model, we suggest, can help make sense of many puzzling facts that are at the center of much comparative work on the family and political economy. One is the surprising speed of change in patriarchal norms, which philosophers and social scientists for centuries assumed to be immutable. Within just one generation a majority of girls in countries as different as the United States, Spain, and Sweden are brought up to have completely different expectations about their role in life than their mothers, or certainly their grandmothers. Reflecting the depth of this change, fifty years ago women were a rarity in higher education; today they outnumber men in many, perhaps most, Western countries. From the perspective of our embedded bargaining model, this transformation marks a shift to a new equilibrium with wide-ranging implications for the economy, gender equality, divorce, partisan politics, and gender norms.

To illustrate this shift in terms of norms, think of values that validate female subordination as a collective giving up on the possibility of female economic independence. When parents know that there is limited market demand for their daughter's labor, they will be more likely to feel obliged to equip her with attributes that give her every advantage in the marriage market instead. But rarely do parents—let alone their daughters—have to behave strategically in any conscious way, because social norms have a tendency to consolidate around economically efficient outcomes, and people