Unequal Equilibrium: the Historical Foundations of Gender Inequality in Economics

Amy McGourty, Senior Sophister

In a world where female voices are still often not heard, Amy McGourty analyses the gender inequality present in the subject of Economics. She examines discrimination inherent in economic theory, in access to economic institutions and in method of analysis. This paper shows strikingly that the subject of Economics still has a long way to go to be fully inclusionary. Moreover, it shows that the subject would benefit from the positive effects of more equal access and inclusion.

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 economics 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. But the adjustments were not universally positive, as this essay will demonstrate.

Some of 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 effect of these changes on women in the discipline and in society at large are generally ignored. This essay will demonstrate that Marshall's actions in the broader context of neoclassical economics have hampered women's standing in the economics profession – through theory, access and method.

This paper will use the standard sociological definition of a profession, that is, a common set of theories, a commonality of educational attainment, and the existence of a professional body or representative organisation (Pescosolido, 1991), and take neoclassical economics to mean the body of theory emergent in the late 19th century which focuses on (among other things) individual or firm behaviour and the optimisation of utility or costs within the parameters of rational choice, asymmetric information and resource constraints. Thus, this paper will proceed in three parts: historical context, description and women's responses; and will demonstrate that actions taken over a century ago to consolidate economics as a respected, empirical, expert discipline have impeded gender equality within the economics profession and continue to do so today.

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 home-makers, but 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, 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 essay 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,' stemming from the concept of the pater familias, whereby the husband acted as head of the household, while his wife undertook to be obedient, caring and loyal, and to ensure the proper moral 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 and 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 also. However, this argument does not capture the actual situation in economics. 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 that 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 this paper will begin its argument.

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 worthy of 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. This bias entails 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 the paper will go on to demonstrate.

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 that 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, that 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. Furthermore, femininity in Victorian times was associated with gentleness, passiveness and emotion, while bravery, hardness and rationality were deemed masculine, a definition that is also well aligned with the stereotypical description of science at the time (Perkin, 1978).

Against this backdrop, Marshall sought to associate economics with rationality and objective scientific fact; a respected profession teeming with experts, 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 characteristically "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 26, 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 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.

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. This essay, 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. While Marshall's Principle's and indeed other bodies of theory contained stark examples of prejudice, and the barring of women from the Royal Economic Society was blatantly unjust, 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 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. A recent study has found women were 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 fully include voices from all of humanity, not just 49% of it.

Reference list:

1. Coats, A., & Coats, S., 1970. The Social Composition of the Royal Economic Society and the Beginnings of the British Economics 'Profession', 1890-1915. The British Journal of Sociology, 21(1), 75-85. doi:10.2307/588273
2. Cohen, A. and Harcourt, G., 2003. Retrospectives: Whatever Happened to the Cambridge Capital Theory Controversies? Journal of Economic Perspectives, 17(1), pp.199-214.
3. Committee on the Status of Women in the Economics Profession, 2018. Annual Report from the Committee on the Status of Women in the Economics Profession. [online] Washington DC: American Economics Association. Available at: https://www.aeaweb.org/content/file?id=6388 [Accessed 21 Nov. 2018].
4. Cunningham Wood, J. ed., 1996. Alfred Marshall: Critical Assessments. Second Series. 6th ed. London: Routledge, p.345.
5. Edgeworth, F.Y., 1891. The British Economic Association. The Economic Journal, vol.1, no.1, p.1-14.
6. Folbre, N., 2006. Measuring care: Gender, empowerment, and the care economy. Journal of human development, 7(2), pp.183-199.
7. Ferber, M. & Nelson, J., 1993. Beyond economic man: feminist theory and economics. Chicago: The University of Chicago Press
8. Hammond, C. 1993. American Women and the Professionalization of Economics. Review of Social Economy, 51(3), 347-370.
9. Hey, J. and Winch, D. ed., 1990. A Century of Economics: 100 Years of the Royal Economic Society and the Economic Journal. 1st ed. Oxford: Basil Blackwell.
10. Jayachandran, S. and Daubenspeck, J., 2018. Gender Differences in What Development Economists Study. [online] Impact Evaluations. Available at: https://blogs.worldbank.org/impactevaluations/gender-differences-what-development-economists-study [Accessed 21 Nov. 2018].
11. Koerin, B. 2003. The settlement house tradition: Current trends and future concerns. Journal of Sociology and Social Welfare 30(2), 53-68.
12. Lareau, A. 2003. Unequal childhoods. 1st ed. Berkeley, Calif: University of California Press.
13. Lotha, G. and Sampaolo, M. 2018. Joan Robinson. In: Encyclopedia

Britannica. Encyclopedia Britannica Inc.

14. Marshall, A. 1920. Principles of Economics. Edited with annotations by C.W. Guillebaud. London: Macmillan and Co.
15. Marshall, A. 1925. The Present Position of Economics," in Memorials of Alfred Marshall, ed. A. C. Pigou. London: Macmillan Publishing Company. P.171.
16. May, A., McGarvey, M. and Kucera, D. 2018. Gender and European Economic Policy: A Survey of the Views of European Economists on Contemporary Economic Policy. Kyklos, 71(1), pp.162-183.
17. Merriman, J. 2004. A History of Modern Europe; From the French Revolution to the Present. New York, London: W.W. Norton & Company
18. Mill, J. S. 1869. The subjection of women. London, Longmans, Green, Reader and Dyer.
19. Perkin, H. 1978. The origins of modern English society. London: Routledge & Kegan Paul.
20. Prestion, I. 2018. 'Women in the Early Days of the Royal Economic Society'. Royal Economic Society Newsletter no. 182., p.19 – 21. Oxford: Wiley Blackwell.
21. Pujol, M. 1992. Feminism and anti-feminism in early economic thought. Aldershot: Elgar.
22. Rossiter, M. 1982. Women Scientists in America: Struggles and Strategies to 1940. Baltimore: Johns Hopkins University Press.