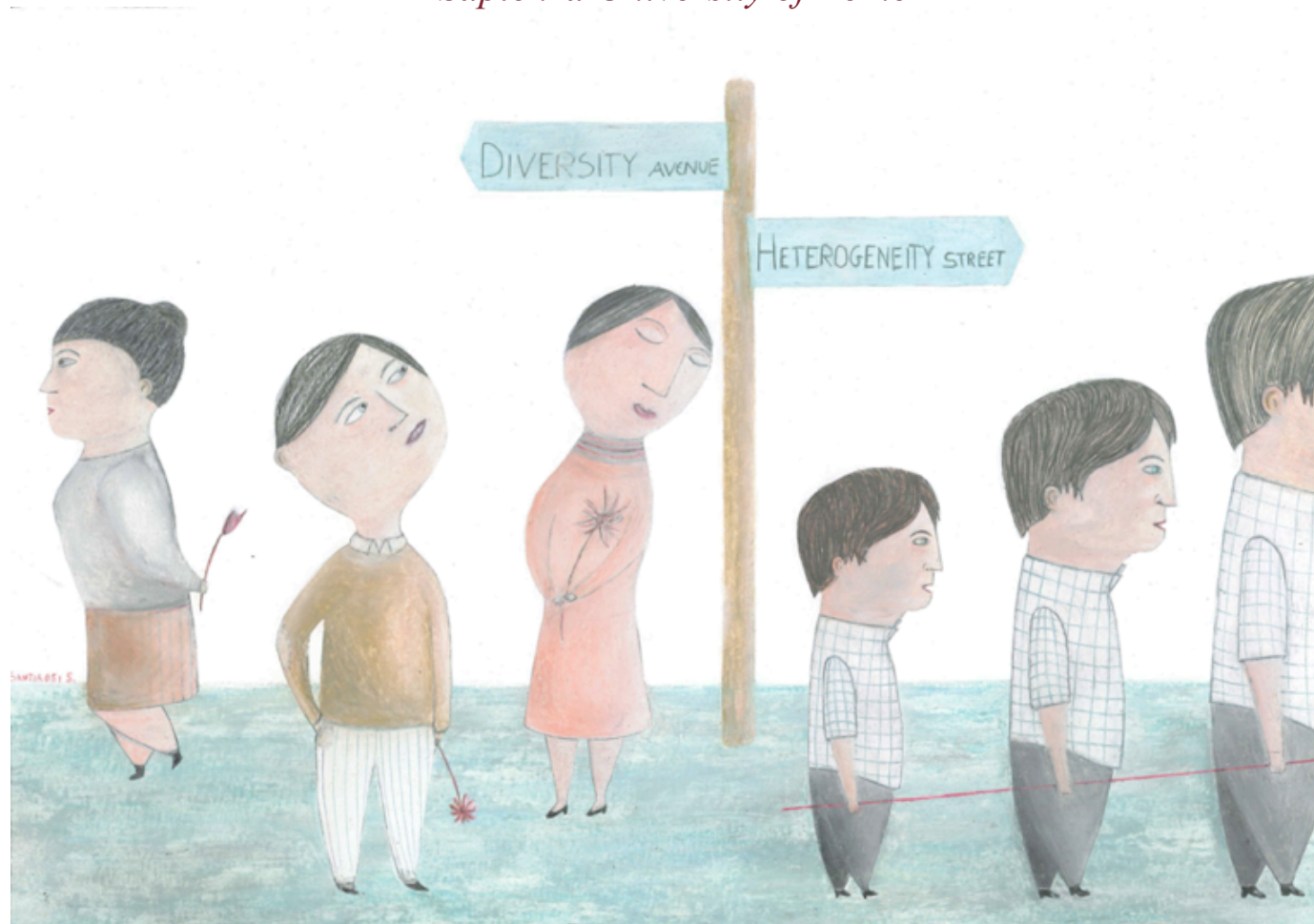


Gender and the household in the history of economics

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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.

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.

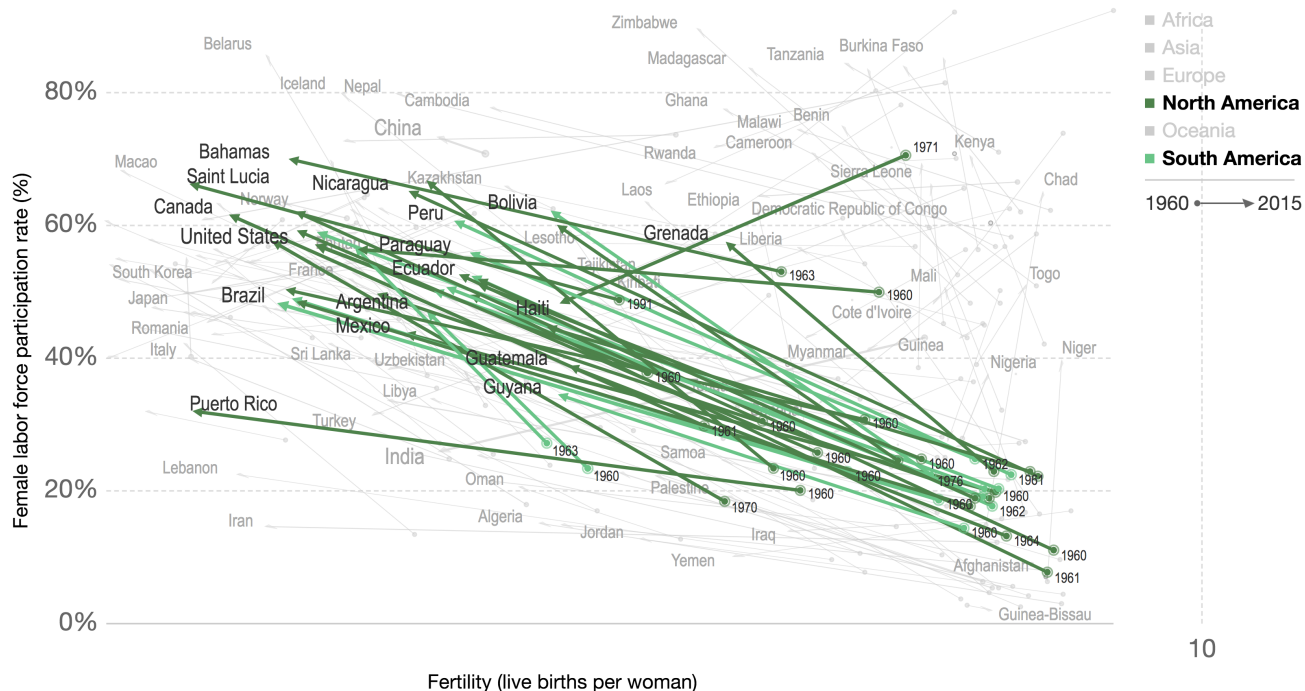
Why gender?

- Inequality is a problem, and half of the world is a woman
- From household structures and gender relations depend many economic variables:

Fertility and female labor force participation, 1960 to 2015



The labor force participation rate corresponds to the proportion of the population ages 15 and older that is economically active. Fertility corresponds to the number of children that would be born to a woman if she were to live to the end of her childbearing years and bear children in accordance with the age-specific fertility rates of the specific year.



Source: UN Population Division (2017 Revision), World Bank – WDI OurWorldInData.org/female-labor-force-participation-key-facts • CC BY-SA

Sex and gender

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

1. Individual and collective behaviour

2. Social reproduction

3. Social provisioning

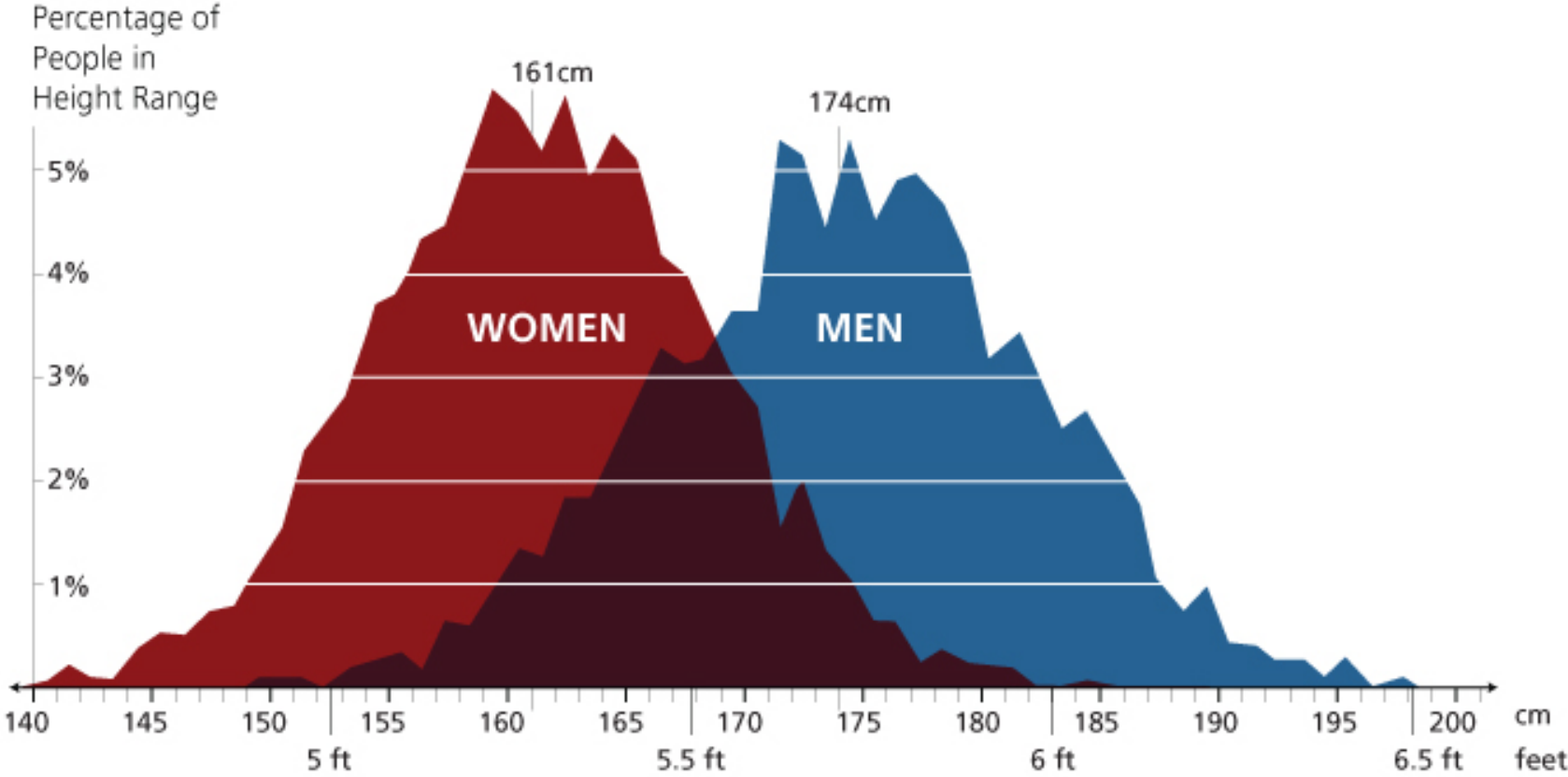
(production and distribution of income)

- 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

Beware of variance

Height of Adult Women and Men

Within-group variation and between-group overlap are significant



Data from U.S. CDC, adults ages 18-86 in 2007

Some mainstream economists still focus on sex: Ichino & Moretti (2009)

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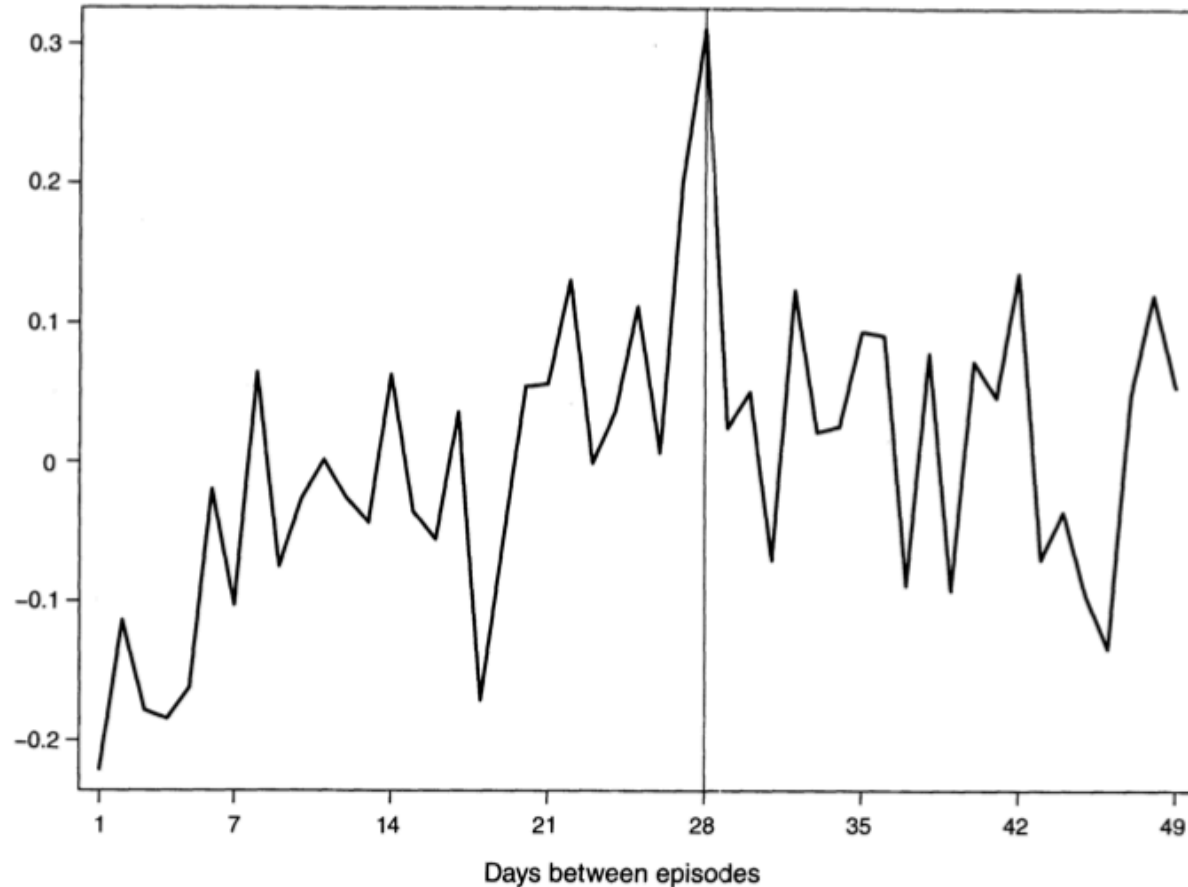


FIGURE 1. GENDER DIFFERENCES IN THE DISTRIBUTION OF THE DISTANCE BETWEEN CONSECUTIVE ABSENCE SPELLS

Note: The figure shows the female-male difference in the distribution of the number of days of absence between the beginning of two consecutive absence episodes.

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

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

Feminist economics

The capability approach

- Sen (1990), [“More Than 100 Million Women Are Missing”](#), *New York Review of Books*
- Sen (1999), *Development as Freedom*:
 - The importance of real freedoms in the assessment of a person's advantage
 - Individual differences in the ability to transform resources into valuable activities
 - The multi-variate nature of activities giving rise to happiness
 - A balance of materialistic and nonmaterialistic factors in evaluating human welfare
 - Concern for the distribution of opportunities within society



Milestones in feminist economics

- Nelson and Ferber (1993), *Beyond Economic Man: Feminist Theory and Economics*
- Folbre (1994), *Who Pays for the Kids? Gender and the Structures of Constraint*
- Agarwal (1994), *A field of one's own: gender and land rights in South Asia*



Feminist approaches to 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”: asking how economic variables shape men’s and women’s behaviours and roles in society, and vice versa

Overview of gender in HET

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

Your presentations: individual behaviour

- Egoism:
 - Montesquieu (men are rational) and
 - Veblen (men are evil) vs.
 - Smith (women's humanity, men's generosity) and
 - Mill (men' disinterest)

- Rationality:
 - Schumpeter (destruction of tradition) vs.
 - Schmoller (conservation)

Your presentations: sexual division of labour

- Capitalism:
 - Smith (Doux commerce) and
 - Schmoller
 - vs. Engels
- Causes:
 - Smith (defense),
 - Engels (capital),
 - Schmoller (outsourcing)
 - Veblen (conspicuous consumption)
- Fewer social tasks for the family:
 - ignored by Smith;
 - ? Engels;
 - positive but dangerous for Schmoller

The scope for public policy

		Welfare Impact	
		<i>Beneficial</i>	<i>Negative</i>
Relation to the market	<i>Conflicting</i>	Self-Destruction	Doux Commerce
	<i>Peaceful</i>	Comparative Advantage	Exploitation

Concluding Remarks

- Women's political movements place the Women's Question at the centre of the political debate
- However, genuinely analytical interest is at the origin of Schmoller's and Mill's interest in the subject
- Crucial economic concepts are at stake, such as
 - institutions,
 - individual and collective behaviour,
 - societal capacity to reproduce itself,
 - division of labour
- Thus, it is at least problematic that today within the “heterodox” approaches, gender is more widely ignored
- Technical progress tends to modify the structure of the family and the status of women

questions, comments, ...?

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