Gender, work and ‘market’ values

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After thirty years of the myth of the ideal and irresistible market, the present represents an opportunity for challenging market rationality. Such challenges have always existed, but the current context perhaps represents a tipping point, an opportunity for change, where these challenges might receive a more receptive hearing among policymakers.

With this in mind, this article attempts to raise questions about some of the inequities of market economies, making particular reference to rising earnings inequalities, enduring gender inequalities and market valuations of some forms of work, specifically carework (where women are over-represented) and high level finance (where men are over-represented). It also considers widening understandings of ‘the economy’ to include aspects of care and domestic work which are currently hidden, and if recognised and valued appropriately potentially could lead to a more equal inclusive and sustainable society.

In so doing I make reflections on two issues addressed in this special issue: market recognition of individual ‘merit’, and the socio-economic value of what is recognised as work. Specifically I focus on the way that care and finance work are misrecognised by the market, leading respectively to undervaluation and overvaluation in ways which contribute to rising overall inequalities and enduring gender inequalities. I go further by linking these issues to the overall increase in earnings inequalities, in turn, a key element underpinning the economic crisis at the end of the first decade of the twenty-first century.

I develop this argument in a number of stages. First I set the discussion within the context of globalisation, rising inequalities and the falling share of output accruing to labour in general and low paid labour in particular. I then focus on the role of work and labour markets in shaping these inequalities, and consider some of the explanations put forward by economists to account for increasing inequalities in earnings in predominantly western societies.

Next, I turn to the question of enduring gender inequalities in labour markets. In this respect I consider how some of the economic properties of care and finance work lead to it being unjustly valued within a predominantly market system. To account for the gendering of this form of work, something not fully addressed within feminist economics, I suggest that progress might be made by bringing together ideas addressed by labour market researchers within the social sciences and those of gender theorists working predominantly in cultural studies and the humanities.

By way of conclusion, I argue that it is crucial to recognise the productive contributions of reproductive work and move towards a more Keynesian regulatory approach (appropriately modified to suit the contemporary global context) in order to create a more sustainable economy and one in which society takes control of the economy rather than vice versa (Polanyi, 1953).

Before beginning it is important to recognise that in the main I am dealing with general tendencies. I accept very much that the processes outlined materialise differently in different locations, but my rationale is that, at present, all states are constrained in their
Freedom to manage their economies and finance social policy by wider economic constraints. Until the end of the first decade of the twenty-first century these constraints were set by the supremacy of neo-liberalism, characterised by economic deregulation, privatisation, and fiscal discipline. Subsequently policies are likely to be influenced by responses to the global financial crisis and economic recession. While organisations and states operate within this common global framework, they do so in different ways, leading to different outcomes with respect to the extent of gender and earnings inequalities. Nonetheless in many countries earnings inequalities widened during the last two decades and gender disparities persist. Thus, while I am conscious of variation between states, in this article it is the general tendencies that are foregrounded.

Rising earnings inequalities and the economic crisis

Neo-liberalism has been associated with unsustainable increases in earnings inequalities, and a related imbalance between increases in productivity and wages, resulting in a fall in the share of output accruing to labour. More specifically, earnings inequalities have risen in 70 per cent and labour’s share of income fallen in 51 out of the 73 countries for which data is available (ILO, 2008).

Focusing specifically on high income OECD countries (the OECD 11), earnings inequalities have risen among men and among women, while the gender pay gap has marginally declined as a consequence of widening class differentials, though remains persistent and at a high level (OECD, 2008) (1). In these countries, earnings dispersion increased by 11 per cent for women and 10 per cent for men between 1985 and 2005. For both women and men the increase was greater at the upper end of the distribution meaning that high-earning women and men now receive a greater share of overall earnings. At the upper end of the distribution women have moved into an expanding range of professional and managerial jobs but rarely reach the top; many stereotypically male jobs in manufacturing and in the middle of the distribution have declined; and in the relatively low paid but expanding personal services and elementary occupations, men’s pay has fallen relative to the male median and so more closely approximates women’s pay.

These variations across the distribution mean that when full-time workers are taken together, the increase in overall inequality is less marked, owing to a decline in the gender wage gap. The fall in the gender pay gap is therefore a consequence of widening inequalities by social class, and while the number of professional women has increased, much of the decline in the gender pay gap is a consequence of the decline in the relative earnings of lower paid men. In the case of the UK, for example, the gender pay gap in the lowest decile is only 5 per cent compared to 20 per cent in the top decile (2). Nonetheless a gender pay gap endures in all OECD countries and at the current rate of closure will do so for many decades.

Earnings form the largest element of household income in these countries, so play a vital role in shaping overall income inequality and poverty. States moderate the impact of earnings inequalities through tax and benefit policies in different ways, but this cannot be relied upon. Surveys among OECD residents have found that while people are concerned about poverty and inequality, especially when it is shown to be excessive, somewhat contradictorily they are resistant to redistributive policies (OECD, 2008).

Moreover, state moderation of incomes often takes place in relation to households, which is problematic for two main reasons. First, it cannot be assumed that household
income is shared equally; and second, households are becoming less stable, thus well-being is likely to depend on individual earnings rather than household incomes. As redistribution cannot be guaranteed and as individuals cannot necessarily rely on the stability of their household setting it is important to understand the \textit{ex ante} processes leading to inequality and in-work poverty. As the OECD argue, ‘relying on taxing more and spending more as a response to inequality can only be a temporary measure. The only sustainable way to reduce inequality is to stop the underlying widening of wages’ (OECD, 2008, 116).

In a variety of academic and policy literatures, including development, social policy, and political science, the significance of earnings and income compared to other dimensions of social well-being has been questioned. For over a decade the United Nations Development Programme (UNDP) has included education and life expectancy along with income as a broadly based measure of well-being or human development at the societal level. Knowing that a given percentage of the population are literate and live to a certain age provides a much better sense of a country and its population’s welfare than the purely income-based measure of GDP per capita which disguises distributional issues (3).

The UNDP measure derives from the capabilities perspective based on individual well-being initiated by Amartya Sen (1999), and this approach is being used by the UK’s Equality and Human Rights Commission, but in a more complex and arguably less practical way. Similarly, within the gender and development literature, alternative, more complex and multifaceted, measures of poverty have been proposed (see Chant, 2010) and related approaches exist within the Western social exclusion literature. Other suggestions for encapsulating well-being include happiness (Layard, 2005), self-respect and self-esteem (Sennett, 2003; Honneth, 1995), and Andrew Sayer has highlighted the significance of contributive justice as a way of recognising that what people do as well as what they get forms an important element of well-being (Sayer, 2008).

While such measures and approaches more closely approximate lived experiences there is a risk that their ‘very comprehensiveness … [could] drown out the sense of direction so important for purposeful policy-making’ (Hirschman, 1958, 205). By contrast, earnings and income poverty and inequality can be measured more easily, and while there may not be a one-to-one relationship between earnings and a wider sense of well-being, the scale of earnings is associated with opportunities, provides a measure of inequality and is something that can be more easily addressed by policy. So while not neglecting other aspects of well-being this article focuses on earnings and by so doing links directly to the current crisis.

\textit{Inequality and the crisis}

Within supra-national institutions, the desire to halt rising earnings inequalities and the decline in the share of output accruing to labour is motivated by more than moral concerns of social justice (ILO, 2008; OECD, 2008). The imbalance between increases in productivity and increases in wages generated a global demand deficit, an underlying cause of the current crisis. Global competition constrains wage increases, and yet wage suppression depresses demand which limits profitable investment opportunities. As a consequence, a successive range of ever more complex and allegedly risk-free financial products were devised, whose links with the real economy became increasingly tenuous and obscure, as investors searched for new profitable opportunities.

These products were in effect recycling the debt that had financed consumption
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among low and middle income groups as their earnings failed to sustain the socially accepted standard of living. In addition, global competition and the shift in the balance of power towards shareholders placed pressure on producers and intensified the drive for flexible—and correspondingly less secure—working practices, making the repayment of debt increasingly difficult especially for those on low pay (Froud et al., 2007). The outcome was the subprime crisis in the US, shortly followed by a similar crisis in the UK and subsequently the wider financial crisis among western economies at the end of the first decade of the twenty-first century.

The economic crisis was sparked primarily by mis-management of capital markets through speculation and excessive risk-taking, predominantly by very highly paid men in the financial centres of the western world, but while the gains from speculative activity were enjoyed by a minority, the negative reverberations are global and especially severe in countries closely connected to western economies through trade.

The severity and shock of the crisis in western countries initially provoked some discussion of alternative socio-economic models, even within the supranational institutions. So far it seems however that the manner of rescue has failed to undermine the pre-eminence of the neo-liberal model, as some of the financial institutions that at one time seemed on the verge of crisis are returning to profitability precisely through the management of government debt incurred by the state bail out of the banks themselves (4).

Nonetheless, if there is some validity to the argument that inequality is an underlying cause of the crisis (Seguino, 2009), then the restoration may only be temporary. So it is important to address the underlying processes generating the unequal outcomes and to respond to the OECD’s comment regarding the importance of stopping the ‘ex ante processes leading to rising earnings inequality.’

Understanding the underlying processes is clearly a prerequisite for ‘stopping’ rising earnings and enduring gender inequalities. Orthodox explanations for rising wage inequality in OECD countries emphasise globalisation, migration and trade on the one hand, and skill-biased technological change on the other. Debates between these perspectives continue, but in essence, both relate to a polarisation in employment composition within Western economies, with increases in both well-paid professional and managerial jobs, and in lower-paid work in personal services, as middle-level manufacturing work has been largely off-shored.

Paul Krugman argues that while there is merit in each of these approaches, neither can provide a convincingly explanation for the dramatic widening of earnings inequalities in the US, especially in the top decile, and suggests instead that social norms have become more tolerant of greater inequality (Krugman, 2002). If wages are determined by social norms, then it opens the way for questioning the current earnings distributions and examining the link between pay and the social value of different forms of work, which is central to questions of gender equality given continuing segregation in employment by sector and occupation.

Earnings inequalities, segregation and gender: care and high level finance

One of the clearest areas of gender segregation is carework; by which I mean the tasks of social reproduction and include childcare, elder care and some aspects of nursing and teaching. By exploring the character and economic properties of carework, it is possible to
account for some of the reasons for low pay and, given women’s over-representation in this sector, for one dimension of the gender pay gap.

Carework is highly labour intensive and there is very limited potential for productivity increases unless the character of the work is profoundly, and many would consider adversely, changed. Care is also a composite good (Folbre and Nelson, 2000), simultaneously consisting of guarding (preventing any harm) and caring for identifiable bodily needs and nurturing. It involves direct human encounters and so possesses an inherently affective dimension that can in practice vary in quality, though this may only be picked up by the cared for – who may lack the necessary voice to express either concern or appreciation. These properties not only make carework difficult to measure but also mean that the relative costs will tend to rise over time.

As these properties are rarely acknowledged in social policy, rising costs are often attributed to an assumed inefficiency of the public sector and as a consequence social care has largely been privatised. The private producers often struggle to make profit and many do so by restricting their services to an elite or subsidised clientele and by employing people with labour market disadvantage on low wages.

What is less clear is why work in these sectors is not regarded as being more skilled, and why the social value of this form of work is not recognised and rewarded. Good quality carework creates positive social externalities or social gains in terms of more educated and rounded citizens (Elson, 1998). Recognising the social value of the work provides an economically rational argument for this sector and the workers employed therein to receive a larger share of social output. Arguably, the social value is far higher than that arising from the work of highly paid workers in finance, where overall annual and hourly average earnings are approximately twice those of employees in other sectors (Metcalf and Rolfe, 2009).

The gender balance of employees in finance is roughly equal, but the gender pay gap is approximately double the size of the economy as a whole. These differences reflect the combined effects of the uneven gender distribution across different branches and occupations within the sector, the higher pay where men are over-represented, and gender-differentiated qualifications. While these factors can account for the differentiated pay, they cannot explain ‘why men, rather than women, with degrees are employed and why women, rather than men with lower qualifications, are employed’ (Metcalf and Rolfe, 2009, 33).

In addition these factors do not account for the comparatively very high levels of pay at the top end of the distribution. An executive from a failed UK bank was retained to advise on its restructuring at a monthly salary equivalent to three and a half times the annual salary of a childcare worker with twenty years experience (see Perrons, 2010). As some of the banks returned to profitability in mid 2009, large bonuses were once again being justified as crucial to retain the best workers. As Adair Turner, Chair of the Financial Services Authority, argued with respect to high level finance workers, high market returns and associated earnings ‘can just as easily reflect market imperfections rather than proof of social value’ (Turner, 2009, 5).

Explaning gender segregation
Currently, women are over-represented in low paying occupations and sectors, yet the social value of what they do might be considered equally if not more worthwhile than work in financial markets. With respect to social values, care and finance work, both reflect market
misrecognition or imperfection; finance is associated with negative social externalities and
some very overpaid workers, while carework is associated with positive social externalities
and underpaid workers.

Less well understood are the processes driving the gendering of these activities. Why
do women disproportionately ‘choose’ sectors and occupations that are characterised by
lower pay? Given the diversity among women it is perhaps less likely that as a group they
simply prefer these types of employment, and more likely that there are external
constraints of some kind that impedes their entry and progression elsewhere. Individual
capacities and attributes may influence appropriateness for, and productivity levels in,
different jobs but this would lead to a varied job distribution within any particular social
group. Unless it is assumed that some natural factors link sex and race to the capacity to
do different kinds of jobs, then the only explanation for under-representation of entire
social groups in particular jobs is that ‘something is blocking the way’ (see Phillips, 2004,
8, for an analogous argument relating to political representation).

I turn very briefly to some ideas from gender theory to help explain the gendering of
employment segregation. There are no concrete walls or armed guards barring women’s
access to the labour market in the Western world (Epstein, 2006) and there is now greater
symmetry between women’s and men’s lives. However, the convergence has been princi-
pally one-sided, with women being partially assimilated into the largely unmodified
masculinised model of working to a greater extent than men have been assimilated into the
feminised world of domestic reproduction and care (Addis, 2002).

What exists instead are ‘cultural boundaries’ (Epstein, 2006), or deeply embedded
cultural practices and gendered social norms that uphold and reinforce existing practices
and understandings of appropriate roles for women and men, the value of different activi-
ties, and understanding of the economy as a whole. These cultural boundaries or
understandings of appropriate gendered behaviours are deeply rooted and have become
naturalised through repeated practice.

These practices become cumulative as particular social groups or identities are not
considered suitable for certain positions and then become unsuitable by virtue of not
having had the necessary practice, experience or social networks. The gender of people
holding positions becomes identified with and ‘stick’ to those positions (Ahmed, 2004),
such that high finance work becomes equated more with men than women, who then
shape the notion of finance workers as male. Likewise, aptitudes for social carework,
perceived to be ‘physically but not intellectually challenging’, ‘dirty, gruelling and low paid’,
and so on, stick to women, who are believed to have the apposite ‘natural predisposition’
or ‘personality type’ (Research Works, 2001). Thus particular economic or social attributes
are inextricably identified with particular social beings.

In this way occupations become gender stereotyped, and while the boundaries are
permeable and divisions vary across cultures and over time, indeed such variations
reflecting their social/cultural rather than natural construction, they nonetheless have a
certain fixity that shapes expectations and creates difficulty for those who transgress by
entering gender incongruent occupations. Similarly, reward structures reflect social
understandings of what is deserving or undeserving, ideas about what is skilful,
economically crucial and worthy of financial recompense and these notions are
gendered yet become sedimented in the social imagination as natural and difficult to
challenge (5).
Conclusion

The efficacy of the neo-liberal model is now in question. Rising earnings inequality and the suppression of wages among the lower paid has been identified as a central dimension of the crisis and recession. Therefore, this is an appropriate moment to restate long standing feminist concerns which play an important role in sustaining gender inequality: the market undervaluation of care work and the productive qualities of reproductive work, and to place these issues on the agenda as societies reconsider their modus operandi.

Recognising and appropriately rewarding carework could potentially reduce earnings inequality and narrow the gender pay gap. Further, by acknowledging this work as productive and an investment, societies could potentially become more equitable, inclusive and sustainable.

Linking the underlying cause of the crisis to a demand deficit immediately draws attention to Keynes (6). Keynes, like the neoclassical economists, had a relatively narrow view of the economy so did not acknowledge the contribution of care and reproductive work, seeing households as consumers rather than producers (see Elson, 1998). While Keynes addressed global concerns, to date Keynesian remedies – such as expanding consumption – were implemented within less integrated national economies. In the contemporary global era such expansion could result in a surge of imports which could threaten rather than restore economic stability.

Thinking about applying Keynesian ideas today is therefore complex, as increasing the wage share and being attentive to the requirements of reproductive work could reduce competitiveness. However, this argument is premised on the acceptance of a profit-led model of growth. As Stephanie Seguino and Caren Grown have pointed out, the economy could equally be viewed as a ‘closed wage-led economic system’ (Seguino and Grown, 2007). This view of the economy suggests that in principle it would be possible to develop a more inclusive and cooperative model on a global scale. When Keynesian policies were first introduced they required and indeed secured a dramatic redirection of priorities and resources from capital to labour within the nation. Today, similarly to the Keynesian/Fordist era, a new mode of social regulation could be introduced to allow contemporary productivity gains to be shared more widely.

This may require some form of global governance, to ensure genuinely progressive redistributions of social value, and ideally one that would rest upon participatory forms of democracy at different spatial scales in order to overcome the weaknesses of the current supra-national institutions and the unequal representation of states within them. Addressing inequality would also require reconsidering wages associated with different forms of employment, as well as lateral changes in the division of labour between women. Transformative remedies along these lines would potentially allow society to take control over, rather than be led by, the market economy, and potentially lead to more equal and sustainable outcomes.

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References


Notes

1. The ‘OECD 11’ refers to Canada, Finland, France, Germany, Japan, the Netherlands, New Zealand, Sweden, US, UK and Korea (OECD, 2008).

2. This measure is on the basis of median hourly earnings of full-time workers. It would be higher if part-time workers were included or if the average measure was used.

3. In addition to the basic Human Development measure the UNDP has developed gender sensitive measures and measures which relate specifically to poverty (reports are produced annually, see for example UNDP, 2009).

4. In the UK one example would be Goldman Sachs.

5. This section has been reworked from Perrons, 2010.

6. In contrast to David Held who argues that the values of individual utility and efficiency should be replaced by those of an ethic of care on moral grounds (Held, 2002), my argument is that markets misrecognise the value of a range of employment forms, including carework and finance, so it is appropriate to open up a wider discussion about the social value of different forms, recognising the way that values are highly gendered.