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Author(s): Robert Lekachman

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# POWER AND POWERLESSNESS

## On Economic Equality

**Robert Lekachman**

Odd though it may seem to begin a series of reflections on sexual inequality with a reference to the military, let me offer the Pentagon as a superb example of the economic effects of coercion. Until a few years ago, generals, admirals, and their political allies agreed that conscription was the only way to collect a sufficient number of reluctant youths to be dragooned, however unwillingly, into two years of tedium, petty harassment, and advanced training in the use of drugs and alcohol. The unlucky minority who fought in front-line Vietnam units encountered, in addition, serious danger to physical survival. In ways obvious to all, the draft was an unfair, class- and income-biased mechanism from which many of the educated, affluent, and influential routinely escaped.

One of the innovations of the Nixon era was the substitution of an all-volunteer force for the military draft, presumably as a device to diminish opposition to war in Vietnam on the part of middle-class university students and their families, fearful that escape from the draft might after all be blocked. In order to recruit its human prizes, the Pentagon has been compelled to offer a pay scale comparable to the rewards of alternative civilian jobs. In 1975 the military novice earned something like \$4,000 each year, in addition to free food, shelter, clothing, and medical attention. As a consequence, the share of personnel expenditures in the Pentagon budget has ballooned. Defense officials begin a

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winter budget offensive with a recital of the pitifully few billions of dollars that remain to purchase military hardware and develop more lethal weapons systems after the troops are paid and the ravages of inflation are assessed.

For national income statisticians, the termination of conscription inflated Gross National Product, which rose by the difference between the financial rewards of draftees and volunteers. Save on the implausible assumption that volunteers are more "productive" than draftees, the Pentagon extracted, man for man, a product no larger under the new arrangement than under the old one. It was now clear that by the test of the market draftees had been compelled to labor at wages below the value of their efforts. Or, to state the conclusion somewhat differently, draftees had been forced to subsidize national defense by the monetary difference between payments under old and new arrangements. The misleading cheapness of military labor under conscription encouraged wasteful use of an underpriced resource. The army is now planning to form two additional divisions out of its support elements. Such is the normal entrepreneurial response to the treatment of any unexpectedly expensive component of the productive process: the good manager economizes as best he can and substitutes machines for men wherever he can.

The situation of women reflects a partial analogy to the condition of conscripts. In January 1973 a British magistrate sentenced a certain Peter Giles to clean an old-age pensioner's flat as punishment for a minor misdemeanor. His colleagues on the Bench rapidly copied his example. On this practice a female reporter on the London *Evening Standard* commented: "It may come as a surprise to the magistrate that thousands of women in this country are interned for varying periods of time, week in and week out, performing the new ultimate deterrent known as 'housework.' Many are finding it increasingly difficult to remember what offence they committed in the first place."<sup>1</sup>

If housework expands to fill the time available for its performance, an explanation lies in the circumstance that in market-oriented economies few activities are esteemed unless they are validated by the sort of transaction which establishes a seller's merit by a buyer's eagerness to surrender cash for the service or product which is offered. As an inferior substitute for the accolade of commerce, women compete for the praise of family and friends. The ambiguity of their efforts is underlined by the extremely successful campaigns mounted by food processors, advertisers, and supermarket chains to substitute factory meals for home cooking, on the scarcely disguised premise that food chemists, industrial dietitians, and corporate managers know more than mere housewives about nutrition and food preparation.

1. Quoted by the *New Statesman* (January 10, 1975), p. 48.

National income accounts, from their contemporary inception in the 1920s, have excluded unpaid household labor from society's product. As the author (male) of a recent introductory text explains this statistical custom: ". . . it is necessary for practical reasons to omit certain types of final product from gross national product. In particular, some nonmarketed goods and services, such as the services performed by housewives, are excluded from the gross national product. This is not because economists fail to appreciate these services, but because it would be extremely difficult to get reasonably reliable estimates of the money value of a housewife's services." But, our guide quickly reassures his readers, there is no real reason to fret: "At first glance, this may seem to be a very important weakness in our measure of total output . . . [however] so long as the value of these services does not change much [in relation to total output], the variation in gross national product will provide a reasonably accurate picture of the variation in total output. . . ."<sup>2</sup>

How on earth can the most erudite national income estimator know whether or not the value of household services has changed over time unless he devotes at least as much attention to examining what goes on in his society's kitchens as his colleagues in the Bureau of Labor Statistics dedicate to the study of family budgets upon which the Consumer Price Index is based? Only a moment's reflection by any middle-aged individual is enough to identify how much work which a generation or so ago was based in homes is now, for better or worse, the province of commercial laundries, bakeries, food processors, fast-food emporia, and clothing factories. If, all the same, women devote nearly as many hours to domestic tasks as their mothers and grandmothers before them, they must be doing something different and, in all probability, either more or less valuable. It follows that unless home baking, cooking, and sewing are commercially worthless, the statisticians (overwhelmingly male) have steadily exaggerated the improvements in living standards they usually report by the difference between the values of home and market products and services. It is impossible to guess at the magnitude of this numerical distortion until serious attention is paid to the labors which occupy much of women's time and a lesser share of male energies.

The national income accounts promote an even graver error in misrepresenting households as essentially noneconomic units, presumably regulated by such higher human impulses as altruism and affection. One can hope and even believe that these attractive emotions are pervasive in the American home without excluding the family's economic role. As an economic unit, the household is a small business enterprise in which husbands and, frequently, wives invest cash (their earnings) and

2. Both quotations in Edwin Mansfield, *National Output, Income, and Employment* (New York: W. W. Norton & Co., 1974), pp. 142-43.

labor (mostly female) in order to generate a predictable flow of meals, clean clothes in good repair, comfortable and attractive surroundings, transportation, and entertainment, not to mention minor medical treatment, instruction, and the pastoral services of advice, comfort, and reassurance. Each activity or product is matched by one or several commercial analogues, ranging from psychiatric treatment, through restaurant meals, to sugared breakfast cereal and TV dinners. The market is distinguishable from the home as an economic phenomenon by the tendency of the household partners to consume instead of sell the output of their enterprise.

The implications of this definition of the home as an economic unit and its manager as usually a woman are potentially important. By long-standing statistical convention, rents are imputed to owner-occupied houses as a portion of national income. If a weekly salary were imputed, even though not actually paid to the manager of a home, she would become eligible, *inter alia*, for social security coverage in her own right, workmen's compensation,<sup>3</sup> and, most important, full tax credit for the business expenses of administering a household.

The last possibility is a reminder of the outrageously inequitable difference in treatment by the Internal Revenue Service of the business expenses of conducting an ordinary profit-making enterprise and the homemaking and child-care expenditures incurred particularly by working wives. Businessmen list as tax deductions everything from rent, light and power, materials, contributions, and wages and salaries, to lunches with customers and each other. By infuriating contrast, Congress has limited child-care deductions to \$400 per month. With meticulous meanness, the tax code limits this small boon to youngsters under fifteen years of age—\$200 for one child, \$300 for two, and \$400 for three or more. Moreover, if the family's adjusted gross income exceeds \$18,000 the monthly tax-deductible expense allowance must be reduced by dividing one-half of the excess over \$18,000 by twelve. In the eyes of the authorities, any tax concession to working wives is a favor. Running a home, for tax purposes, implies a status inferior to the most trivial of paid jobs. In its 1975 antidepressant tax cut, Congress grudgingly liberalized the allowances to a very limited degree.

The worldwide phenomenon of sex discrimination, visible in socialist and capitalist, developing and developed societies, is apparent not only in the statistical concepts and tax privileges that almost automatically discriminate against women. Everywhere social and legal arrangements are tilted against equal rewards and opportunities in paid work itself despite the facts, which the International Labor Office re-

3. Homes are more dangerous working environments than offices and many, if not most, factories.

cently summarized,<sup>4</sup> that a larger percentage of women work than ever before; that an increasing proportion are married; that a growing percentage are mothers; and that the economic motivations of women are similar to those of men. On the whole, women are less educated, and even in countries like the United States, which operate under solemn statutory guarantees of sexual equality, women are rare in professional schools, scarcer still in politics, and least represented in the higher executive reaches of banks, life-insurance companies, and major corporations. In the midst of the 1975 depression, *Business Week* saw fit to explore in a long story the shortage of executive talent.<sup>5</sup> Not a single woman was mentioned by name, nor was there a discussion of women as an unexploited source of managerial ability.

As the ILO report glumly observed: "Girls and women continue to encounter discrimination in employment and occupation in most countries. The imbalance in their integration in the workforce can be traced in large part not only to the deficiencies in their education and training . . . but also to practical discrimination in access to and advancement in employment and occupation."<sup>6</sup> At entry levels, young women are admitted to few apprenticeships, specialized vocational training programs, or positions in traditionally male activities. When older married women return to the labor force, ". . . the jobs women found . . . were largely confined to the traditional women's industries and occupations."<sup>7</sup> Finally, maternity itself presents a variety of discrimination. Analyzing women's decisions in favor of children rather than uninterrupted careers, Jacob Mincer and Solomon Polachek in their 1973 paper, "Family Investments in Human Capital: Earnings of Women," estimated the true cost of a baby as the average wages paid in 1966 for women with similar educational preparation plus the value of the training foregone plus the present value of future wage reductions entailed by diminished training. As *Fortune* reported in their findings: ". . . for a woman in her late thirties who had not finished high school, the average cost per child in 1966 would have been around \$8,000, spread over eight or nine years. For a woman who had gone to college, the cost would have been around \$17,000, spread over about five years."<sup>8</sup> The two economists speculated that declining American fertility rates might be related to spreading realization by women of the rising value of the earning lost because of interruptions of normal professional progress.

Fair enough. Or rather, unfair enough. The burden of these losses

4. See *Equality of Opportunity and Treatment of Women Workers*, report 8 of the International Labor Conference, 60th Session (Geneva, 1975).

5. *Business Week* (March 10, 1975), pp. 44 ff.

6. *Equality of Opportunity*, p. 33.

7. *Ibid.*, p. 32.

8. *Fortune* (March 1975), p. 182.

inflicted upon women is aggravated by the distorted comparisons between maternity and continuous professional activity which current tax regulations, employer practices, and social prejudices now inflict. If, on the one side, the economic value of work in the home is now radically underestimated, it is equally true of the other half of the equation that the potential value of women's paid labor is artificially reduced. The numbers on both sides of the job-child comparison are much too small. When a wife becomes a mother, the value of her domestic labors ought to increase by the commercial equivalent of the child care she undertakes at zero compensation.<sup>9</sup> In the world of paid work, women's earnings would move toward parity with male rewards if women were fairly treated, granted appropriate tax benefits, and judged on the same basis as men for training, responsibility, and promotion. In such happy circumstances, maternity accompanied by temporary withdrawal from the paid labor force would entail far larger losses of income than Mincer and Polachek's calculations suggest.

Much of the interplay between home and marketplace reflects social imputations of women's inferiority in both locales. Since it is unpaid, work in the home is undervalued in capitalist societies. When women leave their homes, they are channeled to women's occupations which are also undervalued, partly because of their association with "free" domestic labor. Thus the reasons for treating the household like a small business include simple justice but also assistance to women in making rational choices among jobs, progeny, personal child care, and paid surrogates.<sup>10</sup>

What difference would it make if women achieved complete economic equality? It is plausible to identify two different patterns of change. Women may content themselves with larger shares of an economic pie baked to the same male recipe out of the identical ingredients which now go into the communal pastry. It is also possible that the path to sexual equality will promote movement along other dimensions of social change. In particular, equality of the sexes may imply transformation of contemporary work and consumption patterns.

Even the first, more conservative vision of an equal future demands institutional changes which are likely to impress men, if not women, as substantial. In factories, women will be machinists and tool- and diemakers. In architects' offices they will be draftsmen and designers. On construction sites they will be foremen and superintendents. In addition, of

9. Here I propose no more than computing the value of household services and adding the total into the GNP. A far more radical proposal would require actual payment of salaries to the managers of households at public expense and raising the vast sums involved through the tax system.

10. An excellent technical discussion of these issues is to be found in Estelle James, "Income, Employment and Sexual Integration" (paper presented to the Eastern Economics Association, Albany, N.Y., October 1974), and in an earlier version incorporated in Cynthia Lloyd, ed., *Income and Employment Effects of Women's Liberation* (New York: Columbia University Press, 1975).

course, they will be admitted fairly to schools of law, medicine, engineering, and business administration. On a similarly sex-blind basis, they will be awarded, on merit, graduate fellowships and assistantships. In such a favoring context, the distribution of advanced degrees among men and women will move toward parity. But the advanced degrees will disappoint the women who earn them unless equal treatment is extended to the universities, professions, and corporations. The all-male clubs where quiet deals are now arranged will be thrown open to female members. Corporations will offer equal access to executive training and to the geographical transfers which now test the versatility of young male managers. In a decade or two, no newspaper stories will celebrate the woman who is promoted to an important job in a corporation. The landscape will be strewn with women presidents and board chairpersons of General Motors, IBM, and their peers.

A decade after passage of the 1964 Civil Rights Act complete with its Title VII trumpet blast against sexual and racial discrimination in employment, progress is slow. In 1971 male college students outnumbered their sisters 5,207,005 to 3,741,639.<sup>11</sup> On university faculties, women remain a minority substantially less well-paid than their male colleagues. In 1969 approximately half of male faculty earned less than \$12,000, but four-fifths of women faculty found themselves in this situation. At the top of the scale, 3.1 percent of the men but a mere 0.5 percent of the women collected more than \$25,000.<sup>12</sup> Although the numbers are larger in better-paid professions like law and medicine, the income distribution by sex is similar.

But if by 1989, the silver anniversary of Title VII and the bicentennial of the American Constitution, women and men are at last evenly distributed up and down the prestige and income ladders of business, universities, and politics, what then? There is no economic problem of equal pay for women if the community is prepared to transfer existing resources. It is possible to increase the percentage of women in university faculties and to raise their salaries to parity with men if, in tax-supported universities, higher taxes are imposed in order to pay the increased salaries and if, in private universities, higher tuition is charged. As a general proposition, the issue is not one of resource shortage. It is one of distribution. Unless the economy grows more rapidly than is likely, the general economic equality of the sexes will have the effect of giving women somewhat more and men somewhat less. Thus, general economic equality may not be universally popular.

In spite of this outcome, if even distribution occurs more men will prefer household to business management. If, as I believe, a prerequisite of sexual equality is redefinition of the household as an economic unit, running an efficient home enterprise will confer respectability upon the

11. U.S. Bureau of the Census, *Statistical Abstract, 1971* (Washington, D.C.: Government Printing Office, 1973), p. 133.

12. *Ibid.*, p. 134.



woman or the man who freely chooses this occupational alternative. Both sexes will be encouraged to make rational comparisons between home and outside employment. In many marriages it will make excellent economic and emotional sense for husbands to run homes and wives to forage in the outside world, particularly when female marriage partners can earn substantially more in business or professional activity. Liberalization of household-expense deductions will facilitate, as a third choice, outside employment for husband and wife and engagement of child- and home-management specialists—male or female.

An additional implication of equality is the probable narrowing of present differentials between better- and worse-paid occupations. Executive salaries and medical and legal fees have reached their present levels partly because of various clubby arrangements which limit competition even among men, partly because women are almost entirely barred from promotion to high managerial posts and substantially discriminated against in the race for partnerships in large law firms. *Business Week's* concern over the scarcity of first-class managers will certainly be alleviated by a doubling of the pool of human talent. In even approximately competitive markets, a rapid expansion of human supply will push financial rewards down.

When women are really free to fight on equal terms for the best jobs and professional opportunities, fewer of them will try to be public school teachers, nurses, dental hygienists, secretaries, administrative assistants, dietitians, and other traditional and traditionally ill-rewarded employees. In these women's occupations, wages and salaries will rise as employers compete for a diminishing supply of applicants. As rewards rise, more men will be inclined to enter the competition, and the definition of these occupations as women's work will fall into disuse. Differentials would narrow between nurses and doctors, elementary and college teachers, executives and secretaries, dentists and dental assistants, etc.

The redistribution of rewards is no small matter for the men and women whose lives, activities, and self-esteem are affected. Nevertheless, my assumptions have been implicitly conservative. I have *not* asserted that there will be any significant alteration in factory, office, and classroom life. Where work is routine and mind dulling, it remains routine and mind dulling. Where in the bad old days personal success required organized lying, as in politics, advertising, and public relations, so it will be even in the brave new world. In the corporate world, where those who climb to the top stamp on the fingers of those just behind them, women, like men, will sing no sad songs for their vanquished rivals. Women will wrest their fair share of society's prizes and not pause to inquire about the costs of the contest.

My second interpretation of equality's possible consequences may be readily misunderstood as imputing to the two sexes different characteristics, or, at least, different distributions of common characteristics. I

do not think that men and women naturally are endowed with distinctive collections of abilities and traits of personality. However, sex typing, differences in expectations on the part of parents, teachers, and employers, and social channeling into male and female activities, combine inevitably to influence the way that the human targets of these intentions behave. Women are expected to be more sensitive to the feelings and emotions of others, more intuitive and less logical than men, less aggressive than men in the competition for place and self, and more likely than their brothers to be influenced by old-fashioned standards of ethics and honesty. The real world, as we all endure it, is notoriously full of timid men and aggressive women.

Yet social expectations affect the behavior of gentle men and strong women. The men, fearful of charges against their masculinity, endeavor to suppress the softer side of their nature. The women, equally sensitive to imputations upon their femininity, try to check the harsher traits in their natural character. Women who are presumed to be patient try to be patient in the tedious jobs their patience awards them. Men whose success is measured by their supplies of aggression and their ruthlessness in competition will at great psychic cost deny their own compunction at the damage they wreak in pursuit of total victory.

At their extreme, male role models demand symbolic or actual destruction of "enemies." Such seems to be the explanation of the savage Christmas bombing of Hanoi just prior to the Vietnam "peace" of January 1973. The terms upon which American forces withdrew with "honor" were in January much as they were in October 1972. Ford-administration reluctance to give up on the hopeless Lon Nol regime in Cambodia in the spring of 1975 must have had more to do with Ford-Kissinger psychic needs to "stand up" to the enemy than to the objective realities of a calamitous American policy.

Destruction in Vietnam, alas, was steadily physical. But as angry veterans of the best American professional schools have taken to testifying, achievement as a student at a law school or a graduate school of business administration involves the symbolic disgrace of rivals.<sup>13</sup> One wins in business, law, and elsewhere not alone by doing better than one's adversaries, but also by compelling public concession of both victory and defeat. In 1975 we can perhaps afford to laugh rather than cry at the White House "horrors" John Mitchell alluded to in the Watergate hearings in the summer of 1973. Nevertheless, Watergate exemplifies an attitude unlikely soon to vanish from our politics.<sup>14</sup>

None of the scandals of Watergate—milk funds, ITT, miscellaneous

13. For life at the Harvard Law School see *The Paper Chase* (Boston: Houghton Mifflin Co., 1971), John Jay Osborn, Jr.'s, novel of angst in the lecture room. Peter Cohen's account of machismo at work in the Harvard Business School is well told in *The Gospel according to the Harvard Business School* (New York: Doubleday & Co., 1973).

14. See Safire on Kissinger: William Safire, *Before the Fall* (New York: Doubleday & Co., 1975), pp. 161, 212.

campaign skullduggery—touched a single woman politician. No woman member of the House of Representatives has, to date, been accused of accepting illegal corporate contributions. Do men think that men are easier to corrupt than women? Are they correct? Women are by nature no better than men. Why should they be? Yet by and large they behave better than men. The stereotypical traits reserved for women are precisely the ones required to diminish aggression and competition among individuals, groups, and nations. They are also the traits which, if generalized to behavior in factories, offices, and government bureaus, promise a transformation of the work environment.

American society has successfully co-opted middle-class blacks, young revolutionaries, and once-militant trade unionists. It would be a rash prophet who predicted a better fate for women. As an egalitarian, I shall faintly applaud with one hand a victory of the women's movement which consists only of a fairer distribution of the rewards of a highly defective market capitalist society. A better, but probably more utopian, outcome implies the triumph and generalization of the values now deprecated as merely feminine. Should the day arrive when "feminine" values are held in higher esteem than various cut-rate versions of militantly military virtues, schools will teach, hospitals will heal, advertisers will rival each other in speaking the truth, and politicians will consult the interests of the governed.

*Herbert Lehman College of the City University of New York*