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MARGARITA ESTÉVEZ-ABE

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## Gender, Inequality, and Capitalism: The “Varieties of Capitalism” and Women

In this brief note, I would like to discuss possible future directions for studies that aim at gendering the varieties of capitalism (VOCs), as well as choices I have made in my own recent research. Before we proceed, however, let me provide a brief introduction to the VOC literature for those readers not familiar with it.

The concept of the VOCs was originally developed to contrast two equally economically efficient institutional equilibria. Liberal market economies (LMEs) rely upon the market mechanism in the sense of neo-classical economics; and coordinated market economies (CMEs) rely upon on mutual cooperation among economic actors facilitated by dense networks of institutions. Countries such as Austria, Belgium, Denmark, Finland, Germany, Japan, the Netherlands, Norway, Switzerland, and Sweden are generally considered to resemble CMEs, whereas the English-speaking countries resemble LMEs. One important idea behind the notion of institutional equilibrium is that any deviation from either of these two equilibria should result in less successful economies. France, Italy, and Spain have been cited as examples here. (True, these countries

shared many of the institutions present in CMEs, but they lacked the cooperative industrial relations present in most CMEs. And, more importantly, their economies were not as successful as those of other CMEs.)

Why was VOC interested in efficient institutional equilibria? In order to understand this, we have to go back to how VOC literature emerged in the first place. VOC emerged as scholars responded to a wave of findings that showed that firms in the same product market behaved very differently in different countries. Back in the 1980s, observers wondered why countries such as Germany, Japan, and Sweden had more successful manufacturing sectors than countries such as the UK and the United States. David Soskice and others associated with VOC were not the only ones interested in this question. Many scholars had noted that different countries had different advantages and disadvantages when taking part in global trade (Aoki 1988; Aoki and Patrick 1994; Berger and Dore 1996; Dore 1973, 1987; Matzner and Streeck 1991; Porter 1990; Zysman 1983, among others). All these scholars were aware that the old notion of comparative advantage failed to capture the nature of these advantages and disadvantages. Some countries, for instance, were blessed with more cooperative industrial relations, which, in turn, helped accelerate product cycles or facilitated a particular type of production method. This led scholars to think about institutional comparative advantage. VOC literature synthesized and built up on existing studies by specifying how institutions could structure the behavior of private firms and industrial relations. The key institutions here include: vocational training/educational systems; employment protection and other social protection programs; corporate finance systems; and corporate governance systems. To reiterate, the principal intellectual preoccupation was to understand why private firms in different countries proceeded to carry out their business differently. VOC scholars understood that, at least in manufacturing, firms could depart from prescriptions of neo-classical economy yet do well in global market competition. This is why VOC's initial contributions focus on the efficient institutional equilibrium defined by the CME. The idea of institutional equilibrium was closely tied to the idea of institutional complementarity, which assumes that some institutions reinforce each other's effects (Milgrom and Roberts 1995). Most of the initial scholarly efforts in VOC thus engaged in identifying the range of institutional complementarities—to understand which institution and which one went together and why.

Given the initial preoccupation of VOC, it is unsurprising that it appeared functionalist and apolitical—two frequent criticisms against VOC (Mandel and Shalev raise these criticisms). VOC

scholars were less interested in explaining why some countries possessed institutional complementarities or how these complementarities developed. They were primarily interested in showing that certain institutions, when accompanied by specific others, produced efficient outcomes such as greater human capital investments. VOC's preoccupation with institutional complementarities and private firms' product market strategies also meant a general lack of interest in politics that might have produced or sustained relevant institutions. As far as VOC was concerned, it was the institutional complementarity that mattered rather than where it came from. In this sense, whether a country was social democratic or not was of minor concern to VOC scholars. This explains the seeming oddity of a dichotomous taxonomy developed by VOC in a field where all of us have grown accustomed to Esping-Andersen's three worlds of welfare capitalism. (In Esping-Andersen's taxonomy, social democratic countries constitute a separate type of welfare capitalism.) The dichotomous taxonomy is a function of the focus on the types of efficient institutional equilibria that affect private firms.<sup>1</sup> For the same reasons, the public sector did not figure prominently in the early contributions of VOC.<sup>2</sup>

Recent contributions by scholars associated with VOC, however, now focus more on politics. Torben Iversen and David Soskice, for instance, ask how actors' political preferences might vary depending on the type of market economy they operate under (Iversen and Soskice 2001). Cathie Jo Martin and Kathleen Thelen unravel the role that the public sector plays in sustaining CMEs (Martin and Thelen 2007). Similarly, Peter Gourevitch and James Shinn have cast light on the nature of political alliances that supports a particular type of market economy (Gourevitch and Shinn 2005). A number of authors have also studied the origin of specific CMEs (Estévez-Abe 2008; Mares 2003; Thelen 2004).

Now let me discuss how my own work on gender relates to VOC. I tried to unravel the gendered implications of some of the key institutions that the VOC had focused upon. Did I do this because I am interested in applying VOC paradigm to the study of gender? No. I did this because I wanted to highlight the fact that the same institutions affect men and women differently. It is fair to say that the VOC literature has presented CMEs in a better light than LMEs. Many VOC scholars note how CMEs have achieved economic efficiency while reducing income inequality. As a woman who grew up in a CME and then moved to an LME, I suspected that some of the institutions associated with CMEs—such as strong employment protection and reliance on vocational training—might be exacerbating gender biases. My desire to gender VOC was based on this

suspicion. This led me to focus on the effects of employment protection and different vocational training types in influencing sex-based occupational segregation in the private sector. I focused on private sector firms for three reasons. First, because I was interested in what affects labor market types produced in the market, I wanted to exclude public sector employers who faced tight political constraints. Second, because VOC focused on private sector firms, in my attempt to gender VOC, I wanted to stick with this focus. Third, I wanted to focus on women in the private sector because of the disproportionate attention already paid to the public sector. Here, my findings corroborate the claims made by scholars such as Jill Rubery and Collette Fagan, who have found that vocational training systems and internal labor market systems exacerbate gender inequality (Rubery 1995; Rubery and Fagan 1993; Rubery, Fagan and Maier 1996; Rubery, Smith and Fagan 1999). In this sense, Mandel and Shalev's criticism that my work neglects public sector and politics is right. I have indeed "neglected" public sector and politics—at least in the articles mentioned by Mandel and Shalev. I have done so intentionally. In the works they cite, I simply report that the Nordic countries appear to compensate for gender inequality in the private sector by creating jobs for women in the public sector.

The focus on the private sector in some of my work does not mean that I think public sector and politics are irrelevant for gender inequality. In a recent paper—not reviewed by Mandel and Shalev here—I investigate the effects of political factors such as the strength of the left and the size of the public sector on women's earnings (Estévez-Abe and Hethey 2008). This paper shows that strong employment protection has a negative impact on women's economic position relative to their male partners, whereas a large public sector and left-wing governments have a positive effect. The findings in the paper suggest that the positive effect of public sector employment for women's economic position is independent of social democracy. (This finding has important implications for thinking about politics and women. I will come back to this point later.)

My work does not necessarily interpret specific/general skills in the same way as other scholars associated with VOC. Some scholars—Torben Iversen and David Soskice—follow Gary Becker's formulation more closely. In this formulation, general skills are useful to all employers, and specific skills are useful only for current employers. (In the case of Iversen and Soskice, they consider specific skills that are only useful to specific trades.) Scholars who perceive skills in those terms try to measure individual workers' skill specificity based on their occupations. Instead, I follow the formulation by Daron Acemoglu and Steffen Pischke, who demonstrate that labor

markets that reduce labor mobility can turn general skills acquired via on-the-job training into *de facto* specific skills (Acemoglu and Pischke 1999). This formulation rightly highlights the importance of labor market characteristics. This is why my work uses labor market characteristics—such as employment protection—as independent variables rather than individual workers’ skill specificity.

Contrary to the suggestions of Mandel and Shalev’s article, I do not think that occupational segregation is the sole measure of gender inequality. Nor do I argue that the CME/LME distinction is the sole predictor of cross-national variations in gender inequality. The fact that I include countries such as France, Italy, and Spain in my analysis means that I am not beholden to the strict CME/LME categories. In contrast, I use continuous variables that measure different aspects of labor markets so that I can capture nuanced variations. I do not think that the world consists of only two types of market economies. My work aims to unravel the gendered effects of key labor market institutions measured in terms of continuous indices rather than binary ones.

Mandel and Shalev rightly suggest that occupational segregation is not the only dimension of gender inequality. I totally agree. Gender inequality is multifaceted. If one were to explore the full gendered effects of specific labor market institutions, one would need to examine their impact on women’s earnings, hours of work, overall employment rates, and family patterns. This is precisely what I have done. A book manuscript that I have just completed, *Gender, Inequality and Capitalism*, examines effects of different educational/training systems, the degree of employment protection, wage bargaining institutions and public sector size on women’s work hours, earnings and their relative dependence on men (here I look at wives’ economic dependence).

Mandel and Shalev make a very interesting and thought-provoking point when they criticize my work for economic functionalism. In my study of occupational segregation, I focus on employment protection and vocational training. I use theoretical insights from VOC to explain why employment protection and vocational training should matter from a feminist perspective. I then use my findings to highlight how women in CMEs and LMEs compare. But I am not interested in arguing that a particular kind of gender regime is a necessary complement to a CME-style efficient equilibrium. My work on gender has nothing to say about such institutional complementarities. Mandel and Shalev suggest a different way of gendering VOC.

A study to explore complementarities between specific gender regimes and VOC (i.e. CME or LME) might be quite interesting.

This line of argument would be in accordance with the initial focus of VOC on institutional complementarities. It might be possible to argue, as Mandel and Shalev do, that a large public sector that takes over mothers' domestic responsibilities is a better complement to specific skill regimes, as they better protect women's skill investments. In other words, a large public sector that protects both male and female skill investments should be considered the best complement to the CME equilibrium. Indeed, as far as male workers are concerned, this was exactly the argument developed in VOC. Some of my colleagues, whose work I greatly admire, argue that high levels of social spending are necessary complements to CMEs (Iversen and Soskice 2001).<sup>3</sup> One can extend the argument to women-friendly social policies as Mandel and Shalev do. In this case, CMEs such as Germany and Japan are the deviations from the efficient equilibrium. Mandel and Shalev seem to suggest that this deviation can only be explained in terms of differences in politics. This leads to their criticism that both VOC and my own work are too apolitical.

Any attempt to show that a particular gender regime complements either LME or CME, however, would have to explain why CMEs include two types of countries—Nordic/Continental European—that pursue very different policies towards female integration into the workforce. It would be difficult to find any answer to this question within the VOC literature as Mandel and Shalev rightly point out. As I stated earlier, VOC categories were created to do very specific things—primarily to account for firm-level variations in product market strategies from one country to another. VOC categories thus do not answer everything.

If my goal were to add a gender component to the VOC's institutional complementarity argument, the omission of public sector in VOC would indeed be a serious flaw. If CMEs all possess one type of institutional equilibrium, it would be puzzling why some have huge public sectors while others do not. As we know, some countries use their public sector to mobilize female labor. Without a careful analysis of public sector development, one cannot say much about a gender regime in these countries. Analytically, I would need (if I were to take up this argument) to predict exactly what kind of public sector (both in size and nature) fits into which kind of institutional complementarity. In short, in criticizing VOC and my work, Mandel and Shalev actually suggest a different way of gendering VOC. Their alternative argument, however, boils down to the old social democratic argument: social democrats always do best to promote equality for everyone. Yet resorting to the old social democratic argument may not resolve the puzzle that Mandel and Shalev raise.

In my own work, I have not linked gender regimes to CME/LME distinctions. I do not think there is a one-on-one correspondence between gender regimes and CME/LME. If anything, in my effort to gender VOC, I have come across intriguing intracategory variations. Different forms of gender inequality are present in Australia and the UK than in Canada and the United States. To put it briefly, there are more traditional gendered division of labor in Australia and the UK than in Canada and the United States. LMEs, in short, vary on key labor market characteristics. Similar variations are present within CMEs. Yet these variations cannot be attributed solely to social democracy. Belgium and France, neither of which is social democratic, has relatively large public sectors that benefit women's earnings and promote their economic independence (Estévez-Abe and Hethy 2008).<sup>4</sup> This finding is compatible with empirical studies by Janet Gornick and her collaborators, who demonstrated—contrary to Esping-Andersen's argument—that social democratic countries were not the only ones that generously provided for working mothers (Gornick, Meyers and Ross 1997). Similarly, Kimberly Morgan's elegant historical comparison of France, the Netherlands, Sweden, and the United States provides a more complex picture of politics for working mothers (Morgan 2006). Her narrative highlights the importance of going beyond social democracy to understand how politics affects women.<sup>5</sup>

Mandel and Shalev's final criticism concerns my alleged inattention to class and class politics. In the work co-authored with Torben Iversen and David Soskice, we emphasized the class implications of different market economies (Estévez-Abe, Iversen and Soskice 2001). In contrast, my own work on gender does not talk much about class as such. I am aware that gender inequality intersects with class inequality. My work pays special attention to highly educated women and how they might fare differently in the labor market from one country to another, and from one type of occupation to another within the same country. This is not to deny that class matters or that the fate of women without much education does not vary from that of their more fortunate peers. Some of my work focuses on educated women as a way of highlighting how gender inequality might persist in different labor markets even when women have invested in their human capital. Certainly, one can compare how women with different socio-economic backgrounds fare in different market economies. We might even find some trade-offs between different types of equalities. Ultimately, how we can evaluate different combinations of outcomes might require a normative answer (Estévez-Abe and Morgan 2008).

In *Gender, Inequality and Capitalism*, I show how the labor market participation of women with little education (a proxy for class) varies widely from country to country—and among CMEs. This, in turn, affects their dependence both on men and on the welfare states. Women with low education in countries with strong employment protection tend to be more dependent on their husbands' income. Are these women more likely to support employment protection for male jobs even when that might exacerbate labor market bias against women? Cross-national surveys that include questions on policy preferences are difficult to come by. But the cross-section of class and gender raises very interesting research questions, particularly when we place individuals into proper household contexts.<sup>6</sup> Any examination of the link between gender regimes and certain features of the political economy is likely to require a household-based model of policy preferences.

Let me say in closing what kind of politics, I think, is important for women. What I take from VOC is the importance of labor market institutions—including skill training systems. My work seeks to unravel the gendered effects of such institutions. We need more research on the politics that shape labor market institutions. Although VOC might not have much to say about these issues, I nonetheless think it is extremely important to view labor politics through a feminist lens. Scholars of US labor history—such as Ruth Milkman—have done a great job of analyzing micro-level union politics concerning women (Milkman 1987). We now need to examine the politics that shaped the position of women in the labor market. Ideally, such a study should be cross-national. Only by this kind of work can we fully gender the study of the VOC.

## NOTES

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1. The taxonomies created by VOC were intended to account for firm-level variations rather than national economies as a whole. Some authors indeed use VOC categories to explain economic consequences at the national level. Nonetheless, this does not change the fact that the VOC taxonomies were first created to explain product market strategies of private firms.

2. Some of the more recent work in the genre of VOC explicitly discusses the role of public sector (Martin and Thelen 2007).

3. For reasons I have elaborated elsewhere, however, I do not think this is the case. I do not think that social spending captures all forms of social

protection. In this sense, there is a wide range of functionally equivalent ways in which governments can help firms and workers to mutually commit in long-term relationships (Estévez-Abe 2008).

4. We find that public sector employment produces a greater positive effect on women's earnings than on men's in almost all advanced industrial societies when controlling for education and other personal attributes (Estévez-Abe and Hethey 2008).

5. There are a great number of studies that explore the kind of politics that created more favorable social policies for women. We know that countries dominated by Social Democrats have done more than others in this regard.

6. International Social Survey Program offers a rare collection of international surveys that also include some policy-related questions.

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JILL RUBERY

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## How Gendering the Varieties of Capitalism Requires a Wider Lens

Mandel and Shalev's (2009) response to the efforts made by Estévez-Abe (2005) and Soskice (2005) to 'gender the varieties of capitalism' (VoC) has provided a valuable critique focused on two major topics, the explanations of variations in participation rates of women and the explanations of variations in gender segregation. Both of these elements of the critique can be further widened and deepened to underline the need to move beyond the rather narrow lens of the varieties of capitalism perspective.

In the first stage of their critique, Mandel and Shalev argue that the division between coordinated market economies (CMEs) and liberal market economies (LMEs) does not and indeed cannot, within the constraints of the current VoC framework, explain variations in female participation. The main divisions are found among CME countries not between CME and LME country groups. As these differences in access to employment constitute the most important dimension of difference in economic opportunities for women in a cross-country perspective, this gap in the varieties of capitalism (VoC) framework must be considered a major flaw. The partial

explanations offered by both Soskice and Estévez-Abe are rejected by Mandel and Shalev as either inconsistent with the VoC framework or as blatantly functional and viewed entirely from a male perspective. Inconsistency with the framework occurs when both Estévez-Abe and Soskice attribute the explanation for the social democratic provision of public services to exogenous political will, even though, according to Mandel and Shalev, political will in the VoC framework is expected to be mobilized in the interests of the business community, not those of excluded women. Functionalism is apparent in Soskice's suggestion that it is possible to regard both the provision of public services in Scandinavia and the use of incentives for stay at home housewives in Germany as two answers to the same business imperative—that of ensuring that male employees are able to focus on their skilled work and firm-specific training without being distracted by domestic commitments. The weakness of this explanation is in effect acknowledged by Soskice in his admission that the VoC framework offers no explanations for which solution would be adopted.

The problem, from both my perspective and that of Mandel and Shalev, derives from the VoC's specific and arguably narrow lens, that of explaining differences in the behavior of firms, and indeed of firms primarily located in manufacturing. Services now account for the vast majority of both employment and output, such that the framework, even if considered only from the perspective of the business community, needs to be expanded and updated to include the services business community. Furthermore, as I with my colleagues have argued in detail elsewhere (Bosch, Lehndorff and Rubery 2007, 2009), this narrow lens may promote an unjustified expectation of continuing institutional complementarities by effectively excluding from the vision those challenges to institutional arrangements that come from outside the framework. By focusing on how the state supports the business community, the VoC framework underplays the complex and dynamic nature of the state and its contested character. As Jessop (1990), for example, argues, the state cannot be understood by reference to a single determinant logic; the analysis of state action thus must allow for the multiple and competing pressures that influence state action and policy. Once we adopt this more open approach, the scope for incoherence and contradictions in national models clearly increases. Moreover, while the VoC framework recognizes the close interconnections between the production, the welfare and the family systems but interprets these as a source of stability through the development of complementary institutional arrangements, it can also be the case that these interconnections can be a source of instability. This would occur if change within each of these spheres is shaped by different agendas but changes in one

sphere create ripple or domino effects within another. In this context it may be neither feasible nor sensible to maintain different sets of typologies, focused on only one part of the socio-economic system, for example, the firm-orientation of the VoC approach or the welfare orientation of Esping-Anderson's (1990) original approach. Integration of the available typologies would undoubtedly lead to identification of more than two or three main varieties of economic and social systems, simply because there is no exact matching across different dimensions of national models. However, the richness of the analysis may be enhanced by typologies that explicitly aim to classify countries according to more than one set of characteristics (for an overview see O'Reilly 2006) and to place them in a spectrum according to degree of conformity with a number of characteristics (Coates 2005). The outcome might be an increase in complexity of analysis but this may be a necessary cost if the ideal types are changing and if the drivers for change are not captured within the VoC's tightly structured framework for characterizing capitalisms.

Moreover, in a service economy, there is a clear need to consider varieties of welfare systems as one element in varieties of capitalism, expanded to cover both manufacturing and services. And while it may be the case that the VoC analysis may not have purported to provide an explanation for cross-national gender differences, as Soskice (2005) notes in his opening comments, this is becoming an ever weaker defense in the face now of decades of female employment expansion relative to male employment. This growth of women's employment is intimately connected to the dynamics of change within advanced economics—for example, to processes of outsourcing of services from within manufacturing to specialized outsourcers, such as call centers (Holman, Batt and Holtgrewe 2007). A critical issue is how far the integration of women into employment is changing the organization of coordinated market economies. Are businesses increasingly seeking out cheaper alternative modes of production, outside the scope of the complementary institutional arrangements, or are the complementary institutional arrangements sufficiently robust to incorporate these new activities within the regulated and higher paid labor markets? These questions with respect to women's employment take the analysis beyond different modes of providing for childcare (the prime issue considered in Soskice's paper) to a consideration of how the specific pattern of integration of women into the labor market—and indeed other labor market groups such as migrants—may be changing the varieties of capitalism on which the framework is focused.

The second significant contribution of Mandel and Shalev is to critique the core proposition that differences in segregation are to be

explained through different systems of skill formation. This critique has two legs: first, they point to the problems of incorporating, within the functionalist VoC approach, an explanation of the choices made by the state in conservative CMEs to provide long leaves, limited childcare and short school days, policies that reinforce the likelihood of employment interruptions by women on which the discrimination in labor market opportunities is based. The Swedish policies in contrast seem more in line with the general policy of CMEs, that is providing institutional support to complement the production systems as the Swedish system provides for continuity of employment and socializes the costs of both leaves and childcare. As many women in Sweden may exercise rights to work reduced hours rather than leave their employment when they have childcare responsibilities these policies potentially overcome one of the main apparent problems with associated with discontinuity, that of skill deterioration. Options to work part-time may of course still contribute to another identified problem within CMEs, the difficulty of finding replacement staff, but it can also be argued that firms' investments in firm specific skills are not and cannot be so finely tuned that they always match their current demand for labor. Investment in training takes place in advance of anticipated demand that may not in the end materialize. Some staff moving on to reduced hours will reduce overhead costs to the firm (where the reduced hours are either state funded for example through the Swedish parental leave scheme or unfunded if women take a cut in annual salary), a development which may even be welcome, particularly as the employer still secures long-term access to the trained employee. The argument is not that employers do not in practice discriminate against women because they are more likely to take family leave but that there should be scepticism as to whether this persistent employer discrimination, particularly in a context where the costs are largely socialized and employment effectively continuous, should be considered to be fully explained by economic rationality.

The second leg to this part of the critique is the 'classing' of the VoC analysis, through pointing up the different impacts on women of skill development systems and associated wage structures according to their position in the skill, and thus class, hierarchy. A combined analysis of class and gender effects is required to understand how the VoC systems impact on women's employment opportunities and rewards. This argument strikes me as very important, particularly in highlighting the danger of exaggerating employer concerns over employment stability/continuity for those with relatively low skills. While respecting the need for a differentiated analysis by female class group, I want also, however, to challenge the

description of skill and segregation systems presented by Estévez-Abe and Soskice in perhaps even more fundamental terms.

The first point on which I would take issue is the description of CMEs as investing in firm-specific skills and LMEs in general skills. It would be more helpful, and indeed more consistent with much of the literature on labor markets and forms of training (Althausen 1989; Marsden 1986, 1999, 2007; Osterman 1987), to provide a more differentiated analysis of the types of training. One possibility is to distinguish between three types of investments in skills—and at the same time to recognize that these three forms often overlap. First there is the investment in general educational skills; second there is investment in recognized and transferable occupational skills, often validated by credentials or qualifications (in the extreme these are essential licenses to practice); third, there are the investments in firm-specific skills. Rather than describing CMEs as investing in firm-specific and LMEs in general skills, it would be more accurate and appropriate in my view to see CMEs as promoting investments in both occupational skills and in firm-specific skills, while LMEs promote investment in general educational skills and firm-specific skills. This classification would fit more with the description of Germany as operating a hybrid of occupational and internal labor markets as the dual system provides accredited and generally recognized credentials at all stages up the hierarchy but these are invested in within the context of relatively strong internal labor markets (Sengenberger 1981). This tendency to combine occupational and internal labor markets has been argued by Franz and Soskice (1995) to have become stronger, but in specific parts of the labor market. In contrast LMEs tend to recruit on the basis of general educational skills but nevertheless have to provide some investment in firm-specific training although the investment may be limited and spread out due to the risk of loss of the investment through job quits (Lynch 1994; Marsden 1986). These systems are known as weak internal labor market systems. Now Soskice (2005) recognizes that these three forms of training are present, and his argument is that German women tend to invest in those parts of the German occupational system that has not been combined with firm-specific skills such as retail and clerical skills. As such the skills they invest in retain their characteristics as generally transferable. The result, however, is that effectively Soskice and Estévez-Abe treat the German occupational labor markets for women as functionally equivalent to jobs requiring either no training or general educational skills at a low level. This approach underplays the role that occupational labor markets can play in protecting and valuing women's skills in the middle and lower levels of the job hierarchy, for example by ensuring that

women returning to the labor market after periods of interruption for childbirth and child rearing are still regarded as qualified for that occupation (Maier 1995). This contrasts with the position in LMEs where labor market quits may lead to a loss of skills as these are based on informal firm-specific training. Indeed Crompton and Sanderson (1990) argued that educated women in Britain were choosing to train or study for precisely those few occupations that in Britain operated with a license to practice qualification—such as pharmacy, accountancy etc.—in order to protect their job prospects if they wished to interrupt their careers for childrearing. However, such opportunities are scarce in LMEs and there is much research showing the major scarring effects of labor market quits on future earnings for women in LMEs such as the UK (Bothfeld and O'Reilly 2000; Manning and Petrangolo 2005; Olsen and Walby 2004). These findings do not suggest that women in LMEs find it easy to move around the labor market without penalties as implied by the general skills model. There may be less scarring in the US labor market, but this may be in part because of somewhat weaker age discrimination. For example Dex and Shaw (1986) found that women in the United States who took employment breaks or into part-time work were more able to move back into full-time work later than in the UK. More attention thus needs to be paid to differences among LMEs as well as among CMEs.

The system of skill accreditation has also been seen to have gender impacts in comparative analysis of pay structures and systems (Rubery 1998; Rubery et al. 1997). In the analysis of pay systems where, as for example in Germany, areas such as clerical work were included within the vocational training and qualification system, such jobs tended to be paid at a level above that for non-qualified manual labor within the same firm. In a formal training-based system, where qualification level is closely linked to hierarchical position, it was not acceptable to pay someone who was vocationally qualified below those who were not vocationally qualified (for example, male laborers). In contrast, UK payment systems were found to be often divided into separate pay structures for different workforce groups, with the outcome that the lowest rate of pay for clerical work could be and often was set below the lowest rate of pay for manual work. As the pay structures were divided into separate hierarchies, for example for manual and nonmanual, no comparison across these structures were made and there was no common system of vocational training to provide a basis for such a comparison. Thus, the gendering of VoC focuses on the exclusion of women from firm-specific training but not on the potential protection for women's skill levels provided by an occupational training system.

This protection is two fold—maintaining the signal that women are qualified to do the job even after career breaks and also signaling that the jobs should be paid as a vocationally qualified not as an unskilled job. This does not prevent gender pay inequalities in CMEs, particularly in Germany, where there are major differences in pay levels between sectors, with female-dominated service sectors tending to be lower paid. Also many women's jobs are less well integrated in the dual system than male jobs and the skills involved may not be appropriately validated (Maier 1995). Moreover, more recently women in Germany have been attracted into low-paid and low-skilled jobs, even when they themselves are vocationally qualified, because of the tax incentives offered for short hours jobs—mini jobs—within the German family-based tax system. Nevertheless, in many occupations the greater significance attached to training and qualifications has advantages in protecting skill status and pay grade over the more informal systems that prevail in LMEs such as the UK.

One of the reasons for the scarring effects of labour market quits in the UK is the tendency for women returners to become trapped in low paid part-time jobs (Grant, Yeandle, and Buckner 2005). This in part reflects again problems of retaining their previous skill level but also reflects the concentration of opportunities to work part-time in low skill job areas. The absence of strong institutions for coordinated wage setting provides opportunities not just to widen pay structures but also to restructure the organisation of work to create firms specialising in low paid part-time work, particularly in service areas, often acting as subcontractors to higher paying firms. Internal pay norms of fair differentials that prevail even within LMEs may encourage employers to outsource work to firms whose average pay levels are lower, rather than attempting to reduce pay rates for low grade workers within their own internal pay and grading structure. These incentives may be less strong in CMEs where, as for example in Sweden, there is comprehensive bargaining covering the service sector setting pay at a relatively egalitarian level. The consequence of opportunities for outsourcing jobs to firms specializing in low-wage activities is that LMEs may promote more segmented jobs structures. The impact of the CME versus LME on the actual structure of jobs has not been directly taken into account in the VoC debate on which system provides for greater gender equality. The UK has the highest pay penalty for working part-time in Europe (CEC 2002, 39). This reflects its very high concentration of part-time jobs in low-skilled areas compared with a CME country such as the Netherlands where over 70 percent of women work part-time but in jobs more evenly distributed up the pay and skill hierarchy.

The importance of differences in structures of jobs and in the width of pay differentials has been well brought out by Blau and Kahn's (1992) work on gender pay gaps across countries but has not been integrated in this work on gendering the VoC.

A further issue is the rather narrow and economic understanding of employment and career 'choices' implicit within the gendering the VoC contributions. The active agents in the analysis are employers who restrict access to women in view of their concerns over employment stability. However, there is a danger of exaggerating the role of employers in selecting and maintaining gender sex segregation. CME employers may choose to create good jobs, protected by high wages and good job security, but the exclusion of women from these jobs may be brought about through separate or joint strategies of both employers and the male workforce (and associated trade unions) to secure and retain exclusive access to these jobs for men. These strategies involve a range of mechanisms to create closed labor market segments (Rubery 1978) in both craft (Cockburn 1983) and professional labor markets (Witz 1990). Examples include recruiting on the basis of internal staff recommendations, promoting a long hours culture (such that willingness to work paid or unpaid overtime is effectively a job requirement) or creating and maintaining a male work culture that is not conducive to gender-mixed working. Another factor maintaining or reinforcing gender segregation in CMEs may be the much earlier career choices made within, for example, the German school to work system. These career choices are less reversible than under LMEs, and teenagers may be more likely to conform to social norms without the knowledge of the economic costs of entering female- rather than male-dominated occupations. Charles (2005) refers to the 'restricted field of perceived options' (Charles 2005, 308) within which men and women make their career choices. The empirical issue for further investigation is whether that field may expand when choices can be made at later age points.

Beyond these specific critiques of the assumptions behind the gendering the VoC approach, there are also some very depressing policy messages that are suggested by the analysis. The message in practice is that women will always lose out where there are high levels of employment protection, either through exclusion from the labor market as in the classic conservative CME case or by segregation into female-dominated sectors where, as in the social democratic case, the state steps in to overcome the low demand for female labors. This argument is even more depressing as it is based on the view that even when there are efforts to reduce the costs to employers by socializing the costs of childcare and leave and also enabling

women to be continuous—if possibly part-time—labor market participants, the outcome is still negative. Employers are apparently still so disturbed by the risk of women opting for reduced working hours that they exclude them from private sector employment areas requiring investments in training (even when women are better equipped through education to learn quickly and effectively). Furthermore, women can only gain access, apparently, to higher level jobs in LMEs where all employees have limited employment protection as this enables them to use their general skills to move easily between firms. But this positive outcome is clearly at the expense of other women being employed in low-paid and flexible jobs (although arguably with a larger volume of jobs available to lower skilled women). In the absence of state childcare provision, women's success in LMEs at the higher end may in fact be directly dependent on the availability of other women for low-wage work as childminders/nursery assistants.

The overall pessimism with respect to options for promoting gender equality in employment emerges from the presumption that it must be possible to attribute employer discrimination against women to rational assessments of the likelihood of incurring additional costs. In the absence of other rational reasons, researchers may be exaggerating the real importance of the costs of women's tendencies to interrupt/reduce hours around childbirth. While clearly there are perceived costs of discontinuities and reduced hours, we need to set these in perspective, not just according to class and skill position but also relative to men who are more mobile geographically and also more willing to argue for higher rewards if they are to be retained. Women are often very loyal and stable workers, and there is a real danger that the focus on the costs of women's interruptions may legitimate widespread and nonrational discrimination against women. Where this discrimination is reinforced by social norms, then there are limited costs to the employer. What we as researchers must strive to avoid is to inadvertently provide legitimacy for discriminatory practices by seeking always to find the rationality behind the practice and recognize that economic systems allow considerable room for the perpetuation of discrimination as embedded in both social norms and institutional arrangements. Thus, the wider lens required for VoC theorists would not only bring the service sector into focus and provide a more penetrating perspective on the gendered impact of varieties of skill and pay structures but would also need to sacrifice the apparent precision provided by the search for economic rationality. This would allow for a more fuzzy vision of both behavior and change, and thereby

acknowledge the complexity of factors shaping the actions of both key actors and individual citizens.

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## NOTES

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NANCY FOLBRE

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# Varieties of Patriarchal Capitalism

## Abstract

*This paper joins Mandel and Shalev in calling for more attention to gender dynamics within the Varieties of Capitalism (VoC) literature. However it urges readers to recognize the contribution of social reproduction to production, and to question whether the term “capitalism” accurately captures the most important features of the social formation that we live in.*

What exactly is capitalism and are we sure that it is only . . . capitalism? This question summarizes my interrogation of Mandel and Shalev’s critique of the treatment of gender and class in the varieties of capitalism (VoC) literature. I ask as an outsider to the VoC literature, as a feminist theorist obsessed by the relationship between reproduction and production, as an economist who studies nonmarket work, and as an activist animated by concerns about inequalities based on gender, race, ethnicity, and citizenship, as well as class.

I appreciate the three main points that Mandel and Shalev make. I take these to be: (a) the VoC literature, even as amended by Estevez-Abe’s recent work, is not sufficiently attentive to gender inequalities; (b) this literature underestimates significant differences among the coordinated market economies (CMEs) (specifically

between Scandinavia and other northwestern European countries) in women's labor market participation; and (c) it overlooks crucial intersections between gender and class that have momentous implications for the comparative impact of liberal market economies (LMEs) and CMEs on women.

So far, so good. But Mandel and Shalev seem hampered by the same androcentric bias that they deplore in the VoC approach. Consider first the implicit assumption that the economic systems of Europe and the United States can be described as incarnations of capitalism pure and simple. Now that the entire world (with the possible exception of Cuba) falls under the capitalist moniker and is hurtling into major recession, it becomes especially important to deconstruct the term. In the United States, Republicans are constantly warning us of "European-style socialism," apparently their term for a CME.

But neither LMEs nor CMEs are pure market economies (MEs). The differences between them seem rather small compared with the difference between both systems and an exclusively market-based economy. In such an economy, neither the family nor the state would fulfill important economic functions. Amartya Sen puts this beautifully in a recent essay in which he ponders whether we should be striving to develop a new capitalism or a new and better system, period.

All affluent countries in the world—those in Europe, as well as the US, Canada, Japan, Singapore, South Korea, Australian and others—have, for quite some time now, depended part on transactions and other payments that occur largely outside markets. These include unemployment benefits, public pensions, other features of social security, and the provision of education, health care, and a variety of other services distributed through nonmarket arrangements. The economic entitlements connected with such services are not based on private ownership and property rights.

Also, the market economy has depended for its own working not only on maximizing profits but also on many other activities, such as maintaining public security and supplying public services—some of which have taken people well beyond an economy driven only by profit. (Sen 2009)

Obviously, much of the welfare state literature calls attention to the economic importance of the welfare state. Yet it often presumes that the welfare state exists primarily to serve the needs and enhance the efficiency of the market economy. The market is the horse; the welfare state the cart. The market is the energy source and driving

force; the welfare state is simply a device for storing, transporting, and distributing the surplus it creates.

But the private sector is not the only source of horsepower in our economic system. Mandel and Shalev seem to recognize this. On page 10, they challenge what they term the economic “functionalism of the varieties of capitalism approach.” They also chide David Soskice for suggesting that “continental-style housewifery” and “Scandinavian-style paid carework” are simply “two alternative ways in which women serve the business community” (16). But they never directly question the hegemonic importance of that particular construct—“the business community” to the larger abstract entity known as “the economy.”

We continue to measure economic success and efficiency in terms of the level and growth of goods and services produced for sale—gross domestic product. But we know better. The amount of time devoted to non-market work in the advanced capitalist economies is roughly equivalent to the amount of time devoted to market work. It shapes our living standards and qualities of life (Folbre 2009a “Time Use and Inequality in the Household”). Wage earnings have a huge impact on economic welfare. But the distribution of the costs of caring for dependents—achieved largely through marriage and the welfare state—largely determines the disposable income that individuals have to meet their personal needs (Folbre 2006). Investments in human capital—made by parents as well as schools—do not show up as investments in our national income accounts. Yet we know they yield a large social rate of return (Folbre 2009b “The Ultimate Growth Industry”).

Women devote considerably more time than men to nonmarket work, including the care of dependents. Precisely because this work helps “pull the cart,” societies devote considerable effort and attention to ways of harnessing and driving it. Public policies toward family formation, marriage, child care, and elder care are not merely a byproduct of decisions made regarding wage employment. Indeed, in welfare state budgets, expenditures on dependents—expenditures that essentially replace and supplement those once made within families and communities—far exceed expenditures on job training for adults and social safety net provisions such as unemployment insurance.

In other words, the welfare state does not simply regulate or mediate capitalist relations of production; it regulates and mediates family life—the process of reproduction. It socializes some forms of family support and privatizes others; it promotes health and encourages fertility and defines citizenship and restricts immigration. Its taxes and transfers have implications for gender roles that reach well beyond differences in female labor force participation.

Mandel and Shalev, like the VoC team, hypothesize that coordinated market economies developed labor market institutions oriented toward specific skills, which in turn reduced women's economic opportunities in paid employment. How do we know that the causality did not work the other way around? Efforts to channel women's energies into reproductive tasks by restricting their opportunities to compete with men could have encouraged the development of labor market institutions oriented to specific skills.

My theoretical perspective suggests that human behavior is shaped by gender interests as well as class interests. Current forms of gender inequality are not simply a byproduct of different class arrangements, but the outcome of more complex strategic interactions. Within a production system based on a capitalist labor market, employers try to maximize profits subject to a cooperation constraint. If profits get too high, and wages too low, workers resist in ways that destabilize the system and undermine its efficiency. Within a reproduction system based on a patriarchal family, men try to minimize their responsibility for the care of dependents, also based on a cooperation constraint. If women grow discontented, they too can impose costs through resistance—or even simply through noncooperation (such as declining to rear children). The intersection between productive and reproductive systems—both part of the “the economy”—creates conflicting pressures and unstable coalitions.

This approach resembles the “dual systems” analysis that emerged from the Marxist-feminist debates of the 1980s (Ferguson and Folbre 1981). Since that time, interest in the concept of patriarchal capitalism has lapsed. My forays in this direction generally met with disinterest if not outright resistance, and I turned my efforts elsewhere (Folbre 1982, 1994, 2006a, b). Yet interest in the political economy of patriarchy has recently been revived by two scholars who I associate with the VoC approach, Torben Iversen and Frances Rosenbluth, who use it to explain the gender gap in political preferences (Iversen and Rosenbluth 2006).

The Mandel–Shalev argument could benefit by more explicit attention to concepts of patriarchal structure and patriarchal capitalist hybrids. This approach leads to conclusions similar to the one they reach, that low-income women are particularly disadvantaged in LMEs. In the United States, affluent women manage their care responsibilities by hiring low-wage women to provide them in relatively inexpensive child and elder-care facilities. Affluent women have little incentive to push for greater state provision. Poor women suffer both from low wages and a low level of public support for care provision.

In general, more extreme class inequality seemed to mute gender inequality, because it intensifies differences among women. In more class egalitarian societies, women perform more sex-stereotypical work, but are more generously paid for it.

The most powerful objection to this dual systems approach lies in its failure to theorize other dimensions of inequality based on race, ethnicity, and citizenship. I strongly believe that more attention needs to be devoted to these issues. But an important insight derives from the nature of patriarchy as a family-based system of control over women and children rather than merely a form of gender inequality (Braunstein and Folbre 2001; Folbre 2006b “Chicks, Hawks and Patriarchal Institutions”). Race, ethnicity, and citizenship all represent forms of fictive kinship. These culturally and legally constructed forms of group identity become focal points for collective action.

Indeed, the modern welfare state itself is largely grounded in the exclusion of noncitizens from participation. The welfare state does not merely distribute the surplus or the “fruits” of capitalism. It invests significant amounts of money in the production of care services and educational services that develop human capabilities and promote economic development. To gain citizenship in an advanced capitalist country is to gain access to an extremely valuable means of reproduction—access to health services and education for one’s children as well as one’s self. In many respects, both the warfare state and the welfare state represent the family writ large—a hierarchical unit that seeks its own collective interests in ways shaped by the relative bargaining power of its members.

This perspective raises more questions that I can satisfactorily address here. But I hope it will encourage scholars to look beyond the organization of the capitalist workplace to a larger analysis of production and reproduction as an integrated system. In their critique of the VoC approach, Mandel and Shalev urge us in this direction with their attention to the complex intersections of class and gender. I have learned a great deal from their careful analysis and I hope they will forgive my impatient exhortation for us all to move farther and faster away from the conventional definition of “capitalism.”

## NOTES

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