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Independent Individual Decision-Makers in Household Models and the New Home Economics

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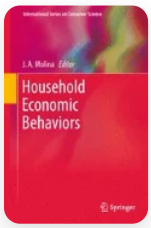

Household Economic Behaviors

Shoshana Grossbard

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Abstract

Much of the recent literature in household economics has been critical of unitary models of household decision-making. Most alternative models currently used are bargaining models and consensual models, including collective models. This paper discusses another alternative: independent individual models of decision-making that do not make any specific assumptions of jointness of decision-making in households. Unitary models are typically associated with Gary Becker, even though most of Becker's own analyses of the family did not use his unitary model. This is especially the case with the specifically independent individual models presented in his theory of marriage. Decision-making models assuming independent individual household members in the Becker tradition are reminiscent of models of labor markets in which firms and workers are

independent decision-makers. As basis for econometric estimations, such models may be preferable to models imposing the structure of a game or a household welfare function.

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Notes

1. The term “unitary” was coined by Browning et al. (1994).

2. References to Becker’s unitary model can be found in articles on a diverse range of applications of household economics, ranging from labor supply – such as Chiappori (1988), Chiappori et al. (2002), Chau et al. (2007) – to fertility (including Tiefenthaler 1999; Klawon and Tiefenthaler 2001), care work (e.g., Bergeron 2009), child labor and school attendance – such as Emerson and Souza (2007) – and demand for pets (see Schwarz et al. 2007).

3. The NHE was called “New” to distinguish applications of household economics based on economic analysis from “Home Economics”, an academic discipline that was then very popular in USA and focused on the training of high school students in practical home management skills, including sewing and woodwork.

4. Note that Becker (1991) is identical to Becker (1981) except for a new introduction.

5. Personal recollection of the author while attending Becker’s workshop in the years 1974–1976.

6. See Grossbard-Shechtman (2001) for more on the history of the NHE.

7. More on these separate models of marriage is found in Grossbard (2010).

8. See Grossbard-Shechtman (2003) for models based on that course.

9. More on this topic in Grossbard (2010, forthcoming).

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Author information

Authors and Affiliations

San Diego State University, San Diego, CA, USA
Shoshana Grossbard

Corresponding author

Correspondence to Shoshana Grossbard.

Editor information

Editors and Affiliations

Fac. Cc. Economicas, Depto. Analisis Economico, Universidad Zaragoza, Gran Via 2, Zaragoza, 50005, Spain
J. A. Molina

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