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## 5

# HOUSEHOLDS

### 5.1 Introduction

The household is a key site for the reproduction of gender inequalities as well as of capitalism on a global scale. What happens in the household is made invisible and depoliticized, but feminists have continuously placed the spotlight on households – studying both the inner workings and their embeddedness in the wider economy and society, not least in the contemporary globalized and financialized world.

This chapter looks at what the household is and why it is relevant in feminist economics and feminist political economy ([section 5.2](#)). It starts with a review of the conceptualization of the household in mainstream economics – Gary Becker’s new household economics (NHE) ([section 5.3](#)) – and then discusses the feminist critique of NHE ([5.4](#)). Such critique led to a shift in economic theory, from unitary to collective household models, which saw some improvements while continuing to suffer from significant limitations ([section 5.5](#)). The chapter considers feminist political economy perspectives on the household, touching upon key debates from the 1970s to today’s financialization ([5.6](#)), and [section 5.7](#) sketches the foundational dimensions of a feminist conceptualization of the household.

### 5.2 Definitions of the household and relevance in economics and political economy

The household is normally defined as a physical place – the home or housekeeping unit – where one or more people live, share resources and make decisions on a range of issues bearing economic and social relevance.

The household is a unit of residence comprised of one or more individuals who reside together and who share resources linked to the daily reproduction of life, including shelter and food, as well as some social activities. Very often people

who reside together (in a household) are related by ties of kinship and marriage and hence are also part of a family. (UN Women 2019: 23)

The household, defined as a group of persons who make common provision of food, shelter and other essentials for living, is a fundamental socioeconomic unit in human societies. Households are the centres of demographic, social and economic processes. Decisions about childbearing, education, healthcare, consumption, labour force participation, migration and savings occur primarily at the household level. (UN 2017: i)

The definition of the household provided by the UN report *Families in a Changing World* (UN Women 2019) places the emphasis on the act of sharing resources and the importance of familial and marital relations in the vast majority of households across the world.<sup>1</sup> Families and households are related, primarily because household members tend to be family members, but are also distinct, because families are not entirely contained in households. Another definition, provided by the UN Department for Economic and Social Affairs (UN 2017: i), stresses the centrality of households to demographic, social and economic processes as well as decisions taken in the household. Across the many definitions of the household found in the literature, there is a recurrent emphasis placed on co-residence, shared consumption (particularly food consumption) and incomes (Beaman & Dillon 2012).

There is not a single form of household. In terms of average size, smaller households, with two or three members, are most prevalent in Europe and North America while larger ones, with five members or more, are observed in Africa and the Middle East (UN 2017). Overall, the average household size has been decreasing across the world. The most common type of household is that structured as a nuclear family, with a couple and unmarried children (38 per cent of households worldwide), followed by extended families (27 per cent), couples with no children (13 per cent) and one-person (13 per cent) and lone-parent households (8 per cent) (UN Women 2019). Households with both elderly and children are more prevalent in the Global South (UN 2017).

Economists tend to see the household as an economic unit in which allocative decisions on production and consumption take place (Roberts 1991). In economics, the focus is on these decision-making dynamics, particularly with regard to the allocation of time to market and non-market activities. The idea of the household as a unit of economic activity can be traced back to Alexander Chayanov's *Theory of the Peasant Economy*, published in 1926 (see Haddad, Hoddinott & Alderman 1997). Chayanov looked at resource allocation in the farm household, a unit outside the capitalist economy because it is not reliant on

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1. Only 2 per cent of households from 86 countries across the world are formed by members who do not have family ties (UN Women 2019).

wage labour. Various streams of literature in agrarian political economy and development economics were later inspired by Chayanov's focus on farming households and processes of decision making in agricultural production.

Between the 1960s and the 1980s the study of non-market production in the household became a new core area of microeconomics. US-based economists, such as Theodore W. Schultz, Jacob Mincer and Gary Becker, extended microeconomic analysis to the study of a wider range of human behaviours, including marriage and family. Becker wrote extensively on the family and is considered to be the founder of the new household economics, for which he was awarded the so-called Nobel Prize for economics in 1992. Becker's work was as influential as it was criticized. Pioneers in this critique have been feminist economists and anthropologists, who exposed the theoretical and methodological shortcomings of Becker's unitary household model.

The household is a site of specific concern for feminist economists and political economists because it is in the household, the fictitious "private sphere", that (reproductive work) – most often performed by women – is made invisible and devalued. Feminists are committed to bring to light the work that takes place in the household as well as the inequalities that take root in the household. Feminist economics and political economy provide foundational insights for the theorization of the household grounded in empirical investigations of the household and intra-household dynamics. Empirical observation and ethnographic research have been essential to document variation and complexity in household composition and dynamics, crucially decentring Western ideas of the household as a nuclear family. Anthropological work has been key to advancing the understanding of the household, and feminist economists have often taken account of these important contributions, as is discussed in [section 5.4](#).

Recent work in feminist (international) political economy has studied everyday life and how the productive and reproductive work constituting daily life is part and parcel of the functioning of global economies. Thus, these contributions place the household in the dynamics of globalized and financialized capitalism, where the gendered, class and racial dimensions can be seen. Building on earlier work in feminist political economy, the studies transcend the household as a microeconomic unit and see it as an institution central to the political economy of distribution and redistribution on a global scale.

We begin with an overview of mainstream economics' engagement with the household, then consider the feminist critique, which generated a wealth of feminist scholarship on the household, particularly in feminist economics. Reflecting the volume and significance of the feminist economics of the household, this chapter dedicates substantial attention to it. Nonetheless, later in the chapter, key debates and insights from the feminist (international) political economy of the household are discussed, as they provide important extensions of and challenges to the feminist economics of the household. The reader is reminded that there are many areas of overlap between feminist economics, feminist political economy and feminist international political economy, and crude distinctions

are inevitably reductionist; however, based on disciplinary locations and sites of publication (e.g. academic journals), it can be argued that feminist economics resides in the field of economics and feminist political economy in that of political economy, which is intrinsically more interdisciplinary, and feminist international political economy is part of feminist thinking in international relations (please refer back to [Chapter 1](#) for the characterization of feminist political economy).

### 5.3 The new household economics

Standard economic theory had – and, to an extent, continues to have – a problem with the household, because the household is a *collective* unit by definition and, as such, it escapes the principle of methodological individualism. Methodological individualism is foundational in standard economic theory and underpins its primary concern with individuals or individual units, such as the firm. It postulates that, to understand the economy, it is necessary to analyse its constituting units. However, the economics problem with the household is the transition from each member's individual preferences to a household utility function.<sup>2</sup> How can different individual preferences be collapsed into a single utility function?

Becker's work addressed this question. It does not interrogate the principle of methodological individualism or other assumptions underpinning standard economic theory; rather, it integrates the household within its boundaries. Becker's aims are stated clearly at the beginning of *A Treatise on the Family*, his most comprehensive volume on the economics of the household: "This volume uses the assumptions of maximizing behavior, stable preferences, and equilibrium in implicit or explicit markets to provide a systematic analysis of the family" (Becker 1981a: ix). Household members are conceptualized as rational agents who maximize the household utility function given the household budget constraint. In other words, household members act rationally on their preferences, seeking to optimize within the parameters set by available income and time.

Becker's theory conceptualizes the household as *both* a producer *and* a consumer and combines this conceptualization with an analysis of time as a scarce resource, which, no more than family income, affects attempts to maximize utility. In keeping with unitary theory, Becker bypasses the issue of competing utilities and envisages a single-family utility function. Becker conceptualizes a three-way framework for the maximization of this utility, as "households optimize not only in their choice of consumer good, and their supply of labour to the market, but also through their allocation of time and resources to household production" (Folbre 1986: 11). Bergstrom (1997: 22) has argued that this

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2. For those not familiar with economic jargon, "individual preferences" refer to the ranking of what an individual prefers and the "utility function" is a representation of such ranking, if the preferences satisfy certain mathematical conditions.

represents a “fruitful source of insight into the working of families”, and indeed, in 1992, Becker was awarded the Nobel Prize in economics “for having extended the domain of microeconomic analysis to a wide range of human behavior and interaction, including non-market behavior” (Nobel Prize Organisation 1992).

The household is treated as a small firm that produces market and non-market goods and services to the benefit of the household and the wider economy. Wage labour (i.e. workers) is the market good produced by the household; wage labour earns an income that, in turn, can be used to purchase goods and services for the household. Non-market services include housework, such as cleaning, cooking, shopping, and care of young, elderly and sick household members. The primary input for household production is household members’ time, which explains NHE’s primary interest in time allocation. The value of household production can be measured in terms of the market value of the commodities the household produces (i.e. the wage paid to workers) and in terms of the opportunity cost of household members’ time in market activities (i.e. the cost of reducing the amount of time spent in employment).

Mincer (1962) recognized early on that labour supply decisions – i.e. whether to look for a job in the labour market – are taken at home, and that time not spent in the labour force is not just leisure but also time devoted to household production, care and education. Thus, not only do people choose how to allocate their time between employment and leisure, but the need to perform housework and care determines the value of time as well as the reservation wage, which is the lowest wage rate at which a worker is willing to take up a job.

The new household economics establishes a relation between “market” and “non-market” activities, or the labour market and the home, centred on decisions over the use of time. To explain time allocation, this branch of economics resorts to the concepts of comparative advantage, opportunity costs and altruism as well as a biological justification for the observed gendered division of labour. As we explain later, this entire architecture is problematic from a feminist viewpoint for a host of reasons, including the failure to capture the root causes of gendered disadvantage and exploitation. But, first, let us unpack the architecture of Becker’s economics of the family.

How does the notion of comparative advantage play out in the context of the household? In essence, the household member with a comparative advantage in care provisioning, for example, is the person who faces the lower opportunity cost for providing care, in terms of output forgone. In other words, this would be the person with access to low-paid jobs in the labour market, and therefore it makes sense for this household member, most often a woman, to specialize in unpaid care activities.<sup>3</sup> The more someone specializes in a specific activity, the more they become better at it. In economic language, comparative advantage drives specialization, and, in turn, specialization leads to increasing returns

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3. Note that the language used is that of “activity” instead of “work”, as, in the new household economics, we start seeing a relation between market and non-market activities, but there is no conceptualization of household production activities as constituting “work”.

from that activity. This reinforces the division of labour – but does not tell us yet why we see a gender division of labour.

Becker suggests that specialization in specific activities is a manifestation of rational investments in human capital, with “human capital” being any characteristic of a person that takes time or money to acquire and can increase their productivity later. These rational investments in human capital are determined and contribute to reinforce biological differences between women and men.

Biological differences in comparative advantage between the sexes explain not only why households typically have both sexes, but also why women have usually spent their time bearing and rearing children and engaging in other household activities, whereas men have spent their time in market activities. This sexual division of labour has been found in virtually all human societies, and in most other biological species that fertilize eggs within the body of the female.

(Becker 1981a: 39)

Becker sees female bodies’ reproductive capacities as fundamentally explaining the gendered division of labour in the household, with women specializing in domestic activities and men in market work, which also represents a rational allocation of resources that maximizes the family’s welfare.

The family’s welfare is captured by the household utility function, which is a single utility function for the household. This is the reason Becker’s household model is called “unitary”. Household members maximize the household utility function under the household budget constraint, which includes both time and income,<sup>4</sup> the sum of the incomes of the household members. This is the income-pooling hypothesis, which postulates that household members pool their incomes.

We have a household budget constraint, but how do we treat individual preferences? Becker adopts the idea of the “altruistic household head”: someone who has interdependent preferences, and therefore their utility depends not only on their consumption but also on the consumption of other household members. The point of equilibrium changes, and the altruist individual makes a transfer to the spouse to increase their consumption. An example of altruism in the household is provided by a husband who refrains from taking up a better-paid job in a different location because his wife’s earnings would be lower in the new location.

The altruistic benefactor acts in the interest of the family because of interdependent preferences, but what do the others do? The *rotten kids and wives* remain selfish but are compelled to act in the interest of the family’s welfare, as postulated in Becker’s “rotten

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4. Becker assumes that time can be traded off for money, to allow for one budget constraint only that accounts for both time and income.

kids theorem”: “Since a selfish beneficiary wants to maximize family income, she is led by the ‘invisible hand’ of self-interest to act as if she is altruistic towards her benefactor. Put still differently, the scarce resource ‘love’ is used economically because sufficient caring by an altruist induces even a selfish beneficiary to act as if she cares about her benefactor as much as she cares about herself” (Becker 1981b: 5). Conflict in interest does not imply conflict in action between household members, and the idea that human beings act selfishly is driven by economists’ observation of markets more than of families. Therefore, the new household economics offers a unitary and cooperative household based on the altruism of one household member.

#### 5.4 Feminist critique of unitary models of the household

The feminist critique of the new household economics is based on theoretical shortcomings underpinning the conceptualization of the household as well as on primary research by anthropologists and feminist scholars showing that household configurations deviate significantly from the NHE model. As mentioned in [section 5.2](#), feminist economists have a long-standing interest in the household because it is the site of (reproductive) work, hidden from the economists’ vision of the economy.

The main conceptual issue for feminist economists is the theorization of the household as a harmonious unit governed by the household head (often a man), altruism and benevolence. In this theory, every unequal outcome in resource allocation among household members derives from voluntary decisions taken by household members (Kabeer 1994). If, instead, we see the power relations that are at play in the household, particularly in terms of gender and age dynamics, it becomes clear that the household is a place where conflict can occur and inequality takes root. Any conceptualization that obscures these power dynamics is not satisfactory because it does not allow for capturing gender inequality in the household. The gender inequalities reproduced in the household are vast and touch upon most domains of life, such as education, financial autonomy and health, and encompass child mortality too. Intra-household inequality is discussed in the [next chapter](#).

Nancy Folbre, one of the first feminist economists to reflect on the conceptualization of the household, takes issue with both NHE and Marxist political economy:

Why are both the neoclassical and the Marxian paradigms so “silent” on the issue of inequality within the home? Their convergence is somewhat ironic: On the one hand we have a paradigm, largely unconcerned with issues of conflict, which offers a well-developed theory of non-market production. On the other hand, we have a paradigm with a well-developed theory of conflict that is largely unconcerned with non-market production. (Folbre 1986: 247)



Folbre expresses feminist economists' dissatisfaction with both neoclassical economics and Marxist political economy for not looking at inequality within the home, and she positions feminist economics as the branch of economics that can fulfil this important gap.<sup>5</sup> Neoclassical economics does not have a theory of power and conflict, and therefore, although it is concerned with the study of the household, it cannot accommodate gender inequality in the household. Instead, the Marxist tradition is very much concerned with dynamics of conflict in the economy but overwhelmingly focuses on class and the sites of production (e.g. factories), at the expense of gender and the sites of reproduction (e.g. households). In addition, with specific reference to NHE, Folbre points to the conceptual inconsistency of the altruistic household in an otherwise selfish world: it is not clear how selfless individuals in the family become selfish individuals in the market.

Folbre makes two important arguments on the household. First, the family is a site where dynamics of conflict and reciprocity both occur, a fact that challenges economic orthodoxies on the family. Second, it is necessary to recognize the patriarchal relations that are at play in the family and how these are shaped by processes of economic transformation. For example, the expansion of employment opportunities for both women and men can lead to a weakened patriarchal control over women and younger generations while providing employers with access to cheap female labour. Patriarchal relations are reconfigured in the family and the economy at large.

In her seminal book *Reversed Realities: Gender Hierarchies in Development Thought*, Naila Kabeer (1994) dedicates a chapter to the household. An important argument made in the chapter is that NHE assumes the frictionless replaceability of labour, meaning that, if women's wages increase, we expect to see an increase in the number of women joining the labour force. Family labour is a perfectly substitutable factor of production because time can be traded off for money. Yet this is far from providing a useful depiction of the division of labour between household members, because it does not consider that family labour is differentiated by gender, age and status. This differentiation impedes labour's mobility across various types of work, with a key rigidity observed empirically that, when women spend more time on wage work, men do not take up more domestic and care work in the household.

Becker's distinction between the public and the private is at the root of the devaluation of housework, overwhelmingly performed by women. Becker strictly differentiates between a public workplace, where income is earned, and a privatized home, where consumption, leisure and household production are conflated as "forgone" or "lost" income (Becker 1965). As such, Becker's theory contains an implicit devaluation of work carried out in the privatized sphere of the family: unless the household work involves the reproduction of labourers for the marketplace or the consumption of market goods,

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5. Folbre's positioning as in between neoclassical and Marxist traditions in economics is not shared by all feminist economists, with some being closer to the neoclassical tradition and others building on Marx's work.

it is necessarily constructed as leisure time. This dichotomizing of production work and leisure time makes invisible and devalues the care work and love labour carried out within the home and further contributes to the cultural, political and material subordination of women, who traditionally carry out the bulk of this work (Feinman 2004; Cantillon & Lynch 2017).

Another flawed assumption made by NHE is that household members pool their incomes towards the household budget. Clearly, assumptions are simplifications of reality, so we do not expect the reality to completely conform to the assumptions, but the problem arises when the assumptions invalidate the insights of the theory. This is the case for the income-pooling hypothesis, because, when spouses retain individual control of their incomes, this leads to decisions on the allocation of labour and time that do not necessarily maximize the welfare of the entire household. For instance, Fapohunda (1988) finds that, among the Yoruba people of west Africa, the majority of the married couples do not practise any form of pooling. Not only that, but many spouses claimed that they ignored their partner's earning and expenditure behaviour. Fapohunda also suggests that non-pooling incomes may be economically rational too: women's financial independence allows them to invest in extended family relations and social networks, through which they can improve their bargaining position within the household. Findings about mixed practices of income pooling, from the non-pooling to the partial pooling of income, emerge from several studies in different African countries (Hoddinott & Haddad 1995; Posel 2001; Fisher, Chaudhury & McCusker 2010).

Feminist and anthropological work observing family relations and living arrangements across various contexts in the world have been fundamental in debunking the Western idea of the household embodied in the new household economics. NHE portrays the household as a nuclear family, structured around heterosexual marriage, with an altruist (male) head. However, as much as the nuclear family is the most common type of household and one towards which family arrangements appear to be moving, extended family households continue to be very prevalent, and other forms of household also represent the living realities of many people across the world. Families that are not "traditional" become invisible, with debilitating consequences for families headed by single parents, same-sex partners or non-sexual alliances, who may be subsequently written out of, or misrepresented in, various policy initiatives (Bergmann 1995). Furthermore, many of the unitary theories presume, and implicitly endorse, the existence of a wholly unequal relationship within the family whereby the submissive female bows to the demands and control of the authoritarian, rationally driven male head of the family. Such economic modelling exists in a symbiotic relationship with cultural constructions of femininity in the Western world in which the power relations predicated on the dichotomous juxtaposition of the rational and active male with the passive irrational female are further naturalized and reinforced through their propagation in "rational" economic theory.

**CASE STUDY 5.1 INTERDEPENDENT AND GLOBAL HOUSEHOLDS**

Conceptualizations of households as self-contained economic units or institutions with clearly defined boundaries obscure the existence and significance of relations across households, which are essential for their own survival and reproduction. The following vignettes illustrate the importance of extra-household relations in various contexts, showing how households are interdependent and, at times, global.

A study reported by UN Women (2019) sheds light on the need for state childcare support among lone mothers living in precarious conditions in Nairobi, Kenya. A large percentage of single mothers living in informal urban settlements are internal migrants living away from grandparents and extended family. Lack of support from relatives, combined with high unemployment rates, limited access to food and shelter, and dangers arising from violence, accidents and poor sanitation, pose dramatic challenges to lone mothers. Indeed, by investigating around 500 lone mothers in slum areas of Nairobi, the study reports that one in five receives neither childcare support nor financial assistance from any member of their family. When they get support, some relatives appear to play significant roles. A third of the grandmothers offer both financial help and childcare. Notably, about 45 per cent of mothers receive childcare support from maternal grandmothers, while a larger proportion (63 per cent) rely considerably on older sisters. The extraordinarily high levels of care provided by older sisters may hinder their ability to attend school and enjoy leisure time. In sharp contrast, only 5 per cent of fathers and no parental kin provide childcare. In this context, affordable and safe day care options, as well as job creation programs targeting single mothers, are essential.

In high-income economies, Wheelock, Oughton and Baines (2003) explain how socio-economic changes have entailed new household relations. The increasing need for more than one household member to participate in the labour market, as opposed to dependence on a single family wage, alongside the growing reliance on self-employment and small enterprises, have contributed to the widespread need for complementary childcare. Drawing on original empirical research on UK households, the paper reveals that grandparents are the most important childcare providers, sometimes giving up their paid work to look after their grandchildren. Indeed, 52 per cent of the parental sample receives childcare support from grandparents regularly. These findings highlight the limits of policy makers' and economists' conceptualization of the household as an institution with fixed boundaries defined in terms of co-residency. The authors urge recognition of intergenerational caring to develop social policies that improve well-being.

The Covid-19 global crisis and the "stay home" response taken by most governments exposed the dependence of formal economies on invisible, unpaid care labour and highlighted grandparents' key intergenerational support and contribution to society. Cantillon, Moore and Teasdale (2021) compared the situation in the United Kingdom and South Africa, examining the universality of intergenerational interdependence, the contextual specificity of grandparental childcare and income provision and the differential

impacts of suspending or risking such supports during the pandemic. They find that, in the United Kingdom, the shielding of older people temporarily suspended the informal childcare grandparents crucially provide. In contrast, in South Africa, grandparents as part of multigenerational households remain key childcare-givers, both in the absence and presence of parents specifically when parents are essential workers and are permitted to continue employment. Grandparents in such cases are thus playing an essential and active role in helping to support care during the pandemic. Their income through the state Old Age Grant is also proving pivotal to pay for food and household bills, especially when family members are losing their jobs. In both countries, grandparents, especially grandmothers, within and across households make substantial contributions to economic, social and affective lives.

Although some households are interdependent within a country, some extra-household relations might stretch across national boundaries, creating global interconnections. In the aegis of globalization and increased migration, transnational household relations can be frequent and significant. To capture transnational relations within families, the concept of “global household” can be mobilized:

A global household is defined as comprising the people who migrate, plus the people who are born into or otherwise incorporated into the immigrant household (e.g., through marriage or cohabitation), plus the people left behind, including new entrants to the home-country household. Each global household, then, may comprise multiple dwelling units in both host and home countries. What links these households and makes them describable as a single entity despite their geographical dispersion are ties of economic and emotional interdependence and structures of decision making or governance. (Safri & Graham 2010: 107)

The global household is relevant in the context of global care chains (see [Chapter 2](#)) and the growing importance of remittances as a source of household income. The global household is an institution important for economic and social relations at the household level, which matter for global dynamics of income support, care provision and household production.

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Importantly, households are not self-contained units, because significant exchanges and relations link households together. These transfers are crucial in economic analyses because they illustrate patterns of resource sharing and how power relations shape these allocations (i.e. who gets what). Among the various ways of organizing living arrangements and the sharing of resources, it is common in both the Global South and North that practices of consumption, production and reproduction transcend the household as the collection of people living in a given housekeeping unit (Wheelock,

Oughton & Baines 2003; Randall & Coast 2015; and see [Case study 2.1](#)). Therefore, although the imposition of the nuclear family stereotype is arguably more inadequate for the multiple household configurations in various contexts of the Global South, the literature makes it clear that the nuclear family is a straitjacket for many households in countries of the Global North too (Wheelock, Oughton & Baines 2003; Zaloom 2019). Guyer and Peters (1987: 208) teach us that the first question a researcher should ask on the household is not “Where is the household in this context?” but “What are the significant units of production, consumption and investment in this region/group/people?” and “What are the major flows and transfers of resources between individuals and units?” – in other words, “What is the household in this context?”. These considerations have important implications for the ways in which household data are collected and policies targeting households implemented, which will be discussed in the [next chapter](#).

## 5.5 Collective models of the household and their limitations

The vast body of theoretical and empirical critiques of the unitary conceptualization of the household led to a shift to collective household models, which allow for the possibility of cooperation or conflict within the household through bargaining. These approaches focus on the individuality of household members and explicitly address the questions of whether and how individual preferences lead to a collective choice; as such, they remain “firmly within the neoclassical economic paradigm” (Hart 1997: 15). They begin with the assumption that individuals form a household because the benefits of doing so outweigh the benefits of remaining alone. This situation could occur because of the existence of economies of scale associated with the production of certain household goods, or because there are some goods that can be produced and shared by married, or cohabitating, couples but not by single individuals. In any case, the idea is that household formation generates a surplus that can be distributed across the members. Much of this is in common with that of unitary models; the point of departure comes from the rule governing this distribution. The practices of resource allocation and sharing are broadly informed by game theory and can entail either cooperation between household members or conflict (Manser & Brown 1980).

The collective models of the household are broadly classified into cooperative and non-cooperative models. The former relax the assumption of common preferences (i.e. one utility function for the household), while maintaining income pooling and Pareto optimality in resource allocation; thus, they cannot explain inefficient outcomes (Johnston & Le Roux 2007). The latter – non-cooperative models – weaken the assumptions of income pooling and Pareto optimality. Non-cooperative models allow not only for different individual preferences but also for individual decisions over production activities

and asymmetry of information between the household members (Agarwal 1997). The bargaining power of each member is defined in terms of fallback positions, which reflect how well off they could be if cooperation fails (Agarwal 1997; Hart 1997). If a person's fallback position improves, then this person will enjoy a higher degree of bargaining power within the household (Agarwal 1997).

In non-cooperative models, divorce can be posited as the threat point. Many theorists have questioned the feasibility and real-life applicability of divorce as a threat point, arguing that it is implausible to suggest that a couple will consider divorce each time they have a disagreement (Woolley 1988; Phipps & Burton 1995). Instead, these and other theorists have advocated the use of the Nash equilibrium,<sup>6</sup> which is premised on the idea of a non-cooperative bargaining solution in which a division of labour based on socially recognized gender roles, rather than divorce, functions as the threat point of the marriage (Lundberg & Pollak 1993). In this model, an equilibrium exists when both parties adhere to a non-negotiated division of labour as ordained by traditional gender roles. According to Mattila-Wiro (1999: 27), this “voluntary contribution equilibrium acts as a threat point from which bargaining evolves”; in other words, it is presumed more beneficial for both partners to maintain the implicit gender-specific division of labour than to enter into expensive bargaining processes that would render both parties worse off than if they had stayed with the original set-up.

Such models are referred to as “non-cooperative” because the division of labour is not negotiated and mutually arranged. Instead, each spouse operates from within their own separate economic sphere and responds to the other's decisions by altering their own level of voluntary contribution to household goods (Alderman *et al.* 1995). The marriage is held together by the utility achieved through the shared production and consumption of public goods – something that could not be achieved to the same level by two independently optimizing individuals. The Nash non-cooperative equilibrium is set up so that resources are divided within the household such that different members can hold the advantage in different circumstances. The well-being of each individual is determined by the level of individual resources and the amount of leverage that these resources, combined with the threat of refusing to cooperate, will produce. Individual well-being is not so much affected by the threat of divorce, which is unfeasible in any case, as by the threat of non-cooperative behaviour, which prevents each member from achieving maximum utility through the consumption of public goods (Bergstrom 1997).

The non-cooperative bargaining model also offers a way to explain the much-replicated finding that redistribution of household income towards the woman has a strong positive effect on child welfare within the family, which is discussed in the [next chapter](#). This

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6. The Nash equilibrium is a stable state in which no participant in the game (i.e. household decision-making, in this case) can make any gains through a change of their own strategies if the strategies of every other household member remain unchanged.

finding contravenes the income-pooling hypothesis of the unitary models, which claims that all household resources are evenly distributed in an attempt to maximize the household utility. Unlike unitary models, which are premised on a single utility function, the Nash non-cooperative equilibrium model posits that some resources are held individually, with households having internal gendered economies (Mattila-Wiro 1999).

Although the idea of the household as a site of bargaining through cooperation and/or conflict is generally shared by feminist economists, many are still concerned with the *economistic formulation* of the collective bargaining models (Hart 1997). There is some debate as to whether or not the collective models constitute a definitive alternative to the unitary models in terms of processes (decision making) and outcomes (utility). On the one hand, it is argued that collective models concentrate on the individuality of household members rather than on joint decision making or only on one utility function, while, on the other hand, arguing that collective models cannot conceptualize multiple utility functions and are different from unitary models only in terms of their ability to envisage joint decision-making processes (Mattila-Wiro 1999).

Although the collective models are more sensitive than the unitary models to differences of interest and power (at least in terms of intra-household processes, if not intra-household outcomes), the understandings of differential power relations written into the collective models are necessarily weak, based as they are on purely individual interactions, and not on larger cultural, social or political forces. Even when these models allow for a number of factors – internal and external to the household – to shape individual bargaining power, they remain embroiled in the framework of methodological individualism (Ruwanpura 2007). They look to the individual bargaining positions and psychology of the actors rather than to institutionalized, structural and often culturally sanctioned inequalities to explain what they construct as an isolated power differential.

In addition, Ruwanpura (2007) argues, these models are based on the patriarchal household as they fail to provide useful insights to understand household dynamics in different household formations, such as women-headed households. Much like the earlier unitary models of the household, the collective models contribute to the normalization of heterosexuality in domestic spaces (Bergeron 2010). The language in the scholarship on collective models, including the feminist one, often uses interchangeably terms such as “household”, “family”, “married couple” and “husband and wife”, as if a household will always be constructed around a heterosexual couple, in one way or another. As such, gendered implications for households as a general category or group, when the analysis is premised on a heteronormative understanding of the household, are likely to be ill fitting for women-headed, gay, lesbian and queer households. In fact, the slippage goes even further, according to Bergeron, as heterosexual coupling is posited as the norm from which other household arrangements deviate. The ramifications can be wide-ranging: a key one is the view of remunerated work as liberating for women, accompanied by the concern over a double burden facing women. However, if there is no man in the household who



can take up the slack when a woman enters the labour market, then it is clear that the overall analysis of negotiations of gendered roles in the household and participation in paid work as a way to women's empowerment is called into question.

These flaws are significant, and they have kept many feminists away from collective household models. Despite their limitations, these models have been useful in drawing attention to the significance of the power dimension to the dynamics of intra-household behaviour, particularly among economists who use modelling. Yet, to achieve greater complexity in analyses of household and intra-household dynamics, Kabeer (1994) suggests that some dichotomies embodied in economic modelling should be overcome to enhance our understanding of what households are and how they function. First, methodological individualism should not lead to the exclusion of methodologies concerned with social structures. Second, the separation between *economic* and *cultural* should be abandoned. Third, the dichotomy between quantitative and qualitative analysis should be overcome. In other words, methods and analyses that allow for higher levels of complexity and variation should guide our understanding of household practices.

## 5.6 Households in feminist political economy and global capitalism

The household is not just a unit that matters for microeconomic practices of consumption, time and labour allocation, it is also an institution that is embedded in the broader economic system, which, at the current time, is the global financialized capitalist system. In feminist (international) political economy, households are institutions that operate in the global capitalist economy, and, as such, they are both shaped by and contribute to the shaping of global processes of change. Although feminist economists have focused primarily on uncovering the inner workings of households, in feminist political economy households are seen through their external relations to economies and societies.

The first lesson from feminist political economy is that we need not only to look at the household level and within it but also to account for how households are essential for the functioning of the global economy through the unwaged physical and emotional labour that occurs in the household. Households fall largely outside the production boundary (Waring 1988), and so the work and various activities that take place in the household have been made invisible and devalued. As long pointed out by feminists, the calculation of gross domestic product – the key indicator of economic activity – does not include unpaid household services. What are these services? They include various forms of housework, such as cleaning, acquiring food, cooking and care, that take place on an unpaid basis in the household and are performed overwhelmingly by women and children (Kes & Swaminathan 2006). Despite attempts to improve the way GDP statistics are compiled over time, such as by including financial services and informal work, unpaid household services continue to be excluded. According to DeRock (2019), the reason



is not technical but political: it is attributable to the institutional bias embodied in the practice of the statisticians who estimate the GDP data. Thus, the conceptual rejection of unpaid housework and care as essential forms of work with an economic value continues to inform our measurement of the economy today.

In the 1970s the domestic labour debate placed the spotlight on the work that occurs in the household. In the political pamphlet *The Power of Women and the Subversion of the Community*, Mariarosa Dalla Costa and Selma James (1975) argue that, contrary to Marx's theorization of value as created through the wage relation, reproductive work is essential for production to take place and therefore is itself a bearer of value. The argument is both conceptual – it challenges and extends Marx's theory of value – and political – the home is a site of class struggle. See [Chapter 3](#) on social reproduction for a full discussion of the domestic labour debate.

Taking a historical perspective, feminist political economists have documented the subordination of women to global processes of capitalist accumulation. Maria Mies (1986) discusses how global processes of primitive accumulation hinged on the exploitation of nature, colonization and the subordination of women. Whereas colonization underpinned the international division of labour, “housewifization” structures the household division of labour. The family comes to be constructed as “the colony of the little white men” (Mies 1986: 103), in which the male breadwinner has authority over the other household members. However, in the former colonies, women could not afford to be housewives because their engagement in wage and paid work contributed to the family's survival and global capital's extraction of value. Although these women worked for a wage, their work was undervalued and, when possible, confined in the “private” space of the house, as Mies' seminal study of lace makers in India demonstrates (Mies 1982). Several contemporary examples illustrate how global value chains are reliant on the outsourcing of work to informal producers – often women homeworkers (Chen 2012; Mezzadri & Fan 2018). The invisibilization of women's work underpins the appropriation of women's reproductive labour that is central to the capitalist mode of production (Federici 2004).

Through the international political economy of the everyday, feminist scholars have studied how the construction of the household as a private space serves the purpose of depoliticizing it (Elias & Roberts 2016). Feminists reject the fictitious separation between the public and the private, wherein the household is firmly located in the so-called private sphere: “[T]he household is not, and never has been, a closed space separate from capitalist production but exists as a site in which work, labour, and social reproduction co-constitute the everyday” (Elias & Rai 2019: 209).

The household is a site of production and social reproduction with internal relations of power and external socio-economic relations. The state mediates the relations between households and global markets. For example, the disputes between the Malaysian government and the countries from which Malaysia receives migrant labour led to strains on the reproductive capacities of middle-class Malaysian households, which rely on migrant domestic workers in the context of minimal public welfare provision (Elias & Louth

2016). Household boundaries stretch across space through global production, reproduction chains and gendered migration (Elias & Rai 2019). For instance, the patterns of gendered migration driven by the colonial labour regime in southern Africa, which was structured around male work in the South African mines, pushed men away from their households and led to the formation of women-headed households in the rural areas of South Africa and the neighbouring countries; these women-headed households underpinned the social reproduction of the cheap labour regime in South Africa (O’Laughlin 1998). Households provide a lens through which to look at the intersections between the global dynamics of capitalism, the state and everyday life.

Looking at the recent literature on households and financialization, we learn other important insights into the roles of households in the context of financialized capitalism. Although the 2008 financial crisis exposed the fragility of financial markets and economic systems, the push towards further financialization<sup>7</sup> continues. According to Bryan, Martin and Rafferty (2009: 461–2), financialization brings capitalist relations into the household:

Financialization points to the need to frame the household increasingly also as a unit of financial calculation, and not just in its internal operation [...] but in its wider social role. Households live the contradiction of being both capitalist and non-capitalist at the same time. Economically, the household not only consumes commodities and reproduces labor power, it also engages finance, particularly through its exposure to credit, the demands of financial calculation, and requirements of self-funding non-wage work in old age.

More and more households are being drawn into the financial markets as both investors and debtors (Roberts 2016). With the rolling back of the welfare state through the imposition of austerity, households, especially poorer ones, have been forced into debt accumulation to meet their needs. Through the increase of housing and consumer debt, households have become connected to market risks via mortgages while the pressure of increasing wages and ensuring welfare provisions was repressed; this process has been termed “privatized Keynesianism” (Crouch 2008). Households are now debt-burdened and risk-bearing. The failure of the traditional anchoring mechanisms of financial stability has placed households in a central position to address the shortage of safety in financial assets through the securitization of household payments (Bryan *et al.* 2016).

As households increasingly meet the costs of social reproduction through debt, Roberts (2016) argues that we are observing a process of “financialization of social reproduction”. This can be seen as the ultimate development of the long process of the

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7. The debates on financialization are beyond the scope of this chapter; however, a simple definition of the concept can be framed as follows. Financialization is an expression of shifts that have taken place in global relations of production, which have made it profitable for firms to accumulate via financial channels (Roberts 2016).

privatization of welfare provisioning, which started in the era of neoliberalism. Debts need to be cared for (Montgomerie & Tepe-Belfrage 2017). High and unsustainable debt can create tensions within families and lead to separations and divorces, de facto eliminating its host: the household. This framing shows how the household can be a lens through which the limitations of debt-led financialization can be seen. This literature suggests that households play an important role in the reproduction of financial systems, however precarious this reproduction is.

It should be noted that the literature on households and financialization is largely focused on the Global North; in the Global South, the feminist literature has provided in-depth analyses of the processes of financial inclusion. For instance, Serena Natile (2020) looks at Kenya, a country at the forefront of digital financial inclusion, especially as a result of the phenomenal growth of M-Pesa, now used by more than 70 per cent of the population. M-Pesa is a mobile money platform that gives easy access to financial services to social groups that, because of poverty and other forms of marginalization, face barriers in gaining access to formal banking institutions. In this way, it is seen as an effective tool to promote inclusive development. In her analysis, Natile problematizes these claims and documents the colonial roots of gendered financial exclusion; she also finds that, although M-Pesa facilitates access to financial services for poor women in Kenya, this is in itself insufficient to promote gender equality unless it is framed within a politics of redistributive justice. Preceding the scholarship on financial inclusion, of which Natile's work is an example, there is a significant body of feminist work on the gendered dynamics underpinning microcredit schemes, given that they have largely targeted women. Drawing on a collection of empirical studies, Garikipati *et al.* (2017) dismantle the claims that microfinance promotes gender equality. First, they highlight that the evidence linking access to microcredit and women's empowerment is weak; second, there are mechanisms of gendered discrimination within microcredit initiatives in terms of credit conditions offered to women and men; finally, despite targeting women, microcredit institutions operate within power relations at multiple levels, which are not changed in favour of women through the provision of small loans. This research is foundational to the investigations of financialization and how it impacts households in the Global South, which is an important avenue for future research.

## 5.7 A feminist conceptualization of the household

A feminist conceptualization of the household is based on four dimensions.

1. Households are not self-contained units but have elusive boundaries (Kandiyoti 1999); households are connected through economic, social and cultural relations as well as obligations in the local and global economies.

2. Households are internally fragmented, as they are sites where inequalities and power differentials are reproduced (O’Laughlin 2014).
3. Households change over time, in response to internal and external processes of change; hence, households have their own developmental cycle (Guyer & Peters 1987).
4. Households are best understood through qualitative and mixed-method analyses, which allow the capture of complexity and diversity in terms of household formation and composition (Kabeer 1994; Berik 1997).

## 5.8 Takeaway messages

- The household is a site of specific concern for feminist economists and political economists because it is in the household, the fictitious “private sphere”, that (reproductive) work – most often performed by women – is made invisible and devalued.
- Households are diverse, as a simple look at household sizes and typologies across the world demonstrates.
- Mainstream economists took interest in the household because allocative decisions on consumption and production occur in the household; however, they faced the problem of fitting a collective unit into the framework of methodological individualism. Through the imposition of key assumptions, Gary Becker developed the new household economics, which extends microeconomic theory to the study of the family.
- NHE theorizes the household as a nuclear heteronormative family based on the altruism of the household head, rational behaviour on the part of household members, the maximization of a single household utility function and a sexual division of labour that is efficient because it reflects women’s and men’s different comparative advantage.
- Feminist economists have criticized NHE’s theorization of the household on conceptual terms – for example, the household is not a site founded on altruism but one of inequality and conflict – and empirical ones; for example, income pooling does not happen in many households, and labour is not perfectly substitutable.
- The feminist critique of unitary household models has led to a shift in economic theory with the development of collective household models; although these models shed some light on the power imbalances within the household, their economic formulation limits their analytical scope.
- Feminist political economy and international political economy theorize the household as a site of social reproduction and, as such, central to the social reproduction of global capitalism; in the context of financialization, households have become central to the extension of finance into everyday life.

## 5.9 Discussion questions

- ♦ What are the key shortcomings of economic conceptualizations of the household from a feminist perspective?
- ♦ What motives underpin the decisions of household members: selfishness or altruism?
- ♦ Do household configurations and intra-household relations vary by context? Discuss with reference to specific contexts in the Global South and North.
- ♦ What are the roles of households in globalized and financialized capitalism?
- ♦ What would be your feminist conceptualization of the household?

## 5.10 Resources

- ♦ Address by IAFPE president Cheryl Doss at ASSA 2020, “Diffusion and dilution: the power and perils of integrating feminist perspectives into household economics” (57 min.). YouTube video: [www.youtube.com/watch?v=a3uQNSy7vYA](https://www.youtube.com/watch?v=a3uQNSy7vYA).
- ♦ Webinar hosted by the UK Women’s Budget Group, “Money in the household: social security”, with Marilyn Howard, Fran Bennett and Monica Costa Dias (59 min.): <https://wbg.org.uk/events/autumn-winter-webinar-series-money-in-the-household-social-security>.
- ♦ Website for International Political Economy of Everyday Life (I-PEEL), edited by James Brassett, Juanita Elias, Lena Rethel and Ben Richardson: <http://i-peel.org>.