The Inequality of Pay

HENRY PHELPS BROWN

Contents

| | List of Figures | xiii |
|----|---|------|
| | List of Tables | xiv |
| 1. | THE PROBLEM | |
| | 1.1. The growth of interest in the inequality of pay | 1 |
| | 1.2. The economist's approach to pay determination | 10 |
| | 1.3. The sociologist's approach to pay determination | 17 |
| | 1.4. The practical issue | 21 |
| | 1.5. The plan of this work | 25 |
| 2. | A SURVEY OF THE PAY STRUCTURE BY OCCUPATION | |
| | 2.1. Grouping by occupation | 28 |
| | 2.2. The comparability of figures of pay by occupation | 29 |
| | 2.3. A conspectus of the pay structure by occupation in Western countries | 31 |
| | 2.4. The pay structure by occupation in the Soviet-type economies | 38 |
| | 2.5. Material and moral incentives in China and Cuba | 51 |
| | 2.6. Egalitarianism in Israel | 54 |
| | 2.7. Yugoslavia: a special case | 56 |
| | 2.8. The relative pay of particular occupations | 58 |
| | 2.9. Review and discussion | 65 |
| 3 | THE COURSE OF CHANGE IN THE PAY STRUCTURE | |
| | 3.1. Changes in the differential for manual skill | 68 |
| | 3.2. Changes in the relations between the pay for white- | |
| | collar and for manual occupations | 81 |
| | 3.3. Changes in the relative pay of occupations linked with particular | |
| | industries | 89 |
| | 3.4. The influence of trade unions on occupational differentials | 94 |
| | 3.5. Review and discussion | 98 |
| 4. | PAY STRUCTURE AND STATUS | |
| | 4.1. The ordering of occupations by average earnings | 101 |
| | 4.2. The ordering of occupations by status | 104 |
| | 4.3. Pay differentials and the scale of status | 107 |
| | 4.4 The nature of status | 111 |
| | 4.5. Station in life as a basis of assigned income | 118 |
| | 4.6. Is status prior to pay? | 122 |
| | 4.7. Evidence for status moulding pay in modern societies | 128 |

Contents

8.6. Differences of region and of unionization

8.7. Review and discussion

| | 4.8. The influence of custom | 134 |
|----|---|-----|
| | 4.9. Divergences between the rank orders of status and pay | |
| | 4.9.1. Instances of pay and status offsetting one another | 136 |
| | 4.9.2. Stratification by status differing from ranking by pay | 137 |
| | 4.10. Review and discussion | 141 |
| 5. | DISCRIMINATION | |
| | 5.1. Forms of discrimination | 145 |
| | 5.2. Discrimination against women | 110 |
| | 5.2.1. Discrimination against women before the market | 148 |
| | 5.2.2. Discrimination against women within the market | 153 |
| | 5.3. Discrimination against minorities | 160 |
| | 5.3.1. Discrimination against blacks before the market | 160 |
| | 5.3.2. Discrimination against blacks within the market | 166 |
| | 5.4. The effects of raising minimum wages, as a test for the presence | 100 |
| | of discrimination | 174 |
| | 5.5. Review and discussion | 177 |
| 6. | SOCIAL CLASS AND INTERGENERATIONAL MOBILITY | |
| | 6.1. The assignment of occupations to social classes | 181 |
| | 6.2. Intergenerational mobility between occupations | 185 |
| | 6.3. Changes in intergenerational mobility over time | 198 |
| | 6.4. The extent of intergenerational movement into and out of the top | |
| | grade | 199 |
| | 6.5. Review and discussion | 206 |
| 7. | SOCIAL CLASS, MENTAL ABILITY, AND EDUCATION | |
| | 7.1. The association between occupation and I.Q. | 208 |
| | 7.2. Evidence for the genetic determination of I.Q. potential | 214 |
| | 7.3. The effects of differences between classes in the upbringing of children | |
| | on the development of I.Q. | 220 |
| | 7.4. The relation between parents' class and their children's I.Q. | 223 |
| | 7.5. Class differences in the use made of education | 229 |
| | 7.6. Class differences in extent of education | 232 |
| | 7.7. Education as investment: human capital theory | 236 |
| | 7.8. Entry into employment | 245 |
| | 7.9. Review and discussion | 251 |
| 8. | DIFFERENCES OF INDIVIDUAL EARNINGS | |
| | WITHIN AN OCCUPATION | |
| | 8.1. The extent of the variance of earnings within particular occupations | 25 |
| | 8.2. Short-period fluctuations of earnings | 260 |
| | 8.3. The variation of earnings with age | 263 |
| | 8.4. Differences in individual performance | 269 |
| | 8.5. Differences within local labour markets | 27 |

276

283

| | Contents | Xi |
|-----|---|-----|
| 9. | THE DISTRIBUTION OF INDIVIDUAL EARNINGS | |
| | 9.1. The form of the distribution of individual earnings | 285 |
| | 9.2. Processes by which distributions are formed | 290 |
| | 9.3. An index of ability to work | 294 |
| | 9.4. The generation of the distribution of ability to work by factors imping- | |
| | ing in successive stages of personal development | 298 |
| | 9.5. The link between ATW and pay | 306 |
| | 9.6. The influence of particular factors upon individual earnings | 310 |
| | 9.7. Review and discussion | 317 |
| 10. | CONCLUSIONS CONCERNING THE SOURCES AND | |
| | THE MALLEABILITY OF THE INEQUALITY OF PAY | |
| | 10.1. The sources of the inequality of pay | 322 |
| | 10.2. The possibilities of reducing the inequality pay | 328 |
| | References | 333 |
| | General Index | 349 |
| | Index of Authors | 257 |