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THE HOLE IN THE GLASS CEILING IS GETTING BIGGER

BY JOHN CASSIDY



The Facebook executive Sheryl Sandberg.

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In recent years, Fortune 500 companies have appointed a good number of women to top jobs. From Meg Whitman at eBay and Sheryl Sandberg at Facebook to Indra Nooyi at Pepsico, and Ginni Rometty at I.B.M., and Mary Barra at General Motors, they are in newspapers, on magazine covers, and on best-seller lists.

But how general is the phenomenon of females rising to the top? Despite the progress that has been made in promoting gender equality in the workplace, it sometimes seems like only superwomen break through the glass ceiling. In some sectors of the economy, such as manufacturing and finance, male-dominated executive suites are still very much the norm.

many women have made it to the corner office. When Justin Wolfers, of the University of Michigan, did this for a fifteen-year period beginning in the early nineteen-nineties, he found that just 1.3 per cent (<http://www.nber.org/papers/w11989>) of C.E.O.s were women—a scandalously low figure.

Arguably, however, the better measure of advancement is not corporate status but money. After three decades of rising inequality, the gap between the top one per cent of the income distribution and middle-income Americans is wider than it's ever been. But how many of the one-per-centers, and the 0.1-per-centers, are women?

Thanks to an important new study (http://scholar.princeton.edu/sites/default/files/gkaplan/files/guvenen_kaplan_wp_2014_0.pdf) that is based on a massive sample of individual income records obtained from the Social Security Administration, we now have some reliable answers. The records confirm that, over the past thirty years, the holes in the glass ceiling have grown a lot bigger, and that many more women have clambered through them. Despite these improvements, though, the ceiling remains intact: women still make up less than a fifth of the economic élite.

Here are the figures: In 1981, just 5.6 per cent of the top one per cent were women. By 2012, that figure had risen to 18.3 per cent. To look at it another way, thirty-odd years ago there were about seventeen men for every woman in the one per cent; today, there are about four and a half.

To be among the top one per cent in 2012, you had to earn about two hundred and ninety-one thousand dollars. The threshold for the top 0.1 per cent was just over a million dollars. Among this élite of the élite, women are even more underrepresented than they are in the top one per cent, but, here too, a big change has taken place. In 1981, just 3.3 per

proportion had risen to thirteen per cent.

Because individuals' incomes tend to jump about quite a bit from year to year, it can be dangerous to generalize on the basis of one-year snapshots. To correct for this, the authors of the study—Fatih Guvenen, of the University of Minnesota; Greg Kaplan, of Princeton; and Jae Song, of the Social Security Administration—also calculated some averages for five-year periods, which tell a similar story. From 1981 to 1985, 3.2 per cent of the top one per cent of earners were female; from 2008 to 2012, that figure had jumped to 16.4 per cent. (Among the 0.1 per cent, the female share was 1.9 per cent from 1981 to 1985, and 10.5 per cent from 2008 to 2012.)

Guvenen, Kaplan, and Song rightly describe the rise in the number of female top earners as “striking.” They also emphasize some less encouraging trends, such as the fact that, among the 0.1 per cent, almost all of the gains took place in the eighties and nineties. The past decade, the authors note, “has seen almost no further improvement” at the very top. But that finding doesn't apply to the rest of the one per cent, where the proportion of women is still rising among all age groups, and especially among younger ones.

What is driving these trends? Part of the answer is that women who reach the top levels of income distribution now tend to stay there. Thirty years ago, that wasn't true. There was a tendency for women who did very well one year to fall off the next—a phenomenon that the authors refer to as “the paper floor.” “The persistence of top-earning females has dramatically increased in the last thirty years, so today the paper floor has been largely mended,” the paper says. “Whereas female top earners were once about twice as likely as men to drop out of the top earnings groups, today they are no more likely than men to do so.” The impact of this change has been substantial. According to Guvenen, Kaplan, and Song, it accounts for more

one per cent.

Is this because successful women don't drop out of the workforce to raise families as often as they once did? The paper doesn't really answer this question. However, it does show that the impact of domestic life hasn't gone away. Among the top one per cent, the gender gap between men and women increases for those in their thirties, "presumably when some females' careers are interrupted for family reasons," and then declines among older cohorts.

Interestingly, the researchers find that broader changes in the structure of the economy, such as the decline of manufacturing and the expansion of tech, don't seem to have played much of a role in the rise of the female one-per-center. The incidence of top earners across various industries is very similar for males and females, the study finds. For both genders, "the dominance of the finance industry is staggering." People working in finance make up just 5.5 per cent of the labor force. But among men *and* women, the industry accounts for about a third of the top 0.1 per cent.

Demographics appear to be more important than structural shifts in employment. As time goes on and new groups of young women enter the workforce, they are "making inroads into the top one per cent earlier in their life cycles than (in) previous cohorts," the paper notes. This is true across most sectors of the economy. If the process continues, and there's no obvious reason why it wouldn't, the trends that we've seen over the past thirty years should continue. We can expect to see a continued rise in the share of women in the top one per cent, and, perhaps, also in the top 0.1 per cent.

Of course, that means rich women have to be included in the broader debate about rising inequality and the reasons for it. Interestingly, the paper finds that incomes at the top and the

share of overall income taken by the top one percent have both stabilized during the past decade—perhaps because of the recession. But that means inequality remains prevalent at a very high level, among both men and women. The authors note that we need to know more about what is driving this phenomenon: Are high earners more productive than they used to be, or are they extracting rents from the rest of us?

The paper doesn't answer that question, but it provides a lot of new information about gender differences among top earners. We know that we aren't approaching gender equality, or anything like it. While females make up about half the working population, their representation in the one per cent still lags way behind that of men, and that's even more true for the 0.1 per cent, where progress appears to have stalled. But women like Whitman, Sandberg, Nooyi, Rometty, and Barra aren't alone. Coming up behind them are many more successful women who are already part of the economic élite.



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