Working Women: The Dream and the Challenge

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Thank you. It is truly a pleasure to be here in Dallas with you this afternoon. Bob McTeer is a valued colleague, a fellow Reserve Bank president, and a fellow member of the Federal Open Market Committee. He has wonderful, homespun but direct way with words and is a keen observer of life's vagaries. Thus, it was with no small amount of trepidation that I learned he would be introducing me. Thank you Bob for both what you said and what you did not say.

Thirty-two years ago this past June a young woman strode confidently out of a subway exit in downtown New York on her way to her first day on the job at the Federal Reserve Bank of New York. She wore a pale yellow linen dress (given the size of her closet, her husband swears she still has that dress, and she swears that if she does, it still fits). She wore white heels and carried a matching bag (it was, after all, past Memorial Day) and her heart was light with excited anticipation. This was not her first job - she had worked part or full-time depending on school vacations since she was 15 - but it was her first full-time job since graduating college earlier that month. And it was an important beginning, since she knew she was among the very first female management trainees at the Bank. Management training for women just out of college was not the usual situation, as many interviewers had made clear when they came to recruit on campus. But the New York Fed had asked her to interview for a job as a computer programmer, and once the interviews for that were over, she literally talked her way into more interviews for the training program. She, and all the college women she knew, believed that with their education and hard work, they could realize the dream of having it all - a great career, a family, and a place in the community. Today I want to talk to you about how that dream has been realized - not just for that young woman but for all working women - and what challenges I see ahead.

Lest you think that this speech is self-serving, let me put the issue of working women in a larger context. We are in the midst of the longest expansion in U.S. economic history. Growth cycles come and go and things are slowing a bit right now, but unemployment rates remain at 30-year lows. Everywhere I go in New England I hear stories of labor shortages, and the inability of companies to fully realize their plans because of a lack of qualified workers. And from the conversations I hear among other Reserve Bank presidents, I know New England is not alone. I also know this is not just a cyclical phenomenon. The rapidly changing, increasingly global and high tech U.S. economy requires leaders whose skills are broad and deep. No one knows what package those skills will come wrapped in - what gender, what race. Concern about the progress of women and other minorities is no longer, if it ever was, simply a high-minded social goal - a "nice to have". It's a critical "need to have" if our economy is to continue to succeed over the long run in this ever more competitive world.

So, what do we know about women in the workforce? Where have they come in the 32 years since that young woman eagerly took the first step in her career and what are the challenges ahead? I'm going to frame my remarks around data collected by two of my colleagues in the Bank's research department - Jane Katz and Delia Sawhney - and use insights from my friend Lisa Lynch, the former Chief Economist at the Department of Labor and now the William L. Clayton Professor of International Economic Affairs at the Fletcher School of Law and Diplomacy at Tufts University. The conclusions I draw, however, are mine alone.

First, let's talk about education. When I graduated from college in the late '60s, only about 8 percent of women 25 and older had four or more years of college education versus about 14 percent of men. Women, like men, often attend college later than age 25, with the percentage having a four-year degree by age 34 rising to 12 percent in 1970, versus

about 20 percent for men. By 1990 this gender gap had totally disappeared, with 30 percent of women having 4 or more years of college education versus 29 percent for men. Looking at the type of degree, in the early '70s women made up a small fraction of professional degrees and Ph.Ds. By 1996-97, they received better than 40 percent of all such degrees conferred and actually surpassed men in their share of bachelors and masters degrees by over 10 percentage points. These past 30 years have witnessed amazing progress, with women now as well or better educated than men are. Differences do remain in what areas they study; women are more likely to study education and the social sciences at the graduate level while men are more likely students of business, engineering, math or computer sciences.

How are women using this expanded educational attainment in the workplace? First of all, their participation in the labor force has increased dramatically since the 1970s with about 60 percent of all women over 16 in the labor force. As a frame of reference, the labor force includes 75 percent of all men 16 and over. Second, participation in the labor force has moved substantially upward for just those women many aspired to be in the '60s - married and with children. Over 60 percent of married couples with children under the age of 6 now have both parents in the workforce, better than double the percentage in 1970.

What do women do now? In 1970, teaching (below college level) and nursing (as well as dental hygiene) were largely female professions. By 1999, several more occupations became dominated by women: personnel and labor relations, administrators and financial managers, psychologists and insurance professionals. Even the share of mathematicians and computer scientists had just about doubled to over 30 percent, while physicians, lawyers and college professors showed big gains as well. Clearly, women have dramatically increased their representation in executive, professional and technical occupations. There has been much less progress, however, in many traditional "blue collar" occupations, such as mechanics, the construction trades, and transportation and material moving occupations.

So women increasingly are educated as well as men are, and follow many of the same professions. Are they paid as well? Here the story is not so clear. Clearly there has been considerable convergence over time. In the late '50s and '60s, women made about 60 cents for every dollar made by men. This ratio began to increase in the late '70s or early '80s and is now nearly 77 cents for every dollar. Among the most important factors bringing this about were the changes in the gender composition of jobs I noted before, increased education, more time in the labor force, and, probably reflecting the cumulative effect of all these factors, a decline in discrimination. However, even within the same profession, and after adjustments are made for a wide variety of variables, most studies show a pay gap still remains. Some hope in this area was provided this October by researchers for the National Bureau of Economic Research who studied the period from 1992-97. They found that women nearly tripled their participation in top executive ranks during that time and strongly improved their relative compensation to nearly equivalent, once such factors as the size of the company, experience levels and position are appropriately controlled.

So, has the dream been realized? In the 1960s, the typical mother of children under 6 would have had no 4-year college degree; if employed, she would have been either a teacher or a nurse, and she would have been paid 35-45 percent less than a male of equivalent age and education level. By the mid-1990s, this typical mother much more frequently would be in the labor force, would more likely be a professional and, for equivalent levels of education, experience, and job attainment, might be paid 85-95 percent of their male colleagues. Not bad you might say, but is it really enough?So, has the dream been realized? In the 1960s, the typical mother of children under 6 would have had no 4-year college degree; if employed, she would have been either a teacher or a nurse, and she would have been paid 35-45 percent less than a male of equivalent age and education level. By the mid-1990s, this typical mother much more frequently would be in the labor force, would more likely be a professional and, for equivalent levels of education, experience, and job attainment, might be paid 85-95 percent of their male colleagues. Not bad you might say, but is it really enough?

These data do document substantial progress, but I am afraid they also tend to hide some very real underlying concerns. As we all know, the increasing participation of women in the workforce reflects not just the very human desires of an ever more educated fraction of our society. Increased participation also reflects the realities of life in the 21st century. For many families, two parent workers are not just a way of paying for college or saving for a vacation; they are a very real economic necessity. And this doesn't even begin to touch on one parent families or welfare mothers now in the workforce. The dream of combining work and family may have been realized, but for some it may well be a nightmare.

Is this a problem for the highly educated professional woman? In part, I would say yes. For these high-income earners,

combining work and family in an ever more competitive business world has meant an inevitable rise in both stress and guilt. One study contrasted the balance between work and family life for men and women. For women, more time spent on the job inevitably meant less time with family, creating a high level of stress and no small amount of guilt. For men, the reverse was true. To them, more time on the job meant more attention to family needs - job time and family time did not compete with each other as they did for women.Is this a problem for the highly educated professional woman? In part, I would say yes. For these high-income earners, combining work and family in an ever more competitive business world has meant an inevitable rise in both stress and guilt. One study contrasted the balance between work and family life for men and women. For women, more time spent on the job inevitably meant less time with family, creating a high level of stress and no small amount of guilt. For men, the reverse was true. To them, more time on the job meant more attention to family needs - job time and family time did not compete with each other as they did for women.

In part reflecting this, I am beginning to sense a backing away by the most educated of women, particularly as they have families, from full-time work to part-time, to withdrawal from the workforce entirely. Some of this is simply anecdotal, some of it is now being tracked by economists like Diane Macunovich of Barnard College. She notes that women with choices, whose mates have good jobs and who themselves are professionals, have begun to opt for part time work, or for full time homemaking. These women generally plan to return to the workplace at some point, but, for now, have made a conscious choice to stay home with their children.

So what's so bad about that you may well ask? For these women, this may be the very definition of having it all-being educated, having good family incomes and the flexibility to choose a lifestyle that makes sense. But it could also reflect their sense of the available options given their family choices. Options to both have a reasonable family life, and a rewarding career may not seem available, at least for a time. This lack of good options is the larger problem.

For all the real progress women have made in education, in their choice of career, and in their pay, a relatively small percentage ever make it to the top. Women make up 47 percent of the overall labor force, but hold only 3.3 percent of top earning positions, and about 5 percent of power titles, such as CEO or COO. A critical element in making it to the top is being in the pipeline to do so - here women hold only 6.8 percent of the key line jobs that make up the pipeline in most corporations. Aside from being in the pipeline, women also have to believe they can make it. Studies suggest, and my own experience confirms, that it is hard for women or for other minorities to believe they can progress if they cannot look up and see faces like their own at the top. So when highly educated women perceive a dearth of viable options and leave the workforce, the pipeline narrows even further. This creates the possibility of a vicious cycle - a cycle in which a woman's desire to make it to the top is sapped by the very paucity of other women who have done so.

Perhaps this is nothing to worry about, since it reflects choices made by women clearly in advantageous positions. But I worry anyway. I don't want the best and brightest women, those future leaders, to leave - not just because it's not what I did, but because of the ever increasing need for a highly skilled workforce. It is in everyone's interest to redouble our efforts to help women and families deal with the delicate balance between work and childcare - and increasingly between work and elder care.

Thus, as I look forward, recognizing all the progress that's been made toward the dream of having it all, I believe more needs to be done. The challenge of realizing the true potential of women in the workforce remains. As I see it, women who have choices fall back to more traditional lifestyles both because of the satisfaction that lifestyle can bring, and because it is known territory. Working as a homemaker and caregiver is stressful and isolating, but it is also rewarding and a recognized and respected model. Too often, women remaining at work have to blaze new trails for themselves - there are few truly respected models to follow, and no way to measure success or failure in combining work and family except subjectively. I believe more needs to be done to study what works, and what doesn't. We need new models, for full-time work, for part-time work, for day care and elder care and we need to make those models understood and accepted.

What do I mean when I say "new models"? Haven't there been many efforts made by companies large and small to accommodate the needs of women and families? Flextime, job-sharing, these and many more approaches are used. But are these models viewed simply as a way to mollify the demands of women, or are they seen as ways in which vitally needed employees can remain connected to the employer even when family demands take them away from full-time work? I would argue that the new models need to have two characteristics: (1) they need to work for both men and

women, since family responsibilities including both child and elder care can fall to both genders, and (2) they need to be fully accepted as ways in which high potential employees are retained - in other words, not a "mommy" or "daddy track" but a vitally important contribution to the workplace. This will inevitably require confronting long-held attitudes about work, and, in the short run, could prove costly, though increasingly technology seems to offer ways in which this goal might be achieved. And I would also argue that without new models that have these characteristics, the long-run costs to society of the loss of educated workers and role models for others, may well make the short-run cost seem trivial.

Let me suggest a couple of examples of possible new models. The research assistants working on the data for this paper tell me that a model growing in acceptance is for the husband of a high-earning professional woman to stay at home. National data suggest that in about 3 percent of families with children under six the father does stay at home. This is twice the share of a few years ago and, if my research assistants are right, possibly growing. Perhaps this is not the way to add to the workforce, but it may help to ensure the most marketable people are there.

Another new model involves flexible work hours and part-time work. What's new about this you may well ask? These have been part of the workplace for sometime, but if they are primarily aimed at women they do not meet the criteria I noted before and are not particularly viable. These jobs can end up being less than satisfying for the highly motivated professional. Rather, what has to be done is to make the flexible hours, the part-time, work for everyone, male and female.

This takes me to my second example. In the bank examinations and analysis area at the Boston Fed, eleven different workweeks and schedules are administered. This is not because bank examiners are so people-friendly and flexible - hardly. But these managers have realized that to keep good people in increasingly competitive times, changes have to be made. Big salaries, and stock options are out of the question for us, so new models of work for both men and women have been developed and embraced, I might add, by employees.

In sum, the 32 years since I began work have brought much in the way of progress to women in the workforce. But they have brought challenges as well. Too few occupy the corner offices, and increasingly the price paid by those who do succeed seems too high. New models must develop that allow high potential women and men to remain attached to the workforce when family responsibilities demand time as well. These models will help our economy maintain its long-run health; more importantly, they will help to ensure that the satisfaction that comes from contributing to the larger society through work is available to all who seek it. Only then will the dream be fully realized.

Thank you.

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