Dear friends,
Welcome to the inaugural issue of the Free-Market Feminist, AEI’s quarterly newsletter on issues relating to women in the modern world. High-quality scholarship on women and the workplace is hard to come by—but AEI scholars are offering fresh perspectives and analysis across all the Institute’s research areas. The Free-Market Feminist will bring AEI’s signature combination of empirical research and lucid argument to bear on issues relating to women and the global economy. Through this newsletter, we hope to offer a vision of gender equality that empowers women and is built on AEI’s core beliefs: freedom, opportunity, and enterprise. We hope our readers will engage on the many issues we address, and will consider sharing this newsletter with colleagues, friends, and family in an effort to introduce new members to the AEI community.

The United States leads the world when it comes to women holding high-level positions in corporations, owning their own businesses, or launching start-ups. But this fact is too often buried. Year after year, the influential World Economic Forum awards the United States low marks for workplace gender equity. In its most recent Global Gender Gap Report, it suggests that the United States is lagging behind Nicaragua, Cuba, and Burundi when it comes to economic opportunity. David Adesnik, former Rhodes Scholar and visiting fellow in AEI’s Marilyn Ware Center for Security Studies, took a careful look at the data. This issue of the Free-Market Feminist features his exposé of the methodology the World Economic Forum used to reach its misleading conclusions.
Free-Market FEMINIST
Global Perspectives on Women and Enterprise

NOTE FROM THE EDITOR continued

Longtime AEI scholar Christina Hoff Sommers is well known for debunking faulty scholarship on women. In this issue, she separates fact from fiction in the current international debate over women on corporate boards. The results might surprise you!

Other pieces report on topics such as the gender wage gap, female entrepreneurship in India, and women’s views on workplace discrimination. We also bring readers up to date on some pressing issues concerning women on American college campuses.

As we work to fill the void of quality research in gender scholarship, we are grateful for your suggestions and ideas for future topics. We would be happy to discuss your feedback in person or to provide more information on any of the issues spotlighted in this newsletter.

This publication is just a sample of AEI’s exciting work on women as active members of the free enterprise system. Look forward to more in future issues!

Best wishes,
Caroline Kitchens,
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Editor, The Free-Market Feminist
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“Much of the wage gap can be explained away by simply taking account of college majors.”

TOP 10 MAJORS WITH THE HIGHEST MEDIAN EARNINGS
(Median earnings of $80,000–$100,000)

1. Petroleum Engineering: 87% male
2. Pharmacy Pharmaceutical Sciences and Administration: 48% male
3. Mathematics and Computer Science: 67% male
4. Aerospace Engineering: 88% male
5. Chemical Engineering: 72% male
6. Electrical Engineering: 89% male
7. Naval Architecture and Marine Engineering: 97% male
8. Mechanical Engineering: 90% male
9. Metallurgical Engineering: 83% male
10. Mining and Mineral Engineering: 90% male

TOP 10 MAJORS WITH THE LOWEST MEDIAN EARNINGS
(Median earnings of $29,000–$40,000)

1. Counseling Psychology: 74% female
2. Early-Childhood Education: 97% female
3. Theology and Religious Vocations: 34% female
4. Human Services and Community Organization: 81% female
5. Social Work: 88% female
6. Drama and Theater Arts: 60% female
7. Studio Arts: 66% female
8. Communication Disorders Sciences and Services: 94% female
9. Visual and Performing Arts: 77% female
10. Health and Medical Preparatory Programs: 55% female

Source: Georgetown University Center on Education and the Workforce

“In the pursuit of happiness, men and women appear to take different paths. . . . To say that these women remain helplessly in thrall to sexist stereotypes, and manipulated into life choices by forces beyond their control, is divorced from reality—and demeaning to boot. If a woman wants to be a teacher rather than a miner, or a veterinarian rather than a petroleum engineer, more power to her.”

Christina Hoff Sommers
in The Daily Beast (February 1, 2014)
Correcting the Record: The Wage Gap

In his 2014 State of the Union address, President Obama repeated a misleading yet often-quoted statistic: “Women still make 77 cents for every dollar a man earns. That is wrong and in 2014, it’s an embarrassment.”

In a response to the president’s address, Glenn Kessler, who writes the “Fact Checker” blog for the Washington Post, singled out the 77 cents line for particular criticism. “There is clearly a wage gap,” Kessler explained, “but differences in the life choices of men and women—such as women tending to leave the workforce when they have children—make it difficult to make simple comparisons.” AEI’s Christina Hoff Sommers also recently responded to Obama’s use of the 77 cents figure in a widely read piece for The Daily Beast. The 23-cent gender pay gap is simply the difference between the average earnings of all men and women working full time, and it does not account for differences in occupations, positions, education, job tenure, or hours worked per week.

Kessler’s critique suggests that some progress is being made in getting this story straight. If so, it is in large measure because of the work of AEI scholars, beginning with June O’Neill, who described her work on women and wages in an article for AEI’s magazine, the American Enterprise, in 1990 and published The Declining Importance of Race and Gender in the Labor Market (AEI Press) in 2013.

In 1999, AEI published Women’s Figures by Diana Furchtgott-Roth and Christine Stolba. The book (and its second edition, released in 2012) includes a chapter on the wage gap. When comparing women with similar levels of education and work experience, the authors note, the wage gap virtually disappears. Since writing the classic Who Stole Feminism? in 1994, Sommers has spent a good part of her career correcting misinformation about the pay gap and other feminist assumptions, as has AEI scholar Mark Perry, who noted in a recent AEIdeas blog post that the Obama administration pays women on its staff less than men.

Additionally in late 2013, the Pew Research Center released a report authored by former AEI research associate Kimberly Parker that noted, “In 2012, among workers ages 25 to 34, women’s hourly earnings were 93 percent those of men.” Although millennial women expect to face significant hurdles as they age, relatively few of them—15 percent in Pew’s survey—report they have ever faced discrimination because of their gender. In another question in the survey, three-quarters of employed men and women in the national sample reported that women at their place of work were paid “about the same” as men for doing the same job. A small proportion of employed women (3 percent) and men (4 percent) said women were paid more, while 14 percent of women and 9 percent of men said they were paid less.

While some residual wage discrimination may exist, it is neither robust nor routine. AEI scholars are working to produce research to counteract the political propaganda surrounding this issue.
Countries across the world have much to gain from giving talented women the same opportunities as their male counterparts. Since 2006, the World Economic Forum, host of the Davos conference, has published the Global Gender Gap Report, an annual report that seeks to quantify the gender gap to establish benchmarks for progress while identifying “countries that are role models in dividing their resources equitably between women and men.” Yet this ambitious effort, guided by Stanford and Harvard professors, arrived at the surprising conclusion that Cuba, Nicaragua, and Burundi rank ahead of the United States, Australia, and Spain in terms of closing the gender gap. Should Havana be a source of ideas for achieving equality?

In the Weekly Standard, I documented the flawed methods employed by the authors of the Davos report, among whom is Laura D’Andrea Tyson, chair of the Council of Economic Advisers under President Bill Clinton. When such authorities speak, influential people listen, like Nicholas Kristof of the New York Times, who said it was simply “embarrassing” that the US ranked 23rd overall. In an effort to get to the bottom of this question, I—along with my AEI colleague Brittany Pineros—uploaded the public version of the Davos data set and ran the numbers. The results were dramatic.

A country’s score in the Global Gender Gap Report depends on the average of four indices intended to measure women’s equality in economics, health care, education, and politics. Each index represents a weighted average of several indicators. The political index is the most problematic since it measures the representation of women in legislatures and cabinets but makes no distinction between democracies and dictatorships. Does it matter to women in Cuba that Raul Castro ensures them equal representation in his rubber-stamp assembly? I doubt it, which is why our first recalculation looked at the rankings without the political index. Cuba falls from 15th place overall to 49th, while Nicaragua falls from 10th to 72nd.

Meanwhile, the United States rises under the adjusted data from 23rd to 4th and Australia from 24th to 8th. Of course, the representation of women in the US Congress and cabinet does tell us something about equal opportunity, although it is not a precise measure. Eliminating the political index hurts the standing of many European countries that would otherwise be ahead of the US and Australia. Iceland falls from 1st to 16th, and Spain falls 29 places, down to 59th. There is no right answer to how much weight should be given to a legislative head count when constructing this sort of rankings. Considering the political index in isolation and studying how countries that rank highest achieved greater representation for women might be more useful.

Removing the political index does illustrate that Cuba and Nicaragua are anything but role models, but significant problems remain. For example, Burundi...
does not fall far, nor does Malawi, both still ranking ahead of Germany. This points to the weaknesses of the economic index, which is composed of five indicators: gender ratio in the labor force, a survey of executive opinion about equality, gender ratio of median income, percentage of female managers, and percentage of female professionals.

According to the report, Burundi is the third-best country in the world in terms of equality of economic opportunity for women, while Malawi is fourth. Yet there is no extant data on the percentage of female managers and professionals in Burundi, Malawi, Ghana, or Mozambique. The Davos methodology rewards these countries for the absence of data by overweighting the indicators for which data are available, such as gender ratios in the labor force. These can be highly misleading in African countries where disproportionate numbers of women participate in low-skilled work. The only methodological correction to apply here is to drop from the report any country that has no data on women’s representation in high-skill jobs.

We also recalculated the economic index five times, excluding each time one of the five indicators. In none of our five cases did removing a single indicator dramatically reshape the overall rankings, although removing any one of the five did change the economic ranking of numerous countries by 10, 20, or even 30 places. Take France: when the executive survey is removed, France rises from 67th to 26th, moving from the neighborhood of Paraguay and Tanzania to that of the developed nations. In the overall rankings, this change pushes France up from 46th to 30th. Such a result may be more reasonable, since the executive survey is a deeply subjective indicator. Conducted by the World Economic Forum, the survey asked roughly 100 executives per country, “In your country, for similar work, to what extent are wages for women equal to those of men?” The answers suggest that these executives may not be completely in touch with reality. If they are to be believed, the top 20 nations on wage equality include Oman, Botswana, Kazakhstan, and Uganda. Belgium, the Netherlands, the United Kingdom, and Australia languish in the 40s and 50s. American executives placed themselves 67th.

While quantitative research has an important place in promoting equal opportunity for women, the Davos Global Gender Gap Report does not advance that agenda. Its methodology generates results that are frequently implausible. At best, its raw data provides countries with some of the building blocks necessary to conduct a more rigorous assessment of women’s opportunities, which every country should promote to leverage the talents of countless potential executives and entrepreneurs whose abilities might otherwise be overlooked.
AN AEI INTERVIEW

Empowering Women in India

AEIdeas Managing Editor Natalie Scholl Interviews Aparna Mathur and Sita Slavov

Aparna Mathur and Sita Slavov are resident scholars at AEI. They recently published a working paper titled “Escaping Domestic Violence: Empowering Women through Employment, Earnings, and Wealth in India.”

“A source of empowerment comes from increasing opportunities available in the labor market so that parents find it worthwhile to invest in girls’ education.”

SCHOLL: How might empowerment—through employment, earnings, or wealth—help women in India escape domestic violence?

MATHUR AND SLAVOV: If a wife has income and wealth, she is in a better position to leave a marriage. If the husband is concerned about the possibility of her leaving, he might treat her better and give her more autonomy. But there’s a downside: husbands may also see empowered wives as a threat and retaliate with violence. Some research suggests that working women are more likely to be beaten. But our results suggest that earnings play a key role too. Working women with higher earnings face less abuse. A couple of other studies have shown that equalizing women’s inheritance rights gives them more autonomy and helps them to delay marriage and find spouses who are more likely to treat them well. A woman with stronger inheritance rights may be more likely to marry a nonabusive spouse.

SCHOLL: Does it matter what kind of work women do (high-level, seasonal, and so forth), or could all types of employment reduce the risk of violence against them?

MATHUR AND SLAVOV: Higher incomes for women tend to be associated with less violence. Consistent with that, year-round workers and workers in professional, managerial, and technical occupations are less likely to experience violence than other women who work.
**SCHOLL:** What is the next step in increasing women’s economic empowerment in India?

**MATHUR:** Women’s empowerment in India has to begin at an early age. Research suggests that girls are treated differently from boys starting at young ages. For instance, one study suggests that when children are ill, parents tend to devote more resources to the health of the boy than to the girl. Over time, these differences result in increased mortality and worse health outcomes for girls. A big reason why parents do this is poverty—when they have limited resources, they tend to spend them on boys rather than girls.

Another study suggests that parents may have lower ambitions for their daughters if women have fewer job opportunities overall. In particular, in localities that have not had a female leader, 86 percent of parents wanted their daughters to either become a housewife or have a career to be determined by her in-laws. In general, surveys show that more than 10 percent of parents did not think it was important for their daughter to get an education, and only 28 percent wanted their daughters to study “as far as possible.” The corresponding numbers for boys were 1 and 57 percent. Hence, another source of empowerment comes from increasing opportunities available in the labor market so that parents find it worthwhile to invest in girls’ education.

**SLAVOV:** Also, India could change electoral rules to make it easier for women to serve in local government bodies. Studies suggest that these changes have been important in making women stronger politically and have resulted in good outcomes in terms of investments in local infrastructure.

The legal environment is also important in influencing bargaining within the household. Divorce laws and the ease of remarrying or finding other ways to support oneself in the event of a divorce give women more decision-making powers within the household.
What We Want in a Job

Each year, Gallup surveys employed workers about levels of satisfaction with various aspects of their job. We’re usually happiest with our coworkers and least happy about what we are paid, but satisfaction in both areas is high. Ninety-four percent of workers were completely or very satisfied with their coworkers, and 69 percent were fully satisfied with the amount of money they earned.

Gallup also asks workers about the flexibility of their hours, and strong majorities report being completely satisfied with this aspect of their jobs. As the nation considers legislation to establish a national insurance program to provide paid leave, this has important implications for both men and women.

When Pew asked nonretired people about the importance of certain job characteristics, men and women said having a job you enjoy was a top priority, followed by job security. Thirty-five percent of women and 31 percent of men said having a job where you can meet family and child care needs was a top priority.

Slightly more than 4 in 10 parents with children under age 18 said this was extremely important to them.

**Completely satisfied with the flexibility of your hours**

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**Extremely important in a job**

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### ISSUE TO WATCH

**Campus Sexual Assault**

Over the past year, there has been an increased awareness of sexual assault on college campuses, along with demands to reform how universities respond to cases of sexual misconduct. On January 22, 2014, President Obama responded to activists’ appeals for more federal oversight by establishing a White House Task Force to Protect Students from Sexual Assault. The task force is expected to deliver a set of specific recommendations for combating campus sexual assault to the president by mid-May.

AEI’s Christina Hoff Sommers and Caroline Kitchens have both written on this topic, arguing for sound research and accurate reporting of sexual assault statistics. Sommers and Kitchens have also raised concern about the lack of due process in today’s campus tribunals. As the task force develops its action plan, it must take special care to ensure that the civil liberties of all students—both the victims and the accused—are protected. Interested readers should keep an eye on the work of the Foundation of Individual Rights in Education (www.thefire.org).
Women’s groups have long complained about the paucity of women in the top ranks of corporate America. In making their case, they typically pointed to discrimination, glass ceilings, and old-boy networks. But today they are being joined by business and financial groups who emphasize profit. The Committee for Economic Development, a leading voice of the business establishment, issued an urgent statement in 2012, warning that America is falling seriously behind Europe in board diversity: “Gender representation is a competitiveness issue.”

No one doubts there are strong reasons for companies to include high-performing women on their boards. A corporate board that was a deliberate male preserve would be a social relic and at serious risk in the modern economy. But is board gender diversity truly correlated with stronger financial returns? Companies with significant female representation are financially more successful than those lacking female members, but more female directors could be a consequence, rather than a cause, of that success. The business community, and especially its female leaders, will be best served by solid information rather than hype.

Much of the research celebrating women’s impact on the bottom line has been carried out by women’s advocacy groups. The academic literature is far less sanguine: several recent studies show that companies with more women on their boards do not perform significantly better (and in some cases perform worse) than those with fewer.

The richest source of empirical experience is Norway, which in 2003 required that at least 40 percent of the boards of all publicly listed companies be women or the companies would be liquidated. But a 2011 University of Michigan study concluded that Norwegian firms suffered a decline in value. Women did not cause companies to underperform. Rather, inexperienced board members—recruited hastily to meet a government mandate—can be a hazard. Now, a just-released report from the Bow Group, a conservative British social policy think tank, predicts that a Norway-inspired gender quota program “could erase anything between 60.58 to 81.55 billion pounds from the market capitalization of UK listed firms.”

American business leaders should be leery of oversized claims for (or against) board diversity and focus on the facts. In the United States, women hold about 17 percent of the corporate directorships. (Until recently, Europe was far behind, but with the help of quotas, it has now caught up.) All but 53 of the Fortune 500 companies have at least one woman on their board. Some have many more, depending on the
industry. According to a 2013 report from Russell Reynolds Associates, women constitute 31 percent of board membership in the consumer products industry, but only 10 percent in oil and gas. Women earn only 13 percent of the college degrees in petroleum engineering. Among those few women who pursue degrees that prepare them for careers in oil and gas companies, how many of them happen to have the drive and ambition to soar to the top of the industry? A few. But the pool of men is vastly larger.

A reality-based analysis of the current configuration of women on boards would probably find that women’s interests and life choices explain a lot about the numbers. It would also take account of the glacial rate of board turnover. Most of the occupants of Fortune 500 directorships have held their positions for 10 to 15 years. According to Stuart Spencer, the executive recruiting firm, “only a few hundred slots change hands annually.” The good news is that many industries now have long lists of high-powered, highly placed, board-ready women.

Many European companies are looking to the United States to meet their government-imposed quotas of female board membership. Why? Because we have a far larger pool of experienced female executives. American women employed full-time are far more likely than their European counterparts to hold high-level positions as managers or professionals. They also own more businesses, launch more start-ups, and more often work in traditionally male fields. As for breaking the glass ceiling in business, American women are well in the lead, as the bar chart on this page shows.

Last year, when the Gallup Organization asked employed women whether they felt they were ever “passed over for a promotion or opportunity at work” because of their gender, 15 percent said they were. There were no significant age, party, or educational differences, but employed liberal women were more likely than employed conservative women to say they had been passed over.

In a Pew Research Center survey from October 2013, 18 percent of employed women (15 percent of millennials, born after 1980) said they felt they had been discriminated against at work because of their gender. Ten percent of men said they had faced discrimination on the job.

The Committee for Economic Development has urged the United States to follow the lead of the Europeans. But maybe it should be the other way around. Europe needs to consider why the United States has so many more successful female managers and entrepreneurs. Without quotas, social engineering, or excessive government meddling, US women have far more opportunities. Meritocracy works. Well-run companies are appointing women to their boards not to satisfy abstract notions of gender fairness or because of phony claims about women and profits, but because they cannot do without them.
Spotlight on a Scholar: Sally Satel

Sally Satel is a resident scholar at AEI as well as a practicing psychiatrist and lecturer at the Yale University School of Medicine. She has written numerous op-eds for the Atlantic, the New York Times, and the Wall Street Journal, among others. Some of her recent work includes “The Science of Choice in Addiction,” “We Have the Tools to Prevent Another Shooting Spree,” “The Wrong Way to Help Veterans,” and “The Limits of Bioethics.” Her latest book, Brainwashed: The Seductive Appeal of Mindless Neuroscience (Basic Books, 2013), coauthored with psychologist Scott Lilienfeld, is about the migration of neuroscientific research out of the lab and into the public realm. The book examines the (mis)application in domains such as marketing, forensics, and addiction, and in the resolution of questions surrounding free will.

Upcoming AEI Event:
Dr. Satel will be holding a mental health policy event on March 13, 2014, titled “Veterans’ Disability, PTSD, and Post-War Adjustment: Are We Doing What’s Best for Vets?” The conference will feature veterans of the Iraq and Afghanistan wars, mental health and disability experts, and an economist providing perspectives on realigning government policies toward aiding veterans in speedy integration with their families, communities, and workplaces. Keep an eye on www.aei.org/events for details and registration information.

RECENT AND FORTHCOMING BOOKS OF INTEREST


James Madison: A Life Reconsidered, by Lynne Cheney (Viking, May 2014)
“Women have made tremendous strides in recent decades, in the workplace and in the classroom, breaking down barriers and in many cases surpassing the achievements of men. AEI’s new newsletter, the Free-Market Feminist, will examine women’s progress and prospects through serious scholarship and research, sorting fact from fiction about women’s status.”

—The Editors