

Contents

PREFACE	XXI
ACKNOWLEDGMENTS	XXIV

PART I INTRODUCTION AND HISTORICAL PERSPECTIVES 1

1 Introduction 3

What Economics Is About	5
Uses of Economic Theory	6
The Scope of Economics	7
Individuals, Families, and Households	8
A Further Note on Terminology	9
Outline of the Book	10
Questions for Review and Discussion Key Terms	11
APPENDIX 1A A Review of Supply and Demand in the Labor Market	12

2 Women and Men: Historical Perspectives 16

The Source of Gender Differences: Nature Versus Nurture— The Ongoing Debate	17
Factors Influencing Women's Relative Status	20
Women's Roles and Economic Development	21
The US Experience	24
Colonial America: The Preindustrial Period	24
Period of Industrialization	25

The Evolution of the Family and Women's Labor Force Participation	27
Historical Evidence on Occupations and Earnings	30
■ Economic Incentives: An Engine of Change for Women's Property Rights	31
■ College-Educated Women Over the Last 100 Years: Work, Family, or Both?	34
Conclusion Questions for Review and Discussion Suggested Readings Key Terms	35

PART II THE ALLOCATION OF TIME BETWEEN THE HOUSEHOLD AND THE LABOR MARKET 39

3 The Family as an Economic Unit: Theoretical Perspectives 41

The Simple Neoclassical Model: Specialization and Exchange	43
Comparative Advantage	43
Specialization and Exchange: Numerical Examples	44
Decreasing Gains to Specialization and Exchange and the Shift Away from the Traditional Family	46
Disadvantages of Specialization	48
Lack of Sharing of Housework	48
Life Cycle Changes	49
Costs of Interdependence	49
Tastes and Bargaining Power	49
Domestic Violence	50
Advantages of Families beyond Specialization	51
Economies of Scale	51
Public Goods	51
Externalities in Consumption	52
Gains from Shared Consumption	52
Marriage-Specific Investments	53
Risk Pooling	53
Institutional Advantages	53
Transaction Cost and Bargaining Approaches	54
Conclusion Questions for Review and Discussion Suggested Readings Key Terms	57
APPENDIX 3A Specialization and Exchange: A Graphical Analysis	59

4 The Family as an Economic Unit: Evidence 66

Time Spent in Nonmarket Work	66
Time Spent in Housework	67
Time Spent with Children	71
Time Spent in Volunteer Work	75
Estimating the Value of Nonmarket Production	77
■ The September 11th Victim Compensation Fund of 2001: Just Compensation?	80
The American Family in the Twenty-First Century	81
■ The State of Unions in the United States	86
Conclusion Questions for Review and Discussion Internet-Based Data Exercise Suggested Readings Key Terms	87

5 The Labor Force: Definitions and Trends 90

The Labor Force: Some Definitions	91
Trends in Labor Force Participation	93
Broad Labor Force Trends by Gender: 1890 to Present	93
Labor Force Trends by Race/Ethnicity	94
Labor Force Trends over the Life Cycle	97
Trends in Labor Force Attachment of Women	100
Trends in Hours Worked	101
Trends in Gender Differences in Unemployment	102
Conclusion Questions for Review and Discussion Internet-Based Data Exercise Suggested Readings Key Terms	106

6 The Labor Supply Decision 109

The Labor Supply Decision	109
The Budget Constraint	111
Indifference Curves	113
The Labor Force Participation Decision	117
The Value of Nonmarket Time (w^*)	118
The Value of Market Time (w)	123

The Hours Decision	127
Empirical Evidence on the Responsiveness of Labor Supply to Wages and Income	127
■ Labor Supply Elasticities	131
Economic Conditions	132
Some Applications of the Theory: Taxes, Childcare Costs, and Labor Supply	133
Taxes and the Decision to Work	133
Government Subsidies of Childcare and Women’s Labor Force Participation	134
Other Factors Affecting Childcare Costs and Women’s Labor Force Participation	136
Analyzing the Long-Term Growth in Women’s Labor Force Participation	136
Factors Influencing the Value of Market Time (w)	137
Factors Influencing the Value of Nonmarket Time (w^*)	138
■ The World War II Experience: Women’s Surge in Labor Force Participation	142
Recent Trends in Women’s Labor Force Participation: Has the Engine of Growth Stalled?	143
Analyzing Trends in Men’s Labor Force Participation	146
Black and White Participation Differentials: Serious Employment Problems for Black Men	149
Conclusion Questions for Review and Discussion Suggested Readings Key Terms	151
APPENDIX 6A The Income and Substitution Effects: A Closer Look	153

PART III LABOR MARKET OUTCOMES: THEORY, EVIDENCE, AND POLICY 155

7 Evidence on Gender Differences in Labor Market Outcomes 157

Gender Differences in Occupations	157
Overview of Gender Differences in Occupations	158
Measuring Occupational Segregation	165
Hierarchies within Occupations	166
Evaluating the Extent of Occupational Segregation	166
Trends in Occupational Segregation by Sex	167
■ Women in the Military: No Positions Are Off Limits as of 2016	170

The Gender Pay Ratio	171
■ The Gender Pay Gap in the News	179
Gender Differences in Union Membership	180
Gender Differences in Self-Employment	182
Gender Differences in Nonstandard Work	184
Conclusion Questions for Review and Discussion Internet-Based Data Exercise Suggested Readings Key Terms	187

8 Gender Differences in Educational Attainment: Theory and Evidence 191

Supply and Demand Explanations: An Overview	192
What Is Human Capital?	193
Gender Differences in Levels of Educational Attainment	194
Gender Differences in High School Coursework and College Field of Study	200
The Educational Investment Decision	203
■ Calculating the Net Present Value of a Human Capital Investment	205
The Rising College Wage or Earnings Premium	210
Education and Productivity	212
Gender Differences in Educational Investment Decisions: The Human Capital Explanation	213
■ Where Are the Women Economics Majors?	216
Gender Differences in Educational Investment Decisions: Social Influences and Anticipation of Discrimination	218
■ Historical Background: Overt Discrimination by Educational Institutions	218
Socialization	219
Biased Evaluations	220
Subtle Barriers: Role Models, Mentoring, and Networking	221
The Impact of Title IX—Sports, Academics, Sexual Harassment, and Sexual Violence	222
Explaining Women’s Rising Educational Attainment	225
Conclusion Questions for Review and Discussion Internet-Based Data Exercise Suggested Readings Key Terms	228

9

Other Supply-Side Sources of Gender Differences in Labor Market Outcomes 232

On-the-Job Training and Labor Market Experience	233
Gender Differences in Labor Market Experience	233
The On-the-Job Training Investment Decision	235
General Training	235
Firm-Specific Training	236
Why Do Firms Pay Tuition Benefits?	238
Experience and Productivity	239
Gender Differences in Training Investment Decisions	240
Expected Work Life	240
Discrimination	242
Occupations and Earnings	243
Temporal Flexibility and the Gender Wage Gap	244
Family-Related Earnings Gaps	246
Traditional Gender Roles and Gender Wage Gaps	246
Wage Penalties and Premiums Associated with Marriage and Parenthood	248
Gender Differences in Psychological Attributes	251
Attitudes toward Negotiating	253
Attitudes toward Competition	254
Attitudes toward Risk	255
Gender Differences in the “Big Five” Personality Traits	256
A Closer Look at Gender Differences in Math Test Scores	257
■ Women, Math, and Stereotype Threat	259
Conclusion Questions for Review and Discussion Suggested Readings Key Terms	260

10

Evidence on the Sources of Gender Differences in Earnings and Occupations: Supply-Side Factors versus Labor Market Discrimination 263

Labor Market Discrimination: A Definition	264
Analyzing the Sources of Gender Differences in Labor Market Outcomes	265

Empirical Evidence on the Sources of Gender Differences in Earnings	265
Evidence from Statistical Analyses: Labor Market-wide Evidence	266
Biases in the Unexplained Gap as an Estimate of Discrimination	268
Evidence on Possible Sources of the Unexplained Gender Wage Gap	269
■ The Effect of Sexual Orientation and Gender Identity on Earnings	271
Further Evidence from Statistical Analyses: A Look at Subgroups of College Graduates, Lawyers, and MBAs	272
Evidence on Discrimination from Experiments	274
Evidence on Discrimination from Court Cases	276
Evidence on Discrimination: An Assessment	277
The Declining Gender Pay Gap	277
The Context: Widening Wage Inequality	278
Determinants of Trends in the Gender Wage Gap	279
■ The Minimum Wage: What Is It?	280
Explaining the Decline in the Gender Wage Gap	281
Minorities Fared Less Well in Narrowing the Wage Gap with Whites	284
Empirical Evidence on the Causes and Consequences of Gender Differences in Occupations	285
Consequences of Occupational Segregation	286
Causes of Occupational Segregation	288
Is There a Glass Ceiling?	289
Conclusion Questions for Review and Discussion Suggested Readings Key Terms	293
APPENDIX 10A Regression Analysis and Empirical Estimates of Labor Market Discrimination	296

11 Labor Market Discrimination: Theory 301

Theories of Labor Market Discrimination: An Overview	302
Tastes for Discrimination	302
Employer Discrimination	303
Employee Discrimination	307
Customer Discrimination	310
Subtle Barriers	310
Statistical Discrimination	312
Perceptions of Average Gender Differences Can Result in a Pay Gap	312

Statistical Discrimination and Feedback Effects	313
Empirical Evidence on Gender Differences in Quitting	313
The Overcrowding Model	314
Institutional Models	317
The Internal Labor Market	317
Primary and Secondary Jobs	318
Feedback Effects	319
Conclusion Questions for Review and Discussion Suggested Readings Key Terms	320

12 Government Policies to Combat Employment Discrimination 323

Rationales for Government Intervention	324
Equal Employment Opportunity Laws and Regulations	325
Equal Pay Act	325
Title VII of the Civil Rights Act	326
Executive Order 11246 and Affirmative Action	326
Major Court Decisions and Legislation That Have Shaped the Equal Employment Laws and Regulations	327
Effectiveness of the Government's Antidiscrimination Effort	333
Affirmative Action	335
■ Quotas for Women in the Boardroom	339
Comparable Worth	340
■ Job Evaluation	343
Conclusion Questions for Review and Discussion Suggested Readings Key Terms	344

PART IV THE ECONOMICS OF THE FAMILY: THEORY, EVIDENCE, AND POLICY 347

13 Changing Work Roles and Family Formation 349

Economic Explanations for Family Formation	349
The Role of Gains to Specialization in Production	350
Declining Gains from Specialization in Production	351
Other Benefits from Marriage Remain and Some May Be Increasing	352

Marriage	353
Marriage Patterns by Educational Attainment	357
Divorce	359
Cohabitation: Opposite-Sex Couples	363
Cohabitation and Marriage: Same-Sex Couples	366
Fertility	367
Trends in Fertility Rates: World War II to Present	369
Timing of Fertility by Educational Attainment	372
Births to Unmarried Mothers	374
Teen Births	376
Births to Older Mothers	377
Conclusion Questions for Review and Discussion Internet-Based Data Exercise Suggested Readings Key Terms	378

14 The Changing American Family and Implications for Family Well-Being 381

Changing Family Structure	381
Dual-Earner Married-Couple Families	382
Single-Parent Families	384
Poverty: Incidence and Measurement	386
Implications for Children's Well-Being	390
Maternal Employment, Childcare, and Children's Outcomes	390
Family Economic Disadvantage and Children's Outcomes	393
Family Structure and Children's Outcomes	394
Conclusion Questions for Review and Discussion Internet-Based Data Exercise Suggested Readings Key Terms	396

15 Government Policies Affecting Family Well-Being 399

Policies to Alleviate Poverty	399
Aid to Families with Dependent Children: The Former US Welfare Program	400
Temporary Assistance to Needy Families: The Current US Welfare Program	403
■ Beyond Traditional Income and Work Support Policies: Marriage Promotion	406

The Earned Income Tax Credit	407
Employment Strategies	410
Child Support Enforcement	411
Taxes, Specialization, and Marriage	413
Federal Income Tax	414
Social Security	418
Conclusion Questions for Review and Discussion Suggested Readings Key Terms	421

16 **Balancing the Competing Demands of Work and Family** 425

The Competing Demands of Work and Family	425
Work–Family Challenges Faced by Low-Wage Workers with Families	427
Work–Family Challenges for Highly Educated Professional Women	428
■ In the Media: Prominent Women Debate Whether Highly Educated Women Can “Have It All”	430
Particular Challenges for Women in Balancing Work and Family	431
Rationales for Government and Employer Policies to Assist Workers	432
Rationales for Government Policies	432
Rationales for Employer Policies	434
Family Leave	436
Government Leave Policies at the Federal Level	436
Paid Leave: Action on Leave Policies at the State Level	439
Childcare	441
Other Family-Friendly Policies	447
Alternative Work Schedules	447
Flexible Benefits	450
Policies to Assist Couples	450
■ How to Handle a Job Interview	452
Conclusion Questions for Review and Discussion Suggested Readings Key Terms	454

PART V THE ECONOMIC STATUS OF THE WORLD'S WOMEN 457

17 Gender Differences Around the World 459

Indicators of Women's Economic Status	460
The International Context	460
Labor Force Participation	461
Time Spent in Unpaid Work	467
Educational Attainment	468
The Benefits of Educating Girls	470
■ Middle East and North Africa: Low Female Labor Force Participation Rates Despite Rising Educational Attainment	472
Cross-National Trends in Fertility Rates	474
Variations in Sex Ratios at Birth	476
■ China's One-Child Policy: A Case Study of the Unintended Consequences of a Seemingly Neutral Fertility Policy	478
Women's Political and Legal Empowerment	480
Multidimensional Measures of Women's Status	481
Economic Development, Globalization, and Women's Status	482
■ Microcredit for Women: Lifeline or Mirage?	485
Conclusion Questions for Review and Discussion Suggested Readings Key Terms	486

18 A Comparison of the United States to Other Economically Advanced Countries 489

International Differences in Policies and Institutions	490
Labor Market Policies to Combat Gender Discrimination	490
Wage-Setting Institutions	492
Family-Friendly Policies	492
Tax Policies	496
US Women's Labor Force Participation in an International Context	496

The US Gender Wage Ratio in an International Context	498
■ Comparable Worth in Australia	501
Understanding Low Fertility in Economically Advanced Countries	502
Conclusion Questions for Review and Discussion Suggested Readings Key Terms	505
 AUTHOR INDEX	507
SUBJECT INDEX	518