The most valuable of all Capitall; a gender reading of economics texts
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Chapter 3

A feminist reading of John Pencavel's

'Labor Supply of Men. A Survey'

"In order to realize what all this means for the efficiency of the capitalism engine of production we need only recall that the family and the family home used to be the mainspring of the typically bourgeois kind of profit motive. [...] Consciously or unconsciously they economists, EK analyzed the behavior of the man whose views and motives are shaped by such a home and who means to work and to save primarily for wife and children." Schumpeter, J.A. Capitalism, Socialism & Democracy, (1943, 160)

3.1 Introduction

Pencavel's 'Labor Supply of Men. A Survey' (1986)\textsuperscript{27} contains a survey of the main developments in the field of labor economics. Thus it defines the relatively young field of labor economics research, the way the major issues are dealt with in this field and the main theoretical problems.

Pencavel's text is embedded to a greater extent in standard economic research than Becker's Treatise on the Family. Where Becker constructs a new theoretical economic approach to the family, Pencavel's review of the research on the labor supply of men is – in accordance with the nature of this kind of article - less innovative and based on empirical data, economic research and established theory. What use does Pencavel make of sex/gender distinctions, perceptions of gender and masculine perspectives and if he does, do these in any way affect his economic reasoning? What is the impact of his use of gender on his economic reasoning and what can be said about the limits of a textual analysis in this case?

In this first reading of Pencavel's text - as in Chapter 2 on Becker's text - I start by following the text closely, if not word for word. I then follow up certain main lines of the text more generally. After the summary of the text in section 3.2, section 3.3 focuses on Pencavel's

\textsuperscript{27} O.C. Ashenfelter & R. Layard (eds) (1986) The Handbook of Labor Economics, Vol. I, Amsterdam, New York: North Holland. All unspecified pages in this chapter are from this volume, unless indicated otherwise.
use of sex/gender distinctions and section 3.4 indicates his perception of gender as applied in the text. Section 3.5 addresses Pencavel's use of a masculine perspective. Section 3.6 comprises the conclusions on Pencavel's text and brings together the conclusions of Part I & II of this thesis.

3.2 A summary of Pencavel's text

Pencavel's Chapter on 'Labor Supply of Men: A Survey' discusses the research on labor economics issues, especially the labor supply of men. It would appear that Pencavel faced the challenge of constructing a logical and empirically based framework which enabled him to cover, at the same time, the empirical and theoretical work done in the field, deal with some of the major debates and discuss a set of coherent theories and problems.

His chapter starts with a discussion of the emergence of the field of labor economics, its philosophical foundations and an exposition of empirical trends and stylized facts. He addresses the early models designed in this field and introduces the 'canonical model' (Hicks 1946). Pencavel discusses this model and some non-neoclassical models as far as they are used as possible solutions for theoretical problems. The issues of aggregation in labor economic modeling, and problems relating to non-linear budget constraints, and restrictions on hours by employers are also addressed. He discusses life-cycle models as dynamic versions of the canonical model, the value of this kind of research and the testing of the model, using US data and British data. In his conclusions he evaluates the state of research in the field and suggests possible directions for future research.

3.3 Pencavel's use of sex/gender distinctions

Like Becker (1981), Pencavel applies a biological concept of gender differences. Unlike Becker he neither denies it, nor does he discuss it in any way. The text deals with 'men', a statistical category based on biological difference. In this text, the scientific significance of the biological distinction between men's and women's labor supply for the issue under discussion, i.e. labor supply, is assumed rather than assessed. Pencavel does not discuss the relevancy and validity of this distinction for this field of study. He just starts his chapter by articulating his field of focus:

"This survey of male supply covers the determinants of whether men work for pay in the labor market and, if so, the determinants of their hours of work.' (3)

He links this research to data on these issues:

'his survey is restricted almost entirely to the Anglo-American literature.' (3)

In the subsequent section on 'Empirical regularities' he relates the definition of the topic of this chapter to empirical data on the behavior of men on the labor market. Thus, a biological concept of gender differences is set at the very beginning of his chapter.

Pencavel frequently uses dualist reasoning in ordering his material and structuring his
argument. He constructs dichotomies (makes distinctions and discusses them in terms of oppositions) and subsequently postulates a standard group or type of behavior. This standard group or behavior then becomes the focus of the explanation or argument in the subsequent section. This is the way Pencavel orders his data, chooses his categories, and builds up his argument, discussing central issues in the field along the way.

Having started from a biological concept of gender, he reproduces and constructs in his text a specific perception of a male agent. It is an agent that coincides with that of a prime-age white American man, whose main incentive to work is pay, who has a spouse at home who takes care of him and the kids. It is this perception of the male that Pencavel, from a certain point in the text onwards, equates with 'the individual'. In the next section, I shall follow Pencavel's text and indicate how he constructs this perception of gender in his text.

3.4 Pencavel's perception of gender

Pencavel focuses on payment as the decisive incentive to work; other motivations such as (gender) prestige, power, division of work and responsibilities in the family are not investigated. Men are addressed as the financial providers of the family.

"Issues pertaining to the size and structure of the population are not addressed."

Here Pencavel uncouples - this is not unusual in labor economics - labor economics from the investigation of population issues. Thus demographic changes and characteristics are assumed not to have a considerable impact on men's labor supply and vice versa. Whether or not this is correct, it indicates the perception that men's behavior on the labor market is not perceived as directly related to marriage, fertility and divorce, or to habits and other cultural characteristics. We see here the perception of men as financial providers of their family, while their behavior is perceived as uninfluenced by the organization of the family (and of society). This in opposition to women's labor market behavior, which is generally linked to the family situation.

Subsequently, Pencavel further limits his focus:

'Also I shall be concentrating on the work behavior of men prior to their retirement from the labor force [...]'.

Pencavel indicates that he mainly uses data from the United States, compares these to data from Britain, Canada and Germany, and then continues his discussion by addressing US data, sometimes in comparison with British data. Thus, Pencavel has more or less narrowed down his focus to American men, who work for pay, and are under 65.

Subsequently Pencavel discusses in the section on 'Empirical regularities' some stylized facts. He indicates here that the labor participation of men has fallen slightly but steadily in the last centuries. This trend however, has been offset by the increase in the
participation of women in the labor market. Although Pencavel indicates here a relation between the labor supply of women and that of men, he does not pursue this any further.

Instead, Pencavel turns to the analysis of short-term fluctuations. He does so by referring to business cycles and underlying trends that he links to US data for different groups of males in the population. Pencavel makes use here of 'the unemployment of white males aged 35-44 years' as an indicator of the stage of these cycles and trends. He explains this by stating that:

\[ \text{The unemployment rate of this group is a better indicator of the stage of the stage of the business cycle as it operates in the labor market than is the overall unemployment rate and the superscript } r \text{ on } U \text{ designates this as the reference group.} \]

This assertion, though, may legitimately be questioned if economic growth is accompanied by an increase in employment for white men and a decline in employment for black men and women. Taking the employment of 35-44 year old white men as an indicator might do well for discussing the employment in a specific cultural context. However, this does not need to be the case everywhere. Pencavel discusses this point and compares the group of white males of 35-44 years to eight other age groups and one other racial group (black and other). He remarks that 'very little variation in annual movements of male participation rates is removed by this cyclical indicator' (11).

Pencavel then goes on to give a set of tables with data about men's labor force participation. In Table 1.16 he supplies data, using the categories of age groups (four), years of schooling (eight groups), ethnicity (three: black, other non-white and white), marital status (four groups: never married, separated or divorced, widowed, married spouse present), non-wage income (six groups) and years of age.

FOR prime-age males, ceteris paribus, a white man is almost 2 percent more likely to be in the labor force than a black man.' (20-21)

The focus is here on the prime-age group (aged 25-54 years) and on high labor force participation. That 'other non-white' men are more than 2.5% more likely to be in the labor force than white men goes unmentioned.

'A married man with his spouse present is much more likely to be in the labor force (8 percent more likely for prime-age males, other things equal) than a man with a different marital status.' (21)

Pencavel addresses the validity of the findings by discussing the means and standard deviations of the relation between hours worked, age, and education, and states that

\[ \text{Pencavel remarks here that 'the absence of a trend in the overall (male and female) labor force participation rate prompted Klein and Kosobud (1961) to classify it as one of the 'great ratios of economics.'} \]

Men's labor market behavior is here shown to be related to family situation.
Thus, the relation between hours of work and pay is identified, without however saying anything further about the other variables that could also be expected to be at work here such as social status, family tradition, power, the number of children, etc.

Thus, in the discussion so far, Pencavel has narrowed down his focus from 'men' to 'men independent from issues pertaining to the size and structure of the population' to the 'white male group of 25-54 years' to 'white prime-age married men, working for pay'. It is this conceptualization of men that is subsequently linked to 'the individual' figuring in the theoretical models.

3.5 The construction of a masculine individual

We then come to the section 'Conceptual framework' in which Pencavel discusses theoretical issues. The main categories are here discussed again in terms of oppositions. One of these oppositions is implicitly posited as the standard and is subsequently discussed in more detail. This culminates in the articulation of the behavior of the traditional male individual. This specifically is the case in the discussion of the individual who chooses between labor and leisure as opposed to the individual who has to choose between labor and household labor. Subsequently Pencavel develops how the behavior of individuals with a standard utility function as opposed to individuals who have other preferences. Then he turns to individuals who are heads of households as opposed to individuals who have a spouse who participates in the labor force. By the way and the sequence in which these categories are discussed Pencavel narrows down the focus even further. Let us follow this process more closely in the text.

Pencavel starts his discussion on the theoretical framework by addressing what he refers to as the 'canonical model', as the core of labor economics: the model

'\textit{that guides most economists' analyses of the determinants of the supply of working hours derives most directly from Hicks' (1946) paragraph 11 of his Mathematical Appendix.}' (26) --

Pencavel considers it unnecessary to provide arguments for using this particular model. This model devised by Hicks is put forward as common practice under labor economists, its use here therefore being obvious.\textsuperscript{30}

Hicks' model fits the male profile earlier produced of a person who is available for the market and works for money. Moreover, by introducing Hicks' model here as standard economic theory, Pencavel incorporates the dichotomy labor-leisure into his discussion of the field:

\textsuperscript{30} Even to the extent that Hicks' book is left out of bibliography. This, however, may, of course, also be a typographic error.
'According to this characterization, the labor supply function is derived from a general model of consumer demand in which a fixed endowment of a commodity is divided into one part for sale on the market and another part reserved for direct consumption. In this instance, the endowment consists of a fixed block of time, $T$, that in the simplest of cases is to be divided between hours worked in the market, $h$, and hours spent in other activities, $L$: $T = h + L$. The reservation demand for hours of 'leisure', $L$, simply consists of what is left over from market sales of $h$. (26)

Hicks' conceptual framework builds on an underlying concept of gender relations in which the husband is available for the labor market work and makes choices concerning labor or 'other activities': leisure. The required household work is assumed to be performed by the wife (or mother). When performed by the wife or rather assumed to be performed, it is ascribed to the husband and takes on the character of 'other activities' or 'leisure' c.q. consumption (by the husband). Although the presence of a wife has a major influence on the availability of the husband for the labor market, the time spent on household labor is not addressed nor analyzed here. Household labor is not considered as a variable in men's labor supply decisions. Instead, the theoretical notion of labor versus leisure is taken over as part of established theory and assumed to more or less cover current family practice. We have to keep in mind though, that Pencavel is basing his arguments and reporting on research using data from 1940-1980.

Pencavel goes on to discuss the choices made between labor and 'leisure' as expressed in a utility function:

\[
\text{An individual with personal characteristics } A \text{ (such as his age or race) possesses a well-behaved (real-valued, continuous, quasi-concave) utility function defined over his consumption of commodities, } x, \text{ and his hours of work, } h: U = U(x, h; A, \varepsilon), \text{ where } \varepsilon \text{ stands for the individual's 'tastes'}. (26) -- \]

Here Pencavel makes a distinction between what can be considered as standard behavior and non-standard behavior. In line with dualist reasoning, the labor economist is supposed to subsequently focus on the average person on the market.

However, separating standard economic behavior from non-standard (which includes $\varepsilon$) is more problematic than might appear. Pencavel discusses these problems later in his chapter when he deals with the issue of aggregation. Problems arise for instance in relation to differences in $\varepsilon$ (all having the same income ($y$) and personal characteristics such as age and race ($A$), and facing the same prices ($p$) and wages ($w$)). As is to be expected taking Pencavel's group of focus into account, these problems 'are likely to be more innocuous for studies restricted to prime age males (for whom $\pi$ (the labor force participation rate) does not fall short of unity) than for those relating to young men, older men and women.'(33)³²

³¹ In relation to women's labor supply Mincer (1962), Becker (1965) and Gronau (1977) described in detail the limitations of such a model.

³² For Pencavel this problem of the diversion in various groups and the need to make corrections for $\varepsilon$ aggregation is in fact so severe that he refrains from discussing at any great length the research done on aggregate data (Pencavel 1986).
Before we go on to Pencavel's analysis of standard behavior, we shall first take a closer look at what Pencavel means by 'the unobserved variables or components' (e) and read:

'Whether e is called a taste component or an individual's "ability in home production" or whatever, the essential point is that, unlike the variables in \( \Lambda \), e is unobserved to the researcher [..] the presence of e in the utility function allows for individuals to differ from one another in ways not observed by the researcher.'

(26) --

It appears that e refers to the way men's behavior varies from the standard; the researcher is supposed to disregard these aspects of behavior. Here the implicit use of the biological concept of gender differences comes again to the fore when the ability in home production is ignored.

Pencavel then articulates what he perceives as standard behavior:

'The partial derivative of \( U \) in eq. (3) with respect to x is assumed to be positive and that with respect to h is assumed to be negative, at least in the neighborhood of the observed hours of work [..].'

(27)

Translated into ordinary language, the claim made here is that more goods are preferred to fewer goods, and that less hours of work are preferred to more hours, reasoning from the present situation. Pencavel makes use here and refers to well-established theory and does not account for the assumptions made about the derivatives. The behavior described here by the signs of the derivatives is in accordance with the assumed behavior pattern in relation to work and pay. Since men are assumed, in accordance with the common practice in economics, to be chiefly motivated to work by income, being employed for more hours or doing overtime is assumed not have a positive value. In terms of the theory, which assumes the indifference curve to remain unchanged, it is the change in the budget curve that induces the change in behavior.

Thus, once again, arguments such as status, power, access to other sources of income, a bad marriage, a large number of children or the ambition to send the offspring to university or the intrinsic utility of the work itself are overlooked, as many economists have already noted. The neglect of these aspects of market labor, which may play a role, has its own gender dimensions. It reinforces a perception of gender that characterizes men mainly as financial providers for their family (when present), and - implicitly - women primarily as caregivers vis-à-vis husband and children.

After the standard behavior has been specified, Pencavel discusses some issues that might create problems for or disturb this behavior, such as a working spouse. The utility function of men, and the way it might be influenced by 'his spouse's market work time in addition to his own work time' (27) are addressed, and Pencavel stresses here the importance of bargaining between husband and wife for the outcome. However, after this discussion, Pencavel puts the issue aside, as if dealt with, and says:

'The usual method of handling these problems is to assume that the social choice conditions for the existence of a well-behaved aggregate (household) utility
function have been met or that the household's utility function is identical with that of the "head" of the household, who integrates the welfare of all the household's members [...]." (28)

Thus, after discussing the behavior of household members and the influence of the spouse's participation on the labor market, Pencavel 'solves' this problem by assuming that the household utility function is identical to that of the head of the household and that the spouse's utility function and wage are unimportant to the economic behavior of the 'individual' in the market. However, since it was this assumption which evoked the alternative theorizing in the first place, the problem has not been solved, but these issues are merely disregarded in the rest of the discussion.

This quote also shows how the head of the household is equated with the man of the house and the way conflicts and differences of interests are disposed of by means of assumption. Moreover, Pencavel identifies a similarity here between the conditions for well-behaved utility functions and the assumption that the household utility function is identical with that of the 'head of the household'. If each economic individual with a well-behaved utility curve can indeed be considered identical to 'the head of the household' (implicitly married with a wife who takes care of dependents), this raises questions about the conceptualization of the behavior of wives and other economic dependents in the family that is implicitly ascribed to them in economic theorizing in general.

We have now arrived at a point in Pencavel's chapter where the profile of the individual has been formulated as that of a white, married, prime-age American man with a well-behaved utility function and (implicitly) married to a wife who takes care of the kids and does the household work. Behavior that does not fit in this picture is especially interesting in that it is deviant or is considered to be 'unobserved by the researcher'. In the remaining part of his chapter, Pencavel applies this model to 'each individual', for instance where he argues:

*The real reservation wage, w*/p, is the slope of an indifference curve between commodity consumption and hours at work evaluated at \( h = 0 \) and, for every given individual, typically the value of this reservation wage will vary from one indifference curve to another, i.e. the reservation wage will depend upon \( x \) and indirectly upon \( y \) for any given \( A \) and \( \epsilon \): \( w^* (y, A, \epsilon) \)' (28/29, emphasis added).

Here the familiar concept of economic man as free of any social duties, as making decisions on his own individual terms and 'tastes' is presented. This model of man is subsequently applied in the text to all economic agents.

In the later sections Pencavel elaborates this framework as life cycle models and links them to data from the United States and the United Kingdom.
3.6 Conclusions

In this chapter, I investigated Pencavel's use of sex/gender distinctions, his perception of gender and use of masculine perspective by closely following the text of 'The Labor Supply of Men: A Survey' (1986). In this text Pencavel provides the reader with a survey of data from past decennia (1940-1980) and the standard labor economic model and techniques applied in labor economics research.

The analysis of Pencavel's text shows that he applies a biological concept of gender differences; he assumes and ascribes to men and women social positions and behavior based on their sex and presents this perception of gender as static and as evident. Though he acknowledges recent changes in gender relations and discusses the research and theory development concerning families with a working spouse, he neither integrates them in his approach to the field of labor economics and theoretical outlines. Instead these issues are dealt with as exceptional situations and as requiring non-standard approaches.

Pencavel's perception of gender comes to the fore in his use of dualist reasoning and the way he applies a masculine perspective in this text, his choice of data and categories, the discussion of groups and features as 'normal' and others as 'different', the way he orders and structures the research conducted in the field of labor economics, and the way he makes use of established theory and economic concepts. He thus defines and/or articulates successively the topic of his chapter (the labor supply of men), the scope of his chapter (no relation to population issues, focus on men younger than 65, and on men from the US and Britain), his use and discussions of data categories as dichotomies (US/Britain ⇔ Canada/Germany; white males in the prime age ⇔ black men and other; men who are married ⇔ men who are not), theoretical notions and frameworks (men who work ⇔ men who have leisure; men who have a spouse at home ⇔ men who have a spouse who participates in the labor market), the standard labor supply behavior of men (white American married males ⇔ others). The reader is thus presented with a specific perception of gender.

The perception of gender that thus appears as evident, static and universal, posits the husband as fully oriented towards the labor market, chiefly motivated by his wage, being the head of the household and sole wage earner in the family. In the family a sexual division of work is assumed in which the husband's main responsibility for his wife and children is a financial one and in which the wife is assumed to take care of the husband, the children and other dependents. However, at the same time the behavior of the husband is seen as independent of that of the presence of children and of a spouse, whose work is not considered as productive, or is regarded as to some extent dispensable. The labor market participation of married women is seen as a complicating factor for traditional conceptualizations of men's labor market behavior.

Pencavel attempts to do justice to the various debates within today's neoclassical labor economic research. Almost unavoidably however, this text canonizes the historical debates on data, concepts and theories by coming up with 'a canonical model' and stylized facts, which are grounded in a previous period. The practice of labor economics also provides ground to fall back on should theories become very diverse, as in the case of the working spouse. The report on the research conducted is necessarily lagged, however, using data that are even more dated. This is especially relevant where it concerns fast changing gender relations.

In addition Pencavel's use of the masculine perspective and focus on white prime-age
American men, who are fully available for the labor market, and the way he takes women's contribution to the household for granted, hamper a full discussion of the effects of ongoing changes in gender relations. Instead of addressing the issue of changing gender relations directly, the traditional organization of the family is assumed to exist. Later when Pencavel has discussed these changes and their theoretical impact has been indicated, the traditional gender relations are again restated and are just assumed to occur.

This leaves us with the following issues: if we wish to analyze the gendered character of economic texts, it becomes necessary to know more about the gendered character of established theories and concepts. What is the gendered character of economic concepts and theories? Did specific - hierarchical and asymmetrical, and other - perceptions of gender become ingrained in economic thought? If so, how? How can we analyze and assess this? This would make it easier to understand and assess the use of gender in this text. To what extent is Pencavel just 'a child of his time'? Does he take over the established manner of 'doing economics', does the text just give an account of the present state of affairs or can it be indicated as normative? Is it Pencavel's job as a reviewer of the field to change gender and theoretical notions; is he not merely a reporter of the present state of affairs? Is there a conceptualization of gender available that would enable someone like Pencavel to deal more adequately with gender questions?

These questions, evoked by an analysis such as this, are impossible to deal with by only reading this text as a woman, but instead call for a more extended discussion on the relation between gender and economic texts. We need to examine the history of economic thought to shed light on the development of economic notions. We also need to investigate women's economic history to get to know more about the social gender character of established economic notions in order to assess, in turn, the use of these notions in the two texts analyzed so far.