Here is no doubt that a greater proportion of women are now employed in the formal sector than in earlier decades, nor that women have entered occupations and industries from which they were previously absent. Also, since at least the early 1970s, the United States has had a controversial policy of affirmative action for women. What role has affirmative action itself played in increasing women's employment?

The history of affirmative action without monitoring or sanctions (before the 1960s) and without the use of sanctions (after 1980) demonstrates the limits of noble sentiments and good intentions. The progress enjoyed by minorities under affirmative action in the late 1970s shows that affirmative action can be made to work. It can also be made to fail, as the experience of rubber stamp enforcement, lack of sanctions and lack of progress since 1980 shows. Perhaps the greatest success of the program has been in the sphere of public relations, convincing many minorities and women of their stake in a government that actively attacks employment barriers. The modest employment gains made under affirmative action have come at substantial cost in terms of political symbolism. It has been painted as a policy of institutionalized discrimination against white men, rather than as an antidiscrimination program. This has increased the divisiveness of the policy and called into question the merits of women and minorities who have succeeded in the working world.

This paper reviews evidence indicating that, as it has been enforced so far, affirmative action has contributed negligibly to women’s progress in the workplace. Affirmative action can be modelled as a tax on employers whose female employment growth falls below a certain rate. Clearly, if labor supply shifts result in female

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employment growth greater than the regulatory standard, the tax constraint will not be binding. As we shall see, this may help explain an affirmative action program that is generally ineffective for women, although it has been effective for minorities.

Federal anti-bias policies in general, and the system of affirmative action goals in particular, have been accused of instituting employment quotas. This implies that as each employer attempts to scurry behind the alleged safety of the "right" numbers, each should come to look more like each other in the same labor market. This paper reviews evidence on the homogenization of the workplace predicted by the quota theory, as well as considering more direct evidence on whether affirmative action goals are really quotas in lambs' clothing.

I shall also review the slim evidence on the most fundamental and controversial criticism of affirmative action: that rather than reducing discrimination against women and minorities, it has induced discrimination against white males. A new methodology employing direct productivity measures rather than the traditional but limited wage equation residuals proves useful in exploring this issue.

The Regulatory Framework

Affirmative action is a descendent of the movement to secure the civil rights of blacks. Beginning with President Roosevelt's Executive Order 8002 of 1941, a series of executive orders has barred racial discrimination by federal contractors. One measure of the controversy surrounding affirmative action is that it is embedded in presidential orders on which Congress has so far successfully avoided taking a position. President Kennedy's Executive Order 10925 of 1961 was the first to require contractors to take affirmative action, and the first to establish specific sanctions including termination of contracts and debarment.

Enforcement stringent enough to provoke debate began with Executive Order 11246, which followed in the broad path cleared by Title VII of the Civil Rights Act of 1964. Title VII is the legal backbone of U.S. efforts to bar private employment discrimination on the basis of race, color, religion, sex, or national origin. (The extension of Title VII coverage to women was in part the result of a misfired tactical maneuver by senators attempting to kill the entire bill.) Title VII applies to all private employers with at least 15 employees.

It was not until October 13, 1967, that Executive Order 11375 expanded affirmative action to include women. Effective regulations enforcing this did not reach full stride until after enactment of the Equal Employment Act of 1972. Since 1972, all federal contractors and first-tier subcontractors with 50 or more employees (or a contract worth $50,000 or more) have been required to maintain written affirmative action plans for women, containing goals and timetables for correcting deficiencies in equal employment opportunity. The requirement itself has been codified in language ambiguous enough to cover, or leave uncovered, a multitude of sins. Federal contractors agree to "take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin."
Affirmative action as mandated by the series of executive orders applies only to federal contractors. This presents an opportunity for a natural test of affirmative action: compare similar employers with and without such contracts. This paper uses such comparisons to determine the impact of affirmative action. This focus on the contract compliance program is more narrow than an inquiry into some vaguely generalized affirmative action sentiment, and excludes purely voluntary affirmative action, or affirmative action mandated as a remedy in the outcome of litigation under Title VII. Actual and threatened litigation, much of it private, under Title VII has helped open many doors for women, and promises to continue doing so. The affirmative action effects discussed here, identified by the contrast between contractors and noncontractors, include only those over and above a general change in tastes or a general response to Title VII.

Obviously, studying the effect on federal contractors may overstate the impact of implementing affirmative action throughout the economy, to the extent that contractor gains represent a reshuffling from noncontractors that could not occur if all were covered. It may also understate the true direct effect, if there are large spillover or threat effects on noncontractors that raise female employment there beyond levels that would prevail in the absence of any program. But such spillovers are unlikely. While shifts in preferences or general response to the threat of Title VII litigation may well be important, the negligible difference in women's employment gains between contractors and noncontractors is probably better understood not as evidence of strong spillover effects, but rather as weak direct effects.

The Impact of Affirmative Action for Women

I have compared similar employers with and without federal contracts for a sample of 68,690 establishments (with more than 16 million employees) that reported their demographic composition to the government between 1974 and 1980. In 1974, 28 percent of the average federal contractor workforce was composed of white females, compared to 39 percent among noncontractors, as Table 1 shows. Because

<table>
<thead>
<tr>
<th></th>
<th>White Female</th>
<th>Black Female</th>
<th>Other Female</th>
<th>Total Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractor</td>
<td>Y  N</td>
<td>Y  N</td>
<td>Y  N</td>
<td>Y  N</td>
</tr>
<tr>
<td>1980</td>
<td>28.8 40.0</td>
<td>4.5 5.9</td>
<td>2.8 3.6</td>
<td>276 209</td>
</tr>
<tr>
<td>1974</td>
<td>27.6 39.4</td>
<td>3.0 4.7</td>
<td>1.6 2.4</td>
<td>271 186</td>
</tr>
<tr>
<td>Change</td>
<td>1.2 0.6</td>
<td>1.5 1.2</td>
<td>1.2 1.2</td>
<td>5 23</td>
</tr>
</tbody>
</table>

*Note: Calculated in samples of 41,258 contractor establishments and 27,432 non-contractors.*
federal contractors are more likely than noncontractors to be in the manufacturing sector (35 percent vs. 27 percent), and less likely to be in the service or retail trade sectors (31 percent vs. 53 percent), female employment share is lower among contractors for reasons having little to do with affirmative action. The test of affirmative action is whether it has led to greater changes over time. By 1980, employment of white females had increased by six-tenths of a percentage point among noncontractors compared to an increase of 1.2 percentage points among contractors. In simple cross-tabulations like these, affirmative action appears to add modestly to the ongoing increase in white female employment. This appears to be an improvement over the ineffective affirmative action programs for women during the early 1970s (Goldstein and Smith, 1976; Heckman and Wolpin, 1976).

Given the broad coverage of the affirmative action obligation, small changes at each contractor can cumulatively have a notable impact. If white female employment share among contractors had only grown at the slower noncontractor rate, roughly 2 percent fewer white females would have been employed among federal contractors in 1980.

However, in the context of the overall labor market, affirmative action under the contract compliance program appears to have played a relatively minor role in increasing employment opportunities for white females, in contrast to its demonstrated effectiveness for blacks of either sex (Leonard, 1983). Between 1960 and 1980 the female share of employment for the economy as a whole rose from 33 percent to 42 percent. This well-known and substantial shift in the gender composition of the workforce is due more to a massive shift in female labor supply and perhaps to the threat of litigation under Title VII than to the relatively small demand shifts induced by affirmative action. Surprisingly, as this paper will illustrate, affirmative action itself has in some circumstances hindered the advancement of white females.

While the simple comparison between contractors and noncontractors is a good starting point, it must be extended to take other factors into account. For example, the total employment of federal contractors has remained roughly stable, which makes any accommodations required by affirmative action more difficult. Total employment growth is faster (12 percent vs. 2 percent) in the noncontractor sector, which is also relatively female-intensive. To see the impact of affirmative action itself more clearly, it is necessary to go beyond simple cross-tabulations and separate out the impact of such confounding variables.

While white female employment did grow faster between 1974 and 1980 in establishments that were small, growing, part of larger corporations, and that employed a high proportion of white-collar workers. Regression analysis can control for these and other confounding variables and thus further isolate the impact of the contract compliance program itself. These sorts of regressions reveal a mixed, and, in some circumstances negative, impact of the contract compliance programs on the growth rate of white female employment share during the late 1970s (Leonard, 1984a, b). Affirmative action for women has been more effective where discrimination may be more entrenched and where alternative solutions such as litigation under Title VII enjoy the least leverage. One might reasonably suspect that discrimination was more of a
problem where female employment share was low. Group discrimination is less tractable to challenge under Title VII at small establishments, where any statistical case is harder to prove because of small sample size. Affirmative action has been most effective at raising white females’ employment share where this share is initially low, and at small establishments. Conversely, affirmative action is far less effective in promoting white female employment at large establishments that begin with a high representation of white females. The overall direct impact of affirmative action appears minor once we control for other variables such as size of company, growth, industry, occupational structure, corporate structure, and region.

Black females have fared significantly better than have white females under affirmative action. Between 1974 and 1980 their employment share in the contractor sector increased from 3.0 to 4.5 percent, compared with an increase from 4.7 to 5.9 percent among noncontractors. In multiple regressions, black female employment share increases significantly faster in contractor than in noncontractor establishments. While the impact across specific occupations differs, the overall demand shift induced by affirmative action for black females is comparable in magnitude to that observed for black males. Rather than counting as a “two-fer,” by counting toward both black and female goals, black females appear to gain no more than do black males under affirmative action. Affirmative action has increased black female employment within all occupational groups except craft workers, and has contributed to the movement of black females up the occupational ladder.

As might be expected, the estimated impact of affirmative action varies depending upon the particular specification, and some specifications yield evidence of more effective affirmative action for women. For example, one way of estimating the impact of affirmative action is to regress the logarithm of the growth of white female employment on the logarithm of total employment growth, and on contractor status and other variables, weighting by establishment size. Between 1974 and 1980, the elasticity of white female employment growth with respect to total employment growth is .97 among noncontractors and 1.01 among contractors. For black females, these elasticities are 1.07 and 1.18, a stronger effect (Leonard, 1984a). At average size and growth rates, affirmative action leads to 4 percent faster employment growth for white females. The contractor effect is stronger in growing establishments which can more easily accommodate affirmative action.

White female employment grows 8 percent faster in establishments that are part of larger corporations. Large employers present larger legal and easier statistical targets; they also tend to have more formalized personnel systems. Beyond a certain point, the formalization that comes with size appears to limit the incremental gains from direct external regulation. In the case of affirmative action, few additional gains are made once establishment size exceeds 6000.

Within specific occupations affirmative action has created the most opportunities for white females in white-collar trainee positions, with a lesser effect among laborers (Leonard, 1984b). In most other occupations, affirmative action has had either negative or negligible effects. The occupational upgrading of white females appears to owe little to affirmative action directly. Much stronger affirmative action effects are
found for black females, particularly in managerial, sales, clerical, laborer and white-collar trainee positions. However, even these positive results may need to be tempered, since part of these gains may be the illusory product of selectively applied title inflation (Smith and Welch, 1984).

The observed affirmative action effects appear to be due to changed behavior rather than to selection among heterogeneous firms. There is no evidence that firms that can more easily fulfill the affirmative action obligation, those with high or growing female or minority employment shares, are more likely to become contractors.

Selecting Targets for Compliance Reviews

A compliance review is an audit of an employer's affirmative action plans and progress by the Office of Federal Contract Compliance Programs. This is the most common, generally the more effective, and usually the last step in the enforcement process. However, compliance reviews seem to have peculiar results. Among contractor establishments, those which were reviewed during the late 1970s subsequently showed slower employment growth for white females than did non-reviewed contractors. The evidence presented here shows that this cannot be blamed on targeting the most recalcitrant employers. Contrary to the image many, including its administrators, hold of this program, in practice compliance reviews are not a function of the past level or rate of change of an establishment's demographics (Heckman and Wolpin, 1976; Leonard, 1985a). The most recalcitrant are not the most likely to come under review or pressure.

There is some evidence that reviewed contractors are substituting minority (including black females) for white (including white female) employment growth. Few would expect such a result from a policy designed to increase employment opportunities for both women and minorities, especially since the same policy appears to be effective for blacks. Part of the explanation may lie in an emphasis the program has put on race rather than gender. While the contract compliance program matured during the late 1960s, effective regulations enforcing affirmative action for women were not developed until after 1972.

The priority of focusing on race rather than sex interacts with the bureaucratic mechanism for affirmative action enforcement to help explain its negligible or negative impact on white females. During the compliance review process, a contractor is typically asked whether the firm employs more minorities and females than before, not whether the employs more than other similar firms in the same region or industry. In contrast to black males, the supply of females to the labor force has been increasing substantially. Without any extra effort on the part of employers, we would then expect increasing female employment over time irrespective of affirmative action. Now consider the marginal impact of affirmative action. Because the supply of women workers has increased, employers find it easy to satisfy compliance review officers that
they employ more women than before. In this situation, employers have the flexibility to make more room for minorities by reducing the growth rate of white female employment below what it would have been in the absence of affirmative action.

This disjointed enforcement of affirmative action is apparent in the targeting of compliance reviews (Leonard, 1985a). Other things equal, one might expect to find compliance reviews concentrated in establishments with relatively small proportions of women employees. Of course, more subtle forms of discrimination might reveal themselves along such dimensions as job segregation or lack of promotion, rather than directly in underrepresentation. Nevertheless, statistical underrepresentation provides prima facie evidence, though certainly not proof, of discrimination. Given the cost of a complete screening, it would seem reasonable to select for further investigation those establishments in which discrimination is most likely to be found.

However, the goal of affirmative action can be conceived of in a different way. Instead of fighting current discrimination in the workplace, the goal of affirmative action can be seen as redistributing earnings between demographic groups. The notion of group redistribution, as opposed to redistribution across individuals, is foreign to most welfare models, but it is inherent in calls for group reparations and preference, and indeed in discrimination itself. If this is the goal of affirmative action, a different set of considerations comes into play. Pure earnings redistribution across genders is approached by taxing or subsidizing the factors within each gender that are in most inelastic supply. This model predicts that affirmative action pressure will depend not at all on workplace demographics, but rather should be stronger in more highly skilled occupations.

Table 2 presents some evidence that the earnings redistribution model is more useful than the antidiscrimination model in explaining the targeting of affirmative action enforcement. Out of a sample of nearly 8000 defense contractor establishments,

<table>
<thead>
<tr>
<th>Line</th>
<th>Female Employment Share</th>
<th>N</th>
<th>Proportion Reviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.00</td>
<td>74</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>.00-.05</td>
<td>1,073</td>
<td>.161</td>
</tr>
<tr>
<td>3</td>
<td>.05-.15</td>
<td>2,072</td>
<td>.217</td>
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<tr>
<td>4</td>
<td>.15-.25</td>
<td>1,093</td>
<td>.233</td>
</tr>
<tr>
<td>5</td>
<td>.25-.30</td>
<td>397</td>
<td>.252</td>
</tr>
<tr>
<td>6</td>
<td>.30-.35</td>
<td>404</td>
<td>.277</td>
</tr>
<tr>
<td>7</td>
<td>.35-.40</td>
<td>404</td>
<td>.297</td>
</tr>
<tr>
<td>8</td>
<td>.40-.50</td>
<td>707</td>
<td>.270</td>
</tr>
<tr>
<td>9</td>
<td>.50-.70</td>
<td>980</td>
<td>.232</td>
</tr>
<tr>
<td>10</td>
<td>.70-1.00</td>
<td>764</td>
<td>.283</td>
</tr>
</tbody>
</table>

employed no women in 1974. In the subsequent six years, none of these establish-
ments were subject to a documented compliance review. Among the 1073 establish-
ments with female employment share between 0 and 5 percent, only 16 percent were
reviewed. In fact, the establishments most likely to be reviewed where medium-sized
establishments that have been reviewed in the past and that employ more than the
average proportion of females and blacks. Similar results are obtained when other
establishment characteristics such as size, industry region, growth rate and occupation
structure are controlled for (Leonard, 1985a). Mechanically, part of this may be
accounted for by the practice of instituting reviews before awarding million dollar
federal contracts, in the belief that leverage is magnified with the carrot so close to the
nose. With live-in reviewers at major defense contractors, this is an outstanding
example of how to achieve decreasing returns.

Compliance reviews have not been targeted at the employers with the greatest
prima facie likelihood of discrimination. Instead, as the earnings redistribution model
predicts, establishments with highly skilled workforces are more likely to receive a
compliance review, while past demographics play little if any role.

Who Pays For Affirmative Action?

The burdens of affirmative action for women appear to be light. The extent of
job redistribution appears modest. The direct administrative costs of affirmative action
are comparable in magnitude to the cost of giving each employee a New Year’s turkey
or two. The costs in terms of lost productivity are difficult to differentiate from zero.
Moreover, employees in the contractor sector, including white males, appear to be
paid wage bonuses over similar employees in the noncontractor sector (Leonard,
1986).

If the supply of federal contractors (those subject to the affirmative action
obligation under the executive order) is perfectly elastic, then firms will not bear the
economic burden, if any, of complying with affirmative action. In theory, to induce
such firms to become contractors, lump-sum transfers ($500 toilet seats) equal to the
cost of the affirmative action tax would be required. In this case, since no tax revenues
are actually realized, the government (or the taxpaying public) bears the burden in
paying for the products of the federal contractors. The available evidence suggests
that white-male-intensive establishments may be more likely to be contractors but
does not measure the relevant elasticity (Heckman and Wolpin, 1976; Leonard,
1984b).

If the supply of contractors is not perfectly elastic, there are at least three other
cases to consider. To the extent that white males are in inelastic supply to contractor
firms, they may bear the burden. Otherwise, depending on the elasticity of product
demand, shareholders or consumers will bear the burden. All of these cases share one
characteristic: the group that bears the burden may reasonably be expected to be
larger than the group that receives the benefit. Politically concentrated benefits may outweigh diffuse costs.

In language remarkable for the clarity with which it reveals the calculus of consent underlying legal "principles," at least one federal court has adopted this standard in determining remedies in discrimination cases under Title VII. In the case of *EEOV v. Local 628, Sheet Metal Workers International Association*, 532 F.2d 821 (2d Cir. 1976), Judge Smith stated that one criterion adopted by the Second Circuit Court of Appeals for the imposition of temporary quotas was that "the effect of reverse discrimination must not be 'identifiable,' that is to say, concentrated upon a relatively small ascertainable group of nonminority persons. . . . [T]he imposition of racial goals is to be tolerated only when past discrimination has been clear-cut and the effects of 'reverse discrimination' will be diffused among an unidentifiable group of unknown potential applicants rather than upon an ascertainable group of easily identified persons."

If the demand for white male labor is unaffected, one may write consumers, taxpayers, or stockholders for "unidentifiable group" above. On this basis, we would expect to see greater affirmative action pressure targeted against both large and growing establishments in which any costs to white males would be more greatly diffused. We would also expect greater resistance from employers and white males to employment goals for females, whose greater numbers in many occupations preclude their being as easily accommodated as minorities. In terms of redistributing income, the Office of Federal Contract Compliance Programs (OFCCP) acts as an ideal union: it increases wages without decreasing employment for its members; a history of discrimination pays the dues for the group.

**Goals or Quotas?**

Firms that are covered by the executive order must prepare affirmative action plans that include a set of goals and timetables for increasing female (and minority) employment when the firm's utilization analysis shows it to be deficient. The employer is then required to make good faith efforts to remedy these deficiencies. Many critics of affirmative action suspect that "goal" is really a polite euphemism for quota—an inflexible numerical standard that the firm must meet. Opponents of affirmative action have not missed this opportunity to turn the tables and portray themselves as the last true guardians of that old-time religion of nondiscrimination, pure and simple. In this view, the system of goals and timetables exemplifies a process in which the quest for numerical balancing has overshadowed the effort to fight discrimination.

Quotas, by definition, must be met. This suggests a straightforward test. During the late 1970s, a sample of large contractor firms with workforces that averaged 25.2 percent white female, were setting an average goal of 25.4 percent for the next year. If these goals were really rigid quotas we would expect to see these firms achieve at least this level. In fact, they "achieve" no more than what they started with: 25.2 percent
Table 3
Means of projected affirmative action goals and actual employment shares by demographic group (*N* = 5240)

<table>
<thead>
<tr>
<th>Demographic Group</th>
<th>1974 Lagged 2 years</th>
<th>1975 Lagged 1 Year</th>
<th>1976 Projection</th>
<th>1976 Actualization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black female</td>
<td>4.2%</td>
<td>4.5%</td>
<td>5.1%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Minority nonblack female</td>
<td>2.7</td>
<td>2.9</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>White female</td>
<td>25.4</td>
<td>25.2</td>
<td>25.4</td>
<td>25.2</td>
</tr>
<tr>
<td>Total female</td>
<td>32.2</td>
<td>32.5</td>
<td>33.5</td>
<td>32.8</td>
</tr>
<tr>
<td>Black male</td>
<td>6.1</td>
<td>6.3</td>
<td>7.1</td>
<td>6.4</td>
</tr>
<tr>
<td>Minority nonblack male</td>
<td>4.2</td>
<td>4.4</td>
<td>4.6</td>
<td>4.5</td>
</tr>
<tr>
<td>White male</td>
<td>57.5</td>
<td>56.7</td>
<td>54.8</td>
<td>56.3</td>
</tr>
<tr>
<td>Total male</td>
<td>67.8</td>
<td>67.5</td>
<td>66.6</td>
<td>67.2</td>
</tr>
</tbody>
</table>

Total employees 992 990 1001 963

The first column is the actual mean employment share one year before the goal was set. The second column is the actual mean employment share in the year the goal was formed. The third column is the goal. For the mode observation, this is a one-year-ahead projection made in 1975 for the employment share expected to occur in 1976. The fourth column is the mean employment share actually realized in the following year. Source: Leonard, J. S. (1983) Table 2, p. 319.

(see Table 3). At best, this might be charitably described as good faith progress toward a goal. If quotas on Japanese imports were as stringently enforced, we would be up to our elbows in Isuzus.

Some of those who most feared that affirmative action goals would in practice reduce to quotas were applying a model of corporate bureaucracy with at least some surface appeal. The goals are supposed to result from a systematic appraisal of where and why underrepresentation of women and minorities occurs. But this study could be hard work. Rather than go through the trouble of analyzing and reforming possibly discriminatory employment practices, and defending nondiscriminatory ones, wouldn't corporations be likely to adopt a simple quota, and in one brash, but hardly bold, act relieve themselves of the regulatory headache?

The surprising aspect of this argument is the contrast between its implicit models of corporate and government bureaucracies. Corporations are visualized as taking the easy way out, under threat from government bureaucrats who act with ruthless efficiency. Meager familiarity with Washington should disabuse one of such notions. Even when political support for stringent enforcement of affirmative action was stronger, the OFCCP has not had the resources or organization to pursue such policies fully. In fact, the OFCCP has not systematically compared goals with achievement, which has created an incentive to inflate goals.
Not only do establishments generally overpromise minority and female employment, they also overpromise white male employment. This reveals something of their strategy. They do not promise direct substitution of minority and female workers for white males; instead, in classic style, they promise more for all. More accurately, they promise to make room for more minority and female employees by increasing the size of the total employment pie. Firms project annual total employment growth 4 percent greater than they will actually achieve. The first step in bringing these projections down to earth may simply be to ask the establishment whether the projected growth in total employment is reasonable.

The detailed steps of the enforcement mechanism are of questionable value, as well. The paperwork requirements of the affirmative action plan, the formal notification and resolution of plan deficiencies, and even conciliation agreements and show-cause notices appear to have no general significant impact on subsequent female employment (Leonard, 1985b). As a whole, the system of goals and timetables appears more effective than its parts.

The goals set under affirmative action are neither so vacuous nor so rigid as critics allege; instead, the goals have a significant though imperfect correlation with subsequent improvements in female employment. For white females, a goal of 10 percent faster growth in employment share results in about 2 percent faster actual growth. For black females, the effect is much greater. In both cases, the result is statistically significant. It is not surprising to see political accommodation generate lofty promises. In the case of affirmative action goals, the promises have not been entirely empty.

Some view affirmative action and the entire federal antidiscrimination effort as creating pressure for statistical parity with little regard for the existence or amelioration of discrimination itself. The numerical balancing hypothesis inherent in this argument is that the variance of female (or minority) employment share across firms must decline as each firm seeks the presumed safety of the bottom line. Of course this ignores the courts' rejection in cases such as Connecticut v. Teal (U.S. Supreme Court, 1982) of the concept that the bottom line immunizes the firm from challenge under Title VII. Through the early 1980s, there is no consistent evidence of a quota mechanism at work. The variance of white female employment share declined slightly, while that of minority females increased (Leonard, 1987a).

**Unions**

Unions have often been pictured as an obstacle to women's advancement through affirmative action. The seniority ladders that are central to most collectively bargained contracts are viewed as freezing in place the white male status quo. In fact, male dominance may be exacerbated by seniority ladders during a downturn, if layoffs among the most recently hired affect proportionately more women.

Victims of post-1964 discrimination do have recourse under Title VII to the remedy of constructive seniority. Victims of legal (pre-1964) discrimination have no
such option. Seniority systems that do not originate from an intent to discriminate are immune from challenge under Title VII. This allows the effects of some past discrimination to be carried forward to the present. Before tarring the unions too heavily with this brush, it is worth remembering that without the crucial support of the AFL-CIO, the Civil Rights Act of 1964 would probably not have been enacted. Of course, a system that allocates jobs purely on the basis of seniority is a classic example of a racially neutral employment system. Once women's seniority distribution resembles men's, the seniority system itself can have no adverse impact.

The actual seniority distributions vary from firm to firm, along with the practices of particular unions. The worst cases tend to generate the headlines. The average case appears to tell a different story. A study of employment patterns in the California manufacturing sector revealed no significant differences in women's employment advance between union and nonunion establishments. Nor did unions hinder the effectiveness of affirmative action in these plants (Leonard, 1985c). At least within manufacturing, unions appear not to have added any additional barrier to women's employment.

In the public sector, and a few other industries with a high proportion of female employees, a more interesting dynamic is at work. The premium of union over nonunion wages for otherwise comparable workers is greater for women than for men in the public sector (Freeman and Leonard, 1987). Unions are in search of more members, particularly among public sector employers recently opened to organizing. Women, like men, are in search of higher pay. Efforts to pursue comparable worth using Title VII of the Civil Rights Act of 1964 have for the most part reached a judicial dead end. So far, these efforts have been no more fruitful in the federal or state legislatures. Reminiscent of the "gilded ghetto" proposals of the 1960s, comparable worth focuses not on creating greater opportunities for women to leave the clerical, teaching, and nursing "ghettos" in which they predominately labor (which would be consistent with affirmative action), but rather in improving wages within such jobs.

While neither Congress nor the courts have jumped to the task of setting wages, unions already have an opportunity to do so through the process of collective bargaining. Unions with large female memberships, such as AFSCME, have pursued "comparable worth" type adjustments to collectively bargained wage scales. This path continues to offer the surest prospects for quickly raising wages in female-dominated jobs.

**Reverse Discrimination**

Where women have made gains through affirmative action or antidiscrimination pressures, reverse discrimination against more highly qualified white males has sometimes been charged. If employers previously hired solely on the basis of merit, government policies that favor the hiring of women will tend to cause greater hiring of relatively underqualified workers. If this contention is correct, companies that have come under the greatest pressure should show lower profits and slower productivity
growth. Equal pay restrictions compound the inefficiency. The hypothesis inherent in this criticism is that, as their employment has increased, the marginal productivity of women (relative to men) has declined and has not moved toward equality with relative wages.

An empirical appraisal of this hypothesis calls for a new approach to measuring discrimination. The traditional methodology looks for a gender difference in a wage equation. While widely used, the wage equation technique always runs into the same dead end: any gender-correlated wage residual may be caused either by discrimination or by some unobserved gender-correlated difference in true productivity. A theoretical solution to this problem is to measure productivity directly. In this methodology, discrimination is indicated by the divergence of relative marginal productivities from relative wages, which is identical to the economic definition of wage discrimination. Success in fighting discrimination implies that the wages of women relative to men move toward equality with their relative productivities. The theoretical advantage of this methodology is that whatever omitted productivity enhancing variable affects wages (and so vitiates the wage equation residuals approach) similarly affects productivity.

In practice, of course, it is difficult to obtain precise estimates of the relevant productivities. The imprecise estimates that are available suggest that the increased employment of women has been achieved without substantial reverse discrimination (Leonard, 1984c). Estimating standard production functions for 2-digit manufacturing industries across the United States in 1966 and 1977, the variation of value-added in response to variation in female employment share, controlling for total employment and capital, yields estimates of the marginal productivity of female labor. The productivity of women relative to men has not fallen as women's employment increased. The productivity of industries subject to more intense affirmative action or antidiscrimination pressure has not fallen relative to other industries. Direct tests at the company level of the effect of affirmative action pressure, Title VII litigation, and changing demographics on the change in company profits similarly fail to show adverse effect. Because the available evidence is not yet strong enough to be compelling on this controversial issue, further productivity-based estimates could do much to clarify the extent and nature of discrimination.

The 1980s: Going Through the Motions

Any program that relies heavily on smoke and mirrors to magnify or in large part constitute the threat of enforcement will suffer under an administration intent on blowing smoke the other way. Lacking the clear endorsement of Congress, the contract compliance program functions at the discretion of its creator, the executive branch. Since 1980, this has meant greater emphasis on appearing to enforce, rather than on enforcing, affirmative action. Since 1980, the number of compliance reviews has doubled. Good show, but little to show for it. The major sanctions of debarment and back-pay awards have been nearly eliminated. An administration lacking the will to
enforce affirmative action beyond rubber-stamped compliance reviews has resulted in an affirmative action program without practical effect since 1980 (Leonard, 1987b). The inertia of internal corporate bureaucracies and corporate goodwill has yielded growth rates of female and minority employment shares among contractors that do not exceed those among noncontractors since 1980. The findings that affirmative action has not required drastic employment changes on the part of contractors, has not imposed quotas, and has not clearly hindered productivity or profits may help explain the support that employer organizations such as the National Association of Manufacturers have voiced for the program. However, the political compromise that is affirmative action continues to draw its share of criticism, too. Affirmative action has been more effective in expanding opportunities for minorities than for women. It has helped black women generally and white women in some cases. For the most part, the employment advance white women have made since 1965 would probably have been of comparable magnitude without the direct impact of the contract compliance program.

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