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The Economic Possibilities of Comparable Worth

James D. Holzhauer†

Professors Fischel and Lazear have set themselves about a most difficult task. For the sake of their argument they concede that job segregation and the disparity between wages in male- and female-dominated occupations is due to discrimination against women. They acknowledge that this discrimination may take the form of barriers to the entry of women into certain occupations, or may consist of broad, societal sexism which channels women into occupations they might not otherwise pursue. And they concede—as history requires—that the market alone cannot be counted upon to eradicate discrimination. Yet they claim to demonstrate that the remedy known as comparable worth or pay equity is not appropriate under any circumstances and will leave women worse off than they were without the remedy.[1]

As Professor Becker demonstrates,[2] the Fischel and Lazear thesis is vulnerable on a variety of grounds. I examine their economic analysis and find it incomplete and unconvincing. Fischel and Lazear make two basic economic arguments against comparable worth:

1. Raising wages in female-dominated occupations to the level of wages in comparable, male-dominated occupations fails to reallocate jobs between men and women or restore wages to the levels which would exist without discrimination; and

2. Increasing wages in female-dominated occupations will reduce employment in those occupations, resulting in a loss of jobs for women, making them worse off than they are now.

Neither of these arguments is persuasive. As to the first argument, I do not know of any advocate of comparable worth who

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[1] Fischel & Lazear, *Comparable Worth and Discrimination in Labor Markets*, 53 U. Chi. L. Rev. 891, 901-09 (1986).

[2] Becker, *Barriers Facing Women in the Wage-Labor Market and the Need for Additional Remedies: A Reply to Fischel and Lazear*, 53 U. Chi. L. Rev. 934 (1986).

claims that the remedy will result in a perfect reallocation of wages and jobs. It may cause an improvement over the present misallocation, however, and by merely showing that its results may be imperfect, Fischel and Lazear fail to address the critical question: whether comparable worth would bring about wage levels and job allocations preferable to those found at present. As to their second argument, at least three economic counterarguments can be made. First, demonstrating that comparable worth might deprive some women of jobs in female-dominated industries does not prove that the cost of comparable worth to women as a group exceeds its benefit. Second, depending on the nature of the labor market involved, comparable worth may not result in any loss of jobs. Third, even if we assume that women will lose jobs and that the initial cost to women will exceed the initial benefit, over the long haul comparable worth may have precisely the effect its advocates seek.[3]

I. The Reallocative Effect of Comparable Worth

Fischel and Lazear correctly point out that discrimination lowers the wages of women in female-dominated occupations (by their model,[4] from WF^* to WF) and increases the wages of men in comparable male-dominated occupations (from WM^* to WM). Comparable worth, as they indicate, will initially raise wages in the female-dominated occupations to the level of male wages in comparable occupations (WM), rather than to the predicted discrimi-

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[3] My purpose is *not* to make an affirmative case for comparable worth. It is instead to question Fischel and Lazear's assertion that comparable worth can be proven to be an inappropriate measure by what they assume to be neutral and self-evident economic principles. I do not criticize Fischel and Lazear's application of the neoclassical economic model to the labor market. Rather I show that even if we assume that model applies, their analysis does not prove their point.

By failing to criticize the application of the neoclassical model to the labor market, I do not endorse it; rather, I share the doubt many economists have about the nature of the labor market. *See, e.g.*, P. Doeringer & M. Piore, Internal Labor Markets and Manpower Analysis (1970); Lester Thurow, Dangerous Currents 173-215 (1984); Lester Thurow, Generating Inequality (1975); Women, Work and Wages: Equal Pay for Jobs of Equal Value 44-68 (D. Treiman & H. Hartmann eds. 1981); Blau & Jusenius, *Economists' Approaches to Sex Segregation in the Labor Market: An Appraisal*, in Women and the Workplace 181 (M. Blaxall & B. Reagan eds. 1976); Cain, *The Challenge of Segmented Labor Market Theories to Orthodox Theory: A Survey*, 14 J. Econ. Literature 1215 (1976), and sources cited therein; Kerr, *The Balkanization of Labor Markets*, in Labor Mobility and Economic Opportunity 92 (E. Bakke ed. 1954); Marshall & Paulin, *The Employment and Earnings of Women: The Comparable Worth Debate*, in 1 U.S. Comm'n on Civil Rights, Comparable Worth: Issue for the 80's 196 (1984) [hereinafter cited as Issue for the 80's]. Of course if the labor market does not fit the neoclassical model, Fischel and Lazear's analysis is inapplicable.

[4] *See* Fischel & Lazear, *supra* note 1, at 902-03.

nation-free wage in the female-dominated occupations (*WF**) which, under their model, would be the correct result. The strength of this argument depends on the relationship between *WM, WF** and *WF.* If *WM* (the wage in comparable male-dominated occupations) is substantially closer to *WF** (the "natural wage" in the female-dominated occupations) than *WF* (the present female wage) is, then increasing the wage level from *WF* to *WM* more closely approximates the "correct" result than leaving wages at *WF.* One need not determine, however, whether *WM* is closer to *WF** than *WF* is in order to rebut Fischel and Lazear's argument. It is enough to point out that, without knowing more about the relationship between *WM, WF*,* and *WF,* one cannot say whether the comparable worth remedy will achieve a result closer to or further from the desired outcome than does the status quo.

The argument that comparable worth, by raising wages in female-dominated occupations from *WF* to *WM,* will cause a misallocation of labor is equally unpersuasive. It is true that if we assume a competitive labor market, increasing wages from *WF* to *WM* will reduce employment in the female-dominated occupations. But under this model, discrimination has already artificially inflated employment in the female-dominated occupations. Fischel and Lazear's Figure 1[5] indicates that the proper level of employment is *F**, but that as result of discrimination, employment stands at the higher level of *F.* So, whether the comparable worth remedy results in a "better" or "worse" allocation of labor depends on the relationship between *F, F*,* and the level of employment after the imposition of the comparable worth remedy. If the level of employment after the comparable worth remedy is imposed is closer to the "natural" level of employment (*F**) than the present level of employment (*F*) is, the reduction of employment may leave us "better off" than we are now.

It is not necessary to speculate what the "correct" or "natural" level of employment in any occupation might be in order to demonstrate that it is not at all clear—as Fischel and Lazear claim—that comparable worth will not bring us closer than we are now to the outcome an economist might deem desirable.[6] More-

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[5] *Id.*

[6] Fischel and Lazear also argue that imposition of a comparable worth remedy somehow "punishes" the "innocent" employers. Assuming that the remedy is applied prospectively, if comparable worth brings about a result closer to that which would be found in a discrimination-free, competitive market, how is it punitive?

over, there can be little doubt that the partial success of Title VII in eradicating discrimination has been achieved at some considerable cost and that significant additional costs would be incurred if alternative methods of combating discrimination (such as strengthening Title VII or enhancing its enforcement) were employed. Before we can reject comparable worth out of hand, we must compare the results it is likely to achieve and the costs it is likely to impose with the results and costs of those alternative methods.[7]

II. The Nature of the Labor Market and the Effect of Comparable Worth on the Employment of Women

Fischel and Lazear analogize the comparable worth remedy to the imposition of a minimum wage in a competitive labor market. They argue that comparable worth will reduce the employment of women in female-dominated jobs much like minimum wage laws reduce employment of unskilled laborers. Their analysis is incomplete and, depending on the nature of the labor market involved, may have led them to an incorrect conclusion.

The argument that comparable worth will hurt women because it will reduce employment of women in female-dominated occupations suffers from an analytical flaw quite common to economic critiques of law: identifying the probable direction of an effect without considering its magnitude. In order to determine the effect of comparable worth on the employment of women (or, for that matter, on employment in general), it is necessary to consider the nature of the market for labor upon which comparable worth might be imposed.

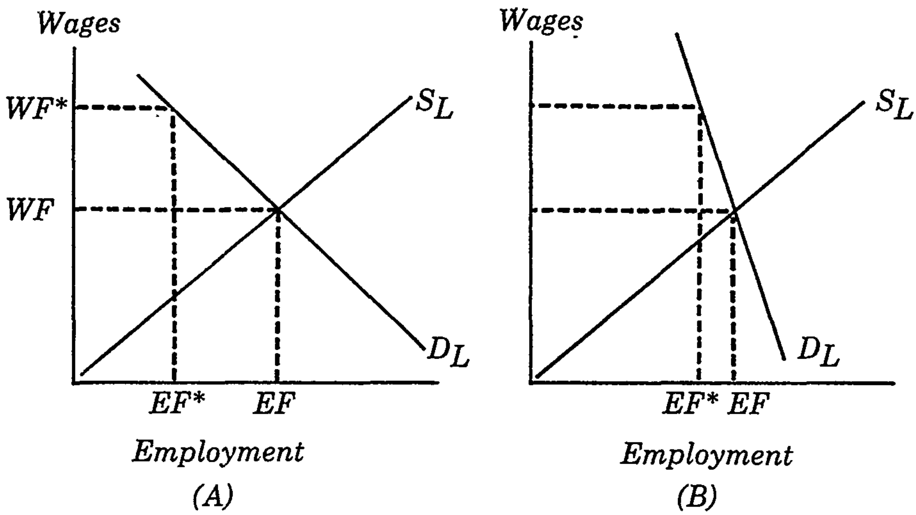
Accepting Fischel and Lazear's competitive model of the labor market for now, the statement that comparable worth will result in the loss of some jobs means very little unless we know how many

[7] By conceding for the sake of argument that the wage disparity between men and women is caused by discrimination in the form of barriers to entry, Fischel and Lazear must also concede that the prohibition of barriers to entry which has been in effect for over twenty years has not been completely effective. Because efforts to eradicate barriers to entry alone have failed to correct the disparity, it is contradictory to concede on the one hand that sex discrimination causes the disparity between male and female wages, and to argue on the other hand that all that is needed is to prohibit barriers to entry. Clearly something more is needed (under Fischel and Lazear's assumptions) to eliminate these barriers and that something more may have significant costs and imperfect results.

Fischel and Lazear imply that comparable worth does nothing to eradicate barriers to entry. As I will point out, *see infra* notes 15-25 and accompanying text, this may be incorrect as a matter of economics; comparable worth may indeed contribute to the breakdown of entry barriers. Moreover, advocates of comparable worth see it as a supplement, not an alternative, to existing Title VII and Equal Pay Act remedies.

jobs might be lost, and what countervailing benefits might be achieved. How many jobs are lost will depend on the elasticity of the demand for labor. Figure 1 illustrates the model of the competitive female labor market relied upon by Fischel and Lazear. Before the imposition of comparable worth, wages are at *WF,* and employment is at *EF.* Comparable worth raises wages to *WF** and reduces employment to *EF**. The two panels of Figure 1

FIGURE 1



illustrate different elasticities of demand for labor. In panel *A*, the demand for labor is relatively elastic, and the loss of jobs caused by the increase in wages from *WF* to *WF** is relatively large; in panel *B,* demand for labor is relatively inelastic, so relatively few jobs are lost as a result of the increase in wages. Before we can evaluate whether the benefits of comparable worth under this model exceed the costs, we must know something about the elasticities of demand for labor.[8] If women would lose relatively few jobs, but would gain a substantial increase in wages, the gain in wages

[8] There have been many attempts to measure the elasticity of demand for labor, with varying results. It does seem likely that the demand for labor is generally inelastic, but demand curves vary considerably by industry and occupation. Such variations support my view that we need to know more about the elasticity of demand for labor in any industry or occupation to which comparable worth may be applied before we can determine whether the remedy will benefit women. *See* R. FLANAGAN, R. SMITH & R. EHRENBERG, LABOR ECONOMICS AND LABOR RELATIONS 91-93 (1984), and sources cited therein.

may outweigh the cost in job loss.[9]

More important, the competitive model of the labor market used by Fischel and Lazear may be inappropriate for many of the situations in which comparable worth might be applied. The most important early initiatives in the comparable worth area have involved clerical workers, employees of large corporations, and public employees (most particularly nurses and teachers). There is reason to consider the possibility that these workers are employed, for the most part, by monopsonistic wage-setting employers, not by the hapless wage-takers Fischel and Lazear assume.[10] If the minimum wage analogy is to be followed, then, it should be considered in the context of a monopsonistic labor market. The model of such a market may lead to conclusions different from those arising from the competitive model.

In theory, a single employer in a competitive labor market cannot affect the wage rate in that market; it must pay the going wage. Such an employer determines whether to employ additional

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[9] Granted, this looks only at the issue of whether comparable worth will help or hurt working women, which is the issue raised by Fischel and Lazear. The slightly different issue of whether comparable worth will bring women closer to the position they would be in without discrimination, and whether it will do so at a lower cost than other remedies, is one that requires additional research. But saying that additional research is required is the same as saying that Fischel and Lazear are wrong in asserting that the remedy can be dismissed out of hand.

[10] I am not merely arguing that there may be occasional employers or industries for which the competitive model may not apply, and that comparable worth may be appropriate in those unusual cases. There is reason to believe (both intuitively and from empirical evidence) that monopsony may be widespread in the industries in which many of the most important female-dominated occupations are found, and may be a common characteristic of the internal labor markets of large organizations. *See, e.g.*, P. Doeringer & M. Piore, *supra* note 3, at 92; Devine, *Manpower Shortages in Local Government Employment*, 59 Am. Econ. Rev. (proceedings) 538, 542 (1969); Ehrenberg & Goldstein, *A Model of Public Sector Wage Determination*, 2 J. Urb. Econ. 223 (1975); Grune, *Pay Equity Is a Necessary Remedy for Wage Discrimination*, in Issue for the 80's, *supra* note 3, at 168-69; Hurd, *Equilibrium Vacancies in a Labor Market Dominated by Non-Profit Firms: The "Shortage" of Nurses*, 55 Rev. Econ. & Statistics 234 (1973); Kerr, *supra* note 3, at 92; Link & Landon, *Monopoly and Union Power in the Market for Nurses*, 41 S. Econ. J. 649 (1975).

See also American Nurses Ass'n v. Illinois, 783 F.2d 716, 720 (7th Cir. 1986), where Judge Posner acknowledges that the argument that wages are not determined as assumed by the neoclassical competitive market model "has particular force when applied to a public employer such as the State of Illinois, which does not have the same incentives that a private firm would have to use labor efficiently."

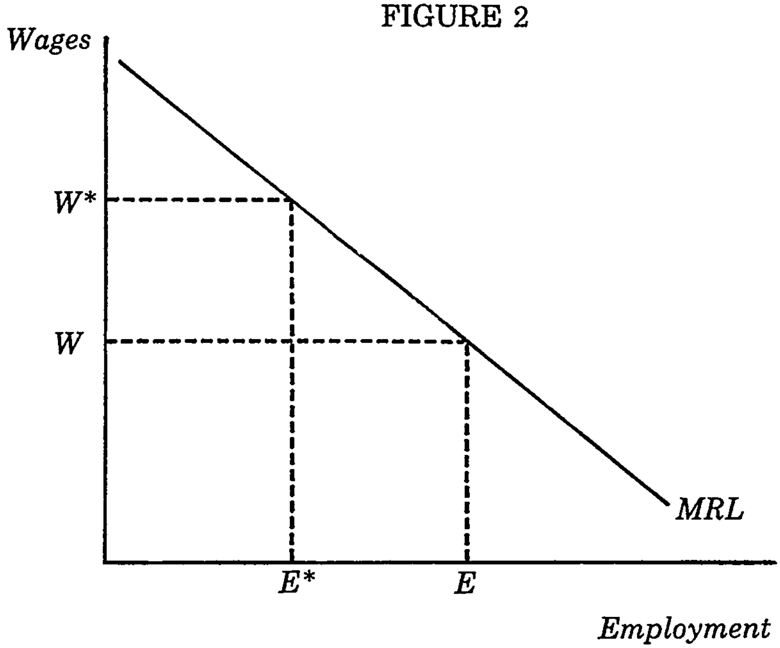
In their rejoinder, Fischel and Lazear assert that industries that have monopsony power as to female-dominated occupations will also have it as to male-dominated occupations. This is not true. For example, hospitals and public schools hire maintenance engineers as well as nurses and teachers. Obviously they might have much greater market power as to the latter (female-dominated) occupations than they do as to the former (male-dominated) occupation.

workers at this exogenous wage rate by comparing the additional revenue which can be produced by adding an employee with the wage to be paid to that employee. The employer will continue to hire workers up to that point at which the next new employee will not pay for himself or herself.[11]

A wage-setting or monopsonistic employer faces a different situation. By definition, such an employer sets or at least affects the wage rate it must pay to attract employees. The more workers it wants to hire, the higher the wage it must offer to all such workers. For example, if such an employer wants to hire 24 workers it might have to pay them $12.00 per hour; if it wants to hire 25 workers, it would have to pay more, say $12.15 per hour. Because it will have to pay all of its workers the same wage, the extra cost of the additional worker will not be merely 15 cents per hour, but will instead be 25 times 15 cents per hour. The marginal cost of hiring the additional employee will be $15.75 per hour, consisting of the addi-

[11] This is illustrated by Figure 2; *MRL* charts the marginal revenue of labor (the revenue produced by each additional employee) and *W* indicates the set wage.

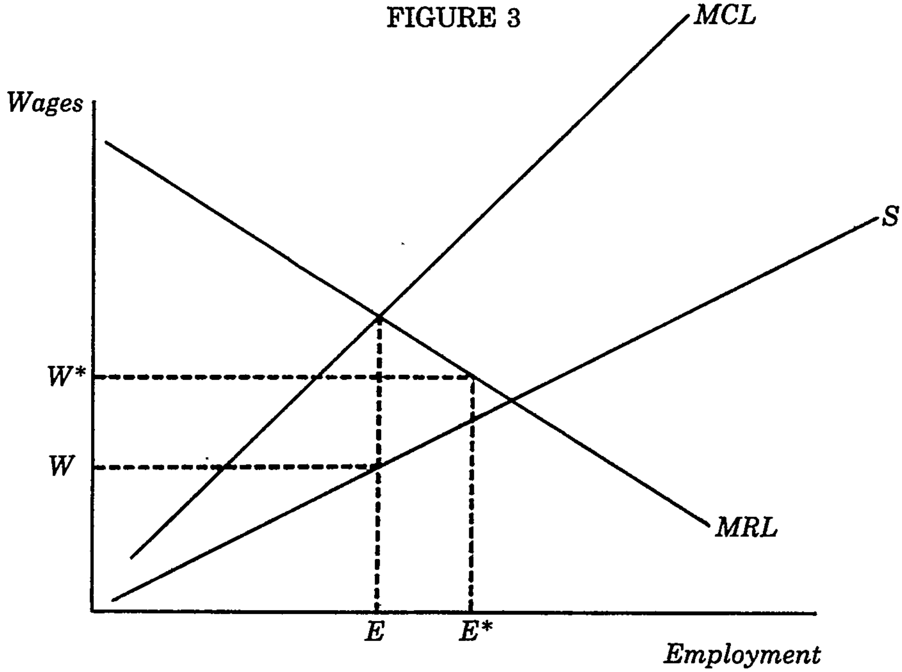
FIGURE 2



The employer in Figure 2 will set its employment level at *E*, because hiring any additional workers will cost more than the additional revenue these workers will bring in, and hiring fewer employees will waste an opportunity for profit. If the imposition of a minimum wage or a comparable worth remedy raises the wage level to *W**, the level of employment would be expected to decline to *E**.

tional employee's individual wage rate ($12.15 per hour) plus the cost of paying the extra fifteen cents to each of the other 24 workers (a total of $3.60). Faced with the typical upward-sloping supply curve for labor, the monopsonistic employer's marginal cost of labor will always exceed the wage rate it has to pay to attract the last employee it needs. This is shown in Figure 3.

FIGURE 3



The employer will continue to hire workers until the marginal revenue of the last employee (*MRL*) equals the marginal cost of that employee (*MCL*); in Figure 3, employment will thus be set at *E*. Moving up the labor supply curve, *S*, the employer must pay *W* to attract *E* workers.

Now suppose a minimum wage law is passed or a comparable worth remedy is imposed upon this monopsonistic employer. Suppose the newly imposed "artificial" wage equals *W** in Figure 3. At that wage (*W**), the firm will hire *E** workers, because at any higher level of employment the marginal cost of labor (i.e., the imposed wage rate *W**) will exceed the marginal revenue of labor (*MRL*), and at any lower level the marginal revenue of labor will exceed the marginal cost. The effect of the imposition of the minimum wage or the comparable worth remedy will thus be to *raise* the level of employment from E to E^*. Under this model, maximum employment will be achieved by setting the wage to correspond to the point at which the labor supply curve crosses the marginal revenue of labor curve. From the original starting point of W, wages can be raised as high as the point at which the marginal cost of labor curve crosses the marginal revenue of labor curve without causing any reduction in employment.[12]

What this means for comparable worth is that if an employer subjected to a comparable worth remedy is a wage-setter or labor monopsonist, the wage-enhancing remedy may not reduce, and may even increase, employment. Moreover, if the industry containing the female-dominated occupation—for example, the hospital industry for nurses, or the education industry for teachers—is generally monopsonistic, imposition of a comparable worth remedy in that industry may actually increase employment of women. Although there is evidence that some of the industries containing female-dominated occupations may be wage-setters for those occupations,[13] it is not necessary to evaluate that evidence or reach any firm conclusions in order to demonstrate that Fischel and Lazear are mistaken when they assert that the imposition of a comparable worth remedy will certainly reduce employment, and that the remedy can therefore be dismissed without further consideration.[14]

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[12] Even under the monopsonistic model a reduction of employment will occur if wages are raised above the point at which the marginal cost of labor curve crosses the marginal revenue of labor curve. The larger the comparable worth remedy the more likely such a result is to occur. But plainly we need to know a lot more about the particular market to which the comparable worth remedy will be applied before we can determine whether the remedy will reduce female emplo yment.

On the effect of imposing a minimum wage upon a monopsonistic labor market, see R. Flanagan, R. Smith & R. Ehrenberg, *supra* note 8, at 78-80; Brown, Gilroy & Kohen, *The Effect of the Minimum Wage on Employment and Unemployment,* 20 J. Econ. Literature 487, 489 (1982); Maurice, *Monopsony and the Effects of an Externally Imposed Minimum Wage,* 41 S. Econ. J. 283 (1974); Stigler, *The Economics of Minimum Wage Legislation,* 36 Am. Econ. Rev. 358, 360-361 (1946).

[13] *See supra* note 10.

[14] In their rejoinder, Fischel and Lazear claim that "gains from imposing a minimum wage in a monopsonistic industry exist only if there is underemployment," and that this is inconsistent with the assumption that discrimination in other occupations causes an oversupply of workers in female-dominated occupations. *See* Fischel & Lazear, *Comparable Worth: A Rejoinder,* 53 U. Chi. L. Rev. 950, 951 (1986). This is incorrect. It is certainly true that imposition of a minimum wage—or a comparable worth remedy—will increase a monopsonistic firm's employment only if the firm's employment level is lower than it would be in a competitive market. But the level of employment of such a monopsonistic firm has little relation to whether the number of workers in the labor pool has been artificially inflated by discriminatory practices elsewhere.

III. The Ultimate Impact of Comparable Worth

Even if we assume that comparable worth at first might cost women some jobs in female-dominated occupations, and even if we assume that the gain in women's wages will be insufficient to justify that job loss, our inquiry is not over as Fischel and Lazear suggest. The arguments Fischel and Lazear make have been made in the past against other social initiatives including child labor laws, worker health and safety regulations, and the Equal Pay Act itself. Proponents of those laws responded that any immediate disadvantage suffered by those the laws were designed to protect would be outweighed by the longer-term benefits.[15] This may also be the case with comparable worth.[16]

Like the minimum wage, especially in its early days, comparable worth will directly affect only one part of the labor market—the market in female-dominated occupations—and it will do so only in a piecemeal, case-by-case manner. If comparable worth is to be analogized to a minimum wage, it must be analogized to a minimum wage with quite incomplete coverage. For the sake of simplicity, I return to the assumption of a competitive labor market. In such a market, if an effective minimum wage[17] is imposed only on part of the market, it would be expected to reduce employment in that segment of the market. But the employees thrown out of work in the covered segment of the market will seek employment in the segment not covered and will increase employment in that segment by driving down wages. Figure 4 illustrates this principle.

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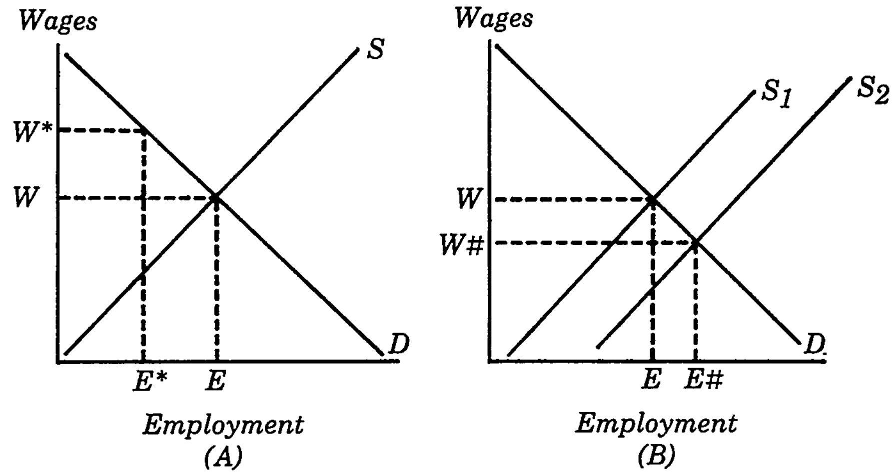
[15] *See, e.g.*, E. Brandeis, *Labor Legislation*, in 3 History of Labor in The United States, 1896-1932, at 399 (J. Commons ed. 1935).

[16] In evaluating the ultimate impact of comparable worth, it is important to recognize how the remedy is likely to operate. Few advocates of comparable worth expect federal legislation which will immediately raise wages in all female-dominated occupations to the level of wages in male-dominated occupations. Instead, comparable worth remedies would be imposed primarily on an employer-by-employer basis as the result of litigation or threatened litigation. In addition, some states may pass laws imposing comparable worth remedies, most likely upon public employers. The operation of the remedy is important not merely because a painful remedy imposed gradually may seem less painful, but also because in this case gradual imposition of the remedy may substantially affect its economic impact. In addition, in this area where so many of the theoretical predictions are uncertain, gradual imposition of the remedy will offer ample opportunity to study its actual effects.

[17] By an effective minimum wage, I mean a minimum wage that is enforced and that is not so low as to have no real impact.

FIGURE 4



Suppose that the wage for unskilled labor in a competitive labor market is set at *W* and that a higher minimum wage, *W**, is established for a subclass of unskilled labor—for example, unskilled construction workers. The imposition of the minimum wage would be expected to reduce employment of construction workers from *E* to *E** (again, assuming a competitive labor market), as shown in Panel *A*. Panel *B* represents the market for unskilled labor not employed in the construction industry. The workers who lose their jobs in the construction segment of the market will seek and secure jobs in the nonconstruction segment, shifting the labor supply curve from S_1 to S_2, driving wages in that segment down from *W* to *W#*, and raising employment in that segment of the market from *E* to *E#*.

Imposing a comparable worth remedy on one segment of a theoretically competitive labor market—that segment being composed of female-dominated occupations—would have a similar effect on the rest of the labor market. Those workers who lose their jobs in the segment of the market covered by the comparable wage remedy would seek employment in the remainder of the market. Employment would expand, thus lowering wages.[18]

[18] This reduction in wages may at first seem troublesome, but when it is remembered that the reduction will likely occur in a segment of the market in which wages have been artificially inflated because of discrimination, the reduction should seem considerably less troublesome.

Fischel and Lazear note, quite correctly, that this mechanism would not operate if those forced out of the first market are barred from entry into the second market. But the labor market is not neatly divided into just two segments: male-dominated and female-dominated occupations. There are occupations open to both men and women. Moreover, comparable worth advocates also seek to continue and enhance present efforts to remove all barriers to the entry of women into male-dominated occupations. In addition, skilled and qualified women seeking employment in segments of the labor market previously dominated by men will raise the price of discrimination to employers and might cause some to stop discriminating. Movement of women into the potential labor force will increase the number of workers who will take employment at each wage level. The incentive of the industry to stop discriminating (i.e., the money it can save by agreeing to open up its labor force to women) thus increases, and the likelihood that the industry's "taste" for discrimination will be sufficient to persuade it to ignore the potential savings decreases.

To refine the incomplete minimum wage analogy a bit further, comparable worth is likely to be applied on an employer-by-employer basis. Again assuming a competitive market, an increase in wages paid by one employer may cause a reduction of employment by that employer. The employees laid off or not hired by that employer would then compete for other jobs, thus reducing the wages of those other jobs. As more and more comparable worth remedies are applied, the artificially inflated wages in male-dominated occupations would be expected to fall as more and more women seek those jobs, while at the same time wages would rise in the female-dominated occupations. Comparable worth would thus tend to restore the proper allocation of labor and other resources by correcting both the artificial depression of wages in female-dominated occupations and the artificial inflation of wages in male-dominated occupations.

However ambiguous the initial effect of comparable worth might be, the long-term effect is even more difficult to assess without further research, and thus even more difficult to dismiss as inadvisable.[19] The advocates of comparable worth strive to put an end to sex discrimination in employment. If all the remedy accomplishes is to raise the wages of some women in some female-

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[19] *See* Hartmann, Roos & Treiman, *An Agenda for Basic Research on Comparable Worth*, in COMPARABLE WORTH: NEW DIRECTIONS FOR RESEARCH 3, 12-15 (H. Hartmann ed. 1985).

dominated occupations, comparable worth will not have achieved its ultimate objective. But equality in the workplace can be realized only by breaking down sex segregation in employment and it seems likely that, over the long term, comparable worth will have that result.

Sex segregation is a two-way street. Occupations are female-dominated not only because other occupations are closed to women (by actions of employers or male employees or through the effect of cultural stereotypes), but also because men do not want the female-dominated jobs, or at least do not want them at the depressed, female-dominated wage. Raising wages in female-dominated occupations will cause more men to seek those jobs, men who would otherwise have gone into male-dominated jobs.[20] But that is not all; the movement of men into female-dominated jobs can be expected to make room for women in the previously male-dominated jobs, further breaking down sex segregation.[21]

Thus, the second-order and third-order effects of comparable worth may be quite beneficial. Previously female-dominated occupations will attract more men as a result of increased wage levels. Traditionally male-dominated occupations—no longer enjoying the recruiting advantage of comparatively high wages—will lose potential male workers to the previously female-dominated occupations. Employers in these male-dominated fields will either have to bid higher to recruit males or open up their work forces to women. Women who might otherwise have accepted low-paying jobs in female-dominated occupations will be forced to compete with men for those jobs at the new, higher wages. At the same time, women will seek the jobs vacated (or not taken) by men in the male-dominated occupations.[22] The result may well be a gradual break-

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[20] Because employment in the female-dominated occupations *may* be reduced (depending on whether the market for those jobs is competitive or monopsonistic), the effect may not be immediate, but it can certainly be argued that raising wages will eventually cause some breakdown of sex segregation as men, attracted by higher wages, enter previously female-dominated occupations.

[21] *See* MICHAEL GOLD, A DIALOGUE ON COMPARABLE WORTH 56-57 (1983); Bergmann, *The Economic Case for Comparable Worth,* in COMPARABLE WORTH: NEW DIRECTIONS FOR RESEARCH, *supra* note 19, at 82-83; *see also* American Nurses Ass'n v. Illinois, 783 F.2d 716, 719-20 (7th Cir. 1986) (in describing the economic arguments against comparable worth, Judge Posner notes that "the change in relative wages will send men in the same direction [as women]: fewer men will enter the traditionally men's jobs, more the traditionally women's jobs. As a result there will be more room for women in traditionally men's jobs and at the same time fewer opportunities for women in traditionally women's jobs.").

[22] The imposition of comparable worth remedies may also cause the breakdown of artificial, sex-based distinctions between jobs. Employers often claim that wage differentials are justified by relatively slight differences in job duties. These differences may be mere pretext,

down of sex segregation in employment. I do not argue that comparable worth will inevitably cause a breakdown of sex segregation, but I do argue that it is impossible to dismiss comparable worth—as Fischel and Lazear do—without at least considering this long-term and beneficial possibility.

Conclusion

Fischel and Lazear claim to demonstrate that comparable worth would be a bad idea—even from the standpoint of women—under all conceivable circumstances. To test their conclusion as well as to summarize my arguments, it may be useful to hypothesize a plausible state of affairs to which a comparable worth remedy might be applied. The female-dominated occupation of nursing serves as a useful example. Suppose that the employers of nurses deal in a monopsonistic rather than a competitive labor market.[23] Suppose further that the market for men of similar skills and training (for the sake of simplicity, I will call such men engineers) is competitive.[24] Because of discrimination, which acts as an entry barrier to women, the wages of engineers are substantially higher than those of nurses. Now suppose that a comparable worth remedy is applied to the nursing occupation, and nurses' wages are elevated to the same level as those of engineers. Employment of nurses *expands* because of the monopsonistic nature of the nursing field.[25] Some men who would really have preferred nursing all along, but did not want to accept the lower wages, move away from engineering to nursing as nursing careers become financially more attractive. The "desertion" of engineering by some men going into nursing creates vacancies in engineering. Women, noticing these vacancies and facing stiffer competition for high-wage nursing jobs, begin to disregard stereotypes, incur the cost of fighting discrimination, and pursue their preferred career—engineering. Sex segregation is broken down, albeit gradually, wages and employment are increased for women in female-dominated occupations, jobs in pre-

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or imposed with the intention of justifying otherwise unjustified wage disparities, or based on sex stereotypes. Once comparable worth destroys the wage disparities and sex segregation begins to break down, employers may be expected to eliminate unnecessary distinctions between jobs.

[23] This supposition is not without support. *See supra* note 10 and accompanying text.

[24] Robert Bunting, Employer Concentration in Local Labor Markets (1962).

[25] This assumes that the level of wages after the imposition of the comparable worth remedy is set at a point below that at which the marginal cost of labor curve for this monopsonistic industry crosses the marginal revenue of labor curve. *See supra* text accompanying notes 11-12.

viously male-dominated occupations are opened to women, and both the level of employment and the wage level are brought closer to their "natural" competitive levels.

My purpose has not been to prove an economic case for comparable worth; I leave that to others.[26] What I think I have shown is that the economic case *against* comparable worth is hardly as simple and clear-cut as Fischel and Lazear suppose. As supporters of comparable worth acknowledge, research into the nature of the labor market—particularly insofar as it involves female-dominated occupations—is needed before the economic effects of comparable worth can be assessed.

[26] *See* Bergmann, *supra* note 21, at 82-83; Bergmann & Gray, *Economic Models as a Means of Calculating Legal Compensation Claims,* in COMPARABLE WORTH AND WAGE DISCRIMINATION 155 (H. Remick ed. 1984); Grune, *Pay Equity Is a Necessary Remedy for Wage Discrimination,* in ISSUE FOR THE 80'S, *supra* note 3, at 165; Marshall & Paulin, *The Employment and Earnings of Women: The Comparable Worth Debate,* in ISSUE FOR THE 80'S, *supra* note 3, at 196.