

Unequal Equilibrium: Gender Inequality in Economics.

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Abstract

Gender inequality in the economics profession is frequently debated in the media and the academy of late, but this inequality is far from new. This paper will trace the entrenched underrepresentation of women in the discipline back to the turn of the 20th Century and the emergence of neoclassical economics, in particular the writings and actions of Alfred Marshall, to demonstrate that today's gender differentials are rooted in three discriminations: in theory, method and access. It will also consider women's responses to this discrimination, both historically and in the present day, calling into question how much further they would have progressed in more equal circumstances.

Introduction

Neoclassical economics has been the subject of debate in recent decades as commentators, academics, and the public seek to understand the relationship between phenomena such as recessions, unemployment and inequality, and the dominance of the strand of economic theory that has enjoyed primacy for over a century: neoclassical economics. The emergence of neoclassical economics in the late 19th Century is often seen as a turning point for economics both professionally and academically, with many of the developments still forming the bedrock of economic scholarship today – from the widespread use of calculus, to the concept of

marginal utility. However, the adjustments were not universally positive, as this essay will demonstrate.

The changes that distinguish neoclassical economics from its classical ancestors were enacted by Alfred Marshall and others to establish and consolidate economics as a respected scientific discipline, and indeed it can be said that this aim has been fulfilled. However, the effects of these changes on women in the discipline and in society at large are generally ignored. Therefore, this paper will demonstrate that the three main advances associated with the birth of neoclassical economics – new theory, methodological change and the establishment of a professional association – not only impeded the advancement of women in economics a century ago but continue to do so today. This body of this paper is divided into three sections: context, critique and women's responses. For the purposes of this essay, the reader need only understand that the economic theories and methods being taught in universities and influencing policy around the world are largely neoclassical and originated during the period under discussion. As such, 'neoclassical economics' can be understood simply as 'economics'.

Neoclassical Economics in Context



Economics, or political economy as it was known in the 1890s, was a microcosm of Victorian society, with most economists at the time (and indeed today) being white, middle class men. This homogeneity was not coincidental: women were defined solely by their capacities as mothers and homemakers. Yet this unpaid labour which brought about social reproduction and the creation of the future workforce was classified as leisure at the time and, like today, was not included in calculations of national product (Pujol, 1992). Victorian morality can be understood as a strict code of social conduct, advocating sexual restraint, rigid gender roles, and a low tolerance of crime and cruelty (Merriman, 2004). Most relevant to this paper is the prevailing gender roles and norms during the Victorian era, which dictated that men and women should conform

to rigid ideals and operate in 'separate spheres'. This stemmed from the concept of *pater familias*, whereby the husband acted as head of the household; while his wife was obedient, caring and loyal. She ensured the proper upbringing of the children, with no economic activity or involvement beyond that. This role was enshrined in law, whereby married couples were deemed a singular entity represented by the husband; with no property rights extended to married women (Perkin, 1979).

It could be argued that to hold economic thought from the 1890s to account using contemporary notions of equality and egalitarianism is not only reductive, but futile. This paper rejects this notion. To brush inequality under the carpet of 'anachronistic analysis' would be to do a disservice to women both then and now, especially since several thinkers had expressed progressive views on gender equality in the 19th Century, the most notable of whom was John Stuart Mill. In his 1869 essay, *The Subjection of Women*, Mill noted that women need not occupy a lower social position than men, and that to argue this was the natural order of things was false: "There was a time when the division of mankind into a two classes, a small one of masters and a numerous one of slaves appeared, even to the most cultivated minds, to be a natural and the only natural condition of the human race," (Mill, 1869, p.21). The views espoused by Mill were exactly those opposed by Marshall and other neoclassical economists of the day, and it is at these discriminatory elements of early neoclassical theory that the paper will first address.

Threefold discrimination

Inequality in theory

Early neoclassical human capital theory was inherently discriminatory towards women through an essentialist   interpretation of human ability. Reflective of gender norms of the time, Marshall lent an economic argument to the entrenched gender differences in Victorian society. Arguing in Book IV of his *Principles* for a gendered division of labour, he made

several suggestions to the benefit of an industrial, capitalist society and the detriment of women. He distinguished between material capital (machines, factories, equipment) and labour, due to the special role labour has in the production of material wealth, arguing that the former is accrued primarily investments made by parents in their children's education (Marshall, 1920). As such, Marshall proposed a gendered division of labour: women working in the home, caring for present and future workers and men engaging in paid work outside the home. He vehemently opposed the employment of married women, while failing to question the economic feasibility of single income households – expecting women to happily contribute to men's productive capacity while receiving no direct remuneration or status in return (Pujol, 1992). For those women who chose or were forced to work, Marshall implicitly advocated for a lower wage than that paid to men, in order to prevent the further 'injurious' rise of women's wages and diminution of their household duties (Marshall, 1920).

Feminist scholars emphasise both the exclusionary and androcentric nature of neoclassical economic theory, arguing that many of the assumptions underpinning neoclassical theory are also those which underpin the subjugation of women in the economy (Ferber & Nelson, 1993). Regarding the standing of women in economics, the link between Marshall's opposition to women in the profession and his theory of human capital is certainly clear. Not only does the theory provide the basis for his exclusion of women from the workforce, in that domestic work was regarded as essential to the production of the human capital of tomorrow, but he also succeeds in cementing gender-essentialist views in the minds of his readers. There are countless examples of gender stereotyping in his work. Given that Marshall's *Principles* were the pre-eminent economics textbook for decades, the effect that his views had on the young minds reading them should not be underestimated.

The interplay of gender and class in early neoclassical theory is worth discussion. Although contemporary scholars regard the unpaid caring and domestic work carried out mostly by women

as being vital for economic output and deserving of recognition in the national income accounts (Folbre, 2006), Marshall was of the view that such work was not productive and therefore should not be included in any account of the national dividend (GNP), while the wages earned by domestic workers should be counted (Cunningham Wood, 1996). This differentiation between unpaid labour carried out in a household that arguably could not afford to hire staff, and the same labour carried out for a wage in a middle- or upper-class household reveals a stark class bias, in that the activity only becomes valuable when it is recognised as such by bourgeois households, not by virtue of the activity carried out by the woman. Further bias is visible in Marshall's veneration of middle-class childrearing and housekeeping practices, with blind preference shown to the concerted cultivation of middle-class children. This ignorantly normative stance is clearly contradictory of the empirical, scientific approach which Marshall claimed to advocate, as will be demonstrated.

Methodological discrimination

The reconfiguration of economics away from discursive, deductive methods and towards the empiricism employed in the natural sciences represents the second dividing line between neoclassical economics and its classical forebears. Marshall (1920, p.781) argued that if economic analysis was to adequately represent the phenomena it examined. It should adopt scientific methods grounded in empiricism and inductive reasoning, but there was "no room in economics for long trains of deductive reasoning".

This redirection of economics towards quantitative methods deserves consideration from a gender equality perspective; not because men or women possess 'essential' characteristics by virtue of their sex or gender, but because Victorian era norms dictated that men would enjoy better access to higher education than women and engage in the majority of paid work. If an individual is to be exposed to and acquire these research methods, it would need to happen through education or on-the-job training (in the case of accountants

for example), neither of which were in ample supply for Victorian women. Compounding this, femininity in Victorian times was associated with gentleness, passiveness and emotion; while bravery, hardness and rationality were deemed masculine. This was a definition well aligned with the stereotypical description of science at the time (Perkin, 1978). In familiar fashion, patriarchal norms conspired to limit women's access to economics.

Against this backdrop, Marshall sought to associate economics with rationality and objective scientific fact; and he viewed the empirical approach as the best way to achieve this end. If expert, professional status was to be achieved for economics, it certainly could not be associated with femininity. Thus, women were automatically deemed unsuitable for the profession and unceremoniously excluded from the professional association – the Royal Economic Society.

Unequal access

The Royal Economic Society and the associated Economic Journal were established in response to increasing demand for economics to be demarcated as an academic subject in its own right. Prior to this, economics was taught alongside other subjects in moral science, and by professors with no formal training in the discipline. The move was reflective of broader trends in the late 1800s which saw several associations and journals established, and in turn these came to represent the hallmarks of an established and respected discipline (Hey and Winch, 1990). Given the breadth of theoretical approaches and critiques of accepted wisdom emergent in economics in the 1800s, it is no surprise that there was demand for such institutions.

Subsequently, the Economic Journal was established, with Francis Ysidro Edgeworth taking up the position of editor. It was envisaged that the Journal would facilitate economic discourse in Britain through the characteristic “*British love of fair play and free speech, but also Economic in the character ... which the term suggests of specialist knowledge and scientific accuracy,*”

(Edgeworth, 1891). Although Edgeworth in these opening remarks states that voices from all schools of thought and political persuasions would be considered, the mention of specialist knowledge and scientific accuracy demonstrates the newfound demand for formal academic qualifications.

The admission of women into the newly founded Royal Economic Society and Journal was vehemently opposed by the upper echelons of economics in Britain (Preston, 2018). This served to compound existing inequalities, barring suitably qualified or talented women from obtaining positions in the academy, given that formal publishing had come to represent the archetypal seal of achievement and a requirement for university posts. Of course, the economic rationale behind male opposition to women entering the Royal Economic Society and from being published in the Journal is clear: competition for a relatively small number of positions was already stiff, and those already 'in' the discipline had an interest in maintaining the relative bargaining power of their labour and consequent high wages. An increase in competition in the form of female applicants could only spell relatively fewer opportunities and lower wages for men, and so it made sense to exclude women.

Women's achievements despite discrimination

Despite the significant obstacles faced by women seeking a career in academia, let alone economics, three women in the USA forged successful careers around the turn of the century. While these women were American, it appears that similar barriers were faced by British women. Although women were admitted to the University of London in 1868 and to Cambridge in 1869, it would be decades (1947 in the case of Cambridge) until they could fully graduate, rather than receive a university certificate. A similar story is reflected in the USA, where the defeminisation of universities through gender segregation was prominent, and only three women had been conferred with PhDs in economics by the turn of the 20th Century (Hammond, 1993). Despite the barriers they faced for entry

into economics, countless women made strides in the fields of social justice and academic disciplines other than economics.

None of the three female PhDs was able to secure a permanent position in academia, let alone in economics. While Hannah Robie Sewall's *Theory of Value Before Adam Smith* was sufficiently highly regarded to be published by the American Economic Association, she failed to obtain a permanent professorial position and instead worked as an Assistant in Political Science, a role created specifically for her, and office assistant at the University of Minnesota. Similarly, Sarah Scoville Whittlesey successfully defended her PhD at Yale at the age of twenty six, and although she taught several undergraduate courses on a temporary basis, she never secured a permanent position (Hammond, 1993). Furthermore, the topics studied by female economists tended towards education, labour markets and related topics in sociology. This underperformance is attributable to discrimination in a broad sense, but also to its manifestation in the marriage bar applied by many institutions. According to Rossiter (1982, p.195) women were expected to "vacate their positions once they married, and those already married were not shown equal opportunities". Even in female-only colleges, this bar was in place, while male staff in such institutions were "expected to be married" (Rossiter, 1982, p.15). In contrast, the third female economist to secure her PhD in the 19th Century, Helen Bates, joined the settlement house movement, a significant outlet for educated women. The first houses were established in 1889 by a group of Smith College Graduates in New York (Hammond, 1993). The movement emerged in response to rapid industrialisation and the consequent increase in immigration and poor standards of living and offered a broad range of services from childcare to education (Koerin, 2003).

In Britain, the prognosis for women hoping to eke out a career in economics was similarly negative. However, the career of British economist Joan Robinson is often heralded as a major success story given the breadth of her contributions to economic theory, most notably Keynesian and Marxist theory and Cambridge

Capital Controversy (Cohen & Harcourt, 2003). Perhaps it is Robinson's successes which highlight the discrimination she faced, in that she failed to receive a Nobel prize despite being an eligible candidate and was only granted a professorship in Cambridge in 1965, the year her husband retired (Lotha & Sampaolo, 2018).

Objectively, the four women mentioned achieved great successes academically and also contributed to their communities in the case of Helen Bates and the other 'settlement women'. However, their stories beg the question: how further would they have progressed in a more equal society?

The situation as it stands today

The current position of women in economics would suggest that the influence of Victorian gender norms and Marshall's actions are still present. The most recent report from Committee on the Status of Women in the Economics Profession (2018) finds that women remain a minority in academia, from PhD candidates to professors, and the higher up the tenure track, the lower the representation of women. The Committee also found that women appear to drop from the career ladder around the time of promotion to tenured associate, which appears to be unique in economics. Even at a more fundamental level, the fraction of women choosing to major in economics at undergraduate level is decreasing, and the share of women entering economics PhD programmes has not increased in the last 20 years, neither of which bode well for the future of gender equality in the discipline.

As mentioned previously, the topics under investigation by women economists in the 19th and 20th centuries generally reflected the social norms of the time – women studied topics in education, regulation and labour while men studied the macroeconomy, banking and so on. The same trend is visible today in economics, with topics in health and infrastructure seeing the most female authorship, while others such as management and finance were more popular among male economists (Jayachandran & Daubenspeck, 2018).

Clearly, something has gone wrong in economics, not only to bring about such stark divisions in subject matter, but to make the discipline fundamentally unattractive to women.

Conclusion

To conclude, the gender divisions we see in the economics profession can be traced back to early neoclassical economics. In this essay, I have demonstrated that the advent of neoclassical economics contributed to the poor representation of women in the economics profession in three ways: in theory, in access to the professional body, and in method. While the weight of responsibility for this gender gap should not rest solely at any individual's feet – inequality and discrimination are too complex, and it is the responsibility of every generation to make progress - it is only by casting our minds back to the origins of the ideas we take for granted that we can understand the biases within them. Marshall's *Principles* and indeed other bodies of theory contained stark examples of prejudice, and the barring of women from the Royal Economic Society was blatantly unjust. However, it is my estimation that the neoclassical redirection of economics towards the mathematical and scientific approach rather than accepting a broad spectrum of research methods has had the longest-lasting effect on the economics profession, given that the archaic norms reflected in *Principle's* and by the early years of the Royal Economic Society are broadly dismissed today.

But bias aside, does it really matter if men produce the bulk of the work in the economic canon, once the work is done? Disregarding the inherent importance of equal opportunity and representation, yes – studies have shown that women make different policy decisions to men. In a 2018 large scale study of academic economists, women were found less likely to agree with measures related to austerity, and more likely to favour environmental protection than men (May, McGarvey & Kucera, 2018). Intuitively, individuals of different genders are bound to have different lived experiences to bring to the table, and surely any

increase in the diversity of opinion can only enhance debate. With this diversity in mind, there is significant scope for future research taking an intersectional approach to this question, considering not only gender but also its interaction with class, ethnicity, sexuality and ability. Fundamentally, if economics claims to study human behaviour, it should include voices from all of humanity, not just 49% of it.

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