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# SEXUAL ORIENTATION AND LABOR ECONOMICS

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*Cara L. Brown*

## ABSTRACT

In attempting to ascertain various impacts on labor market outcomes using categories such as gender, race, ethnicity, and physical ability, a void exists with respect to sexual orientation. Whereas heterosexism and homophobia can explain some of the reasons for the void, the inability to collect data randomly about homosexuals' experiences in the labor market nullifies the basic tenet of all scientific research – random samples. A unique approach is presented which looks at income data for nonrelatives of the same sex, ages 45 to 64, living together in Canada, as a first attempt at comparing same-sex and opposite-sex genders, and is used to demonstrate the contribution of recognizing sexual orientation to economic questions. Other examples based on well-known debates about female labor participation and gender wage gaps are presented to evaluate the usefulness of studying economics recognizing sexual orientation. The need for such study is acknowledged as a measure of the inclusiveness of the economics discipline.

## KEYWORDS

Sexual orientation, heterosexism, homophobia, elasticities, sexual division of labor, wages

In this short note, I attempt to identify an advantage of nonheterosexist research within economics using examples drawn from studies on labor supply and wages, with an emphasis on female labor markets in North American society.<sup>1</sup> Adrienne Rich has suggested that an economics that comprehends the institution of heterosexuality would question the idealized double workload for women, known as the sexual division of labor (Rich 1986: 67). Alternatives to the heterosexual ideal, seen through same-sex relationships,<sup>2</sup> could be used as a model to depict women's work choices without compulsory heterosexuality,<sup>3</sup> which creates gender role conflicts and stimulates excessive responsibility by women for family needs, and leads to underinvestment in human capital.

Previous empirical investigations into the attachment of women to work or family responsibilities were tainted by the presumption that there was no difference between women who worked for pay and those who chose not to work for pay. Economists were convinced for two decades that women

were fundamentally different from men in their labor supply response to increased wages. Numerous studies empirically documented the large increases in female labor supply (in terms of hours of work) in response to small increases in wages. The opposite was held to be true for men, whose labor force supply *declined* slightly with small wage increases.<sup>4</sup> Some economists concluded that women were fundamentally different from men in their labor market behavior – and not long after, conclusions regarding women’s “fickle” taste for market work was used to reinforce the belief that women were not committed workers.

Sophisticated econometric techniques remedied previous crude measures and subsequently various economists demonstrated that women’s labor supply elasticities were similar to men’s elasticities – small and negative.<sup>5</sup> In conjunction with the techniques that improved this analysis, researchers acknowledged that previous estimates had been derived by either ignoring women who did not work for pay or by erroneously calculating unpaid workers’ wages as if they did work using the wages of those who were paid. No recognition was given to the role of compulsory heterosexuality and the sexual division of labor, which could have been offered as an explanation to account for differing degrees of labor force attachment exhibited by women. For instance, the pressure to “couple-up” with an opposite-sex partner and raise children, in conjunction with the excessive responsibility for raising children that is placed on women in society, may lead many women to curtail their labor force attachment compared to the choices some women might make without such pressure. For instance, one might suppose that lesbians who anticipate attaining their own economic self-sufficiency do not plan to interrupt their careers to have children, and do not foresee moving for their spouse’s career. Studying the labor market attachment and commitment of lesbians, compared to heterosexual women, might have allowed for a contrast in women’s labor supply behavior that could have illuminated the role of the sexual division of labor in influencing heterosexual women’s labor force decisions.

Another use of Rich’s theory of compulsory heterosexuality would involve a critique of some economists’ argument that the gender wage gap is due to the inherent female “preference” for family responsibilities. This argument suggests that the demand for children exhibited by women is higher than that displayed by men, and as a result women embrace the responsibility for raising families and voluntarily reduce their investment in human capital (education), curtailing when and how much they work. Productivity gaps between men and women in the form of education, experience, and on-the-job training are subsequently touted as the leading cause of the gender wage gap, and some economists argue that these productivity gaps result from voluntary choices. Rich’s notion of compulsory heterosexuality challenges the idea of an inherently stronger female demand for children compared to men, and hence the naturalness of the

sexual division of labor, by identifying the various mechanisms that leave women with no option but to couple with the opposite sex.

To investigate the contrast in earnings recorded by gay and straight men and women in the Canadian labor market, I have obtained a unique data set from Statistics Canada's 1991 Census. These data compare full-time, full-year wages of (presumably) heterosexual men and women to (potentially) homosexual men and women defined as those who are not relatives,<sup>6</sup> are the same sex, and are living together.<sup>7</sup> Men and women who are presumed to be heterosexual are grouped into various marital status categories.<sup>8</sup> Homosexuals who identified themselves on the Census form using a legal marital status category will be counted in the heterosexual group.<sup>9</sup> The 45 to 54 and 55 to 64-year-old age groups have been selected for presentation in Table 1 based on the belief that nonrelatives living together are more likely to constitute same-sex couples at older ages, when they are past prime marriageable years. Note that individuals who had previously been married but were separated, divorced or widowed at the time of the Census would *not* be included in this group, even if they were living with another person of the same sex.

The ratios calculated in Table 1 show that (presumably) heterosexual men (of all marital statuses, except single, never-married men) earn more than

*Table 1* Employment income,<sup>a</sup> males and females, Canada, 1990 (same-sex and opposite-sex couples)

	<i>Sex and age</i>			
	<i>Males</i>		<i>Females</i>	
	<i>45-54</i>	<i>55-64</i>	<i>45-54</i>	<i>55-64</i>
<b>Opposite-sex*</b>				
Married	\$43,340	\$38,067	\$24,101	\$21,273
Separated	\$40,087	\$35,100	\$24,876	\$22,156
Divorced	\$37,184	\$33,198	\$27,067	\$24,661
Widowed	\$36,920	\$32,925	\$23,071	\$21,541
<b>Same-sex**</b>	\$33,281	\$31,135	\$31,329	\$26,246
Ratio married/same-sex	130.2%	122.3%	76.9%	81.1%
Ratio separated/same-sex	120.5%	112.7%	79.4%	84.4%
Ratio divorced/same-sex	111.7%	106.6%	86.4%	94.0%
Ratio widowed/same-sex	110.9%	105.7%	73.6%	82.1%

(a) Full-time, full-year employment income.

\* Excludes single (never-married) persons in these age groups.

\*\* Based on nonrelatives of the same sex living together. Of these individuals, those who had been previously married but were separated, divorced, or widowed at the time of the survey would have been classified according to these legal marital statuses, and would not be included in this group.

(potentially) homosexual men; but the reverse is true for (presumably) heterosexual women whether married, separated, divorced, or widowed when compared to women living with other women. Moreover, the wage gap between married and widowed women (who have another income source to depend on<sup>10</sup>) vis-à-vis (potentially) homosexual women is similar to the wage gap between men and women – it ranges from 25 to 26 percent. Because these data are based on full-time, full-year work, reduced labor supply in 1990 would not be a reason for the wage gaps existing in 1990. Reduced labor supply before 1990 could be an underlying factor, however, if the married, separated, divorced, or widowed women had previously interrupted their labor supply prior to 1990, as is likely for these age groups.<sup>11</sup>

In reviewing the data in Table 1, we can see that the group identified as presumably lesbian earned almost as much as those presumed to be gay men, but still less than heterosexual males (as identified by legal marital status). Perhaps lesbians who are compelled to maintain their own economic self-sufficiency might demonstrate work attachment and commitment that is similar to males, accounting for lesbians' higher wages at mid-career ages. The type of analysis Badgett conducts in *The Wage Effects of Sexual Orientation Discrimination* (1995) using OLS would verify or refute these findings by isolating determinants of earnings, such as education, work experience, occupation, and industry from marital or living status.<sup>12</sup>

The type of data analysis initiated in this short essay reflect the main goals of feminist economics, which include:

- 1 making women visible;
- 2 understanding gender inequalities;
- 3 modifying the theory, methods, and practice of the discipline (identifying and countering gender biases); and
- 4 reinterpreting received wisdom through a more inclusive address.<sup>13</sup>

When we adapt these goals to gays and lesbians, they would be modified as follows:

- to make gays and lesbians visible, thereby legitimating their experiences;
- to understand inequalities resulting from heterosexism and homophobia;
- to counteract heterosexist biases within the discipline itself by modifying theory, methods, and/or practices; and
- to offer a more inclusive approach.

Asking Statistics Canada for data about households consisting of same-sex adults who are not relatives enhances visibility. This process also highlighted the difficult task of identification when Statistics Canada does not provide a category for homosexuals to identify themselves on the Census questionnaire. Recognizing same-sex unions in the marital status section of the Census surveys could influence policy-making in Canada, as could identification on Revenue Canada's income tax forms. Inclusion in the

latter might prompt the federal government to reconsider the tax benefits conferred through marital status (or common-law cohabitation), such as the spousal income credit, RRSP<sup>14</sup> rollover regulations, and Canada Pension Plan survivorship entitlements. At the present time, the Canadian government recognizes sexual orientation as a protected ground from discrimination in employment for federal government employees. However, it has not yet amended the *Charter of Rights and Freedoms* to include sexual orientation as a protected category (which would apply to all Canadians),<sup>15</sup> and to date the Supreme Court of Canada has denied gays benefits regularly accruing to opposite-sex common-law and married couples.<sup>16</sup>

Recognizing lesbians as a group of women who do not necessarily yield to compulsory heterosexuality promotes a more inclusive economics. This more inclusive approach would not allow wage inequalities to be perpetuated between men and women by simply attributing such inequalities to inherently different preferences for work and family and supposedly voluntary choices arising from such preferences. Seeking alternative explanations for female labor supply behavior in the comparison of gay and straight women's labor supply behavior and wages modifies heterosexist biases existing within labor market theory and empirical work.

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## NOTES

<sup>1</sup> I limit myself to labor markets in Canada and the U.S. because I am not familiar with labor markets and the experiences of gays and lesbians in labor markets outside North America.

<sup>2</sup> This is not to allege that all same-sex relationships are free from gender role conflicts or the internalization of patriarchal role models. Presumably, there are high-income earning individuals who pair with low-income earning individuals and replicate divisions of labor similar to the one seen often in heterosexual couplings. However, the possibility may be increased in same-sex relationships

- for divisions of labor to be determined by factors other than sex. Without gender role expectations, preferences based on skills or interests could determine who becomes responsible for the task, rather than gender.
- <sup>3</sup> Rich defines compulsory heterosexuality as "the enforcement of heterosexuality for women as a means of assuring male right of physical, economic, and emotional access." One of the means of enforcement is the invisibility of lesbian existence.
  - <sup>4</sup> See O. Ashenfelter and R. Layard (eds.), *Handbook of Labor Economics*, Vol. I (Elsevier Science Publishers BV: 1986), Chapter 2.
  - <sup>5</sup> See for instance E. R. Berndt, *The Practice of Econometrics Classic and Contemporary* (Addison-Wesley: 1991); T. A. Mroz, "The Sensitivity of an Empirical Model of Married Women's Hours of Work to Economic and Statistical Assumptions," *Econometrica*, July 1987; C. Robinson and N. Tomes, "More on the Labour Supply of Canadian Women," *Canadian Journal of Economics*, February 1985; and A. Nakamura and M. Nakamura, "A Comparison of the Labor Force Behavior of Married Women in the United States and Canada, with Special Attention to the Impact of Income Taxes," *Econometrica*, March 1991, 451–89. (The latter two particular to the Canadian female labor market.)
  - <sup>6</sup> Men and women living with the same sex but who had the same surname were excluded in an effort to omit siblings and parents and children. Thus, men and women who were relatives but who had different names may be included in the "same-sex couple" sample.
  - <sup>7</sup> Statistics Canada caution that simply compiling data on nonrelatives residing together does not mean they are same-sex couples.
  - <sup>8</sup> Widows are assumed to be heterosexual as they used to have an opposite-sex wife or husband.
  - <sup>9</sup> Statistics Canada does not provide a category for homosexuals to identify their sexual orientation or convey cohabiting relationships. Consideration for such a category is being contemplated for the 2001 Census.
  - <sup>10</sup> Widowed women typically receive life insurance benefits, or at a minimum CPP survivor benefits.
  - <sup>11</sup> See, for instance, research regarding labor force interruptions in Statistics Canada's 1984 *Family History Survey* and the 1976–94 *Labour Force Historical Review*.
  - <sup>12</sup> This analysis was not done because Statistics Canada provided only derivations of the data in tabular form, not the actual observations.
  - <sup>13</sup> Martha MacDonald, "What is Feminist Economics?" *Papers on Economic Equality*.
  - <sup>14</sup> RRSP is an acronym for registered retirement savings plans, Canada's main tax shelter for investing in retirement portfolios.
  - <sup>15</sup> In *Delwin Vriend v. Her Majesty the Queen in Right of Alberta and Her Majesty's Attorney General in and for the province of Alberta*, Vriend was dismissed from his employment as a teacher at King's College in Edmonton after anonymous disclosure of his sexual orientation. At the Court of Queen's Bench level in Alberta, Madam Justice Russell read in "sexual orientation" in the relevant provisions of the Individual Rights Protection Act (IRPA). The provincial government appealed and won its appeal on the basis that because heterosexuals are not given "special rights" or protection, nor should homosexuals. The Supreme Court of Canada granted leave to hear Vriend's appeal on October 3, 1996; the hearing took place in the fall of 1997. Vriend was successful on appeal to the Supreme Court; the decision was rendered April 2 1998.
  - <sup>16</sup> In *Egan v. Nesbit*, decided by the Supreme Court of Canada on May 25, 1995, the Court held that sexual orientation (and one's partnerships and status) are protected grounds under section 15 of the *Charter of Rights*, but decided that the

government needed flexibility in extending social benefits. The Court therefore denied one partner's right to the Spousal Allowance, which is paid to spouses who receive the Guaranteed Income Supplement.

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