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The Neoclassical Model Enriched by the Structure of Control:

A Labor Market Illustration

By JERRY EVENSKY*

ABSTRACT. Traditional *neoclassical theory* treats the economic sphere as if it can be detached from its surrounding social and political environment. It assumes connections between the social/political spheres and the economic sphere are weak, and no change of significance occurs in the social and political environment during the period considered. Social and *political conditions* are treated as “given” and, more often than not, the conditions of this given environment are neither specified nor studied. A broader *economics* is needed.

The *Virginia School* has represented a connection between political control and distributive outcomes with its *rent-seeking* analysis. The flaw in their argument, that exposes their ideological bent, is their failure to extend the analysis to the distributive impact of control in the social sphere. This piece is an attempt to make that extension; and to demonstrate that a specific historical case, women’s experience in *World War II*, cannot be fully understood without bringing that social dimension into the analysis.

I

Introduction

TRADITIONAL NEOCLASSICAL THEORY treats society as decomposable. The economic sphere is studied as if it can be detached from its surrounding social and political environment. This is justified by assuming both that the connection between the social/political spheres and the economic sphere is weak, and that the social and political environment is effectively constant during the time frame analyzed.¹ As a result, there is no need for the theory to systematically represent the connection between spheres. Social and political conditions are treated as “given” and, more often than not, the conditions of this given environment are not specified.²

For example, consider the concept: “statistical discrimination.” Empirical results show that married women allocate more time to home production while their husbands allocate more time to market production.³ Furthermore, married

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women have been less consistent labor force participants historically than married men. This has been the case because women have been more likely to substitute home production for market production during marriage; and because married women who have remained in the labor force, have generally borne the dual responsibility as market producer and primary home producer. This dual burden has undermined their ability to participate consistently in the former role. Thus the history of women's labor force participation has established a rational expectation that women will be less dependable workers than men. This, in turn, has "explained" statistical discrimination against women as a rational response to market conditions.⁴ Such discrimination reduces women's opportunities in the market and, therefore, creates a structure of incentives that directs households toward a division of labor in which men work in the market and women work in the home. This, in turn, reinforces the expectations that support the statistical discrimination. Thus the logic of statistical discrimination, complemented by time allocation theory,⁵ appears to be complete and consistent with the data.

The analysis is not complete however. Hidden behind the elegance of the argument is the implicit assumption that there is a "women's sphere" which includes primary responsibility for home production. Without this assumption there would be no basis for gender differentials in labor force attachment and, therefore, no basis for statistical discrimination. In effect, historically conditioned, socially defined, and politically enforced attitudes toward gender roles are built into the foundation of the model because they are taken as "given." Traditional NeoClassical analysis starts from this given, by assumption.

This is a strong assumption; so strong that it undermines the credibility of NeoClassical analysis by making it ahistorical. If NeoClassical analysis is to be historical in scope, the social and political condition must not be treated as a given, determined exogenously with respect to the economic sphere. For anything beyond an arbitrarily brief period, the dynamics within the economic sphere cannot be adequately represented without a systematic representation of the connections among the social, the political, and the economic spheres.

The development of this three dimensional structure of control in society, the institutional milieu,⁶ is driven by the competing efforts of various individuals and coalitions to shape the ultimate form and distribution of society's product.⁷ Specifying the relationship between institutional control-seeking or control-maintenance behavior and the distributive outcomes in society, would enhance the NeoClassical model's capacity to analyze the dynamics of this simultaneous, historical system: social, political, and economic evolution.⁸ The objective of the paper is to enrich the NeoClassical model by expanding the scope of its analysis in this way. In the next section of the paper, "Modelbuilding: Specifying Assumptions, Defining and Arranging Terms," the relationship between struc-

tures of institutional control and distributive outcomes is specified, and analytical tools for tracing these connections are identified. In the third section, "The Labor Force Experience of Women During World War II," the enriched model is applied to the interpretation of an historical case: the labor force experience of women during World War II. This historical illustration demonstrates that the definition and enforcement of a "women's sphere" is not a given. Rather, it is historically conditioned and subject to adjustments as the economic, social, and political spheres coevolve. In the "Conclusion" the proposed enrichment of NeoClassical theory is placed in the context of the current literature.

II

Modelbuilding: Assumptions and Terms

THE CONCEPTS around which the enriched model is constructed are "neutrality" and "exploitation." We assume *homo economicus*. Thus, institutional control is pursued and maintained for the distributive benefits these institutional advantages generate.⁹

We also assume that there is one possible institutional state wherein no advantages based on institutional control exist. This is the state of institutional neutrality. Institutional neutrality implies a structure of control under which all participants are afforded equivalent information access and market access with respect to all opportunities.¹⁰ It is an operationalization of the concept of a "fair race" in which all umpires or referees are neutral.¹¹

By definition, in the absence of the specification of institutional neutrality, some institutions are generating advantages for some subset of the population. This subset is "enjoying an advantage." "Enjoying" because the benefit of an advantage is an additional share of the social product. Exploitation is defined as the enjoyment of such an advantage.¹² In order to connect the terms, we can say neutrality is a state of no exploitation; and where there is exploitation, there is non-neutrality.

To enrich the traditional model we must identify an observable indicator of exploitation. This indicator should measure zero where the structure of institutional control is neutral, and non-zero where there is exploitation. Ideally, this indicator would be a continuous variable the size of which reflects the degree of exploitation in society. Since the *raison d'être* of institutional exploitation is the enjoyment of the distributive benefit derived from institutional advantage,¹³ the place to look for an indicator of exploitation is in the taxonomy of distribution.¹⁴

The shares in the taxonomy are:

1. Wage—an allocatively necessary return to exertion with an adjustment for conditions including risk.

2. Interest—an allocatively necessary return to sacrifice of time preference in consumption with an adjustment for conditions including risk.
3. Profit—an allocatively necessary return to control over a scarce factor from society's initial endowment with an adjustment for conditions including risk.
4. Rent—an allocatively unnecessary return to control over a scarce factor from society's initial endowment with an adjustment for conditions including risk.

The key concepts for enriching our model are the distributions to control: rent and profit.¹⁵ The size of the positive "distribution to control" in society is the sum of the rent and profit.¹⁶ This sum is therefore a direct, observable measure of institutional exploitation. The reader will recall that it is assumed no naturally occurring advantages exist.

There are two problems with the distribution to control as a measure of the distortion of society's structure of control from a state of perfect neutrality. First, some distributive benefits to control may be psychic rather than monetary. To the degree that this is so, our observable measure understates the degree of exploitation. Second, in a world of many institutions there can be offsetting distortions. Competing groups may hold and exercise power in competing institutions or even within the same institution. For this reason too, the observable measure of exploitative behavior, the distribution to control, may understate the degree of such behavior.¹⁷ Nevertheless, as Alfred Marshall points out, this kind of return provides "a prima facie case for . . . the possession of a differential advantage . . ."¹⁸ In sum, a full model of society would be a matrix in which all dimensions of human activity, social, political, and economic, are represented and in which the connections among these dimensions are explicitly examined. These connections can be observed by focusing on the relationship between institutional control-seeking/maintenance behaviors and distributive consequences. Conflicts over the structure of institutional control can be related to the distributive objectives of individuals or coalitions. Rational participants seek/maintain institutional control in order to enjoy the distributive share such control generates. Net changes in the structure of control will be reflected in distributive changes.

This connection makes possible an analysis of the coevolution of social, political, and economic institutions. It also integrates the work of economists with that of sociologists, political scientists, and anthropologists. Furthermore, the movement of the vector in institutional space can be mapped across time. Thus, the enriched model has an historical dimension.

A model with an historical dimension is best illustrated by an historical case. The illustration of our enriched model requires a case in which we can observe

the connection between adjustments in the structure of control and distributive outcomes across time. In particular we should be able to:

1. Identify a shock to an extant structure of control.
2. Identify the initial institutional conditions and the associated distribution prior to the shock.
3. Identify the new institutional conditions and the associated distribution after the shock.
4. Determine whether the change in the institutional conditions is consistent with the change in the distribution.

For such an historical illustration to be as clear as possible, it is preferable that the shock be swift and strong.

III

The Labor Force Experience of Women During World War II

Introduction

The purpose of history is not simply to show that events which might have happened to anyone did happen to someone, but rather to explain why a special sequence of events befell a particular aggregation of people. To do this, history must find, as a unifying factor, what is distinctive in the circumstances, the condition, and the experience of the aggregation in question. (Potter, pp. 29–30)

THE HISTORICAL CASE we examine is the labor force experience of American women during World War II. This experience can be summarized as follows. Prior to full mobilization, most women were employed either in “women’s” jobs in the secondary labor market or were not participating in the labor market. After Pearl Harbor, the nation needed to draw on this reserve of potential primary market workers. Thus the external threat required the institutional structure of control in the U.S. to relax its non-neutral bias against women.

During the peak mobilization period of 1943–1944 women in large numbers moved into primary labor market jobs traditionally held by men. During that time women’s relative share in the distribution of income improved. With demobilization, the external threat gone, the white male dominated structure of institutional control reestablished the prewar non-neutralities that were relaxed during the war. As a result, women either left the labor force or returned to those traditional positions they held before the war. The improved relative share of the distribution of income that had accrued to women during the war years disappeared.

This course of events is consistent with our enriched model. The pattern of income distribution changed with the pattern of opportunities as distributed by the institutional structure of control. This connection between institutions and the distribution of income is not a chance correlation. A closer examination of this historical case will show that the systematic relationship described in our enriched model accurately represents the connection between institutions and income distribution.

Demand Shifts and New Opportunities

THE FIRST STEP in this process, the dramatic increase and change in the nature of women's labor force participation, was accomplished by eliminating traditional barriers. There was an initial "slowness of employers in hiring women [which] caused a corresponding lag in the opening of federally sponsored vocational training courses to women. . . . Nationally, women accounted for only 32,075 of the 687,697 enrolled in pre-employment and refresher courses by the end of February 1942" (Anderson, p. 25). This was due in part to "cultural biases, including the social stigma attached to factory work for women and to married women working outside the home. . . ." (Anderson, p. 27).¹⁹ It was also due to child care problems that, given traditional spheres, working mothers had to resolve.

But, the exigencies of the war effort made women's labor force participation a societal imperative. In the face of that imperative the structure of national institutional control adjusted. Concerted efforts were made by the War Manpower Mobilization Committee, the Women's Bureau, other government institutions, and the media to enlist women into the labor force.²⁰

The acceptance of these new labor force opportunities was made socially acceptable by an intensive media campaign. It transformed the public image of women's labor force participation. As Leila Rupp writes, "The American example indicates that the needs of war can transform the ideal in an extremely short period of time. Public images, unlike basic beliefs about women's nature, can change quickly in response to economic need" (Rupp, p. 174). This media campaign was aimed at temporarily transforming social norms, not at a fundamental shift in basic social values. As Rupp writes, "It is clear that the wartime changes expanded the options of women in a way intended by propagandists as temporary" (Rupp, p. 175). This shift in socialization was solely a response to the exigencies of the war and was intended to last only for the duration.

Much of the media campaign was implemented or at least motivated by political institutions such as the War Manpower Commission or the Office of Information.²¹ However, the government's role in tapping this pool of human resources was not limited to propaganda. Across the country there were modifications in state laws related to women's work. In those states where existing

laws materially restricted women's work hours, wartime legislation was enacted that "provided for modification of some or all existing legal hour standards for women during the emergency" (Women's Bureau, Bulletin 202-V, p. 27). In addition the War Manpower Commission "attempted to facilitate the process by issuing guidelines designed to end sex discrimination" in hiring (Chafe, pp. 147–48).²²

The war also "prompt[ed] the federal government to respond to the needs of working mothers" (Hartmann, p. 59). The Lanham Act of 1942 was designed to encourage local development of day care centers. However, as a result of "haphazard planning and agency infighting" (Sealander, p. 99), the project was never effective on a large scale, so "fewer than 10 percent of women war workers with children . . . made use of federally sponsored day care" (Sealander, p. 99). Nevertheless, the project reflects a change in the government's attitude and approach with regard to working mothers.

Supply Side Incentives

AS SOCIAL AND POLITICAL BARRIERS to entry were removed, positions previously socially defined and politically enforced as "men's" work were suddenly accessible to women. However, information and access alone would not have been sufficient to generate massive labor force entries and occupational shifts by women. Demand does not create its own supply. The supply side incentive was that these new opportunities offered higher wages. This is not to suggest that all discrimination was eliminated. Some pay differentials were maintained by job classification discrimination (Chafe, 157) and these comparable worth issues were raised by the Woman's Bureau (Women's Bureau, Bulletin 196). Nevertheless, the pay differential between traditional "women's" work and "men's" work was significant, so access to "men's" work meant access to better pay.

Janet Hooks writes in *Women's Occupations Through Seven Decades* that "Over three-fourths of the operatives in the manufacturing of apparel and other fabricated products were women in 1940. . . ." At the same time a traditionally "man's" job in manufacturing was shipbuilding. Given these roles, the following data from *Employment and Earnings, United States 1909–1970* published by the U.S. Department of Labor, reflects the tremendous difference in income opportunities available to women and men as of 1940.

Clearly, those women who were already in the labor force when the opportunity set expanded had a tremendous incentive to move into higher paying "men's" jobs. A postwar analysis by the Women's Bureau verified that such a shift occurred. It found that for women who were in the labor force prior to Pearl Harbor, "All war production areas surveyed were affected by vast movements of women employees from one industrial group to another." (Women's

Table 1

MANUFACTURING - PRODUCTION		
Worker Average Weekly Earnings - In Dollars		
	Men's and Boy's Nightwear	Ship and Boat Building and Repair
1939	13.53	30.68
1940	13.99	33.74
1941	16.34	43.87
1942	19.07	55.15
1943	21.54	59.59
1944	23.72	62.71

Bureau, Bulletin 209, p. 8) Furthermore, "Most of the women who shifted from one industry to another learned new skills and earned considerably higher wages than previously." (Women's Bureau, Bulletin 209, pp. 8-9)

For those women who were outside the labor force when Pearl Harbor was attacked, the change in opportunities tipped the balance in favor of the market when the virtues of labor force participation were weighed against those of household work or school. As a result there was a tremendous flow of women into the labor force. "From 1940 to the peak of women's war employment in July 1944, the number of women in the labor force . . . increased by more than 6 million," from 13 million to 19 million. (Women's Bureau, Bulletin 211, p. 1)

The evidence also verifies that this flow of women into and within the labor force was associated with a massive movement of women into traditionally "men's" jobs. Very early in the course of the occupational "invasion" (Summer, 1942), the Woman's Bureau found that in "137 plants [in New Jersey] devoting 50 percent or more of their production to war contract work," 16.8 percent of the women workers were in occupations formerly performed exclusively by men. (Women's Bureau, Bulletin 197, p. 9) A dramatic example of this shift is the fact that "women's participation in the air industry soared from 1 percent, or 4,000 women in December 1941 to 39 percent, or 310,000 in December 1943. Most importantly, female aircraft workers graduated from sewing fabric for wings of planes to assembling navigation systems and welding fuselages." (Chafe, p. 141)²³ In general the "largest wartime gain in female employment was in manufacturing, where more than 2.5 million additional women represented an increase of 140 percent by 1944." (Hartmann, p. 86)

But It Did Not Last

DURING THE WAR YEARS women's economic position improved in absolute terms. More to the point for the sake of the argument being made here, women's

distributive share improved relative to men's. The fact that the wages in "men's" jobs were going up did benefit men. However, as women moved into previously all male fields, the women enjoyed the benefits of both this increase in occupational wage and the increase due to occupational shift. Thus, as the enriched model predicts, when the structure of social and political institutional control takes a more neutral position with respect to the distribution of opportunities, the distribution of income reflects this.

As the external threat subsided, "The breakdown of the sex-segregated labor market necessitated by World War II did not survive. Women who remained in the labor force found their earnings reduced as they moved back into traditionally female jobs. . . ." (Hartmann, p. 24) In response to this change in the set of available opportunities millions of women left the labor force.

This movement out of traditionally male jobs and out of the labor force was not the result of a desire on the part of the majority of women involved to return to the prewar patterns. A Women's Bureau survey of working women conducted during winter of 1944 and the spring of 1945 found that "On average, about 75 percent of the wartime employed women in the 10 areas [surveyed] expected to be part of the postwar labor force." (Women's Bureau, Bulletin 209, p. 4) Furthermore, "The bulk of the prospective postwar workers interviewed in the survey, or 86 percent, wanted their postwar jobs in the same industrial group as their wartime employment, and about the same proportion wanted to remain in the same occupational group." (Women's Bureau, Bulletin 209, p. 12) The "outstanding reason given by war-employed women for planning to continue work after the war" was "Responsibility for the support of themselves or themselves and others. . . ." (Women's Bureau, Bulletin 209, p. 19)

Women enjoyed the labor force opportunities the war afforded them and for the most part they desired to keep them. The movement of women out of wartime occupations and out of the labor force was a response to changes in institutional structures beyond the control of women. Women were not passive participants. They simply did not have the power to resist these changes. For example, Karen Anderson cites the following case:

After their union proved of little help in fighting postwar discrimination, the dispossessed women auto-workers took action on their own, setting up picket lines outside the Ford Highland Park plant in November 1945. . . . women members of UAW Locals 400, 500, and 600 claimed that 2,200 men without seniority had been hired at the plant while 5,000 experienced women remained idle. . . . [However,] Abandoned by their union, the women failed to challenge successfully the discriminatory practices that excluded them from the vast majority of jobs in the industry that dominated their local economy. (Anderson, pp. 165-66)

As demobilization began, the white male dominated structure of institutional control reimposed its discriminatory practices with respect to the distribution

of opportunities. In a June 1944 article in *The Labor Market* entitled "Trends in the Labor Force Status of Women," the U.S. Employment Service reported that "Most of the *extra* [emphasis added] women workers who entered the labor market during the war years have returned to homemaking and to school. Job opportunities available to women are being limited and fall in a pattern closely resembling the prewar years." (USES, June 1946, p. 13). As the model suggests, when the prewar structure of institutional control returned, the distribution of opportunities reverted to prewar conditions, and the distribution of income followed suit. *The Labor Market* reported in February 1946 that "Many women with skills acquired during the war period . . . might find that available jobs would be in relatively low-wage unskilled occupations and in industries which have traditionally employed large proportions of women." (USES, Feb. 1946, p. 5) This adjustment to diminished labor market opportunities for women was as rapid as the initial adjustment toward expanded opportunities, largely because the initial adjustment was designed to be temporary—for the duration.

The wartime changes in laws regarding hours worked by women were also in force only for the duration. When the war ended, the laws reverted to prewar status. Similarly, "Restrictions on age and hiring wives," were relaxed during the war, but at the close of hostilities these restrictions "were often reimposed." (Chafe, p. 180). Mary Elizabeth Pidgeon anticipated this problem as early as March 1944. She wrote in Women's Bureau Special Bulletin No. 18 that married women's "probable treatment [at war's end] in too many cases is illustrated by recent amendments to the unemployment compensation act in one state that provided that plants formerly having a rule barring married women from employment may reinstate this rule immediately after the war." (Women's Bureau, Special Bulletin pp. 18, 13).

Chances that women could maintain newly established positions were further undermined by laws giving preferences in hiring to veterans and by practices that denied women seniority. Regarding this latter point Mary Pidgeon wrote in 1944 that in one case the War Labor "Board agreed that women transferred to men's jobs for the duration would acquire no seniority." (Women's Bureau, Special Bulletin pp. 18, 12)

As the war drew to a close, not only did market opportunities for women contract, support for women's labor force participation also made an about-face. The Lanham Act expired in early 1946 ending what there was of federal assistance for day care. This reflected the view that women's work in the market was done and now they could return to traditional roles.

This view was represented most dramatically in the media. A mere four years before, the media was calling on women to join the labor force by extolling the virtues of Rosie the Riveter. Now there was a campaign to redefine yet again

the public image of women. "Magazines were full of articles which revived shibboleths about women's inferiority and questioned the ability of females to compete with men." (Chafe, p. 177) The virtues of homemaking were extolled and the working mother was pictured as neglecting her children, a neglect that held dire consequences for the individuals and society.²⁴ In the face of all these social and political forces, many women returned to their traditional positions in and out of the labor force.

Women were clearly the reserve labor of the economy. When society needed their assistance in replacing the men who had moved from the civilian labor force into the armed forces, women were offered new opportunities. In fact, they were implored to accept them. In response to patriotic duty, social/media encouragement, and economic benefits, millions of women flowed into traditionally male roles. All women, black²⁵ and white, benefitted from the expanded set of opportunities the war created. The benefits to whites were greater than those to blacks. No surprise, given the extant structure of control with respect to race.

The war years were an economic renaissance for women, but by 1947 the renaissance was over. Women had seized the opportunity, but they had not created the opportunity. An external threat had motivated white male dominated institutions to take a more neutral position with respect to women. When the external threat was removed, something similar to the initial state of nonneutrality was reimposed. With this ebb and flow of institutional neutrality we observe an ebb and flow of income distribution. This is consistent with the enriched model outlined above.

IV

Conclusion

THE TRADITIONAL NeoClassical view is that household time allocation theory can explain the labor market experience of women during World War II. The NeoClassical time allocation model suggests that as opportunities to earn higher market wages expanded at the outset of the war, women shifted time allocation from school or household to the market or they changed roles within the market. As the war came to a close, women reversed their allocation as these opportunities disappeared. According to the time allocation model, women were simply making rational responses to changing market signals.

The validity of this NeoClassical argument is not disputed. The problem with this explanation stems not from what it illuminates, but from what it leaves in shadow—those conditions taken as given, determined outside the model. To focus, as traditional NeoClassical time allocation theory does, on the reaction

of women to the changing set of opportunities is to miss a significant part of the story.

In the illustration presented, women were reacting to forces largely beyond their control. Time allocation theory is a valuable tool in understanding the response of these women, but the motive force behind the events was the change in the way the elite of the male population exercised its social, political, and economic control. This is the heart of the story, for this is the ultimate source of the changes we observe. It is precisely this historical, institutional dynamic from which traditional NeoClassical theory abstracts by placing the social and political milieu behind the veil of the word “given”.

Systematic connections between the social and political and the economic spheres must be identified and analyzed if NeoClassical theory is to have historical scope. The Virginia School has contributed the ground-breaking work in the extension of NeoClassical analysis into the domain of institutional control-seeking/protection behavior through its rent-seeking research program.²⁶ However, the members of the Virginia School have constrained the application of this analysis. Recognizing that institutional control-seeking/protection behavior (which is what rent-seeking/protection is all about) can occur in social, political, and/or economic spheres, they nevertheless discount all but that which occurs in the political sphere. This is justified by what they “see”: the “relative pre-dominance in contemporary economics of rent-seeking in the public marketplace.” (Rowley, p. 4)

Their view represents an excellent example of Schumpeter’s assertion that “vision is ideological almost by definition.” (Schumpeter, p. 42) What the members of the Virginia School “see,” that political structures are the problem, is the *sine qua non* of their libertarian policy conclusion, that the elimination of political structures is the solution. What the members of the Virginia School do not see, through their ideologically blindered eyes, is that the social sphere they take as given embodies dynamic forces just as powerful as those they so wisely expose in the political sphere.²⁷ The purpose of this piece is to expand that vision so that the view of the NeoClassical theory can be extended to a full, historical three dimensions—thereby enriching the model.

Notes

1. Albert Ando, Franklin Fisher, and Herbert Simon write that economists are often concerned with the stability properties of the economic system considered in isolation. However, there may be a somewhat uncomfortable feeling that this may not be a meaningful problem since the equations describing the economic system are themselves embedded in a far larger set of equations describing the socio-physical universe. (Ando, p. 101)

They then demonstrate that if these feedbacks [from non-economic to economic variables] are sufficiently weak relative to direct influences, . . . , [then] there exists a time $T_1 > 0$ such that

before T1 the behavior and stability of the economic system can be analyzed in isolation without regard for the difficulties raised by the presence of such feedbacks. (Ando, p. 101)

2. Theodore Schultz has written:

It is currently a mark of sophistication in presenting economic models not to mention institutions. But for all that, it is a significant trait of contemporary economics that, despite this omission, it manages somehow to find support for institutional changes. It is a neat trick, but it cannot hide the fact that, in thinking about institutions, the analytical cupboard is bare. . . . Yet it is obvious that particular institutions really matter, that they are subject to change and are, in fact, changing . . . Instead of omitting or impounding these institutions in the 'state of nature,' or introducing them on an ad hoc basis, the analytical task is to bring them into the core of economics. (Schultz, pp. 1113-1114).

3. See Gronau, (1977).

4. See Phelps, (1972).

5. See Becker, (1965).

6. Don Martindale defines social control to include "all processes that implement the legitimate order of a given community. The institutions which carry out social control (that is, the organizing and maintaining the decision processes of a community or its social power) include political, legal, and military and police institutions." (Martindale, p. 56) I would concur if the term legitimate is deleted. There are many effective structures of control that, nevertheless, from some perspectives are deemed to be illegitimate (e.g., apartheid or the mafia).

7. We will assume that individuals prefer to determine the form of, and enjoy a larger share in society's product for themselves or for some group whose well being they prefer to see advanced. The determination of these "values" occurs within the social and political spheres. It is this process of value clarification that separates the spheres. Social, political, and economic values are differentiable and are, at least in part, developed independently. Thus this is not a model of economic determinism.

8. The point here is not to argue for some transcendent theory of social science. The division of labor in the study of society is valuable and even necessary given the complexity of the subject. The point is that while there are separate spheres within society, these spheres evolve simultaneously. Therefore, the connections between these spheres must be systematically represented in any theory about the laws of motion within any particular sphere (e.g., the economic sphere). See endnote 7 for more on this.

9. Note on usage: Here "distributive advantage" is broadly defined in keeping with the role of values outlined in endnote 7.

10. For simplicity we assume that there is no naturally occurring market power. Thus, we ignore location or fertility advantages of land, and we assume no natural monopolies and that genetic endowments are equal.

11. For more on this concept of neutrality see Evensky, (1987).

12. A note on usage: Exploitation is not, as such, a good or bad thing. With respect to efficiency, exploitation is only bad if it reduces social welfare. With respect to equity, the goodness or badness of a particular exploitive act depends on the distributive consequences *vis a vis* one's values. Keep in mind also that we have eliminated, by our "no naturally occurring market power" assumption, the exploitation embodied in the efforts of a stronger or more able worker (e.g., salaries in the National Basketball Association).

13. The research program that has made the greatest progress in this direction is the Rent-Seeking research program of the Virginia School. See Buchanan, (1980) or Rowley, (1988) for excellent edited editions that include much of the key work in this area. This piece builds on, gives a formal structure to, and extends that analysis. More on this in the "Conclusion."

14. For a detailed explanation of this taxonomy see Evensky, (1988).
15. For more on this taxonomy and the concept of a "distribution to control" see Evensky, (1988).
16. A note on usage: Common language includes descriptive terms for compensation such as "bonuses," or "stock options," or "perks." All of these are subsumed in the taxonomy outlined above. Furthermore, common usage of terms like "wage" often obscures the true nature of the return represented by that usage. For example, a company president may receive a wage as well as bonuses, stock options, and perks. All of these are reducible to returns to exertion, intertemporal choice, and advantage. Muddying the discourse even more, compensation commonly referred to as a wage often includes as interest return to human capital investment, and may include a rent or profit return to advantage (e.g., a white, skilled mineworker in South Africa earns such a "wage"). Terms are defined here in order to specify their usage and to distinguish the usage herein from other connotations.
17. The only evidence of offsetting non-neutralities is the social welfare loss that they may cause. Control seeking/maintenance behavior may result in such a loss if potentially productive resources are squandered in the pursuit and maintenance of advantage. This is referred to in the Rent-seeking literature as rent dissipation. We can represent such a case by a "footrace" analogy. Destructive competition for control is similar to competitors in a footrace spending time and energy in trying to trip each other. Such behavior may or may not change the relative outcome of the race, but it will surely reduce the quality (productivity) of the outcome.
18. The case Marshall (Marshall, p. 577) was concerned with was production, but the logic is general.
19. See also Chafe, p. 136.
20. This World War II experience was not unique to women in the U.S.. See Braybon, (1981).
21. See Hartmann, p. 55.
22. See also Hartmann, p. 57.
23. See Anderson, (1981) for a detailed analysis of the ebb and flow of women in this industry during World War II.
24. See Hartmann, 82, and pps. 212–213.
25. See Women's Bureau Bulletin 205, "Negro Women War Workers."
26. For an overview of this research program see Rowley, (1988).
27. Accepting this undermines the argument of the libertarian that eliminating political structures will eliminate the problem. In fact, if the rent-seeking problem is indeed multidimensional it is not obvious a priori that the elimination of political structures will lead to an improved situation. This is the lesson of second best.

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Power and Poverty

"Power lies at the heart of the problem of poverty in southern Africa. Without it," write Francis Wilson and Mamphela Ramphele, coauthors of *Uprooting Poverty: The South African Challenge*, "those who are poor remain vulnerable to an ongoing process of impoverishment."

In this overview report for the Second Carnegie Inquiry into Poverty and Development in Southern Africa, (New York: W. W. Norton, 1989, \$27.50), Wilson, director of the Inquiry, and Ramphele, a major contributor to its ideas, confront the many dimensions of powerlessness that afflict South Africa's poor, the majority of whom are black. They examine not only economic deprivation as such, but its attendant harms in illness and lack of education, work, housing, and old-age security, and they look especially at the "structural violence" of apartheid that systematically humiliates and warps the human spirit. Delving into poverty's interlocking causes, they comment, "The roots of impoverishment in southern Africa lie deep in the history of the region's political economy." These origins include not only apartheid but the pattern of racial capitalism that grew during the centuries before 1948 when apartheid became official policy; they also include the harshness of the agricultural climate, demographic patterns, the central role played by gold mining in the economy, and inequalities of educational opportunity—"hard realities" that cannot be wished away.

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