

Are Women Exploited By the Free Market?

by John Chodes

The recently enacted Federal Civil Rights Bill once again tossed out one of the political hot potatoes of the 1990s: the issue of "equal pay for equal work." Many of the Congressmen who voted for this legislation believe that America's free market economy has always exploited women. They say that the only way for women to earn the same amount as men for the same or similar job is to enforce more far-reaching regulations to equalize wages.

A careful study of American economic history shows that such measures are not warranted. Beginning with the early 1800s, when wages and working conditions were completely uncontrolled, the free market was the one force that liberated women, via economic independence and merit wage parity.

Women, the First Wage Earners

For the first fifty years of the American Industrial Revolution (1800-1850), women were the major factor in the workplace. Mostly, men worked the land. Women were not as productive in agriculture, where physical strength was a prime necessity. Women flocked to the mills where they

participated in a radical process: weekly pay based on an hourly scale. This was unheard-of in farming. Women in industry could earn twice as much as they could in agricultural work.¹

In a periodic survey taken in the major mill town of Lancaster, Massachusetts, in 1818, 88 percent of the factory operatives were women. In 1825, it was 83 percent. In 1833, 85 percent. Studies for other locations present a similar picture.²

Today there is a popular misconception that women's vocational opportunities in that era were far more restricted than men's. One standard source says that in the 1830s only seven occupations were open to women: teaching, needlecraft, keeping boarders, work in cotton mills, typesetting, bookbinding, and domestic service.³ Yet the U.S. Census showed that in reality there were over 100 industrial classifications employing women, virtually all those that were available to men.⁴

Women Advance in Free Markets

In the second half of the nineteenth century there was a rapid transformation of the industrial workplace. The overall percentage of women in industry markedly declined. This did not signify discrimination but rather major social changes that propelled women into the highest paying posi-

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tions and into the new fields of employment that were being created.

Immigration was the main social change. Male workers (Irish, French Canadians, Armenians, Portuguese, Poles) took the place of the early cotton mill girls. By 1900 only 8 percent of the population of Lowell, Massachusetts (one of the great mill towns) was native American.⁵ These men worked in most of the lower skilled, lower paying jobs in the cotton mills. Of the male and female operatives in Massachusetts, 95 percent were foreign or of foreign parentage.⁶

In the cotton industry between 1850 and 1905 the percentage of women had dropped from 64 percent to 47 percent.⁷ Yet women still dominated the two most lucrative textile jobs: weavers and frame spinners. Even in 1905 there were far more women than men employed in these high-paying categories.⁸

Labor legislation was another major factor in reducing women's numbers in the workplace. Labor laws condemned tenement work, resulting in a decrease of women in the clothing trades, from 40.1 percent in 1888 to 25.3 percent in 1900. This denied women with small children the opportunity to earn money without neglecting family responsibilities.⁹

Labor laws also restricted women's ability to work at night, reducing their presence in higher paying, late-shift factory employment.

The spread of unionization further curtailed women's options. Many union shops excluded them because they were less likely to be lifelong dues-paying members. Women moved in and out of the labor market in response to fluctuating personal needs.

Yet the decline of women in industrial employment also reflected widening opportunities outside the factories. After 1850 the number of women teachers, in Massachusetts for example, was twice that of men. The Civil War drew huge numbers of women into nursing, clerical work, and higher education. Then came the lure of the West, where greater possibilities and a shortage of skilled help drove their wages up.

By 1900 women were in 195 of the 303 employment classifications enumerated by

the Census, including such male strongholds as carpenters, blacksmiths, quarrymen, plasterers, well-borers, and coal, gold, and silver miners.¹⁰

The Free Market Liberated Women

Nineteenth-century lawmakers complained that "women are made immoral by the factory system." This disguised the real issue: Industrialization revolutionized women's place in society by making them financially independent.

Back then immorality was defined differently from the way it is today. Children were considered "immoral" if they were "no longer contented with 'plain food' but must have 'dainties'." One clergyman "deplored the tendency of girls to buy pretty clothes 'ready-made' from shops instead of making them themselves, as this practice unfitted them to become 'the mothers of children'." Another example: "the pocket-book makers have high wages and are not compelled to keep hours. Hence they are often very dissipated." Or in the manufacture of bobbin lace, "[l]arge numbers of children and young people are employed. . . . They are almost wholly uneducated, and receive virtually no moral training. They also love fine clothes. These factors combine to lower their moral standards to such an extent that prostitution is almost universal among them."¹⁴

The fear of "immorality" (or more accurately of women's self-determination), not the fear of exploitive wages, was the impulse behind regulation of the workplace from the beginning. Peter Gaskell, a nineteenth-century writer who denounced the free market economy, admitted that industrial wages "would enable them [the workers] to live comfortably, nay in comparative luxury." Yet he condemned the factories because children "were forced to spend their most impressionable years amid surroundings of the utmost immorality and degradation."¹⁵

The anxiety produced by the powerful implication of women as emancipated wage-earners was clearly expressed by Karl

Marx's partner, Friedrich Engels. In the 1830s he said: "The fact that a married woman is working . . . [leads] to a reversal of the normal division of labor within the family. The wife is the breadwinner while the husband stays at home [when unemployed] to look after the children and do the cleaning and cooking It deprives the husband of his manhood and the wife of all womanly qualities." Sound familiar?¹⁶

Britain's Lord Ashley provided another example. In a speech to the House of Commons in 1844, he told the story of an unemployed father who rebuked his working daughters for frequenting a pub. They "turned on him, saying that they no longer recognized his authority: 'Damn you, we have you to keep!' They said they were entitled to spend at least a part of their earnings as they pleased."¹⁷

Women factory operatives in the early industrial period were ambitious and venturesome. Most had come with a specific objective in mind. Mill work was a radical concept then. They came into this new world with a confidence that they could make it on their own.

An 1840 study of 6,320 women in the mills of Lowell, Massachusetts, showed that 87 percent were from outside the state. This was no small matter at a time when travel was extremely difficult.¹⁸

The women's goals were both financial and educational. "The earnings of daughters have been scrupulously hoarded to enable them to pay off mortgages on the paternal farm,"¹⁹ noted one industrialist. Lucy Larcom, a poet and writer for the "Lowell Offering," a magazine for and by women industrial operatives, noted that "for 20 years or more, Lowell might have been looked upon as a rather select school for young people. The girls there were just such girls as are knocking at the doors of the young women's colleges today. They came to work with their hands but that could not hinder the workings of their minds also. Some were able to attend such schools as the Bradford Academy half the year by working in the mills the other half."²⁰

These ambitious young women did not



Lucy Larcom (1824–1893)

stay long in the mills. They worked for a year or two, then went back home or to school to take up work as teachers, missionaries, and other occupations.

Women's Wages Rivaled Men's

The classic Congressional study known as the Aldrich Report clearly demonstrates that the free market did not discriminate against women in terms of wage parity.

This voluminous 1893 survey documented both sexes' earnings in the same departments, doing the same jobs, in the same business at the same time. The years covered are 1851 to 1891. Salaries between the sexes fluctuated widely, based on factors not explicit in the numbers, such as experience and productivity, which are not related to gender.

The statistics are organized in a uniform pattern. All the employees in a given department are divided into an ascending scale by wage level. For instance, in July 1890



Sewing room at A. T. Stewart's department store, New York, 1875.

DOVER BOOKS

there were seven press feeders in "Establishment #6" (not named) in New York City. This company was part of the "Books and Newspaper" industry. One woman there made 41.5 cents per day. One man made 66.5 cents a day. Five women earned 83 cents per day.²¹ (Don't be misled by a century of inflation. These were relatively high wages. A good four-room apartment in New York rented for \$4 a month, well within the means of the top five women.)

The study as a whole confirms that the distribution of wages was not discriminatory. In any given job, men were just as likely as women to be the lowest or highest wage earners. There is no pattern of "bunching up" of women at the low end, with only an exceptional woman at the top. Skill and ability, not gender, were evidently the only considerations for wage levels.

The following examples are typical:

Woolen goods, Connecticut, Establishment #86. "Weavers." Men and women worked together for 33 years.

- One or more women were the highest wage earners for 11 of these years. But more significantly, as this department grew in size, women's leadership in earnings increased dramatically.

Thus:

- Between 1858 and 1875 this department averaged 31 people. One or more women were the highest wage earners twice.

- Between 1876 and 1891 the weaving department expanded to an average of 111 employees. In this period one or more women were the highest wage earners nine times.²²

Books and Newspapers, New York, Establishment #5. "Press Room Hands."

The following two positions we tend to associate with men today. This was not so in

the 1800s. In the first case there was co-employment (men and women together) for 34 years (1857-1891).

- One or more women were the highest wage earners in two of these years and the second highest for another six.²³

Books and Newspapers, New York, Establishment #6. "Press Feeders."

Co-employment for 22 years, between 1867 and 1891.

- One or more women were the highest wage earners in 19 of these years.²⁴

Woolen goods, Rhode Island, Establishment #88. "Handers-In."

From 1881 to 1891 women and men worked together. Both sexes earned exactly the same amount throughout this period.²⁵

Woolen goods, Massachusetts, Establishment #87. "Card Tenders."

Co-employment for 30 of the years, 1859-1891.

- One or more women were the highest wage earners in 15 of these years.²⁶

Cotton goods, Massachusetts, Establishment #40.

The textile industry was the largest employer of women in the nineteenth century. In this company women worked with men in several categories:

"Back-Hands." Co-employment for 31 years. One or more women were the highest wage earners in 24 of these years.

"Cloth-Room Hands." Co-employment for 39 years. One or more women were the highest wage earners for 19 years.

"Harness Hands." Co-employment for 29 years. One or more women were the highest wage earners for 24 years.

"Spinners." Co-employment for 15 years. One or more women were the highest wage earners for seven years.

"Spoolers." Co-employment for 22 years. One or more women were the highest wage earners in 11 of those years.²⁷

Relative teachers' salaries, Massachusetts, 1840-1891.

In Barnsdale County: For 15 years women's salaries were higher than men's, and they earned more in 12 of the 15 years, 1876-1891.

- In Franklin County: For 25 years women's salaries were higher than men's and

from 1868 to 1891 they earned more in 20 of the 23 years.²⁸

Misleading Statistics About Women

Where do we get our ideas that women were exploited by the free market? Often from biased research. Even at the height of the golden era of our relatively unregulated economy, statistics were geared toward proving wage discrimination to justify state intervention.

For instance, then as now, many jobs with the same title which both men and women performed, were not comparable. Nineteenth-century opponents of the free market often compared home employment with factory wages to "prove" that women made less for the same work. Home pay was generally based on a piece-work scale and almost always was lower than factory pay, regardless of who did it. In the 1800s, home workers often had titles similar to those of on-site employees on company payroll records. This gave the impression that women's wages were half those of men doing the same job.²⁹

Another example is the shoe-and-boot industry which fully automated 75 years after textiles. During this period much of the shoe assembly process was done at home. An "Upper Cutter" or an "Upper Stitcher" or "Binder" or "Trimmer" described functions that could be fulfilled at either a factory or home workplace. Until full automation, shoe-and-boot industry wages were substantially lower than for cotton mill employees. "Reformers" often used shoe-and-boot wage scales and projected them as indicative of women's wages overall. This made them appear far less than they actually were.³⁰

Politicians frequently use Census data to justify their legislation. The 1870 Census is a classic example. This was an era when American industry was expanding enormously, as was the drive to control it. It was during the post-Civil War Reconstruction period, with its infamous carpetbaggers and national corruption. Census data followed



Shop girls in New York. This illustration was part of an 1880 Harper's feature on "Working Women in New York."

these dishonest trends. General Walker, the military head of the supposed civil Census, confessed that the data was also inaccurate as it related to women and work. Was it error or policy?

"It is well known that as far as the employment of women and children is concerned, the occupational tables are less complete than the manufacturing tables . . . It is taken for granted that every man has an occupation and rarely have assistant marshals failed to ask and obtain the occupation of men and boys old enough to work with effect. It is precisely the other way with women and young children. The assumption is, as the fact generally is, they are not engaged in remunerative employments. [This contradicts data from previous Census findings] . . . it follows from the plain principle of human nature, that assistant marshals will not infrequently forget or neglect to ask the question."³¹

Conclusion

American women have been a major factor in the rise of American industry. Their presence in the workplace revolutionized our society and made it freer. Women were

not exploited by the free market. Contemporary equal pay for equal work legislation is based on historically misleading information, and for that reason it cannot lead to greater economic emancipation for women. It is dangerous to lovers of freedom and will lead to federal control over all aspects of private employment: hiring and firing, raises and promotions. All the functions of management will be transferred to government. The only equality this will produce is the equal entrapment of men and women. □

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23. *Ibid.*, pp. 371-375.
24. *Ibid.*, pp. 386-388.
25. *Ibid.*, pp. 1533-1534.
26. *Ibid.*, pp. 1497-1500.
27. *Ibid.*, pp. 708-833.
28. *Ibid.*, pp. 966-967.
29. Abbott, pp. 148-185.
30. *Ibid.*, pp. 149 and 159.
31. United States, Census Bureau, "Ninth Census: Industry and Wealth" (Washington, D.C.: U.S. Government Printing Office, 1871), p. 801.

Singing the Ticket Scalping Blues

by David N. Laband

New York Attorney General G. Oliver Koppell filed suit recently against two New Jersey ticket brokers for allegedly scalping tickets to a Barbra Streisand concert. In New York, it is illegal to resell tickets for more than 110 percent of their face value. As reported in my hometown newspaper, Mr. Koppell said the brokers “charged \$325 each for two tickets worth \$125 apiece.” Last year country and western superstar Garth Brooks urged a legislative committee in Tennessee to make ticket scalping illegal in that state. Currently, ticket scalping is illegal in 12 states.

Clearly, Mr. Koppell’s statement is incorrect: It would be impossible to sell tickets worth \$125 each for a price of \$325 each. Language aside, the anti-scalping stance adopted by Messrs. Koppell and Brooks and a significant number of state legislatures reveals a stunning ignorance of the fundamental role that prices play with respect to allocating scarce commodities.

People Who “Need” Tickets

The selling price of any commodity automatically divides the potential consuming public into two groups: individuals who value the item highly enough to be willing to pay the price required to obtain it and those

who do not value the item highly enough to be willing to pay the acquisition price. In economic jargon, prices are *allocatively efficient*. Assuming no government intervention, goods and services—including concert tickets—are automatically allocated via prices to those individuals who value them the most highly, because they are willing to pay the most to obtain them.

The heart-rending response from supporters of anti-scalping legislation is that allocation by price is not “fair,” since poor people cannot afford to pay high prices for commodities even though they might value them highly. This argument is demonstrably wrong. The mere fact that a resale market emerges for tickets to concerts, athletic events, and the like indicates that the face value (or retail price) of the tickets is *below* the market-clearing price.

Whenever a concert, for example, is a “sellout” before exhausting the number of demanders of tickets, it should be clear that there is a shortage of tickets at the retail price. This *must* mean that certain individuals who place a greater value on the show than the money price of the tickets will not get to see the performance. Individuals who are willing to pay a higher price for the tickets and who want to ensure that they will in fact receive tickets must be willing to pay a higher price, typically in the form of time spent waiting in line. Since poor people have a low opportunity cost of time, they are more likely to be the ones who receive

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