
DESTINED FOR EQUALITY

THE INEVITABLE RISE OF WOMEN'S STATUS

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Excerpts ...

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ties filling jobs using customary hiring strategies or a plan to cut labor costs. As women's domestic obligations shrank and more sought jobs, they better fitted what employers wanted. As more women sought jobs, more employers could envision hiring women as a sound strategy.

The processes that assimilated women into the economy recall how the enclosure acts in England produced a labor force for the early factories. The capitalist transformation of agriculture left many rural dwellers without either land or employment. This transformation turned the rural population into a ready-made work force for labor-hungry factories. Later, industrialization similarly "enclosed" women's traditional productive activities in the household by absorbing them into the economy. This process was quieter, less self-conscious, and less extreme than the enclosure movement. Still, it had the same result.

RATIONALIZATION VERSUS DISCRIMINATION

A long-standing debate about discrimination has bedeviled efforts to explain women's employment in terms of interests. One side argues that overwhelming evidence shows that employers consistently discriminated against women in hiring and promotions. The other side argues that competitive market processes severely limit the amount of discrimination that can persist in the economy. In truth, employers' reasons for discriminating against women mixed rational calculation and prejudiced beliefs. To grasp employers' actions, we must reconcile two opposing, influential positions that treat these alternatives as mutually exclusive.

Some adherents of neoclassical economics have claimed that prejudiced discrimination is practically impossible because self-interested competition forestalls it. They believe that a calculating concern with profits was unavoidable in a competitive market economy. According to this perspective, if employers consistently acted rationally, women must have received less pay and poorer jobs than men because they really were less motivated, less trained, and less dependable employees.

Opposing interpretations have claimed that only bigotry can explain employers' self-evident refusal to hire or promote women. Proponents of this view believe that women with the ability and motives

to become good employees were consistently rebuffed. The accounts stressing employers' discrimination imply that many employers consistently championed male ascendancy and believed in male superiority.

Both sides stand on sound empirical foundations. Historical experience shows that any known opportunity to make significant profits will attract some enterprising businessmen, even if they must violate laws and ethics. An abstract identification with male gender advantages could do little to impede a lust for money. Yet experience has also shown that ambitious women were consistently and emphatically obstructed by discrimination. Women were denied jobs, refused promotions, paid poorly, and generally treated badly by employers.

To make sense of these apparent inconsistencies, the proper question is *not*: did employers act rationally or did they irrationally discriminate against women? Instead we need to figure out how employers could both rationally pursue their interests and discriminate against women.

Economists have long recognized that employment discrimination—expressing employers' prejudices against women, racial minorities, older workers, and others—seems to contradict the expectations of economic theory. Economic theories usually assume that rational calculation and self-interest will guide people's economic behavior. This assumption implies that employers will always hire cheaper labor if they can increase profits. Discrimination seemingly defies this premise of modern economic theory. In response, economists have sometimes proposed that employers may indulge a *taste for discrimination* by accepting lower profits to avoid certain types of workers.⁷⁰ Treating prejudice as a consumer preference places bigotry on the same footing as enjoying ice cream, fast cars, risky investments, or health insurance: all appetites are equally irrational, but rational economic processes can control how much we get to fulfill them. Still, treating employers as consumers of labor does not explain discrimination, because *it is the absence of employers willing to exploit a lower-status group, not the presence of bigoted employers, that preserves discrimination, and thus needs explanation.*

The circumstances and motives causing employers to discriminate against women were varied. Distinguishing among these will help us to understand the opposite: why employers would start to hire or promote women.

- *Indirect or prior discrimination.* Employers without any explicit discriminatory bias in their hiring strategy often still hired only men. This outcome was unavoidable when every available person who fit the job-related criteria was male (no matter why this was true). In its pure form, this process implied *no* direct discrimination by the employer. Women did not compete successfully for the jobs because of past discrimination. Women lacked the skills, experience, or availability needed for jobs because of inequality and discrimination outside the firm. A contractor wanting to hire skilled plumbers, for example, would have been wasting his time seeking female plumbers. This discriminatory effect appeared mainly in hiring, but it could also occur in promotions when they depended on experience or opportunities external to the firm.
- *Statistical discrimination.* Employers sometimes mainly hired men because they believed men much more often met their needs than women did. In its pure form, employers who practiced statistical discrimination" were indifferent to employees' gender. They recruited consistently from a group they judged a dependable source because they considered that an effective strategy. In simple terms, statistical discrimination implied that the men available were not so consistently preferable to women as in indirect discrimination, yet employers believed that too few women were potentially good employees to merit the effort of recruiting them. Note that employers usually discriminated statistically only when hiring new employees.
- *Extorted discrimination.* Employers sometimes refrained from hiring or promoting women because they feared costly male retribution. They discovered, or at least believed, that they would incur added costs because their male employees or men in other firms or husbands would resist women's employment.⁷² In its pure form, employers who practiced extorted discrimination were indifferent to employees' gender, but responsive to masculine racketeering.
- *Prejudiced discrimination.* Employers sometimes hired and promoted men because they believed that only men should have good jobs and that women should stay at home. This ideologically induced strategy typically increased costs. Consistent with Gary

Becker's analysis, it implies that employers willingly paid higher wages to ensure that women stayed home where they *belonged*. (In contrast, the preceding forms of discrimination were consistent with employers' efforts to curtail costs.)

All four forms of discrimination were widespread and persisted for two reasons. First, the widespread inequality between women and men meant that all forms of discrimination were pervasive and mutually reinforcing. Second, a small amount of prejudiced discrimination by employers could go a long way to sustain a much larger pattern of economic discrimination against women. This second point is terribly important. Most employers' decisions that favored men were economically reasonable decisions derived from indirect, statistical, or extorted discrimination. In the limited circumstances when women did offer themselves as serious job competitors with men, employers incurred little cost by refusing women good jobs. Therefore, employers could indulge the typically low costs of prejudiced discrimination, and these acts effectively reinforced the other obstacles preventing women's economic advancement.

At any time, few employers faced a realistic opportunity to increase profits significantly by employing or promoting more women. As Kenneth Arrow's analysis of discrimination has stressed, women offered employers few economic advantages and potentially high costs when in the short run only a few could be added to an established male work force.⁷³ Several circumstances limited the possibilities for profit. The general effects of inequality made women less experienced or trained, less likely to be seeking jobs, and less likely to succeed in positions mainly held by men. Because inequality caused jobs to become sex segregated, women were usually not applying for jobs in male occupations, increasing the effort and cost required to replace men with women. Also, within the short time frame that influenced thoughts about hiring policies, employers usually expected to hire only a small proportion of their work force (to replace others or to expand). Realistically, then, employers wondering if they should change strategies and begin hiring cheaper female labor would usually see that only a few jobs were at stake and that even finding women for them was a risky business. As a result of these circumstances, employers who did not hire or did not promote women usually were not sacrificing an

opportunity to boost profits significantly by altering their policies toward women.

Therefore, employers usually could indulge prejudiced discrimination against women *at little cost*. From most employers' perspective, the cost of prejudiced discrimination was the value of forgone opportunities they experienced, not the profit potential theoretically available through broad employment of women in their firms. Employers only occasionally had to decide if they would pass over women for promotions or hiring. On those occasions, employers commonly saw little economic incentive for choosing women.

Though only narrowly exercised, employers' prejudiced discrimination against women was effective because it guarded the ports of entry by which women would gain access to better jobs. This resembles the way legal or social sanctions punishing a few people who violate our norms restrain the actions of many. Typically, a few ambitious, determined, or desperate women led the way into an occupation, industry, or firm. By blocking the first women who would lead the way, prejudiced employers blocked all those who would follow as well. Discrimination also had a self-enhancing effect that was particularly consequential for higher-status jobs. The existence of widespread discrimination against women, for any reason, diminished women's effectiveness and potential as employees. This made women poor risks for high-status jobs, giving even unprejudiced employers pragmatic interests in not advancing women.

The processes sustaining discrimination against women suggest a bizarre mutation of Adam Smith's "invisible hand," which produced a collective good from individuals' pursuits of private self-interests. Here we see something different. As many employers occasionally indulged their prejudices with slightly irrational hiring, together they produced economically irrational discrimination on an extensive scale.

Over time, because hiring women increasingly coincided with employers' interests, more women did get jobs. When women's labor offered a substantial opportunity to raise profits, at least in some industries and occupations, practicality ultimately prevailed over prejudice. Labor shortages, women's lower wages, or the threat of legal battles could make hiring women a profitable strategy. Firms that seized the opportunities for higher profits by hiring women gained an advantage. Others would find it more difficult to expand and to endure until they copied the strategy of hiring women.

Women's rising employment did not end discrimination, however, but changed its form. Employers usually hired women for different jobs than men. Occupational segregation allowed women to find jobs but denied them entry to "men's" jobs. Occupational segregation between "women's jobs" and "men's jobs" allowed employers a moderately rational balance between preserving discrimination and exploiting women's cheaper labor for profits. Segregation, both within firms and between firms, avoided resistance from threatened male workers without fighting against extorted discrimination. Segregation within firms allowed employers to exhibit prejudiced discrimination without forgoing the benefits of women's cheaper labor. Distinguishing between "women's jobs" and "men's jobs" had allowed employers to hire women without adopting completely impersonal employment practices. Women's and men's labor markets remained distinct. Instead of the separate spheres of employment and household that had divided men and women in the nineteenth century, the economy had created separate spheres of "men's jobs" and "women's jobs." This artificial division of labor in the economy proved even less durable than the earlier division of labor between economy and household.

The displacement of prejudiced discrimination in favor of impartial pursuit of economic interests was furthered by rationalization, another process integral to the development of the modern economy. Rationalization was a dominant theme in the work of the great social theorist Max Weber.⁷⁴ He considered rationalization a fundamental principal of modern society. According to Weber, rationalization permeated and transformed most institutions, revealing itself in such diverse arenas as the law, economic activity, political domination, and even musical composition. Organizations rationalize by adopting rules and procedures for decision making. In firms, rationalized processes stress practical calculations of the costs, benefits, and risks associated with alternative actions or strategies.

Generally, effective rationalization meant a firm was more responsive to organizational interests. Rationalization in the economy reduced the importance of employers' prejudices and increased the importance of interests for employment practices. Rational administration inherently opposed procedures that did not well serve the pursuit of profit. When discrimination against women was economically unsound, it was inconsistent with the rationalization of business practices.

Two primary processes motivated rationalization in the economy.

The first was competition. Because firms following rational practices usually had a higher likelihood of success, the marketplace impartially weeded out more irrational firms and let the more rational ones grow and propagate. Competition between firms favored the rationalization of employment practices in a simple, indirect, but brutal manner. If firms chose strategies lowering labor costs, they could expand their sales through effective price cutting. This pressure toward rationalization mattered most in highly competitive industries.

The growth of large, complex organizations was the second process that propelled rationalization in the economy. When firms grew large, those at the top found that controlling their organizations was inherently difficult.⁷⁵ As Weber's work implies, large organizations, consisting of positions filled through employment contracts, had an inherent tendency toward rationalization. In large organizations with diverse activities, control became a political problem, requiring intervening levels of authority. To control these intervening levels of authority and to stabilize practices against an unpredictable turnover of personnel, organizations adopted rule-based governance. Rules could be, and often were, irrational, of course. Still, the logic of a rule-based control system stressed rational interests over prejudice. Also, competition (between firms, organizations, divisions within organizations, and managers aspiring for promotions) punished those whose irrational rules significantly limited effectiveness.

As firms rationalized, they increasingly applied impersonal standards. A systematic, calculating approach to decisions always clashed with the use of particularistic criteria and personal biases. Organizations used rules and standard procedures to regulate the hiring and promotion decisions (and other actions) occurring at intermediate ranks. These rules also increasingly restricted the exercise of simple prejudice unless the rules embodied prejudice. As impersonal standards prevailed, economically unsound discrimination became easier to abandon.

This intensified rationality did not everywhere lead to greater employment of women. Some industries, regions, and firms experienced less rationalization. The circumstances of some rationalized firms promised no benefits if they hired more women, especially for high-status positions. Still, if hiring or promoting women offered a predictable opportunity to increase profits, rationalized firms usually would hire women.

Rationalization did not lead firms to embrace egalitarian philosophies or to champion promoting women into good jobs. A rationalized firm simply became increasingly indifferent to the sex of its lower employees. It still needed an incentive to change its practices. When and only when firms perceived worthwhile economic incentives did they make serious efforts to hire or promote women.

Employers' interests in abandoning discrimination rose as changing conditions altered their interpretations of self-interest and the opportunities to increase profits. Indirect discrimination occurred through general unequal treatment of women external to any specific firm. Indirect discrimination necessarily declined as the other forms of discrimination and other aspects of gender inequality it represented declined. Statistical discrimination against women gave way when employers believed more women were worth hiring. Shortages of male labor, greater availability of female labor, increased value of female labor, and occupational segregation shifted employers' interests toward hiring women. The amount of discrimination "extorted" from employers depended on the costs they expected from men's resistance to women's employment weighed against the opportunities to increase profits by hiring women. Such discrimination declined when the costs of male resistance fell or the value of hiring women rose. Therefore, the same conditions that reduced statistical discrimination by increasing the profit incentives for hiring women also worked against extorted discrimination. In the long run, male workers, businessmen, and husbands resisted women's employment less, reducing the pressure on employers to engage in extorted discrimination. Once conditions made external statistical and extorted discrimination inconsistent with their interests, employers either abandoned discrimination or pursued it because of prejudice.

The conditions that eroded prejudiced discrimination were also similar, though less well-defined. Employers responded to the trade-offs between discrimination's costs and their commitments to a prejudiced view of the world. When employers had good opportunities to make money by hiring women, prejudiced discrimination became costly. Employers did not lightly endure significant costs they could avoid. Over time, the costs of discrimination rose.

As more women were hired and promoted, the success of these women validated the rationalization process on two levels. Workers and employers saw that women were capable. This result ratified the

opinions of those who supported rational standards and eased the fears of those who did not. To the degree that women's productivity surpassed their costs, companies that employed these women experienced apparent economic benefits. These outcomes reinforced the rationalization process and further fueled the advancement of women.

The debate over seemingly irrational discrimination has persisted because both sides have somewhat confused the issues. In particular, the time frame is crucial. Economists who claim that competition will discipline employers so as to prevent sustained discrimination sometimes neglect the constrained conditions within which employers make decisions. In the real world of short-term strategies, employers could long engage in discrimination against women (and others) without incurring significant costs. Given the difficulties of attracting female applicants and identifying good female workers, the resistance of the male work force, the cultural lenses through which people were evaluated, the detrimental effect of past discrimination on the experience of female labor, and the marginal hiring that most employers would do in a short period, employers usually found that discrimination against women came cheaply if it cost anything. However, those who reject the economic analysis have largely overlooked the same processes. For the economists are right to argue that market forces are powerful and that economically irrational discrimination is unstable. In the long run, market forces do induce employers to use female labor where it will enhance profits. Economists have sometimes erred by suggesting that market forces will have the instantaneous effects in real life that they obtain in theory. Those rejecting the economic account have made the same error, inferring that if it could be shown that market forces did not prevent prejudiced discrimination in the short run, it could be inferred that they were not effective.

Thus, two essential points allow us to resolve the debate over discrimination. First, much discrimination that might appear to be economically irrational on the surface is really rational or at least not very costly to employers. Second, the market forces that economic theory suggests should clash with discrimination are influential, but their effects take generations to play themselves out.

Even as economic conditions swung employers' interests firmly on the side of hiring women, however, occupational segregation allowed high levels of discrimination against women. In pure economic terms, the prospects of completely integrating women into the economy

rather than restricting them to low-status occupations did not promise any significant opportunities to increase profits. To put it differently, if we restrict ourselves solely to the effects of people's job performances, substituting the more skilled, talented, and experienced women for less valuable men in high-status jobs would have been economically rational. Yet even if we consider a complete transformation rather than the incremental changes within employers' power, no evidence suggests that productivity would have been significantly affected. Production simply was not that sensitive to the quality of personnel available to fill high-status jobs (partially because job allocation processes were too crude to reflect such a change in potential). Something else had to happen.

SMASHING THE BARRIERS BEFORE HIGH-STATUS JOBS

Women's gradual movement into the economy seemed unable to extend above the middle rungs of the occupational ladder. After World War II, women took new jobs at a continuously rising rate, accelerating their century-long movement into the economy. Yet they still rarely got positions with authority or high rewards. High-status jobs seemed insulated from the effects of the long-term processes that induced employers to hire women for lower-status jobs.

From the 1960s onward, political actions, not gradual economic or structural changes, finally let women penetrate high-status occupations, for example as professionals or managers.⁷⁶ The state enacted policies against discrimination and allowed women legislative and judicial redress of discriminatory practices. Through political organization and collective action, women used these channels to arrest employment discrimination by making it too costly. Women's organizations sometimes also used direct action against employers with sit-ins, picketing, or strikes, tactics also designed to discourage discrimination by making it too expensive.

Why did women move into high-status occupations through a political process rather than smoothly completing the long-term process that had gradually brought women into the economy for over a century? Essentially, the processes that had great impact on low-status occupations and low-status positions in firms had only weak impact on high-status jobs. The circumstances of high-status jobs subdued each of the economic processes favoring women's assimilation.