

# Historians and the Household

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Workshop: Asset Management of Households



# Households as the fundamental social and economic unit

- Household formation and dissolution
  - Marriage decisions
  - Fertility
  - Leaving home
  - Including extended kin
  - Three generation households
  - Divorce/desertion
- Intra-household allocation
  - Exploitative or egalitarian
  - Sharing rule
  - Implicit contracts and their policing
- Household saving and investment
  - Acquisition and transmission of resources [land, capital]
  - Acquisition and transmission of human capital [skills, education]



# In search of a theoretical frame?

What can we borrow from economics?

1. the unitary model
2. Bargaining models
  - Co-operative
  - Non-co-operative
3. Collective models



# 1. The unitary model

- Joint decisions about consumption and time allocation
- Family social welfare function
- Pooled family budget constraint
- Families expenditure pattern looks like expenditure pattern of utility maximising individual
- Family demand have standard properties of individual demand functions

# Critique

## Conceptual

- Departs from methodological individualism
- Unhelpful in explaining the formation and dissolution of families
- Unhelpful in explaining the allocation of resources within families

## Empirical

- Inconsistent with unitary demands [couples demand for  $c_f$ ,  $c_m$ , and  $G$  depends on the prices of the time of  $f$  and  $m$ , and therefore on their individual wage rates but on only the sum of their non-labour incomes,  $y$ , rather than individual incomes,  $y_f$ , and  $y_m$ ].

## 2. Bargaining Models

**Cooperative bargaining** (e.g. McElroy and Horney, 1981)

➤ Nash solution:

$$N = [U^m(c_m, G) - T^m(y_m, y_f, w_m, w_f, h_m, h_f; \alpha_m)] \\ [U^f(c_f, G) - T^f(y_f, y_m, w_f, w_m, h_f, h_m; \alpha_f)]$$

➤  $U^k(c_k, G)$  is the marital utility of individual  $k$  as a function of market and home consumption

➤  $T^k$  is the threat point of individual  $k$  and represents the best he/she could do outside the household

## 2. Bargaining models

- T represents next best alternative to living in the household and is a function of wage rates, household productivity parameters, nonmarket incomes of male and female, and opportunities outside marriage ( $\alpha_k$ ) such as the opportunities to form new partnerships
- Agents inter-changeable
- Market and social alternatives outside marriage may have a distinct gender dimension and so relative bargaining power might be unequal
- T may not involve hhd dissolution; could alternatively be a retreat to **non-cooperative game** within the household where the partners make voluntary contributions to the household public good using income that they control independently

# Non-cooperative game





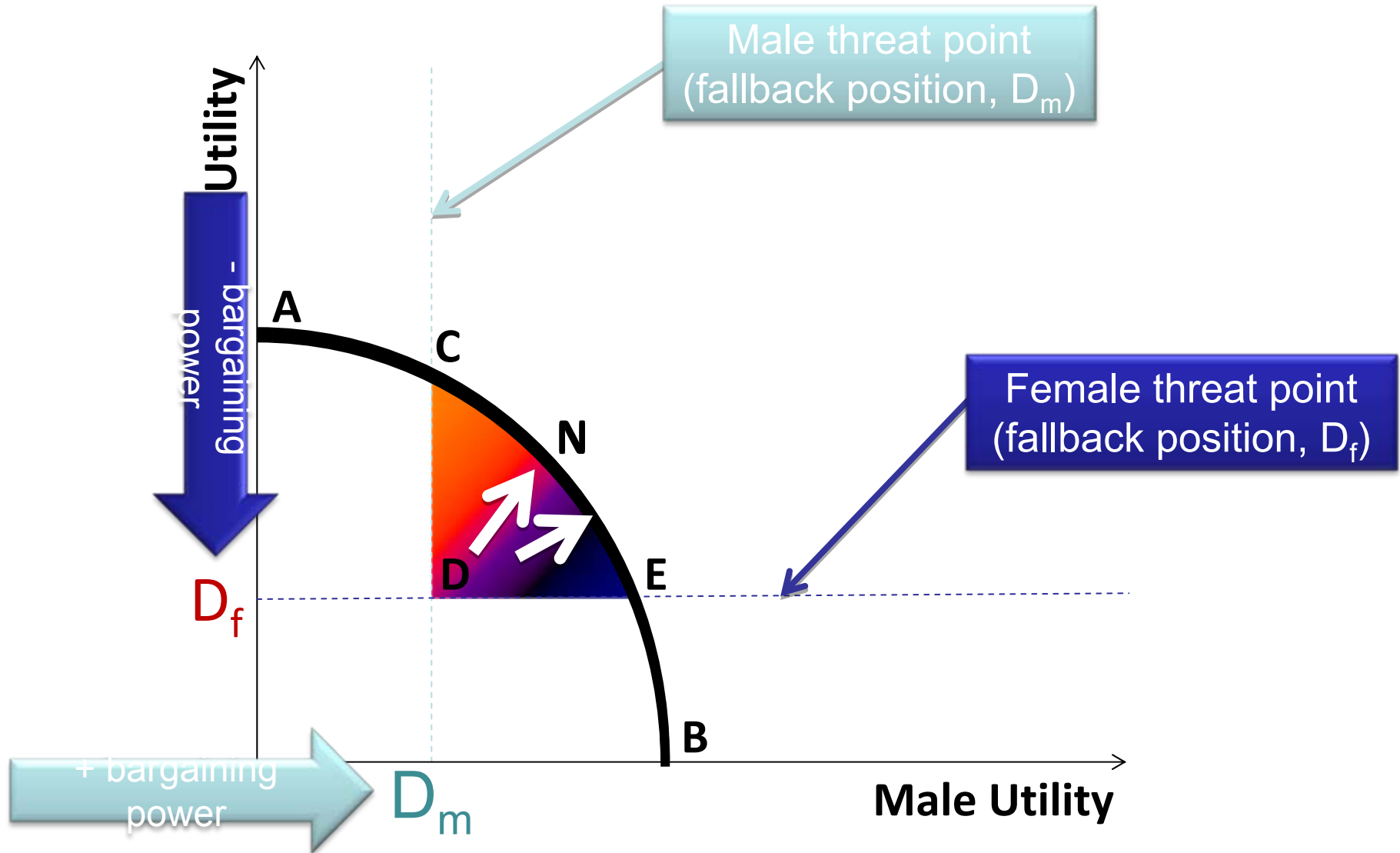
# 3. The collective model

- i. Family members reach an efficient allocation of resources but do so by maximising a weighted average of individual utilities:  $\mu U^m + (1 - \mu)U^f$
- ii. The sharing rule,  $\mu$ , is in general a function of prices and individual incomes and based on the intuition of bargaining models, extramarital conditions, so that  
$$\mu = \mu (y_m, y_f, w_m, w_f, h_m, h_f, \alpha_m, \alpha_f)$$
- iii. Useful testable assumptions for the structure of household demand but bargaining models with the threat points representing the alternatives to agreement provide a more useful framework for exploring the effect of the different opportunities of men and women on hhd allocation

# Sources of female disadvantage

- i. Relatively poor prospects outside marriage
- ii. Limited experience makes them poor at bargaining
- iii. Social norms, restrictions on mobility, market power, ownership of property, and unequal political rights disadvantage women in some societies
- iv. Poverty in female-headed households because of lower market wages, the need to share with children for whom they have primary custody and poor remarriage prospects disadvantage women in other societies
- v. Root cause of disadvantage is specialisation in housework and childcare
- vi. Inability to credibly commit creates inefficiencies in time allocation decisions
- vii. Difficulties in establishing enforceable inter-temporal contracts

# Bargaining Model (Thanks to Deb Oxley)



# Empirical findings: E.g. allocation of household resources

## Standard findings

- Women and children have higher share of hhd resources in higher educated /higher income households
- Wife's assignable expenditure is increasing in her share of income [evidence inconsistent with unitary model]

## Recent surprising findings (Browning and Bonke, 2008)

- Presence of mother in full time employment when husband aged 14 raises husband's share
- Presence of child who is not the natural child of the mother reduces her share
- Presence of child who is not the natural child of the father raises his share

## Econometric testing places extreme requirements on data

- Danish Household Survey [included additional questions about for whom different goods were purchased and which distributional regime the household used]
- Alternative reliance on crude identification of actual consumer with type of commodity [e.g. alcohol, tobacco, meat...]

**Enter the economic historian!**

# Threat points in historical perspective

- Modern intuition has historical resonance
- Historical context for  $T^m (y_m, y_f, w_m, w_f, h_m, h_f; \alpha_m)$
- Institutions (divorce and property law; religion, social stigma) can affect the costs of exit from (and entry to) a marriage/partnership and so constrain threat points
- Desertion and bigamy were important historical options which might shore up men's and women's threat points
- Extent of (gendered) welfare provision for abandoned spouses becomes important
- Historical trends in relative market wages and household productivity parameters made marriage and staying in marriage more/less attractive

# Social norms, networks and enforcement

- Customary gender distribution of labour determines skill acquisition and improves hhd efficiency but disadvantages women; Men then would resist changes to the labour market that would make women's skills more marketable (Baker and Jacobsen, 2007)
- Institutions (property laws and divorce law) can be more or less supportive of extent to which marital agreements for future compensation for investments in non-marketable hhd skills can be enforced in the case of divorce (Lommerud, 1989, 1997)
- Renegotiation within intact marriages requires community and extended family to police and enforce norms regarding the hhd distribution of resources
- If the maintenance of cooperative behaviour in repeated games requires the punishment of players for non-cooperative actions, the scope for this to be effective within a single aging marriage can be limited
- Social network (including grown children) who have intimate knowledge of family resources may provide better enforcement of intrahousehold distribution norms
- If such ties have weakened with increases in geographical mobility (e.g.) it might motivate women to plan greater reliance on their own market earnings
- The persistence of conservative social norms might make it hard for young people to credibly commit to a more egalitarian division of hhd labour and so a more credible commitment of young women to market work, promoting inefficiently low marriage and fertility rates (Sevilla-Sanz, 2005)

# Historical accounts of intra household allocations of resources

- Increasing education and affluence → increasing equality
- Non-linearities → institutional and cultural context
- Measures of intra-household allocation → direct or inferred
- Bargaining and gender
- Historical evolution of threat points

# Bargaining and gender

Sara Horrell and Deborah Oxley, 'Inferring decision making in C19th British households: diet, expenditure and stature

- Infer from measurable inputs and subsequent outputs
- C19th British households – outcomes gendered
- Relates access to resources and ability to contribute to the household
- Contributions themselves seen through cultural lens



## Types of evidence:

### *Expenditure*

- Reduction in expenditure on adult goods if a girl or a boy is added to the household
- Horrell and Oxley, Crust or Crumb? 1999
- 1890s, textile workers, coal miners, metal manufacturers
- No straightforward mapping inputs to allocation

### *Mortality*

- Differential male and female mortality for various ages and places
- Humphries, 1991; McNay, Humphries and Klasen, 2005; Humphries and McNay, 2009

### *Height*

- Adult heights over time and related to resources

### *Weight and Body Mass (weight for height)*

- compare with optimal values, differences can be related to circumstances in adulthood

Sara Horrell and Deborah Oxley  
*Bringing home the bacon?*

Study regional diet and impact on height

Sources:

Eden, *State of the Poor*, 1795

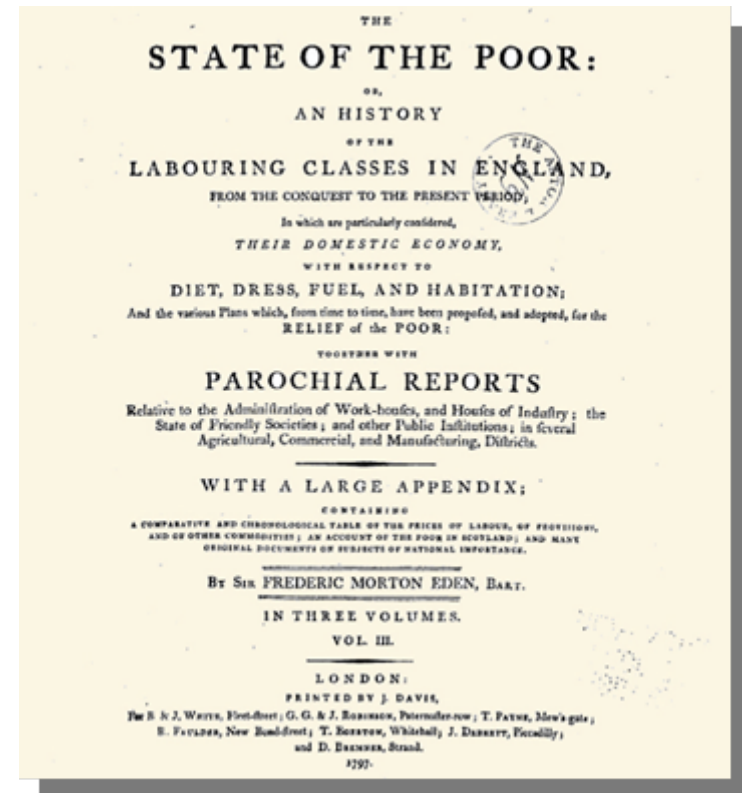
156 parishes in 42 counties

Description of diet

Rural Queries 1834

Q. 14. Could family subsist on these earnings and, if so, on what food?

Used to determine county pattern of diet



Sara Horrell and Deborah Oxley  
***Bringing home the bacon?***

**1795**

*Cumberland*

Hasty (oatmeal) pudding and milk, potatoes with butter or  
Bacon, barley bread, butcher's meat and flour pudding

*Kent*

Tea, finest wheaten bread, potatoes and cheese

**1834**

*Berkshire*

Potatoes, wheaten bread, bacon and meat

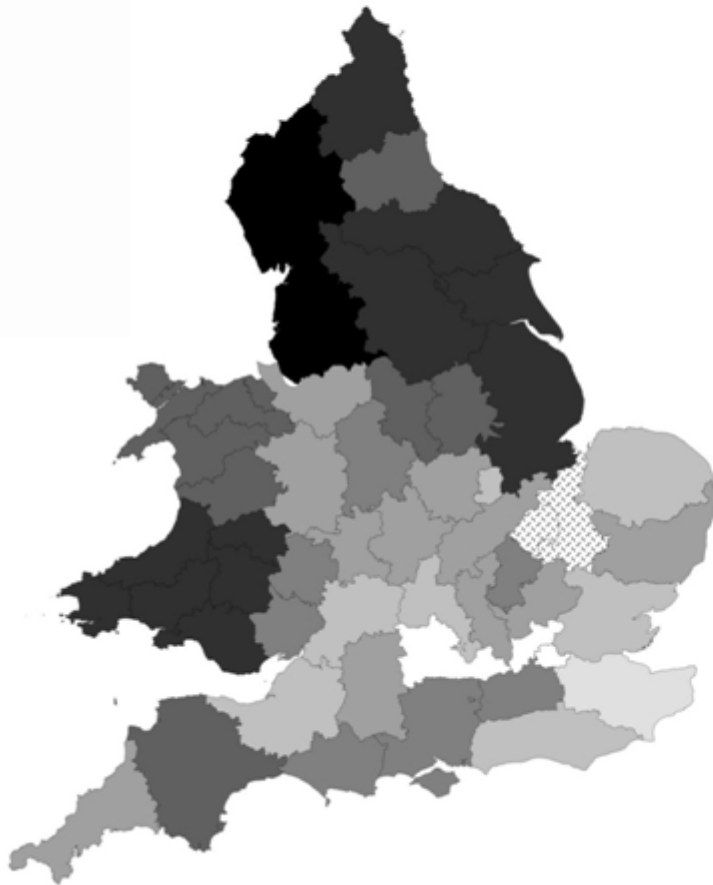
*Cumberland*

Brown barley bread, weak tea, oatmeal with skimmed  
Milk, potatoes, little bacon or other animal food

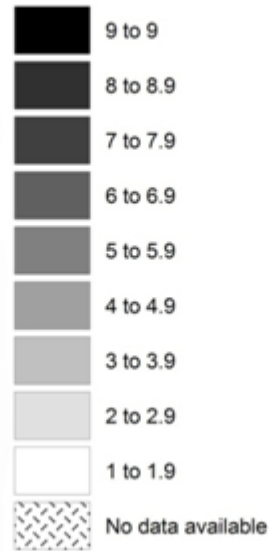
Use to ascribe nutritional value to diet - micronutrients

# The Quality of Nutrition in England and Wales

1795



Nutrition Score



1834



**1795**

Positive relationship nutrition and heights  
Men, women and boys

**1834**

Positive relationship nutrition and heights  
Men only  
Women and boys, insignificant or negative

Differences in regional nutrition persisted  
But relationship becoming obscured

Environmental factors supercede nutritional ones.  
Also gendered relationship

Sara Horrell and Deborah Oxley  
***Bringing home the bacon?***

*Evidence of female diet*

Commentary

Eden, Shamma, Rural Queries, Smith 1860s

Fathers given all the meat and cheese and much of the bread,  
Mothers and children survived on tea, sugar, bread, butter,  
occasionally potatoes and milk.

*Dietary discrimination?*

Height determined in childhood

Relate to mother's ability to give to children

Also work opportunities girls and boys –

Grow till age 22, start work age 10-11, catch up growth

Suggest girls less nutrition in areas with few jobs for females

*Evidence of determinant of female diet?*

Regression – insignificant effect work on nutrition

Specific characteristics of female diet areas:

- 10 female diet, 5 had work for women and children
- Female diet mentioned where nutritional levels higher
- Female diet varied considerably, type of diet related to height
- Women's height above average in female diet counties with work for women
- Where women had work, lower average meat score

Female diets evident but not directly related to availability of work for women, although working seemed to allow wives more influence over composition of diet

# Historical accounts of marriage decisions

- Endogenous or exogenous → Maltus to Hajnal to de Moor and van Zanden
- Male wages [Wrigley and Schofield]
- Proletarianisation [Levine et al]
- Culture matters!

## *Marry*

Children - (if it Please God) - Constant companion, (& friend in old age) who will feel interested in one, - object to be beloved & played with. - better than a dog anyhow. - Home, & someone to take care of house - Charms of music & female chit-chat. - These things good for one's health. - *but terrible loss of time.* - My God it is intolerable to think of spending ones whole life, like a neuter bee, working, working, & nothing after all. - No, no won't do. - Imagine living all one's day solitarily in smoky dirty London House. - Only picture to yourself a nice soft wife on a sofa with good fire, & books & music perhaps - Compare this vision with the dingy reality of Grt. Marlbro' St.

## *Not Marry*

Freedom to go where one liked - choice of Society & *little of it.* - Conversation of clever men at clubs - Not forced to visit relatives, & to bend in every trifle. - to have the expense & anxiety of children - perhaps quarreling - Loss of time. - cannot read in Evenings - fatness & idleness - Anxiety & responsibility - less money for books &c - if many children forced to gain one's bread. - (But then it is very bad for ones health to work too much)  
Perhaps my wife won't like London; then the sentence is banishment & degradation into indolent, idle fool.



# Culture matters!

Steve King, 'Courtship and the decision to marry: neglected groups and sources'

Emma Griffin, 'Marriage and consent: the role played by family and community in the wedding plans of the poor in England, 1750-1850'

- Emphasis in courtship not on economic factors alone or even at all (King)
- Marriages among the poor become liberated from social control in 18<sup>th</sup> century → represents a cultural shift (Griffin)

# Historical accounts of marriage decisions

- Endogenous or exogenous → Malthus to Hajnal to De Moor and Van Zanden
- Male wages [Wrigley and Schofield]
- Proletarianization [Levine]
- Cultural shifts
- Gender and decision to marry [Humphries]
- Marital breakdown historically
- Non-cooperation within marriage as a historical phenomena

