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BARBARA, THE MARKET, AND THE STATE

Nancy Folbre

ABSTRACT

Some reflections, in poetry and prose, on Barbara Bergmann's contributions to economic theory.

KEYWORDS

Bergmann, discrimination, child care, feminist theory

A FAIRY TALE

People say that, once upon a time, there was an emperor,
Fond of silks and satins, vain to a fault, fearful that his naked parts
Did not measure up, who employed many a tailor to construct
A wondrous wardrobe that could make him look greater than he was.
Yet he also wanted to seem good and kind and true because
His authority rested on the consent of those he ruled.

The emperor's objective function, economists would describe
As positive and decreasing in all Z goods related to his own
appearance
And consumption; picture an indifference curve describing
combinations
Of virtue and privilege that would equally suit; equilibrium depends
On the relative price of both, the noble budget line, and hence,
It matters that honesty is by far the most expensive good.

Of this, the emperor was well aware; by birth and training both
He was a rational economic man, indeed, a Harvard Ph.D.
So when a good deal came along, he laughed, he smiled, he hired
The tailor who offered two goods for the price of one, a suit of clothes
Flattering to the body and the soul – it could be seen only by those
Of perfect virtue; no sinful mortal could perceive, much less under-
stand it.

The courtiers vied to offer praise and explanation, suggesting that
The tailor who designed this suit (it was said to have three pieces,
Narrow lapels, an Italian look) could not himself be seen,
Paeans to his invisible hands were sung, theorems and proofs devised,
Along with models, tests of significance, and some accumulated lies.
The emperor's new clothes acquired the power of a sorcerer's spell –

Until one day the theoretically well-dressed went on parade.
It was, perhaps, quite chilly out; the emperor knew he should feel
warm,
But nonetheless began to shiver, poor man, he actually had nothing
on;
A TV anchorman praised his coat, but many viewers had just begun
to doubt,
The story goes, when a young boy grabbed a mike and began to
shout . . .
But this account, of course, was written by a guy.

In fact, it was Barbara who announced that the emperor wore no
clothes,
And at first everyone insisted this was too vulgar to be true,
But then she took a needle from her purse, and pricked the royal
derrière,
The spell deflated, a few people in the crowd began to cheer,
And even the tenured courtiers began to fear
The common-sense critique we call a Barb.

I thought I might work up a rap version of this poem for music television.
In it, I think Barbara should wear the fabulous orange and gray Ghanaian
outfit with the matching turban that she wore briefly at last summer's Inter-
national Association for Feminist Economics conference. While writing this
paper, I sent Barbara an e-mail message and asked for a copy of her vita and
she sent it with the following qualification:

It says nothing about my upbringing in the sour-cream-drenched
Bronx, God's mistake in failing to answer my prayer when I was 5, my
crucial visit to the Russian pavilion at the New York World's Fair in
1938, my maiden air trip in the same year from LaGuardia Airport to
Newark Airport and back, my years roaming the Cornell campus in
high heels and lipstick in the fruitless quest for a husband, and the
time I was accused by an official of the Census Bureau of sabotaging
the 1980 Census.

I realized my own vita says nothing about the really important events in my
life either. Like when Barbara Bergmann, whom I had never met, called me

up on the phone one day and told me she liked an article I had written for *Feminist Studies*, and invited me to participate in an American Economics Association session she had organized. Or when she taught me how to maneuver through the International Economics Association while we drank ouzo in Athens. Or when she found a place for me at American University one semester at a point when my own university was driving me out of my mind. And then there was the time at the IAFFE conference in Tours when she accused me of being Victor Fuchs in drag.

As I remember, I was insisting that there are some important differences in the supply of men's and women's labor. Unlike Professor Fuchs, who seems to believe such differences are biologically-given preferences, I think these differences are culturally constructed and socially contested. (I'll say more about this later.) Barbara remains suspicious. I considered asking Professor Fuchs if he would be willing to appear in drag at the 1997 AEA session honoring her, to show that I can in fact be distinguished from him. It is rumored that Professor Deirdre McCloskey warned him that such actions at an academic conference could lead to incarceration. In any case, Professor Fuchs did not materialize.

THE BEST OF BARBARA

At the risk of retracing ground already covered by other authors, I would like to summarize Barbara's contributions to both the substance and style of economic theory. At the risk of belaboring the obvious I emphasize that she has been a pioneer in the development of a feminist analysis of both the labor market and the family. Building on a tradition of liberal feminism that goes back to John Stuart Mill and Harriet Taylor, she has explained how legal rules and cultural norms can affect market outcomes in ways distinctly disadvantageous to women. She has effectively extended the principles of equal opportunity to a critique of the sexual division of labor.

Her 1974 article, "Occupational Segregation, Wages and Profits When Employers Discriminate by Race and Sex," offered a clear and concise model of the effects of crowding women and minorities into a restricted number of occupations (Barbara Bergmann 1974). It clearly identified the ways in which male workers, as well as employers, benefited from discrimination. It became an early rallying point for criticisms of the neoclassical argument that competitive market forces would drive discriminators out of business.

Many labor economists in the 1970s and 1980s adopted the basic human capital model that treated earnings as a function of education and experience, but interpreted the unexplained residual in their equations as a measure of discrimination. While Barbara has often drawn from these results to make her own points, she has long argued (correctly, I think) that this is not a particularly fruitful line of inquiry because it fails to directly

confront the process of discrimination itself. In her efforts to develop a broader, more institutional analysis, she realized that the economics profession is more interested in fancy clothes than in naked truths, and decided to reach out to a wider, younger audience. Her *Economic Emergence of Women*, published in 1981, has been widely used in undergraduate social science classes, and helps account for the emergence of a new cohort of scholars who understand that “feminist economics” is not a contradiction in terms (Bergmann 1981).

This book developed a comprehensive analysis of a “sex-role caste system” quite similar to what socialist feminist theorists like Heidi Hartmann were calling “patriarchy” (Heidi Hartmann 1976). While Barbara was optimistic that the forces of economic development, modernization, and increased female labor force participation were undermining this caste system, she also emphasized the need for strong feminist public policies. Rather than focusing on econometric results, she summarized the direct evidence of discrimination emerging from new opportunities for legal redress such as equal pay legislation.

My favorite example is Irene LoRe. When Irene applied to the Chase Manhattan Bank for a job as an executive trainee and didn’t get an answer promptly, she assumed her application had been lost. She sent in a second one, and eventually two answers came from the bank. One, addressed to “Mr. LoRe,” asked the applicant to come in for an interview. The other, addressed to “Ms. LoRe,” advised her that there were no job openings (Bergmann 1986: 62). Barbara’s advice to the profession has long been that we need to be more willing to collect our data and conduct our own experiments, rather than relying on stylized econometric analysis of existing data sets. Researchers have finally begun to follow this advice, seeking systematic evidence of discrimination by using a “tester” methodology, in which two applicants for the same job are identical except for their race or gender (Michael Fix and Raymond J. Struyk 1993).

It is still easy, of course, to find many examples of economics journal articles that are entirely preoccupied with the development of self-referential mathematical and empirical analysis. However, the new institutionalist economics which Barbara helped energize has had a discernible impact even among many economists working primarily within a neoclassical paradigm. Two examples come to mind. In *Understanding the Gender Gap*, published in 1990, Claudia Goldin amends her otherwise conventional human capital approach with a Bergmannesque discussion of the impact of the marriage bars, rules widely enforced against the employment of married women between the 1920s and the 1940s (Claudia Goldin 1990). Similarly, in *Race and Schooling in the South, 1880–1950*, Robert Margo enriches his analysis with a detailed analysis of the impact of the racial caste system in that region on school quality for African-Americans (Robert Margo 1990).

Barbara’s theory of a sex-role caste system has implications for

understanding the family, as well as the labor market. In her "The Economic Risks of Being a Housewife," published in the *American Economic Review* in 1981, Barbara explicitly questioned both the efficiency and the equity of the traditional housewife role (Bergmann 1981). She pointed out that any person who specializes in nonmarket work not only becomes vulnerable to the abuse of a more powerful partner, but also faces a high economic risk in the event of marital dissolution. Many of these points were elaborated further in *The Economic Emergence of Women*, and along with the work of Marianne Ferber they helped set the stage for later research on inequality within the family. Some of Barbara's policy prescriptions in this arena, such as improved child support enforcement, have gradually gained widespread acceptance.

Still, the 1990s are, so far, a decade of even stronger political backlash than the 1980s. Support for active anti-discrimination efforts has faded, and the very concept of public responsibility for families living in poverty has been undermined. Barbara's response has been to intensify her efforts to reach a broader audience, with two new books published in 1996 and 1997, *In Defense of Affirmative Action* and *Saving Our Children from Poverty: What the U.S. Can Learn from France* (Bergmann 1996, 1997). The first of these has already been reviewed in major newspapers such as the *Washington Post* and the *New York Times*, and is widely considered the best retort to the conservative assault on affirmative action. It argues forcefully that the alternative to affirmative action is not neutrality or objectivity, but rather continued discrimination against women and people of color.

Two particularly vivid images illustrate Barbara's highly accessible style of reasoning and writing. The parable of the bus stop evokes the memory of Rosa Parks without explicitly referring to her refusal to sit on the back of the bus, the episode that helped spark the Civil Rights Movement. Imagine, Barbara says, a white man who has been waiting in line on a street corner in the rain. The buses don't come as often as they used to, and he is getting impatient. A black man comes to the corner, accompanied by a police officer, who explains he is going to make sure the black man gets on the next bus. The white man says, "That's unfair. He should wait in line like the rest of us." The black man explains that he has been waiting in line, but the drivers have refused to let him on. The white man objects that is not his fault. The bus rolls up. We can see through the windows that the only people on board are whites. Ah, says the black man, what do you think would happen if the policeman were to go away right now?

This is a parable that concedes a point that many critics of affirmative action have made: the principle of racial (and gender) justice imposes some costs on whites (and men), whether or not they have themselves been responsible for discrimination. But Barbara goes on to explain that all questions of justice create similar dilemmas. It is never easy to define the greater good. As she puts it:

The opponents of affirmative action imply by their arguments that causing harm to innocent individuals so as to achieve some other benefit is totally impermissible and never done, but that is not true. In our economic life, we frequently do harm to innocent individuals for the purpose of achieving some goal. Keeping the unemployment rate high to fight off inflation is one example. That does substantial harm to millions of people. Another is firing workers so that a company can reduce its costs.

(Bergmann 1996: 102)

These examples have a subtext: Our culture seems perfectly willing to sacrifice individual rights on the altar of economic growth.

A second powerful image, a family at meal time, conjures up what are usually considered traditional family values. But while admiring the beautiful apple pie on the table, consider how it should be divided up. In some countries, Barbara points out, women would get a share only if the men decided to give them some. In the United States, however, we normally assume that every family member who wants a piece of the pie will get one, and we use that principle to divide things up. We consider most forms of inherited privilege unacceptable, so why should we tolerate employment discrimination? As Barbara points out, "setting affirmative action goals and sharing the family pie have this in common: they are both done in the understanding that historical privileges are unfair, and should not persist" (Bergmann 1996: 84).

The style of argument evokes one of Tom Paine's broadsides on behalf of the American Revolution in 1776 (Thomas Paine 1997). Barbara is the embodiment of uncommon common sense. In *Saving Our Children From Poverty*, she doesn't wax poetic; she pokes at our national pride. The French can keep their children out of poverty, so why can't we? Critics of this book will say that it is out of touch with the current mood of the American people, who want to spend less on the poor, not more. But a majority of Americans, if polled by the *New York Times* in the miserable winter of 1775, would probably have expressed loyalty to King George. Barbara's detailed analysis of the French child care and family allowance system, which encourages a high rate of labor force participation among women, frames a positive vision of family policy that could help the United States rebuild its currently shipwrecked system of public assistance.

BARBARISMS AND CIVILIZATION

While I have many colleagues who love to bask in praise, I know that Barbara would feel bored and restless if she did not read something she could disagree with. It seems appropriate to honor her tradition of critical

inquiry by picking a fight. Actually, it's not criticism I want to offer but a list of a few important things that Barbara has left for the rest of us to do.

First, I think we (and by that I mean we feminist theorists *and* we economists) need to think more about the similarities between inequalities based on gender and race, and those based on other aspects of group identity, such as age, sexual orientation, class, and nation. We can not denounce one or two forms of inherited inequality and ignore others. Some readers of *In Defense of Affirmative Action* might be tempted to conclude that if we could just eliminate sexism and racism, we could be quite happy with the way our economic systems are putt-putting along. There are, of course, strategic limits; it is impossible to change everything at once. Still, we need a larger set of moral and political ideals to which we can hold ourselves and others accountable. That the traditional socialist vision of these ideals now seems profoundly flawed does not mean that the traditional liberal, individualist vision has suddenly become adequate.

The Marxian theory of history doesn't provide much of a guide to the future. But, as Gertrude Stein was fond of pointing out, history teaches us that history teaches. We can, and eventually will, develop a unified theory of how and why some groups gang up on other groups or, as Luke Skywalker called it, the "dark side of the force." Right now, the best key we have to this unified theory is the remarkable story of the emergence, consolidation, and eventual weakening of patriarchal structures of constraint. We need to generalize and apply what we have learned to the analysis of other structures of constraint that may be more difficult for us to see because they are even more hegemonic. In the short run these theoretical efforts may seem an indulgence, but contrary to Keynes, we will not all be dead in the long run. Some of our students and children will be around to apply what we have learned.

We need to be more explicit about developing a theory of what we might call "good norms" and "good preferences." Along with other feminist theorists, Barbara has articulated a strong critique of a subset of norms and preferences associated with gender roles: the notion that men should be tough, aggressive, and self-interested, but women should be tender, passive, and altruistic. Conservatives have tried to reify such definitions of masculinity and femininity by deriving them from God or Nature. We argue that these definitions are, in large part, the culturally constructed by-products of a patriarchal society. Once we reject them, however, we are left with the task of reconstructing a less gendered vision of human nature.

Who do we take as our model – Adam or Eve? Here comes the venerable dilemma known as equality versus difference, pasted on a bumper-sticker one still occasionally sees in college towns, "Women Who Want to Be Like Men Lack Ambition." The real question is what both women and men should want to be. In a competitive labor market, the traits we have traditionally called masculine pay off. As Paula England and others have

empirically demonstrated, the exercise of authority in a job is strongly associated with high pay. The exercise of nurturance, on the other hand, is strongly associated with low pay (Paula England *et al.* 1994). In a hawk–dove game, the hawks win (until they have rendered the doves extinct). Should we encourage young women to be hawk-like? I think Barbara leans in this direction, because she associates dove-like qualities with, to mix a metaphor, the underdog. In the context of this game – kill or be killed – I think she is right. But perhaps we should change the game, introduce a swan, big enough and strong enough to protect herself but with no compelling need to prey on smaller birds.

Ever since Adam Smith, economists have relied on the assumption that our moral sentiments are so inborn that we can encourage one another to be self-interested without lapsing into selfishness. But feminist theory suggests that this assumption is overoptimistic. Women’s altruism, especially towards children and other dependents, has long provided a counterbalance to the individualism of the marketplace. If women are to become more self-interested it seems to me that men must become more altruistic. Neoclassical economists are always talking about “getting the prices right.” Institutional economists need to explain how much more important it is to “get the norms right.” Without better rules and norms of cooperation, we could regress to the Hobbesian world of the war of all against all.

My third and final point. I don’t think we can rely on the expansion of markets to provide the services once guaranteed by wives, mothers, and daughters. Barbara heralds the industrialization of housework, the transfer of activities from the private to the public realm. I agree with her that this has been, so far, a largely positive force. Women in many countries are no longer destined by biology to assume the most tedious and least remunerative tasks. On the other hand, the substitutes that have been hired – the maids, nannies, child care workers, and practical nurses – are almost all women who come from less privileged countries and classes than their clients. We can buy cheap substitutes for our own time only if other people’s labor is cheap. I have argued elsewhere that extreme wage inequality undermines gender solidarity and feminist awareness by dividing women along class lines (Nancy Folbre 1994). I love Peggy Nelson’s examples of the ways some career women relate to child care providers in much the same way that some husbands relate to housewives: “Aren’t you lucky, dear, to be able to stay home with the kids”; “You don’t mind giving me a little extra time, do you, your job is so much less stressful than mine” (Margaret Nelson 1990).

Furthermore, when we analyze the transfer of services from the family to the market, we need to consider the ways in which social context shapes the quality of work. I don’t believe that family members motivated by a sense of social obligation necessarily provide services inherently superior to those

paid for by the hour. However, I do think that increased reliance on forms of labor motivated entirely by pecuniary concerns poses some genuine risks to dependents, like children, the sick, and the elderly, who cannot monitor or control workers who provide them with services. Susan Eaton's research on the low quality of care in many nursing homes should give us genuine cause for concern (Susan Eaton 1996).

Members of a family, a neighborhood, a community have some responsibilities towards one another that cannot be met by purchased substitutes. I would rather see working age adults make a joint decision to reduce their hours of paid work – up to a point – than rely too heavily on purchased care. As a result, I am slightly less enthusiastic than Barbara about the French child care system. To the extent that we do rely on markets for care services, we should try to guarantee that they foster long-run respect and reciprocity, rather than faceless, impersonal exchanges. They should be markets mediated by strong, androgynous norms of care and affection for others.

I am probably asking for too much. I think Barbara taught me how to do that, along with Elizabeth Cady Stanton, Emma Goldman, Susan B. Anthony, Mahatma Gandhi, Nelson Mandela and a long list of other heroines and heroes. Barbara has always reminded me a bit of Elizabeth Cady Stanton, with unflinching gaze and generous bosom. I have always identified a bit with Emma Goldman, the anarcho-socialist who wore wire-rim glasses and wanted everyone to dance. But I think we all toast Susan B. Anthony and her life-long motto: "Defeat is impossible." Down with the emperor!

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