THE ECONOMICS OF women, men, and work

EIGHTH EDITION

FRANCINE D. BLAU | ANNE E. WINKLER

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The Economics of Women, Men, and Work

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Eighth Edition

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For

Lawrence M. Kahn
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Maren Francine Kahn

and
Michael Joseph Kowalkowski
Henrik Francis Kowalkowski
Andrew Joseph Kowalkowski

With Love

In Memoriam

Our dear colleague, friend, and collaborator,
Marianne A. Ferber, January 30, 1923 – May 11, 2013

The Economics of Women, Men, and Work,
both the textbook and the field of study,
have been deeply enriched by her contributions.

About the Authors

Francine D. Blau is Frances Perkins Professor of Industrial and Labor Relations and professor of economics at Cornell University. She is also a research associate of the National Bureau of Economic Research (NBER) and a research fellow of the Institute for the Study of Labor (IZA). She received her Ph.D. in economics from Harvard University and her B.S. from the School of Industrial and Labor Relations at Cornell University. Before returning to Cornell in 1994, she was for many years on the faculty of the University of Illinois, Urbana-Champaign. Professor Blau has served as president of the Society of Labor Economists (SOLE) and of the Labor and Employment Relations Association (LERA), vice president of the American Economic Association (AEA), president of the Midwest Economics Association (MEA), and chair of the AEA's Committee on the Status of Women in the Economics Profession (CSWEP). She is a fellow of the Society of Labor Economists, the American Academy of Political and Social Science, and the Labor and Employment Relations Association. In 2010, she received the IZA Prize for outstanding achievement in labor economics (the first female recipient) and, in 2017, the Jacob Mincer Award for lifetime contributions to the field of labor economics from SOLE. She was also the 2001 recipient of the Carolyn Shaw Bell Award from CSWEP for furthering the status of women in the economics profession. She is an associate editor of *Labour Economics* and was formerly an editor of the *Journal of Labor Economics* and an associate editor of the *Journal of Economic Perspectives*. She serves or has served on numerous editorial boards, including of the *American Economic Review*, the *Journal of Labor Economics*, the *Journal of Economic Perspectives*, the *ILR Review*, *Feminist Economics*, *Signs*, and *The Annals,* among others. Professor Blau has written extensively on gender issues, wage inequality, immigration, and international comparisons of labor market outcomes. She has published widely in refereed journals and is the author of *Equal Pay in the Office* and of *Gender, Inequality, and Wages* and, with Lawrence Kahn, of *At Home and Abroad: U.S. Labor Market Performance in International Perspective*. She is also coeditor of *The Economic and Fiscal Consequences of Immigration*, *The Declining Significance of Gender?*, and *Gender and Family Issues in the Workplace*.

Anne E. Winkler is professor of economics and public policy administration at the University of Missouri–St. Louis (UMSL). She is also a research fellow at IZA (the Institute for the Study of Labor). She received her Ph.D. in economics from the University of Illinois at Urbana-Champaign and her undergraduate degree in economics from Wesleyan University. She has been a faculty member at UMSL since 1989. She serves on the editorial boards of *Social Science Quarterly* and *Journal of Labor Research*. She previously served as second vice president of the Midwest Economics Association and as president of the St. Louis Chapter of the National Association for Business Economics (NABE). She also served as board member of the American Economic Association's Committee on the Status of Women in the Economics Profession (CSWEP). Her main areas of research interest are in the economics of gender, the economics of the family, and welfare and poverty. Her work has appeared in economics and broader social science journals including *Journal of Human Resources*, *Research in Labor Economics*, *Monthly Labor Review*, *Demography*, *Journal of Policy Analysis and Management*, *Journal of Urban Economics*, *Management Science*, and *IZA World of Labor*.

A Note from the Authors

In publishing this eighth edition with Oxford University Press, we honor the memory and warmly acknowledge the enduring influence of our longtime coauthor and dear friend, Marianne A. Ferber. Marianne Ferber and Francine Blau collaborated on *The Economics of Women, Men, and Work*, the first-ever textbook on this topic, in the early 1980s. Anne Winkler joined with the third edition, and the book was coauthored by all three through the seventh edition, all of which were published by Prentice-Hall/Pearson. This is the first edition that does not bear Marianne Ferber's name. We encourage readers to learn more about her remarkable life and professional contributions.*

It is our hope that Marianne Ferber's legacy—her professional achievements, personal story, and long-lasting influence on this text—will inspire young women to pursue in life what is most meaningful to them and, for those pursuing a profession, to have the opportunity to rise to the highest echelons of their field.

FDB and AEW
June 2017

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*Committee on the Status of Women in Economics, "An Interview with the 2001 Carolyn Shaw Bell Award Co-recipients Marianne A. Ferber and Francine D. Blau," *CSWEP Newsletter* (Fall 2002); and Francine D. Blau and Anne E. Winkler, "Remembering Marianne A. Ferber," *CSWEP Newsletter* (Winter 2014), https://www.aeaweb.org/about-aea/committees/cswep

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Preface

We wrote *The Economics of Women, Men, and Work* because we saw a need for a text that would acquaint students with the findings of research on women, men, and work in the labor market and the household. We are extremely gratified on the publication of the eighth edition to reflect that this belief was justified and hope that this fully revised and updated edition will serve as effectively as the earlier ones.

Overview of the Text

The book is written at a level that should both utilize and enhance students' knowledge of economic concepts and analysis and do so in terms intelligible to those not versed in advanced theory. Even though we assume a knowledge of introductory economics on the part of the reader, an interested and determined individual wanting to learn more about the economic status of women compared to men could benefit considerably from the material offered here. The book also draws upon research in the other social sciences. The text, used in its entirety, is primarily intended for courses on gender from an economics perspective. Such a course may have a variety of names—*Women in the Economy*, *Women in the Labor Market*, *Economics of Gender*, and *Work, Family, and Public Policy*, to name a few. However, this book could be used to good advantage in interdisciplinary women's studies courses as well as introductory-level courses in economic problems. Selected readings would also make a useful supplement to round out a general labor economics course or a course in the economics of the family. In addition, this book would serve as a useful reference work for those not familiar with the rapidly growing body of literature on women, men, and work as well as for practicing economists looking for a single volume on this topic.

We have prepared some materials for instructors to help you teach with the Eighth Edition, including answers to the end-of-chapter questions and a set of PowerPoint slides containing the figures from the book for use in lectures and assignments. You'll find these materials and some additional teaching tips, such as how to teach more difficult concepts and ideas for supplementary assignments, on the Ancillary Resource Center found at www.oup-arc.com/blau. In addition, we offer a discussion of how the gender economics this course can enhance student learning in a chapter

[1]Francine D. Blau and Anne E. Winkler, "Women, Men, and the Economy," in *International Handbook on Teaching and Learning Economics*, ed. Gail M. Hoyt and KimMarie McGoldrick (Cheltenham, UK: Edward Elgar, 2012), 693–702.

entitled "Women, Men, and the Economy" published in the *International Handbook on Teaching and Learning Economics*.[1] Courses like this offer an opportunity for students to apply their microeconomic knowledge to gender-related policy issues and can be used to motivate useful discussions about data, research methods, and interpreting mixed research findings. Our handbook chapter also points to ways to fully engage students in the course material and offers suggestions about how to teach more difficult concepts as well as provides ideas for supplementary assignments, in addition to the end-of-chapter questions and Internet-based data exercises in the textbook.

Significant Features of the Eighth Edition

The eighth edition reflects the numerous changes in the labor market and in the family that have occurred in recent years. All data and tables have been updated, and discussions and references take into account the most recent research on each subject covered. As in the recent prior editions, questions are provided at the end of each chapter to review major concepts and to stimulate further discussion among students and instructors. In the seventh edition, we introduced Internet-based data exercises, and in this eighth edition, we have expanded that content.

Key updates in the eighth edition include the following:

- We highlight recent developments in the labor market and their consequences for women and men. These developments include the increasingly divergent outcomes for individuals and families by level of educational attainment, as well as the lasting impacts of the Great Recession, which began in December 2007 and lasted until June 2009, for both individuals and families. In Chapter 10, we provide new evidence on the sources of the existing gender wage gap as well as the reasons for its decline compared to previous years. In this discussion, we also present new research that looks at the size of and changes in the gender wage gap for those at the top, middle, and bottom of the wage distribution.
- We updated and expanded the content on differences in labor market outcomes by race and ethnicity (Chapters 5–8). In this regard, for example, in Chapter 6, which looks at employment difficulties for black men, we discuss the disproportionate impact of the criminal justice system on black men and their employment prospects. In chapters on the family (Chapters 13 and 14), we emphasize situations in which race differences are widening (the share currently married) as well as situations where they are narrowing (rates of unmarried births).
- In keeping with changing demographics, in Chapter 13, the book incorporates an expanded discussion of same-sex marriage including its legalization throughout the United States. Chapter 13 also discusses the rising age at first marriage for all women and the rise in gray divorce (divorce among older women). Further, it examines changing dimensions of fertility, including the rise in serial cohabitation and multipartner fertility, the considerable recent decline in teen birth rates, as well as the leveling off in the proportion of births to unmarried women.
- New sections discuss "hot topics" in the news. In this eighth edition, we discuss the fall of all gender barriers in the military (women can now serve in combat on the front lines), the minimum wage campaigns sweeping the nation, the impact of Title IX on sexual harassment and sexual violence in schools, recent efforts

to combat employment discrimination based on sexual orientation and gender identity, and action at the state level to extend paid leave to workers to help them balance work and family.

- The material in the international chapters has been reorganized so that Chapter 17 focuses on the world's women, while Chapter 18 compares women's economic status in the United States to that in other economically advanced countries. Chapter 17 emphasizes the dramatic changes occurring across the globe, including rapid declines in fertility in nearly all regions, as well as dramatic increases in women's education in developing countries. We also discuss a major policy change in China: the official end of the one-child policy. Chapter 18 emphasizes key policy differences among economically advanced countries, such as the extent and generosity of paid family leave and childcare subsidies. International differences in policies and institutions help us to better understand the variation we see in women's labor force participation, the gender pay gap, and the fertility rate.

Acknowledgments

We have both taught a course on women in the labor market for some time, and we wish to acknowledge that this book has benefited from the experience and the insights we have gained from our students. Over the years, a large and diverse group of colleagues, from a number of disciplines, have contributed material and provided valuable comments on the various editions. We warmly acknowledge their contributions, including a few who have since passed away, including our dear coauthor Marianne A. Ferber.

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Without their help, this book would have had many more deficiencies. For those that remain, as well as for all opinions expressed, we, of course, take complete responsibility. This list of acknowledgments would be incomplete if we did not also thank Amanda Eng, Chao Huang, and Christopher Cunningham, the research assistants who helped us track down sources and references and prepare tables and graphs for this edition. We also thank Donna Battista, Vice President, Business Publishing, at Pearson Education, for her strong support over the years.

Finally, we are immensely grateful to our editor, Ann West, Senior Editor, Business, Economics, and Finance, Oxford University Press, for her sage advice and help throughout this process. We would also like to thank Elizabeth Kelly, Project Manager, SPi Global; and the rest of the team who helped bring forth this new edition.

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PART I

Introduction and Historical Perspectives

1 Introduction

CHAPTER HIGHLIGHTS

- What Economics Is About
- Uses of Economic Theory
- The Scope of Economics
- Individuals, Families, and Households
- A Further Note on Terminology
- Outline of the Book
- Appendix 1A: A Review of Supply and Demand in the Labor Market

Courses in economics abound at universities and colleges, along with an ample supply of texts focusing on the many facets of this discipline. These courses and books increasingly recognize that women play an important role in the economy as workers and consumers and that in many ways their behavior and their problems differ from those of men. However, male patterns often receive the major emphasis, just as patterns of the majority racial and ethnic groups do, while gender differences are, at best, just one of many topics covered. For example, workers are often assumed to enter the labor market after completing their education and to remain until their retirement. Although women in growing numbers are spending an increasing proportion of their time working for pay, their lives and their world continue to be significantly different from those of men, and more of their time continues to be spent in nonmarket activities.

Considerable attention has been focused on the increase in women's labor force participation rates and particularly on the changing economic roles of married women. Much has been made, especially in the popular media, of the growing representation of women in nontraditional occupations, not to mention the publicity received by "the first woman" in a given field, whether it be the first woman to win a major car race or to become the presidential nominee of a major political party. All this focus tends to obscure both the continued responsibility of most women for the bulk of nonmarket work and the large occupational and wage differences between men and women that remain, despite considerable progress. As long as this situation persists, there is a need to address these issues in depth, as is done in this book.

Although economic behavior is clearly not isolated from the remainder of human existence, the primary focus of this book is on the economic behavior of women and men, on economic institutions, and on economic outcomes. To refresh the memory of students who have some acquaintance with economics and to provide a minimal background for those who do not, we begin with a brief introduction to the tools of economics. Neoclassical or mainstream economic theory provides the major emphasis of this book. However, students need to be aware that we endeavor to constantly stretch and challenge the existing theories to shed light on issues related to gender and work. So, in addition to presenting conventional analyses, we sometimes offer critiques of existing approaches. We discuss the importance and implications of gender inequities in the labor market and in the household, to the extent they exist, and we make every effort to take note of diversity by race and ethnicity where space permits. In addition, we point to the increasingly divergent outcomes for individuals and families by level of educational attainment. Finally, we take account of alternative perspectives and the insights of other disciplines where relevant.[1]

Throughout this book, but especially in those segments where we deal with policy, we are confronted by a dilemma common to the social sciences. On the one hand, much of what we present is positive, rather than normative, in the sense that we present facts and research results as we find them. Furthermore, we try to avoid value judgments and prescriptive attitudes; personal values should not be permitted to intrude upon objective analysis. On the other hand, it is unrealistic to claim that the choice of topics, the emphasis in discussions, and the references provided are, or even can be, entirely value-free. A reasonable solution is to present various sides of controversial questions, while making clear that different premises will lead to different conclusions and that the policies one should adopt depend on the goals one wants to reach. We follow this approach.

At the same time, the tenor of this book is undoubtedly colored to some extent by our feminist perspective. Thus, we recognize, for instance, the extent to which persons of the same sex may differ and persons of the opposite sex may be similar. And, like other feminists, in considering gender differences, we are increasingly aware of how these differences vary by race and ethnicity.[2] Our feminist perspective also means we believe that, as much as possible, individuals should have the opportunity to live up to their potential, rather than be forced to conform to stereotypical roles. Most of all, it means that, while recognizing differences between women and men, some possibly caused by biological factors and others by the way girls and boys are reared in our society, we are less inclined to emphasize the differences between them than the common humanity that unites them.

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[1]We point interested readers to Marianne A. Ferber and Julie A. Nelson, eds., *Beyond Economic Man* (Chicago: University of Chicago Press, 1993). This is the first book that examined economics from a feminist perspective.

[2]Scholars refer to the study of the overlap or intersection of the social constructs of gender, race, ethnicity, and class as "intersectionality." For the application of this concept to analysis of the labor market, see Irene Browne and Joya Misra, "The Intersection of Gender and Race in the Labor Market," *Annual Review of Sociology* 29 (2003): 487–513.

What Economics Is About

Neoclassical or mainstream economics is concerned with decision-making under conditions of **scarcity**, which means that not enough resources are available to satisfy everyone's wants and choices have to be made about how these resources are used. Given this constraint, it is crucial to recognize that using labor, capital, and land to produce one good means that fewer of these inputs will be available for producing other goods. Hence, in the most basic sense, the cost of having more of one good is forgoing the opportunity of having more of another. This idea of cost is captured by the notion of **opportunity cost**, which is the value of the best alternative foregone.

The concept of opportunity cost is fundamental to an understanding of the central economic problem—how to allocate scarce resources so as to maximize well-being. In order to make a rational decision whether to spend money to buy a new coat or whether to spend time going for a hike, knowing how much **utility** (or satisfaction) will be derived from each is not sufficient. Because the amount of money and time is limited and we cannot buy and do everything, it is also crucial to be aware of how much satisfaction is lost by giving up desirable alternatives—that is, we must know the opportunity cost of our choice. **Rationality**, as economists use the term, involves some knowledge of available opportunities and the terms on which they are available. Only on the basis of such information is it possible to weigh the alternatives and choose those that provide more utility than any others.

One of the most fundamental assumptions in traditional economics is that people may be expected to behave rationally in this sense. It does not mean, as critics have occasionally suggested, that only monetary costs and benefits are considered. It is entirely rational to take into account nonpecuniary (nonmonetary) factors because it is *utility*, not, say, money income, that is to be maximized. This definition is so broad that almost everyone might be expected to behave this way. Nonetheless, rationality cannot be taken for granted. It is not satisfactory simply to argue that whatever a person does must provide more utility than any alternative course of action because he or she would otherwise have made a different choice. Such an argument amounts to a mere tautology. An individual who blindly follows the traditional course of action without considering costs and benefits or who fails to consider long-run implications or indirect effects is not necessarily rational. Nor is it uncommon to find persons who, with surprising regularity, make choices that they later appear to regret. Most of us have probably known someone whose behavior fits one or more of these patterns.

These qualifications should be kept in mind, lest we accept too readily that whatever people do must be for the best. Nonetheless, as a first approximation, it is probably more realistic to assume that people tend to try to maximize their well-being rather than that they are indifferent to it. We shall, for the most part, accept this as a reasonable generalization, while recognizing that it is not necessarily appropriate in every instance. Specifically, one must keep in mind that the knowledge needed to make optimal decisions is often difficult and costly to obtain. When this cost is likely to exceed the gain derived, it is rational to *satisfice* (select an option that meets a minimum standard of acceptability) rather than to insist on maximization.[3] By the same token, however, when additional information can be provided relatively cheaply and easily, it is likely to be useful in improving decision-making.

---

[3]This concept was first proposed by Nobel laureate Herbert Simon in *Models of Man* (New York: Wiley, 1957). He argued that when the knowledge needed to make optimal decisions is difficult and costly to obtain, an individual may be content with selecting a "satisfactory" alternative.

Uses of Economic Theory

That individuals are rational is only one of the many simplifying assumptions economists tend to make in formulating **theories** (explanations for why an event might have occurred) and building **economic models** (frameworks that explain human behavior). The justification for making such assumptions is that, much like laboratory experiments in the biological and physical sciences, these abstractions help to focus economists' attention on the particular issue they are attempting to clarify and on the main relationships they want to understand.

In many instances, the approach is to examine the effects of changes in a single variable, such as price or income, while assuming that all else remains the same. This approach does not suggest that economists believe the real world actually works in such a simple way. An aerospace engineer finds it useful to test a plane in a tunnel where everything except wind speed is artificially stabilized, even though the vehicle will later have to fly in an environment where temperature, atmospheric pressure, and humidity vary. Similarly, the social scientist finds it helpful to begin by abstracting from numerous complications.

A theory is not intended to be a full description of the underlying reality. A description is like a photograph, which shows reality in all its details. A theory may be likened to a modern painting, which at most shows the broad outlines of its subject but may provide deeper insight than a more realistic picture would. Hence, a theory or model should not be judged primarily by its detailed resemblance to reality but rather by the extent to which it enables us to grasp the salient features of that reality. Thus, economic theory, at its best, can help us understand the present and correctly predict the future.

Economists should not, therefore, be faulted for making simplifying assumptions or using abstractions, as long as economic models yield useful insights and their predictions are tested against empirical evidence, which is drawn from the real world with all its complexities. Unfortunately, such testing is not always easy to do. Computers enable us to process vast amounts of information, and econometricians have made substantial progress in developing better methods for doing so. However, the availability, timeliness, and quality of the data often still leave much to be desired.

Collecting data is a slow, expensive, and generally unglamorous undertaking. The US government does more and better work in this respect than governments of many other countries. Even so, collecting, compiling, and making the information available may take quite some time. Some data are, in any case, collected only intermittently and other data, not at all. For a variety of reasons, including the government's appropriate reluctance to invade certain areas as well as cost constraints that preclude government data collection on all topics that might potentially be of interest, some substantial gaps occur in official data collection. Private research organizations endeavor to fill these gaps to a degree, but they are even more likely to be constrained by lack of necessary funds. Moreover, the data from such special surveys are particularly likely to be collected sporadically or at lengthy intervals. Despite these difficulties, the possibilities for empirical work have improved beyond the wildest dreams of economists of even one or two generations ago.

When suitable data are available, evidence for some relationships can be obtained using such simple devices as averages and cross-tabulations. In other instances, however, sophisticated statistical methods are required to analyze the data. Such studies are time-consuming, and rarely are conclusions from any one study regarded as final. At times ambiguities occur, with different sets of data or various approaches producing inconsistent results. Even so, such studies enhance the progress of science and help us to identify important areas for future research.

Because of these difficulties of data collection and analysis, timely and definitive answers are simply not available for every question. We have, however, done our best to summarize existing knowledge on each topic considered in this book.

The Scope of Economics

Traditionally, and for the most part even today, economics has focused on the market and on the government. In the market, goods and services are sold. Government is itself a major buyer and seller of goods and services as well as an agent that regulates and otherwise influences the economy. As we shall see, an important change is that many mainstream economists now devote significant attention to the allocation of time within the household itself, but such material is still typically not included in general economics courses. Also, for the most part, the value of nonmarket household production is ignored when aggregate indicators of economic welfare, such as gross domestic product (GDP), are computed. This exclusion is a matter of concern in part because women play the dominant role in the nonmarket sector. One way this book is different is that we focus on the allocation of time within the household, providing both theory and evidence about this decision as well as presenting estimates of the value of nonmarket production.

In its microeconomics section, the typical introductory economics course puts primary emphasis on the analysis of product market transactions, with the firm as seller, concerned with maximizing profits, and the household as buyer, concerned with maximizing satisfaction or utility. Later it introduces markets for factors of production, specifically labor, in which the household is generally the supplier and the firm the purchaser. As a rule, however, this discussion is a brief portion in the section on factors of production, and most students may well come away with a view of the market as chiefly an institution where goods and services are supplied by businesses and the demand for them comes from the household.

In this book, our interest is most specifically in women and men, their work in the labor market and in the household, and the interdependence among individuals within the household. Therefore, we briefly review supply and demand in the labor market in Appendix 1A at the end of this chapter.

In a market economy, the forces of **supply and demand for labor** determine both the jobs that will be available and how much workers will be paid for doing them. Much of our analysis throughout this book is concerned with the determinants of the supply of labor. We shall examine how individuals and their families decide to allocate their time between housework and market work and how women's changing roles in this regard are affecting their own well-being and that of their families. Also on the supply side, workers may influence their productivity by attending school or getting training on the job. We shall consider the determinants of such human capital investment decisions and their role in producing gender differences in labor market outcomes.

Demand is essentially determined by the behavior of employers, who are in turn influenced by the business climate in which they operate. In the simplest case, their goal is to maximize profits, and their demand for labor is related to its productivity in making the goods or producing the services sold by the firm. Thus, the firm's demand for labor is *derived* from the demand of consumers for its final product. It is, however, possible that employers depart from the dictates of profit maximization and consider aspects of workers that are not directly related to their productivity. Discrimination is one such aspect. In this book, discrimination against women in the labor market and its role in producing wage and occupational differences between women and men is another topic that we shall explore in some depth.

A major focus of our analysis of the sources of gender differences in labor market outcomes is to better understand the role played by supply-side versus demand-side explanations in producing gender differentials. Supply-side explanations emphasize the role of gender differences in preferences and human capital investments, while demand-side explanations focus chiefly on labor market discrimination. We also point out that labor market discrimination can *indirectly* lower women's earnings and occupational attainment by reducing their incentives and opportunities to acquire education and training. Supply- and demand-side explanations are not mutually exclusive, however, and it is our view that both play a role in producing the gender differences in outcomes that we observe in the labor market.

Individuals, Families, and Households

Throughout this book, we shall at times focus on the behavior of families and at other times on that of individuals. A **family** is officially defined in US government statistics as consisting of two or more persons, related by blood, marriage, or adoption, living in the same household. This definition includes what might be regarded as a traditional nuclear family—a married-couple family where both parents are the biological or adoptive parents of the children—but it also includes other types of families, including a growing number of single-parent families, blended families (families where one parent is a step-parent), and multigenerational families (e.g., those that include grandparents). Cohabiting couples, who are also growing more prevalent, are not counted as a family in the government's definition. An important recent change is that with the 2015 Supreme Court decision legalizing same-sex marriage, same-sex couples are now permitted to marry in all US states (and the District of Columbia) and, when married, are now counted as a family in government statistics.

While it is, of course, the individual who, in the last analysis, consumes commodities and supplies labor, it is often appropriate to treat the family as the relevant economic unit because decisions of various members within a family are interdependent, much of their consumption is joint, and it is common for them to pool income. At the same time, it is important not to lose sight of the fact that the composition of families may change as individuals move in and out (e.g., a child may grow up and live on his or her own or a single mother may remarry) and that the interests of family members may diverge to a greater or lesser extent (e.g., a married couple may disagree as to how to allocate their income). We shall return to these issues throughout this book as we discuss the status of women and men within the family and in the labor market.

The broader concept of the **household** is also relevant to economic decision-making and is becoming increasingly more so. A household consists of one or more persons living in one dwelling unit and sharing living expenses. Thus, all families are households, but one-person households or those composed of unrelated individuals are not families. The term *household* is more general than *family* and does greater justice to the increasing prevalence of alternative living arrangements; however, because families still constitute a substantial majority of households that include more than one person and because the term *family* is more familiar and connotes a more uniform set of relationships, in this book we choose to use it primarily.

A Further Note on Terminology

Traditionally the terms *sex* and *gender* were used interchangeably to refer to the biological and social differences between women and men. Now, the term *sex* is generally used to refer to the biological differences between males and females and the term *gender* is used to encompass the distinctions society has erected on this biological base.[4] Thus, *gender* connotes a cultural or social construct, including distinctions in roles and behaviors as well as mental and emotional characteristics.[5] We have generally observed the distinction between *sex* and *gender* in this book. In recent years, there has been growing attention to the distinction between biological sex at birth and an individual's **gender identity**, that is, how a person self-identifies, as policies are formulated to address the rights of transgender individuals in schools and in the workplace.[6] The topic of discrimination based on gender identity is often discussed in conjunction with sexual orientation discrimination. **Sexual orientation** refers to the gender one is sexually or romantically attracted to.[7]

Another area in which the question of appropriate terminology arises is with respect to racial and ethnic groups. Historically, people of African origin in the United States were generally called *Negroes*. Several decades ago the term *black* came into use, followed more recently by *African American*. In this book, we use both terms but generally use *black*, mainly because *black* is the term that continues to be used in the official government statistics on which we frequently rely. For the same reason, that is, its use in government statistics, we use the term *Hispanic* rather than alternatives such as *Latino*.

In government statistics, race (e.g., white, black, Asian) and ethnicity (e.g., Hispanic, non-Hispanic) are identified as separate categories.[8] In recent years, the US Census Bureau and the Department of Labor have, in some cases, made available data for the category "white, non-Hispanic." Where feasible, we provide statistics on this group rather than all whites. The reason is that many persons of Hispanic ethnicity self-identify as white and they comprise a large and growing disadvantaged group among whites. Thus, to most clearly gauge the progress of minority groups (including

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[4]Francine D. Blau, "Gender," in *The New Palgrave: A Dictionary of Economic Theory and Doctrine*, ed. John Eatwell, Murray Milgate, and Peter Newman, vol. 2 (London: MacMillan Press, 1987), 492.
[5]Helen Tierney, ed., *Women's Studies Encyclopedia* (New York: Greenwood Press, 1989), 153.
[6]Growing attention to the concept of gender identity has also raised new discussions about the language that we use in referring to individuals, including our choice of pronouns (he/she/they); see Amanda Hess, "Who's They," *New York Times*, March 29, 2016.
[7]While there is no single definition of gender identity and sexual orientation, see for instance, Anti-Defamation League, "Definitions Related to Sexual Orientation and Gender Identity," accessed November 2, 2016, www.adl.org; and Human Rights Campaign, accessed November 2, 2016, www.hrc.org.
[8]Researchers are actively debating the US Census Bureau's use of these classifications and the meaningfulness of them. See, for instance, Kenneth Prewitt, *What Is Your Race? The Census and Our Flawed Efforts to Classify Americans* (Princeton, NJ: Princeton University Press, 2013).