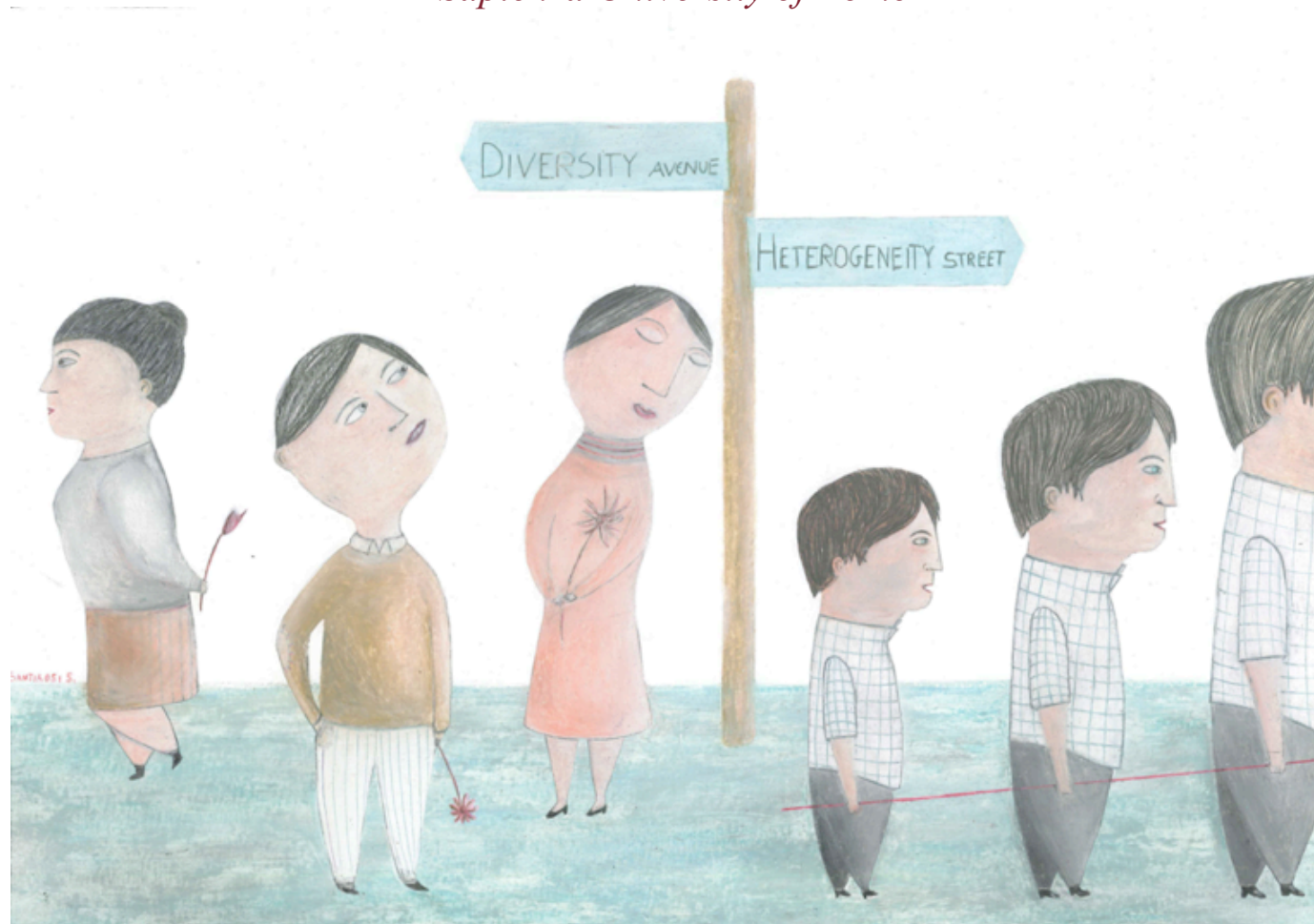


# Gender and the household in the history of economics

## 1 – Introduction

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# Objectives

- To introduce students to historical and methodological issues concerning:
  - the analytical status of gender differences;
  - the household as a unit of analysis.
- To investigate how economists conceived of the following topics:
  - how the economic model(s) of individual behaviour fit the observed behaviour of men and women;
  - the nature and relevance of the sexual division of labour within the household and in the market, as well as the relation between paid and unpaid labour;
  - the economic roots and the economic explanation(s) of differences between men's and women's behaviour and of gender discrimination;
  - economic theories of the demographic transition(s), especially concerning households' size and composition.
- Main references
  - D'Ippoliti C. (2011), *Economics and Diversity*, New York: Routledge.
  - Folbre N. (2009), *Greed, Lust and Gender. A History of Economic Ideas*, Oxford: Oxford University Press.
  - Roncaglia A. (2005), *The Wealth of Ideas. A History of Economic Thought*, Cambridge: Cambridge University Press.

# Gender in the history of economics (HET)?

1. “Missing women”: accounts of how women and women’s work went neglected
  - Focus on the big names
  - Rediscovery of women thinkers
2. “Masculinity and femininity”: exposition of a bias in the contents and methods of economics, with the consideration for:
  - passions and a-rational behaviour,
  - income and time constraints,
  - household production
3. “Gender roles” (here): asking how economic variables shape men’s and women’s behaviours and roles in society, and vice versa

# Outline

- So what do we talk about, when we talk about **gender**?

## 1. Individual and collective behaviour

## 2. Social reproduction

## 3. Social provisioning

(production and distribution of income)

- A note on terminology:
  - we talk about **sex** when referring to biological differences between *males* and *females* (and intersex)
  - we refer to **gender** when considering the social life of *men* and *women* (and trans)
    - thus, ‘gender roles’ refers to the set of rules and expectations governing the behaviour of men and women

Please interrupt me

# Why gender?

- Inequality is back on the agenda in many (most?) countries
- Once we start asking how much difference may be produced by society, we soon appreciate that the share of difference accounted for by “nature” (biology) is largely exaggerated
- Gender inequality is different from other forms of discrimination because, in many aspects, it is grounded in the **division of labour**: i.e. it is not just of *social*, but of *economic* origin
  - In turn, gender roles produce a number of economic outcomes, e.g. in terms of demographic trends, income distribution, labour market dynamics, etc.

# What is HET?

- Schumpeter (1954):
  - History of political economy
    - “by system of political economy I mean an exposition of a comprehensive set of economic policies that its author advocates on the strength of certain unifying (normative) principles”
  - History of economic analysis
    - “we are not so much interested in *what* he argued for as we are in *how* he argued and what tools of analysis he used in doing so”
  - History of economic thought
    - “that is, the sum total of all the opinions and desires concerning economic subjects, especially concerning public policy [... that] float in the public mind”
- We will mainly be concerned with the second approach
  - However, not exclusively: Lee (2009): “what constitutes scientific knowledge has both a subjective and a ‘community approval’ component”

# Why studying HET?

- Pedagogical reasons:
  - Schumpeter (1954):
    - HET is useful to think of new ideas and methods
    - HET prevents students from lacking a sense of direction and meaning
  - Roncaglia (2005):
    - HET makes students accept the existence of different approaches to economics...
    - ... and learn to interact with those following a different approach
  
- But why do economists engage in HET?
  - Tradition
  - Theoretical reasons
  - Sociological reasons
  - Crisis?



# The principle of authority

- Several founders/pioneers of economic schools felt compelled to trace a heritage line of their ideas with some prior tradition or great thinker
  - Thorstein Veblen, Piero Sraffa, Karl Marx, J.M. Keynes, Joseph Schumpeter, etc.
  - They needed to clarify the deep conceptual differences of their approaches to the (then) mainstream
  - They bequeathed such method/mode of thought to their followers
- Marcuzzo and Rosselli (2002): two “Whig” approaches to HET: the *quest for ascendancy* vs. the *quest for alternative*

# Theoretical reasons

- distinct stages in economic research:
  1. the “pre-analytic cognitive act” or **vision**: tentative hypotheses as to the direction of research;
  2. **conceptualization**: “to verbalize the vision or to conceptualize it in such a way that its elements take their places, with names attached to them that facilitate recognition and manipulation, in a more or less orderly schema or picture” (Schumpeter, 1954);
  3. model building: economic “analysis”;
  4. the application of such model(s) to the interpretation of economic reality.
- HET is especially useful in stage 2 (in the attempt to clarify stage 1 too).
- According to Schumpeter, ideology affects the vision, but not the analysis

# Vision is necessarily shaped by ideology

- Mine in preparing these lectures:
  - If we accept that human beings are endowed with ‘natural’ and inalienable rights, this applies to men and women alike. If instead we adopt a consequentialist view, men and women count the same
  - The sexes differ biologically (e.g. ability of child bearing, muscular strength)
  - The social consequence of these differences, as well as of other (actual or presumed) differences between men and women are variable across time and space

# Overview

# Main theme

- Gender was never absent from social and political thought
- It becomes a central political topic during the second half of the XIX century (especially with central figures such as J.S. Mill and Gustav von Schmoller)
- Then, it virtually disappears from economic theory: the marginalist revolution moved the focus of economics to market transactions and pushed part of household economics into a black box
  - The parts of household economics that continued to be studied include consumption and labour supply, two areas closely tied to the monetary economy.
  - During this period some agricultural and home economists studied household production (e.g. Reid, 1934)
  - discussing gender possibly requires a view of society and of the economy different from an archipelagos of isolated self-determined egotistic individuals

# Outline: periods of “normal science” in HET



# Roots of the debate on gender differences

- Ancient times: sexual division of labour rests on a natural basis
  - it arises prior to society, it cannot be changed, it is good
- English Empiricism: opposition to Natural Right doctrine
  - Locke identifies the source of men's power (and its legitimation) in men's enhanced ability to produce wealth. Emergence of gender as a power relation
- Enlightenment: freedom and perfectibility of human being
  - Montesquieu maintains that women exhibit lower bodily and cognitive abilities, but he observes that the social relevance of this inferiority is variable: it depends on social institutions
  - Condorcet, Wollstonecraft (and others) propose to address women's issue by extending education and voting rights

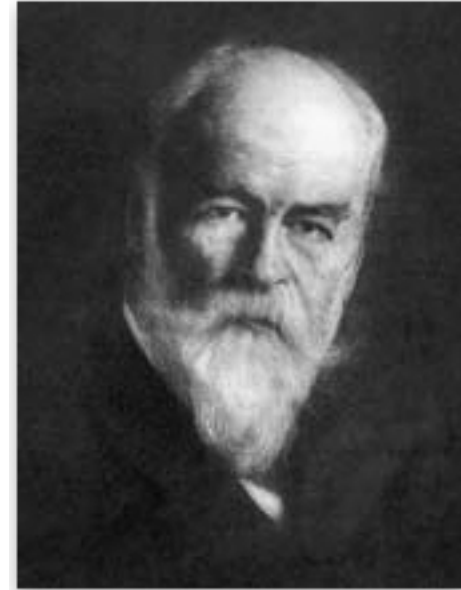
# Classical Political Economists on Gender

- Smith: Stages of development (LJ)
  - stages coincide with the stages of economic development: hunting, cattle, agriculture, trade
  - men's power arises from women's economic and military dependence
- James Mill denies that women should be granted suffrage
- Bentham clearly sees a case for the application of the principle of Utility, but he hesitates to put it into practice
- Say maintains that the family and the firm are not feasible for decentralized or competitive division of labour (segregation and subsidies for unaccompanied women)
- Malthus's principle of population: irrationality of (wo)men calls for (men's) control. Impossibility of human improvement
- Consensus view: women's labour supply depresses wages



# We will focus on John Stuart Mill and Gustav Schmoller

- maturity of industrial capitalism
- maturity of both British Classical Political Economy and (Young) German Historical School
- gradual shift of the mainstream par. of economics
- emergence of the Women's Question / Frauenfrage



- Cultural leaders of their country's economists
- Critically contribute to the debate on the method of economics / Methodenstreit
- Thorough treatment and interesting policy proposals
- Two economic explanations of gender inequality

# Setting the stage

# The cumulative view of HET

- Underlying the mainstream view on the limited usefulness of HET is the assumption that there is one correct approach to economics
- “cumulative view”: economics changes over time, but with steady **progress** in the understanding of economic reality, piling up new theories and new facts (a smooth process of error removal)
  - the provisional point of arrival of contemporary economics incorporates all previous contributions in an improved way
- its methodological background is a **positivist** view of science, according to which science works by *applying* logical analysis *to* experience
- However, positivism has been widely criticized in the XX century (Popper, Kuhn, Lakatos, ...)

# The competitive view

- different paradigms coexist, some come to dominate for a period and then perish, others recurrently reappear (possibly subject to a different conceptualization and an update to the spirit of the time)
- HET is useful in the debate/comparison of paradigms:
  - Clarification of historical origins of different paradigms
  - Highlighting world-views, conceptual differences, and differences in the meanings of concepts
  - Stressing the differences in the applicability of theories
  - Promoting pluralism and diversity

# Competing visions and paradigms

- With the “circular flow of production and consumption”, prices of production express the relative difficulty of production of the different commodities
  - each sector must continuously receive from the other sectors its means of production giving in exchange its own products;
  - each sector obtains a rate of profits not inferior to that prevailing in other sectors.
- With the “one-way avenue”, agents are motivated by maximization of their satisfaction and constrained by the amounts of available resources.
  - Prices are indexes of relative scarcity,
  - the notion of equilibrium between supply and demand is central for the marginalist approach



# Conceptualizations of the price system: the marketplace view





# Equilibrium as “market clearing”



# An alternative: the market system view (division of labour)





# Equilibrium: reproduction of the system



# Classical and Marginalist Worlds

<b>Vision</b>	Circular Flow	Unidirectional avenue
<b>Problem</b>	Reproduction of the system	Allocation of scarce resources
<b>Approach</b>	Objective	Subjective
<b>Value</b>	Difficulty of Production + Income Distribution	Scarcity + Utility



<b>Method</b>	Aggregation, Separation of issues	Individualism, General Model
<b>Equilibrium</b>	Uniformity of Profit Rate(s)	Market Clearing
<b>Mechanism</b>	Competition of Capitalists	Competition of Exchangers

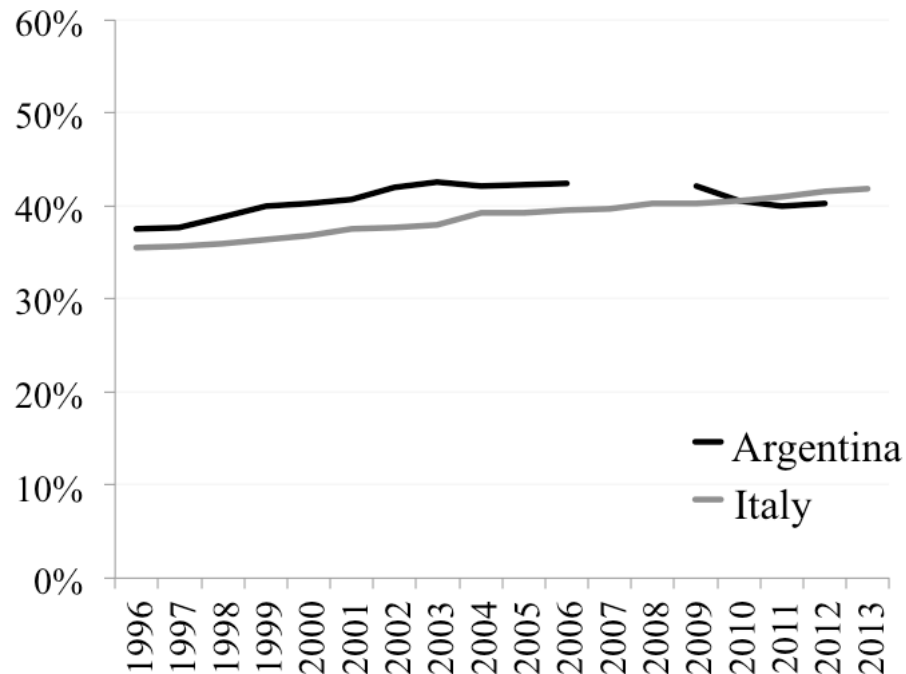
# How economists look at gender today

# The American Economic Association's JEL codes

- B5 Current Heterodox Approaches
  - B54 Feminist Economics
  
- J1 Demographic Economics
  - J12 Marriage • Marital Dissolution • Family Structure • Domestic Abuse
  - J13 Fertility • Family Planning • Child Care • Children • Youth
  - J16 Economics of Gender • Non-labor Discrimination
  
- J7 Labor Discrimination
  - J70 General
  - J71 Discrimination
  - J78 Public Policy
  - J79 Other

# “Equal opportunities” = equal outcomes ?

- Most economic literature focuses on the labour market. Let us consider e.g. women’s share of employment:



- Under ‘neoclassical’ assumptions, women’s lower employment due to differences in **labour supply**
  - (individual level: choice between leisure and consumption; household level: specialisation of individuals’ roles)



# Becker (1957): *The Economics of Discrimination*

- Differences in **labour demand** can only either:
  - be ‘justified’: “in the market place, ‘objective’ behavior is based on considerations of productivity alone” (p. 39)
  - be ‘unjustified’ and thus constitute **discrimination**:

“Money [...] will also serve as a measure of discrimination. If an individual has a ‘taste for discrimination,’ he must act *as if* he were willing to pay something [...] to be associated with some persons instead of others” (p. 14)
- An employer discriminates if “he” refuses to hire someone with a marginal productivity ( $mp$ ) higher than the market wage ( $w$ ).
- “He” must be acting as if the wage for that person is  $w(1+d)$ , where  $d$  is a coefficient of discrimination (a measure of ‘his’ **taste for discrimination**). This way it becomes evident that:
  1. discriminating firms incur a **cost**;
  2. discrimination is **rational**: it follows logically from the preferences

# Discrimination in the labour market

- If all firms have the same technology, firms with smaller  $d$  are profitable and tend to expand.
  - In equilibrium, only the firm(s) with smallest  $d$  produce
- (Perfect) **competition expels all discriminating firms** from the market if at least one employer has  $d = 0$
  
- Then why do we observe discrimination?
  
- **Statistical discrimination** (Phelps and Arrow):
  1. Employers cannot observe individuals' productivity *ex ante*, but they know that on average certain observable characteristics are correlated with it
  2. Women are **on average** less productive than men
- Under (1) and (2), it is rational to pay a **lower wage** to women. This way, discriminating firms are more, not less efficient

# Stat. discr. model allows focusing again on **labour supply**

- Why would women be on average less productive? Because they have interrupted and often part-time **careers**, and they invest less in “marketable” skills
- This follows from Becker’s (1981) theory of the family:
  - “If commodity production functions have constant or increasing returns to scale, *all* members of efficient households would specialize completely in the market or household sectors and would invest only in market or household capital” (p. 35)
  - “From biological differences emerges the not-so-startling conclusion that the sex of household members is an important distinguishing characteristic [...]. If women have a comparative advantage over men in the household sector [...] an efficient household would allocate the time of women mainly to the household sector and the time of men mainly to the market sector” (p. 38)



# Contemporary developments

- New Home Economics (NHE), the application of rational-behaviour marginalist analysis to the study of households developed after the work by Gary Becker and Jacob Mincer at Columbia (then Chicago) in the 1960s
- Still today, the most common household models assume one-person households and analyse decisions regarding consumption, savings, and labour supply
- These can be considered as equivalent to multi-person households that act as if they were one unit ('unitary' models)
  - Some unitary models assume that the household has one altruistic head, which leads everyone in the household to act in the household's best interest.
  - A problem with unitary models is what Apps and Rees (2009) call the anonymity implication: unitary models assume that it does not matter who within the household earns a particular income.

# Multi-person household models

- Alternative models assume that individual members of multi-person households keep their own preferences and constraints. These models include: consensual models, models of independent individual decision-making, and bargaining models
  - Consensual models follow Samuelson (1956) in assuming that households have a **social welfare function** reflecting a household consensus
  - Independent-individual models, e.g. Becker's (1973) competitive marriage model, Keeley's (1977) marital search model and Grossbard-Shechtman's (1984) model of marriage and labor markets, assume that **marriage markets** are in equilibrium and that individuals with separate preferences and constraints agree on exchanges based on equilibrium prices established in markets.
  - Bargaining models assume that household members play a **cooperative** (e.g. McElroy and Horney 1981, Chiappori 1988) or **non-cooperative game** (e.g. Konrad and Lommerud 1995).
    - All these non-unitary models usually analyze how outcomes (e.g. home production, division of labour, labour supply) vary according to factors such as age, sex ratios in marriage markets, and divorce laws

# The ‘pre-history’ of economics

- Development of the main concepts
- Individuals behaviour and classes of individuals

# Why “pre-history”?

- Two main streams of literature at the origin of Classical Political Economy: moral philosophy and pamphlets
- In turn, these originate from the Middle-Ages, when the foundations of crucial economic concepts were laid down, e.g.:



Private property (legitimacy?)

Social class (economic sectors?)

Money

“Natural” Law

Interest and usury

Division of Labour

Value

Price level

Balance of Payments

...

# Ancient Greece

- Greek thought revolved around concrete problems: *Oikos-Nomos* is the art of good household management
  - Aim at regularity: life was dominated by calamities, either natural (e.g. epidemics) or social (e.g. violence, arbitrary exercise of power)
  - However, the Polis is not qualitatively different from the family, only larger (but the sophists were in favour of a “social contract” hypothesis)
- Plato: normative approach
  - Three castes: philosophers, soldiers, farmers
    - Stemming from **nature** (innate differences among persons)
    - Division of labour increases efficiency as everyone specializes in what, by **nature**, she is best fit for

# Aristotle

- Descriptive motive, based on induction. General prescription: what is “**natural**” is **just**.
- Two classes of social phenomena
  - “Natural laws” are universal and necessary, others were instituted by legislation or custom
  - Slavery belongs to the first kind of laws. It arises from natural differences: cases of unnatural, hence unjust, slavery (mass enslavement)
- **Value in use** (proper) and **value in exchange** (unnatural)
- **Just Price**: corresponding to commutative justice (equivalence of values exchanged)
  - Condemnation of **profits from exchange** (including interest, which stems from exchange of money)

# The Bible

- Work as self-fulfilment:
  - God assigned tasks to man, when creating him. Hence labour is part of the nature of man and of the divine project
- Positive connotation:
  - God works six days, rests on the seventh
- After the original sin, “compulsory” work is a punishment
  - “cursed is the ground for thy sake ...in sorrow shalt thou eat it all the days of thy life”
- It remains part of the good behaviour, conforming to divine law, but it is a source of pain
  - furthermore, working prevents men from sin



# Middle ages



- Typically international spirit (Church, Empire)
- The Church provided education and protection for the intellectuals (monks or friars)
  - monastic orders frequently disagreed,
  - substantial freedom of research outside the sacred precinct
  - study and copy of the works of the past
- Christian religion was an oppressed sect. After Constantine, the Fathers were interested in the good behaviour of the individual, not in the optimal social institutions
  - They looked for universal principles, uniform practice of confessors
  - They acted on a “case law” basis



# The fathers of the Church

- All men are equal before God. No Christian should accept being richer than anyone else.
  - However, this is a “counsel of perfection”, not a precept.
- Thomas: private property induces the practice of some virtues
  - Chrysostom: God assigned earthly goods to all men. Ambrose: private property originates from usurpation
  - The Church itself became one of the major landowners
  - Alms are a duty to fight poverty, not to modify social stratification
- Slavery is not a natural (divine) institution

# Scholastic contributions

- While Aristotle had divided the sciences by subject, St. Thomas divided the sciences in “*philosophicae disciplinae*” and “*sacra doctrina*” (by **method**)
  - The former are studied by human reason, the second makes use of revelation
  - Use of the *principle of authority* outside theology is a weak argument
- the Fathers were interested in the good behaviour of the individual, not in the optimal social institutions
  - They looked for universal principles, uniform practice of confessors (a sort of “case law” basis)
- **Just Price**: price prevailing in the market in the absence of fraud or monopoly
  - Affected by the social structure: “just” is the what allows the seller to maintain an “adequate” standard of living

# Renaissance



- rise of National States (bureaucracy)
- worsening of the status of fixed-income classes (aristocracy and clergy), rise of a mercantile bourgeoisie interested in *profits upon alienation*
  - expansion of long-distance trade
  - dramatic hyperinflation generated by the silver and gold from the colonies (QTM: Copernicus, Bodin)
- Scientific methodology based on empirical evidence (Machiavelli)
  - press technology
  - new Universities

# Natural Law (Normal? Just?)

- Aristotle: “naturally just” is enforced by the necessities of life, as opposed to “institutionally just”
- Cicero: natural law is the “jus gentium”, as opposed to (formalistic) civil law
  - It is the law which Reason establishes for all men, as opposed to the laws of a specific society (roman citizens vs foreigners)
- St. Thomas: the set of rules that Nature imposes upon all animals, but also social necessity or expediency, “by virtue of the nature of the case”.
  - The concept becomes variable, assessment is the general opinion
- Analytically, it frequently emerges from
  - “historical reconstructions” of an imaginary early state of society
  - an ideal sequence of events that would be produced in the absence of perturbations

# the “natural law” doctrine

- Hostility to absolutism induced to construct arguments of “natural” rights (i.e. before society “enters”)
- Pufendorf:
  - *legal price*, determined by laws; *natural price*, by common evaluation; *just price*, the common evaluation of experts
- Hobbes:
  - the state of nature, characterized by maximum freedom, is a struggle of all against all.
  - Rational consent brings men together under accepted conventions (*consensus* as principle of legitimation vs “the nature of things”)

# John Locke (1632-1704)

- Land was given to all men, but as soon as they work on it, they acquire a right to the product. Everyone as a natural right to her person, including her work, hence on the product of her work. Thus, private property is a natural right
- Men and women were born with equal rights. However, men have greater capacity of producing wealth. This is the source (and legitimisation) of their dominance in the family and in society
  - “God, in this text, gives not, that I see, any authority to Adam over Eve, or to men over their wives, but only foretells what should be the women’s lot, how by this providence he would order it so that she should be subject to her husband”
- Significant step toward the secularisation of the debate: Questioning the divine rights of kings, he questioned the traditional foundations of society



# William Petty (1623-1687)

- Professor of anatomy at Oxford, then Music in London
  - Chief medical officer of the English army in Ireland, responsible of a geographical survey of the island
- Founder of **Political Arithmetic**
  - Applying the quantitative method to the social phenomena: measurement is the major object
    - He tried to estimate the velocity of circulation (Locke): weekly revolutions of payments for the poor people →  $1/52$ ; quarterly payments for rents →  $1/4$
  - Mechanical view of nature (Hobbes, Galileo): natural laws “are written in mathematical characters”



# *You ordered all things by measure, number, weight*

- *Dialogue of diamonds*: the commodity is an abstraction, developed to establish a general rule for a plurality of exchanges. Hence, the market is an abstraction
  - an inexperienced buyer will see the exchange in isolation, hence she will think that price depends on bargaining
  - for a merchant it is part of a routine. She will compare the specific item to an ideal type of commodity, and determine the particular price by applying quantitative adjustments

- What is the price of an ideal commodity?

- Natural price: “depends upon the few or more hands requisite to necessities of Nature”
- Political price: the cost of production in a given society. It will usually be sub-optimal (higher than the natural price) due to the technology actually in use and institutional inefficiencies
- Current price: still a theoretical variable, is the political price expressed in monetary terms

- Commodities will exchange in proportion to the **Labour and Land** necessary for production, because these will be the ultimate costs of production

# From now on, we divide the argument into two strands:

- Theories of individual and collective behaviour
  - how women, men and families take decisions, and are these shaped by society?
- Theories on social provisioning
  - How does society reproduce itself and how does this impact on the institution of family?

# questions, comments, ...?

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