CHAPTER I

INTRODUCTION

The unprecedented integration of women into U.S. labor markets has been one of the most significant economic and social changes of the Twentieth Century. Indeed, the transformation of legal and economic opportunities for women led *The Economist* to label the past one hundred years as the "female century" (9 September 1999). In studying these changes, economists and economic historians have generally focused on demand-side factors: increases in wages and nonlabor income (Mincer 1962; Smith and Ward 1985, 1989; Goldin 1990), falling discrimination through the elimination of marriage bars (Goldin 1988), the rise of the clerical sector (Goldin 1984; Smith and Ward 1985), and the growing demand for highly skilled and professional workers (Black and Juhn 2000; Welch 2000).

The episodic nature of women's participation and wage growth, however, suggests that the social, legal and technological change interacted with the economy in distinct ways at different points in history. My dissertation stresses the larger story of women's recent economic advancement by emphasizing the significance of legal changes, federal policy and technological innovation in forestalling or spurring women's progress during three different episodes over the Twentieth Century.

One the most rapid periods in women's wage growth occurred during the 1940s, or the "Great Compression", but these changes affected African American and white women workers quite differently (Goldin and Margo 1992). Chapter II (with William J. Collins) examines how different individual and market factors—including human capital, migration, and occupational upgrading—contributed to wage growth and the distribution of wage gains across groups in the 1940s. This research differs from previous studies in both methodology and focus. First, we examine changes over the entire distribution by using a semi-parametric decomposition technique (DiNardo, Fortin, and Lemieux 1996; Barsky, Bound and Charles 2004). Second, we focus explicitly on the economic mobility of African-American women workers. This focus is important because the experiences of black women unfolded quite differently than those of white women and black men in the post-World War II economy. As measured wage discrimination has fallen much more between white and black women than between men, our study provides a historical context for the larger story of how race, gender, and labor markets have evolved since 1950. We find that demand factors during the 1940s were critical to explaining African American women's move from domestic service into more lucrative employment in sectors that would eventually be covered by the minimum wage and by unions.

Another episode of women's rapid advancement followed the FDA's approval of the first oral contraceptive in 1960. In contrast to the single digit increases in the two decades following World War II, the participation of 20 to 24 and 25 to 35 year old women increased by an average of 54 percent and 88 percent, respectively (Smith and Ward 1985: S63, S66). Chapter III, "More Power to the Pill," examines how the diffusion of oral contraception affected remarkable changes in young women's work during the 1960s and 1970s. Research on the link between women's fertility and labor supply is not unique—a large body of theory and empirical evidence relates the end of the Baby Boom to changes in women's work. The novelty of this analysis, however, is that it uses an historical experiment to quantify the importance of the pill in affecting broad labor market changes. My findings suggest that oral contraception is strongly associated with delays in the age of first birth and the likelihood of labor-force participation among young women. From 1970 to 1990, fertility-related shifts in women's labor supply explain roughly 20 percent of the changes in market employment among younger women.

Demand shifts favoring women and the epochal shift in their market work converged during the 1970s and 1980s with the largest expansion in earnings inequality in the U.S. during the Twentieth Century. Economists have entertained the notion that the increasing supply of women may have, at least in part, *caused* an expansion in the wage structure, but dealing with the endogeneity of women's participation has led several prominent studies to very different conclusions (Topel 1994; Juhn and Kim 1999; Acemoglu, Autor and Lyle 2004). Chapter IV employs a new instrumental variable, variation in legal access to the oral contraception, to examine the causal impact of women's labor supply on the aggregate distribution of wages in the post-1960 period. I find little evidence that women's labor-force participation adversely impacted the wages of men from 1960 to 2000. In fact, women's employment growth appears to have increased the wages of the most skilled men, although it mitigated convergence in the gender gap in wages over the 1980s.