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**"The Household Economy:**

**A Complement or Alternative to the Market Economy?"**

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**The Household Economy:  
A Complement or Alternative to the Market Economy?**

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### ABSTRACT

The most common way of understanding economic life today is by looking at it in terms of the market. The market, it is generally agreed, is at the heart of the modern economy and is best understood with the help of the science of economics. In this paper I argue that it may also be possible to look at economic life from the perspective of another and equally important institution in economic life: *the household*. Three examples of households and their respective theoretization are presented and discussed: the estate in Ancient Greece and the theory of the *oikos*; the household in 19<sup>th</sup> century USA and home economics; and the modern household and Ellickson's transaction cost approach to the household. The paper ends with a discussion of the household form, drawing on Weber's conceptualization of the household in his economic sociology; and also with some suggestions for how to use the household model to improve economic life.

The most common way of explaining economic life today is by looking at it in terms of the market.<sup>1</sup> The market, it is generally agreed, is at the heart of the modern economy and is best understood with the help of economics. Modern economics is also the most prestigious of all the social sciences; and it advocates a perspective based on formal modeling, viewing the actors as operating in an environment of scarce resources, while maximizing their utility.

This way of conceptualizing economic life has a powerful grip on the modern imagination, in academia and elsewhere. But there also exist other ways of looking at economic life. In this paper I will argue that economic matters can also be looked at from a very different perspective: that of *the household*. As I will show, this constituted the traditional way of looking at economic life, before the market became a major economic institution and the center of economic thought. Production, distribution and exchange – the three central processes in economic life according to modern economics – were at one point all handled by the household.

When people today use the term “household” they tend to think of a family or, if they have a social science background, of a small number of co-residents who consume together. In this paper, in contrast, I will use household in a broader sense, as a distinct institution that varies in size and has an important economic dimension. I will argue that by proceeding in this way we will be in a position to better understand the earlier role of the household in economic life. Only by looking at it from this broader perspective, I will argue as well, is it possible to see how it also today may help us to better understand

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<sup>1</sup> This paper was presented at the annual meeting of the American Sociological Association in 2010 in Atlanta. It was originally written for a Swedish project and published in 2011 as “Möjligheter for nationalekonomin, möjligheter for hushållet (Possibilities of Economics, Possibilities of the Household)”. Pp. 24-53 in Katarina Schoug (ed.), *Om möjligheter – för människan och allt annat levande* (Stockholm: Naturvårdsverket). While the theoretical focus on the household is special to this paper, some of the factual material can also be found in my 2009 article “The Centrality of Materiality” in (ed. with Trevor Pinch) *Living in a Material World: Economic Sociology Meets Science and Technology Studies*. (Cambridge: The MIT Press).

economic life – and perhaps get a better grasp on the economic possibilities that are open to us.

The paper is organized as follows. In the first half I will provide some detailed examples of different types of households throughout history, and also show how the household has been conceptualized in different ways. As the reader will see, it has fired the economic imagination many times and produced interesting but largely forgotten bodies of thought. It will also become clear that there exist good historical reasons for viewing the household as a distinct institution in its own right, which is not just limited to the nuclear family.

In the second half of the paper I will try to explore the possibilities that open up to think of the economy in new ways, when we use the term household in a broad institutional sense and when we draw on the bodies of thought that it has inspired throughout history. Many questions emerge at this point that are hard to give definitive answers to, but which invite to further discussion. Is it possible to create new types of household and what would these look like? Can these new types of household replace the market as the major economic institution? Should they? What would happen to, say, economic growth if they did? Should one rather try to think of new economic institutions that have elements of both the household and the market? And what about patriarchy and the household; did not the oppression of women originate in the household? Did not some households in the past have slaves? And have not the attempts so far to institute household economies on a grand scale in modern life – from Soviet Union and onwards – ended up by creating new forms of oppression? There exist many other questions as well that need to be discussed, once one decides to take the household approach to economic life seriously.

#### Example # 1: The Household in Antiquity

What makes it attractive to start a discussion of the household with presentation and discussion of the type of household that existed in Antiquity, is that it was at this time that the first attempt to formulate a science of economics took place; and it was modeled on the household. Many centuries later the market had pushed the household back and taken over much of production. Adam Smith and Karl Marx may have little in common,

but on one thing they agreed: the market was central to the new type of economy that was emerging in Europe in the late 18<sup>th</sup> century. The market was similarly at the center of the new type of economic analysis that was being created to understand the new economy.

In writing the history of economic thought, it is customary to start with a reference to two classical texts: *Politics* by Aristotle and *Oeconomicus* by Xenophon. This is often followed by a quick dismissal of both; Aristotle for his negative view of the market, and Xenophon for having written a tedious treatise in agriculture. Both reactions are understandable: Aristotle spends little time on analyzing the market and he is basically negative. And Xenophon's work contains long descriptions on how to sow, when to harvest and the like, which has no interest for the modern economist.

If one in contrast looks at the analysis of the household (*oikos*), in Aristotle as well as in Xenophon, a somewhat different picture emerges. *Politics*, it turns out, contains a serious and sustained attempt to theorize the role of the household and to establish its role in Greek society as a whole. And *Oeconomicus*, it turns out, contains one of the most vivid, sharp-eyed and complete descriptions of the household in the literature of Antiquity.

Aristotle touches on the household in several places of his work, but most importantly in Book I in *Politics* (Aristotle 1946:1-38). The key section is called "The Theory of the Household", and the title is appropriate since Aristotle's main achievement in this part of his work is to theorize the household in a meaningful way. His effort can be described as follows. He first defines what a household is and what its overall goal consists of. He then contrasts it on a few points to the art of acquisition or, as we would say today, money or profit-making.<sup>2</sup>

One of Aristotle's major achievements is to have created an early typology of different economic activities. These are two: those that are related to the art of household management (*oeconomic*), and those that are related to the art of acquisition (*chrematistic*). While this pair of opposites may seem simplistic, it was later picked up and elaborated upon by a number of economists and social theoreticians, including Marx

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<sup>2</sup> The modern word 'economics' derives from the Greek *oikos* (household) and *nem* (to regulate, administer, organize; cf. e.g. Finley 1973:17).

and Weber. It represents, in short, a durable and useful way of classifying economic activities.

A household is described by Aristotle as a large agrarian estate, run by a free man who also oversees the activities of his wife, children, animals and slaves. Aristotle was well aware that other forms of economy than agriculture were possible (as exemplified by nomads and hunters). He does not, however, discuss these in any detail. Nor does he mention what methods are needed for different types of crops, as Xenophon does. Instead Aristotle focuses on what we today would call the social structure of the household.

A household is centered around three types of relationships, according to *Politics*. There is first of all the relationship between the head of the household and the slaves. Then there is the relationship between the master and his wife. And finally there is the relationship between the parents and their children. The normative structure of each relationship is carefully described.

The household has also a crucial role to play in the larger political community (*polis*), whose goal is autarchy or self-sufficiency. Aristotle explicitly states that the *polis* is not to be seen as a large household; and the reason is that the citizens of the *polis* are all free men, something that is not true for the members of a household.

The art of household management differs from the art of acquisition in several important ways. Different uses of the goods are involved; wants are structured differently; and their goals are not the same. In a household an item is appreciated for its practical use, while in acquisition its only use is in exchange. Marx would later call the former use value and the latter exchange value. He would also, like Aristotle, argue that the good community can only be constructed on the foundation of use value.

In a household there are clear limits to people's wants, while in acquisition or money-making they are limitless. The tendency to never be satisfied, Aristotle says, tends to unbalance the individual and make him think of everything in terms of money. Those who devote their lives to the art of acquisition become nervous, dissatisfied, and display "anxiety about livelihood, rather than about well-being" (Aristotle 1946:26).

The ultimate goals of those who engage in household activities differ from those who engage in money-making. The latter want ever more money, while the former seek "true wealth" (Aristotle 1946:21-22; emphasis added). In today's language, one could

say that the latter want to be rich. True wealth, Aristotle adds, does not consist of objects or monetary riches but of people. He does not explain what he means by this, but presumably true wealth is tied to relationships, while riches are tied to objects.

Aristotle sums up the normative part of his discussion by stating that while household gains are natural, those of acquisition are unnatural. The former are natural because they come from animals and plants. Money-making is unnatural because money comes from money.

Aristotle's analysis of the household in *Politics* takes up something like a chapter; and it portrays the household as part of a larger political community. *Oeconomicus* by Xenophon is very different. It can be described as a small book, exclusively devoted to a discussion of the economic activities of the household.

The style of Xenophon's work is also different from that of Aristotle. It is written in the form of a dialogue rather than as a treatise. The argument in *Oeconomicus* is constructed via questions asked by Socrates and the answers that he generates. The goal is more to raise questions and challenge standard ways of seeing things than to suggest scholarly and analytically useful distinctions, as in Aristotle.

As an example of Socrates' way of proceeding, one can mention his sparring with his friend Critobulus in the beginning of *Oeconomicus*. One issue that is discussed is if being wealthy and having many objects are the same thing. Socrates says 'no'. What matters, he says, is instead the use that you make of something. An object can be made to enrich you and so can having a friend. But an object can also be used in the wrong way or not at all; and in these cases they will not add to your wealth.

From passages elsewhere in *Oeconomicus* it is clear that Socrates disapproves of having profit rather than wealth as a goal. But while Aristotle goes out of his way to condemn mere money-making, Socrates is less interested in doing so. What concerns him more is what makes one household successful, while another fails. One can be on the right track, Socrates argues, and still go wrong.

By success and failure in this context, Socrates means the quality of the relationships that make up the household and its use of its resources. Both need to be handled properly - relationships as well as material objects - if the household is to



flourish. The subtlety of Socrates' argument on these two points constitutes the main contribution of *Oeconomicus*.

At the heart of the household is the male-female relationship; and only if this works well, will the household produce wealth. While Socrates, like Aristotle, does not question the husband's power over his wife, the emphasis is on the two treating each other with dignity. If the husband is faithful and respectful of his wife, and if she carries out her tasks with energy and intelligence, the household will be stable and sound.

Socrates details the duties of the husband as well as of the wife. The husband spends his day outside the house, where he directs the work on the fields, supervises the slaves and defends the property. The wife's domain is inside the house, where she supervises the domestic slaves, the cooking and the general order of the household. The husband is in charge of seeing to it that resources go into the household; and the wife will handle them once they are on the inside. If both do their job well, the balance of the household will be positive.

Throughout *Oeconomicus* Xenophon pays close attention to the relationships that are at the core of the household and how these can be made to work well, with wealth and well-being as a result. If something goes wrong, he says, the household will be like "a leaky jar" (Xenophon 1923:427). Xenophon is also closely concerned with the objects in the household and how these should be handled. The reader of *Oeconomicus* comes away with a sense that a household is not only a social arrangement but also something tangible and material.

The last point deserves to be emphasized. In describing the duties of the head of the household, Xenophon gives many practical advise about when to start the sowing, when to begin the harvest, and the like. A household is grounded in the soil; and it is from the fruits of the soil that its members will live. Similarly, the duties of the wife are described in rich material detail. In managing the main building of the household, each room should be used properly. Food and wine are to be in a cool room, the female slaves should sleep in a room of their own, and the males slaves in another (with a bolted door between the two).

The good manager of the household should create *order* in the household, and order is something that is both positive and aesthetically pleasing:

How good it is to keep one's stock of utensils in order, and how easy to find a suitable place in a house to put each set in, I have already said [Ischomachus tells Socrates]. And what a beautiful sight is afforded by boots of all sorts and conditions ranged in rows! How beautiful it is to see cloaks of all sorts and conditions kept separate, or blankets, or brazen vessels, or table furniture! Yes, no serious man will smile when I claim that there is beauty in the order even of pots and pans set out in neat array, however much it may move the laughter of a wit. There is nothing, in short, that does not gain in beauty when set out in order. (Xenophon 1923:437)

The contrast between today's view of the household and the one that was prevalent in the days of Aristotle and Xenophon is obvious. Today the household is a social science category and it is defined as a small group of co-residents who typically share consumption. In Antiquity, on the other hand, it was part of a moral and practical vision of how to live. Its core consisted of three relationships that had to be handled properly and with care (the master-slave relationship, the husband-wife relationship and the parent-child relationship). The goal of the household was a positive balance of material and ideal resources – wealth, not riches or profit. The household deeply engaged the body as well as the soul.

#### Example # 2: The Household and Home Economics

If this article was a history of the notion of the household, there would now be a section on the medieval manor that emerged after the Roman Empire had disintegrated (e.g. Brunner 1956). This, in turn, would be followed by a discussion of the way that the metaphor of the household was applied to the nation state, a few centuries later. The king was now seen as the head of the national household, supported in this role by sermons about “the Christian Household” by Protestant theologians (e.g. Hoffmann 1959). Important elements of the household ideology can also be found in mercantilism, as theorized by the first professors of economics and later famously attacked by Adam Smith in *The Wealth of Nations* (e.g. Tribe 1988, Runefelt 2001). The traditional household of the peasants remained strong during all these centuries (e.g. Chayanov

1986, Gudeman and Rivera 1990). And finally there was the creation of the modern household in the 19<sup>th</sup> century, when, during the Industrial Revolution, most of production left the household.

Many readers are familiar with these developments, which have also left traces in everyday language (e.g. Oxford English Dictionary, 2000-). The idea of the nation as a giant household is to some extent still present in the notion of the modern state, especially in the welfare state. It is the task of the modern state to provide for the welfare of its citizens; it is what has also been called a public household. And in Sweden, for example, we do not say that we study economics at the university level but “national economics” (*nationalekonomi*) – again a reminder that the goal of economics was once to provide for the nation as a whole.

The migration of production from the household to the factory that began in the 1800s has also continued. The emergence around this time of a new type of economics that was closely modeled on the household – *home economics* – is, in contrast, little known. It only existed in a few countries and it is not mentioned in the standard histories of economic thought. But despite its status as an ignored and sometimes even ridiculed branch of economics, it carried on as well as substantively added to the tradition of household economics. This is one of the reasons why it is worth reviving the memory of home economics. To do so also allows us to see what modern economic thought missed, when it emerged in the 19<sup>th</sup> century.

The first thing that strikes you, when you take a closer look at home economics, is that it does not fit any of the usual categories for what economics is all about.<sup>3</sup> As to its content, it is part instruction for what to do in a home – cooking, sewing, cleaning and so on - and part economic theory. It has been taught in universities and colleges, but also in schools at a lower level (where it is still being taught in many countries). It has also been studied and practiced by many women on their own and is part of the self-help literature.

Home economics can be described as gendered knowledge, in the sense that it was aimed exclusively at women. It was invented by women, practiced by women and

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<sup>3</sup> A huge number of the books, pamphlets and journals that were part of the home economics movement are available on the web. For the electronic Home Economics Archive, see <http://hearth.library.cornell.edu>.

mainly (but not totally) abolished by women. While this explains why home economics has attracted some attention from modern scholars who are interested in women's history, and also by feminists, our interest is different (e.g. Fritschner 1973, 1977, Stage and Vincenti 1997). What is primarily at issue in this paper is what we can learn from home economics about economics and its possibilities.

The reason why home economics has something important to say on the topic of economics and the household, is that by the mid-19<sup>th</sup> century, when home economics appeared, the household had very much become a women's issue. Mainstream economics was already absorbed by its fascination with the market, with production, and with the goods that were produced in the modern industrial system – and had totally forgotten about the household (e.g. Swedberg 2008). This not only left a space for home economics; it also allowed it to develop free from interference, since it was not seen as a threat to official (male) economic thought.

The origins of the home economics movement is usually traced to the publication in 1841 of *A Treatise on Domestic Economy* by Catherine Beecher, an author and educator of Calvinist origin. Her book quickly became popular and was read and studied throughout the 1800s. Its main argument was that American women were in a position to progress, if they applied science and knowledge in a methodical manner to the sphere of the household. *A Treatise on Domestic Economy* is in many ways a remarkable work and since it is forgotten today, there is reason to pause for a moment and briefly present its contents.

It is sometimes argued that *A Treatise on Domestic Economy* belongs to the genre of self help literature. It has also been noted that Beecher's work can be seen as part of the ideology of domesticity that was emerging at the time (e.g. Sklar 1976a, b). While both of these views have some truth to them, there is more to Beecher's work, especially if one looks at it from the perspective of economics. In this paper I will try to show that this by focusing on her vision of the economy.

What Beecher had in mind was not only a knowledge of economic life that is much broader and quite different from what we today mean by "economics", but also what in her own time was known as "political economy". *A Treatise on Domestic Economy* contains a very practical type of knowledge that we already know from

Antiquity: the art and science of managing the household. But there was also a strong ethical and democratic dimension to Beecher's theory, which made her present it in terms of possibilities for the American woman.

The social theory that underlies *Treatise* comes from *Democracy in America* (1835, 1840) by Alexis de Tocqueville, a work that was very popular at the time. According to Tocqueville, society is in the process of going from "aristocracy" to "democracy". By aristocracy he meant the rule of an elite, and by democracy the trend in modern society towards equality – equality in the political, economic and social spheres. What Beecher added to this, was the idea that while society *outside* the household had developed very far in the direction of democracy, it was different *inside* the household (e.g. Beecher [1841] 1977:39, 107). Aristocratic attitudes and ignorance ruled inside the household and so did inequality. Just as the natural sciences and the theory of "political economy" were taught and applied outside the household, so there was a need for a theory of "domestic economy" to be taught and applied inside the household.

Some parts of Beecher's doctrine of domestic economy dealt explicitly with what we today would call economic topics. She says for example that the housekeeper should be methodical in the way that she handles expenses and carefully record what is spent on such items as food, clothes, heat and rent (Beecher [1841] 1977:177). But even when Beecher discusses rather straightforward economic topics, it is clear that she also had her own vision of proper economic behavior. The reader of *A Treatise* is, for example, told that it is the wife and not the husband that should control the family budget. It is also imperative for the housewife to always be generous, hospitable and aid the poor – and to teach the children the same.

But the vision of a domestic economy in *Treatise* goes well beyond what we today mean by "economic" topics and which typically involve money. Beecher devotes separate chapters to how to bring up children and how to take care of the sick. There are also chapters in *Treatise* on how to cook, clean, take care of one's body and decide what kind of clothes to wear. According to Beecher, Americans eat too much meat and exercise too little. She criticized the U.S. ideal of women with a super thin waist that was the result of wearing murderous corsets. She was also very interested in the design and the aesthetic dimension of the family home. Each house, she insisted, should have "a

light, neat and agreeable kitchen” (Beecher [1841] 1977:366). More generally, the home should be a place for “comfort” and “welfare” (Beecher [1841] 1977:138).

It has often been noted that while Beecher argued that the household should be run by women, the world outside the home should be run by men. But this is a truth with some modifications. According to Beecher, “to make money” and to enjoy what money can buy, must not be the main objects of life. What first and foremost matters, she said, is “*to form character*”; and the place where the character forming process was to take place was in the household (e.g. Beecher [1841] 1977:263-64; emphasis in text). “Mind, body and soul” come together in the household – thanks to the methodical application of the insights of the domestic economy (Beecher [1841] 1977:30).

Thanks to the writings by Catherine Beecher and other women, “domestic economy” soon became a cultural force in the United States. It was not till the turn of the century, however, that the new science – now called “*home economics*” – started to be institutionalized (e.g. Stage 1986, 1997). The activities of chemist Ellen Richards were instrumental in this, but federal support for the new science was also important. The U.S. state supported the trend towards vocational training in the country. It also wanted to spread modern education to rural areas; and home economics, with its goal to modernize traditional skills, was ideal for this purpose.

In 1909 the American Home Economics Association was created and *The Journal of Home Economics* started to appear. The decision to call the new science “home economics” did not come without a battle, however. Ellen Richards preferred “ecology” and “euthenics”, but had to yield. What made the expression “home economics” so appealing to many, it seems, was that it sounded a bit like “social science” – a term that was loaded with positive connotations at the time.

The first issue of *The Journal of Home Economics* contained the following, account of why the term “home economics” had been chosen and what was meant by it:

After a full discussion there was agreement on the name ‘Home Economics’ as the title preferable for the whole general subject, and it was determined to consider it as a distinct section of the general subject of economics, so that it should find a logical place in the college and university course and not be confused with the mere ‘Household Arts’

often taught under larger names. The latter, however important practically for the general public, could never expect to be recognized as a part of the university curriculum. While home economics was taken as a general term, it may be wise to use other phrases for its sub-divisions; domestic economy might be appropriate for lessons for the younger pupils; domestic science might be applied in high schools where foods and house sanitation can be studied by scientific methods, while household or home economics would be suitable for college courses. (American Home Economics Association 1909:4)

Home economics was first and foremost successful in the area of education. It could soon be found all over the United States in elementary schools, high schools and universities. It drew heavily on the natural sciences as well as on the social sciences. Chemistry was used to improve food and textiles, and bacteriology to make things clean. Home economic also shared an interest in consumption with economics; in the family with sociology; and in child development with psychology.

Many of the students of home economics had a very strong sense of a social mission. The American Home Economics Association described its goal as “the improvement of living conditions in the home, the institutional household and the community” (Stage 1997:17). This quote also makes clear that the ambitions of home economists went well beyond the private household. It aimed, for example, at “municipal housekeeping” and was to make significant contributions to public health (e.g. Hoy 1980).

It should also be mentioned that especially one aspect of how to educate young women for expertise in the domestic household has recently come in for criticism (e.g. Grunwald 2010). This has to do with the way that babies from orphanages were used for practice in classes to teach the students “mothercraft” or the scientific art of childrearing. These programs were initiated in 1919, spread to some twenty universities and lasted till the 1950s. The children from the orphanages were used for one year in programs of home economics, during which time they had several young girls looking after them. After this year the babies were put up for adoption. The first practice baby that arrived to Cornell in

1919 was named Dicky Domecon – “for domestic economy”, according to Cornell’s online archives of home economics.<sup>1</sup>

The home economics movement peaked in the United States around the 1930s. By now it had a massive presence in the educational system, not only at the lower levels as in Europe but also at the university level. As an example of this one can cite Cornell University, which in the 1920s had created a College of Home Economics with an impressive number of units (the Department of Food and Nutrition, the Department of Family Life, the Department of Textiles and Clothing, the Department of Household Art, the Department of Hotel Administration, the Department of Institution Management and the Department of Economics of the Household and Household Management).

Students who specialized in home economics primarily became teachers. But they also got some jobs elsewhere in society. They became dieticians and budget managers. Some worked in the private industry, mainly for corporations that specialized in food and household goods. Since 1923 there was even a Bureau in Home Economics in Washington D.C., housed in the Department of Agriculture.

It was also around this time that some people associated with home economics emerged as important economists in their own right, a fact that is not mentioned in modern histories of economic thought. Especially two people stand out in this regard: Hazel Kyrk and her student Margaret Reid, who both taught at the economics department at the University of Chicago (e.g. Folbre and Pujol 1998, van Velzen 2003, Beller and Kiss 2008). Kyrk was instrumental in introducing the social sciences, including economics, into home economics. Reid, who had a degree in home economics, went on to be a major economist as well and to influence people such as Franco Modigliani and Milton Friedman (Yi 1996).

Hazel Kyrk’s main work is called *A Theory of Consumption* (1923) and is written from the perspective of economic institutionalism. It is a work that has definitely stood the test of time and is well worth reading today for anyone interested in consumption and household theory. Kyrk wanted to look at “the world behind the demand curve”, as she put it, and especially to analyze how preferences are formed (Kyrk 1923:19). Economists, she argued, equated production with economics and ignored consumption. What was needed, both to improve theory and to prepare the way for a better society, was rather to



view things from the perspective of “the whole economic process” (Kyrk 1923:62, 83-4). To do so meant to bring consumption and production together, and to realize that welfare was the common goal of both.

Margaret Reid’s major work is called *Economics of Household Production* (1934) and it has recently gone through a revival. As the title indicates, what goes on in the household is analyzed in terms of production rather than in terms of consumption. Reid famously suggests that one can define “household production” as all the tasks in the household that can be bought and priced in the market (Reid 1934:11). In a similar practical spirit she defines consumption as what remains to be done, once the good is in the store and before it has been consumed. She finally suggested that just as production in modern society is centered around exchange value, the household is centered around use value. “Goods are produced for use; and returns are in use value rather than exchange value” (Reid 1934:132).

After World War II, and especially in the 1960s, the home economics movement started to disintegrate and to vanish from common consciousness. One indication of this is that the term itself started to disappear. In 1969, for example, Cornell’s College of Home Economics changed its name to the College of Home Ecology. Home economics also drew fire from the emerging feminist movement for being conservative and backwards looking (e.g. Friedan 1963, Ehrenreich and English 1978). And mainstream economists had never been interested.

What ultimately caused the undoing of the home economics movement were probably the structural changes that American society had undergone since the time of Catherine Beecher and Ellen Richards. What had once been an agrarian and industrializing society, was by the 1960s a fully industrial society and also a post-industrial society. As American women were increasingly entering the labor market, the traditional housewife was beginning to disappear – and with her, home economics.

### Example # 3: The Modern Household

So far in this paper I have presented two examples of households and the type of economic thinking they inspired, one from Greece in Antiquity and one from the United States in the 19<sup>th</sup> century. It is now time to look at today’s household, and I will do this

with the help of a recent study written by one of the major figures in what is known as new institutionalism in economics. The author's name is Robert Ellickson and his study is called *The Household: Informal Order around the Hearth* (2008). Ellickson is a professor of law and mainly known for having applied the idea of transaction costs to law and legal norms.

In looking for a contemporary study on the household by an economist, one could also have chosen something from the area of "new household economics" that Gary Becker and others initiated in the 1960s to much applause. Ellickson, however, has a more innovative approach than the new household economists, whose basic move is to apply standard micro economics to household matters. While Becker et al want to integrate the household into mainstream economics, Ellickson seems more interested in seeking out new avenues for economic (and legal) thought.

Ellickson states that his interest in the household comes from the fact that this is the place where humans spend most of their day. He also notes that this is where people spend most of the time that they value the most. We need to better understand this vital place – the "domestic microcosm" (Ellickson 2008:1).

According to Ellickson, it is important to realize that a household is neither the same as a family nor a marriage. A marriage is surrounded by much more stringent legal requirements than a household, he says, both when it comes to entering it and leaving it. This has mainly to do with the fact that a marriage usually leads to children. A family, as opposed to a household, can be spread out over a huge geographic area. It is also considerably more stable than a household. You may belong to many household in your life but not to many families.

Ellickson provides the following definition: "A 'household' is a set of institutional arrangements, formal or informal, that govern relations among the owners and occupants of a particular dwelling space where the occupants usually sleep and share meals" (Ellickson 2008:1). A household, according to Ellickson, is an institution; it also has a legal dimension. In our discussion so far in this paper, it deserves to be noted, this is the first time that a legal element is seen as integral to the definition of the household. Ellickson also highlights the role of property.

There are three central relations to the “institutional arrangements” that constitute a household, according to Ellickson. First, there is the owner to non-owner relationship; second, there is the landlord to tenant relationship; and third, there is the occupant to occupant relationship. This means that one either owns or rents the space for the household. A household can also exist with only one member.

While Ellickson mentions that a large variety of households have existed throughout history, including the slave household and the royal medieval household, his definition fits contemporary times the best (Ellickson 2006, 2008). There are three “core liberal entitlements” at the very heart of his definition; and we may therefore be justified in calling Ellickson’s theory of the household for a liberal theory of the household. These three entitlements are: private ownership; freedom to exit from the household; and freedom of contract. Together they make possible “a robust system of decentralized household formation” (Ellickson 2008:14).

Ellickson’s book contains not only an interesting theoretical approach to the household but also an attempt to survey empirically what the modern household looks like in the United States and to explain why this is the case. He is in particular eager to establish data relevant for the three core relations that make up the household (owner/non-owner; landlord/tenant; occupant/occupant).

The modern U.S. household is typically small in size. The average household had 2.6 members in 2004, while the figure for 1790 was 4.8. Few households in the United States have more than four members. If you exclude households in which the members are related as kin, and instead only look at non-family households, 90% of these latter have only one or two members. The average number of owners is also small, with 90 % of all private dwellings being owned by one or two individuals. Finally, only a minority of households rent as their dwelling unit, as opposed to owning it.

While figures vary in different countries, the basic message is everywhere the same, according to Ellickson: small is good. The average number of household members in modern times Sweden, Japan and China are 2.0, 2.5 and 3.3 respectively (2005). While ownership of households can vary between say 80% (Ireland) and 40 % (Sweden), Ellickson argues that unless the state intervenes, renting tends to be low.

Ellickson is well aware that there exist households in modern society that do not look like the average household of a few persons, of which with one or two are owners. There are, for example, people who are institutionalized, such as prisoners and the mentally ill. There also are groups such as students who may live together for some brief period of time. And then there are people who have tried to create alternatives to the common household, so-called intentional communities.

Historically, the United States has gone through two periods when important attempts were made to create intentional communities, according to Ellickson. These are the Utopian Socialist era (1824-1848) and the Woodstock era (1965-1978), neither of which succeeded in creating a new and long-lasting types of household. In modern United States, he adds, there only exist a tiny number of sturdy intentional communities. The two most successful are the Hutterite Brethren, where the average number of household members is ninety (most of whom are children), and the Benedictine settlements, where the equivalent figure is forty (all of whom are adults). According to Ellickson, research indicates that intentional communities stand a better chance to survive if the members share a non-secular ideology.

Ellickson also says that according to his inventory of household forms throughout history, households have few members and few owners. The small number of owners, he notes, was typical also of the communes that came into being during the Woodstock era. The question then becomes, why is this the case? Why do household tend to have few members, few owners, and why do so few people rent their houses and apartments rather than own them?

Ellickson's answer is that transaction costs supply much of the answer. The costs associated with the transactions that go on in a household, Ellickson emphasizes, can be very high. If there are many members, reaching a decision tends to take long time. If tastes are very different, finding the right good may be difficult. If something important needs to be done that affects the property of the household, such as repairing the roof, a legal contract may have to be drawn up.

On these and similar occasions, according to Ellickson, a small size is much more efficient in transaction cost terms than a large size. Two-three people can often decide on things without the help of the law; and a couple will typically arrange tasks in their own

give-and-take way rather than draw up a contract. People who are intimate often engage in gift-exchange. Homogeneity in taste is also helpful in getting things done quickly and efficiently. The governance of the household is finally handled much more smoothly if the actors can decide the issues themselves and do not need to take some non-resident owner into account. This is why most households are owned rather than rented.

Ellickson mentions some recent attempts to create new types of household organizations. One is co-housing, a form that was invented in Denmark in the 1970s. People live in their own homes but co-own a place in which everybody eats together at least a few times per week. More generally, Ellickson says, most modern attempt to develop new forms of organizations have been of the inter-household type rather than of the intra-household type.

But Ellickson does not think that any of these new forms will be very successful. He seems convinced that the small household that is typical of modern liberal society is also the model for the future. It has shown its capacity to fulfill the needs of its occupants over many centuries and in many different contexts. Its features are not only proven, they are probably universal.

### Discussion

The discussion of these three examples – the household in Antiquity, home economics and the modern household – have hopefully shown that one needs to understand the household in a broader sense than is usually done today. According to the modern view, to repeat, a household is more or less equated with the modern nuclear family. The examples and literatures that I have referred to points in the direction of a broader concept of the household, and also one in which economics plays a significant role.

An attempt to provide us with such a broad, synthesizing concept can be found in the work of Max Weber. More precisely, it can be found in his theoretical economic sociology in *Economy and Society*. Drawing on his encyclopedic knowledge of economic history, as well as his talent for theorizing, Weber produced a very useful terminology for understanding the household in a broad, social science sense.

Weber's concept of householding is part of the conceptual pair "*householding*"- "*profit-making*". "The two basic types of all economies", as he once put it, "are householding and profit-making" (Weber 1923:6).<sup>2</sup> In the past it was the household that dominated economic activity; it "has been the dominant [economic] form in most periods in the past" (Weber [1921-22] 1978:90). Today, however, the household is overshadowed by the profit-making firm, which has taken over production and also replaced the household as a workplace.

Weber defines householding, as already noted, by contrasting it to profit-making. While householding is oriented to "*consumption*" and "*the satisfaction of needs*", profit-making is oriented to "*opportunities for profit-making*". The formal definitions that Weber provides in *Economy and Society* are as follows: "The continual utilization and procurement of goods, whether through production or exchange, by an economic unit for purposes of its own *consumption* or to procure other goods for *consumption* will be called 'budgetary management' (*Haushalt*)" (Weber [1921-22] 1978:87; cf. p. 89). "Profit-making' (*Erwerben*) is activity which is oriented to opportunities for seeking new powers of control over goods on a single occasion, repeatedly, or continuously" (Weber [1921-22] 1978:90).

Weber further specifies that householding aims at "*wealth*" and profit-making at "*capital*". This means that the type of calculation that is involved in these two activities is different. In householding, you periodically look at the difference between what comes in (income) and what goes out (expenses). In a profit-making enterprise, in contrast, you want to establish exactly what the assets are worth at the beginning of an enterprise, and what they are worth at the end, in order to establish the difference or the profit. The former way of calculation can be called "*budget*, according to Weber," and the latter "*capital accounting*".

The household is not more primitive than the firm, Weber emphasizes; it just emerged earlier in history. Both of them can be managed in a rational way as well as in a traditional way. The *oikos* in Antiquity is an example of a traditional household; and a planned economy of a rational household. The modern firm represents a rational form of profit-making, while the medieval trading company was traditional in nature.

While householding and profit-making constitute two very different types of economic action, the difference depends more on the mental element with which they are invested than on the actions per se. “The administration of budgetary ‘wealth’ and profit-making enterprises may be outwardly so similar as to appear identical”, Weber says at one point (Weber [1921-22] 1978:98). “They are in fact in the analysis only distinguishable in terms of the *meaningful* orientation of the corresponding economic activities”.

But even if householding and profit-making constitute two very different types of organizing economic action, they do not necessarily exclude one another. One can find many examples of mixtures of the two throughout history. An *oikos* may, for example, sell its surplus on the market. “In the action of an individual,” Weber also notes, “the two elements [of householding and profit-making] may be so intimately intertwined, and in the past have typically been so, that only the concluding act – namely, the sale or the consumption of the product – can serve as a basis for interpreting the meaning of the action” (Weber [1921-22] 1978:90).

Elsewhere in *Economy and Society*, Weber also discusses the fact that the modern firm emerged out of the family household (Weber [1921-22] 1978:356-98). The family, he says at one point, could either develop in the direction of the large household of an *oikos* or in the direction of the modern firm. At one end of the spectrum of Weber’s categories, there is the family, and at the other the modern share-holding firm. In the middle, so to speak, there is the family firm or what may also be described as a hybrid of household and firm.

What characterizes householding, to sum up Weber’s analysis, is best understood by contrasting it to profit-making. While the former is oriented to *consumption* and *the satisfaction of needs*, the latter is oriented to *exploiting opportunities for profit*. The long-term goal of householding is *wealth* and that of profit-making, *capital*. To order the economic resources of a household, you use a *budget*, while *capital accounting* is needed when it comes to profit-making. While householding and profit-making may result in different economic actions; they can also result in different *institutions*. What sets householding and profit-making apart is finally not so much their outer form; it is rather the meaning with which the actors invest their behavior (see Fig. 1).

/Fig. 1 about here/<sup>4</sup>

Weber's attempt to make a social science concept of householding, by contrasting it to profit-making, is very useful for the purposes of this paper. It brings some order into a topic that is hard to get a handle on. It also shows that one does not have to identify the household with the family household, but that the household can be seen as a social institution that well goes beyond it.

But there are also limits to Weber's effort; and one of these is that it is not normative in nature. Weber does not address the issue if householding is good or bad, but this is necessary if one wants to use the household to improve things. To get from what "is" to what "ought to be" is often difficult and raises a number of substantive questions. In this paper I will bypass these, and instead discuss what are the positive qualities of the household and what are its negative qualities. What I term positive and negative grows out of the view that a democratic and egalitarian household represents an important value. After having discussed the positive and negative qualities of the household, I will also try to outline some practical possibilities of household economy.

The household is positive, in comparison to the market, in at least three ways: it is closer to people's needs; it has a better sense for use value; and it has a more cautious approach to the management of resources. On the negative side, there are similarly three facts to keep in mind: the household is the traditional seat of inter-personal domination; it is non-dynamic in economic matters; and it tends to close its members off from the outer world. One can perhaps add a fourth: the attempts to create new and better households – on the micro level, as in most utopian efforts, or on a macro level, as in the socialist tradition – have failed.

Each of these points deserves some elaboration. Before doing so, however, two crucial facts must be mentioned. It does not seem appropriate to label these advantages or disadvantages, but they seem to be universally valid and must in any case be kept in mind when one discusses the household. First, human beings cannot survive without the household and its economy. They can on the other hand survive without the market economy, as the historical record shows. Second, all human beings grow up in a household, and this means that their basic attitudes to economic matters are shaped by

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<sup>4</sup> For Fig. 1, see the end of this paper.



what goes on in the household. The market economy, in short, cannot do without the household.

The household is closer to people's needs than the market; and this naturally constitutes an advantage, if the purpose of the economy is to fulfill the needs of individuals. A majority of people's needs – economic, emotional or social – are fulfilled in or around the household. Only some of these needs can be satisfied on the market. The market is furthermore not primarily oriented to needs but to demands, backed up by money; and this makes it less capable of satisfying needs. Finally, some categories of people cannot by themselves satisfy their needs on the market, but have to rely on other members in a household in this regard. Examples are children, sick people, the mentally ill and many old people.

Use value is prominent in the household, while exchange value is what counts in the market. This means that the knowledge of the way that something is used is more advanced in the household than in the market. While one can speak of a certain materiality in relation to the market (say the physical infrastructure of a market place), the household is its natural center. The reason for this is that physical objects, human bodies and nature are all present in the household, in all their materiality. In the market, in contrast, what is most relevant – and this includes materiality – is what can ultimately lead to a successful exchange.

The central role that usage and the satisfaction of wants play in the household account for the affinity between the household, on the one hand, and a concern with food, clothing, housing and design, on the other. Beauty and what is aesthetically pleasing should be added to this list as well. Usage and the satisfaction of needs also explain why child care and care for the elderly have traditionally been handled by the household.

The household, as I earlier mentioned, also has a more cautious approach to the management of resources. This is not a very clear formulation, but what I have in mind is that in the market, resources are primarily of interest in so far as they can be used for something that has an exchange value. If too much of a resource is used up, or if it is used for some irresponsible purpose, is not of interest – as long as it can be used to generate profit.

In the household, in contrast, what matters is use value; and this means that it counts among its resources whatever can be used. Some of these resources can be acquired through the market and others through other means. The household also needs to know exactly what its resources are, and this is typically done by making an inventory. While the imperative to make a profit is strong, the household has an even stronger incentive: to survive physically. Again, this translates into a more cautious approach to the use of resources than what is the rule on the market. If just-in-time (JIT) is the symbol for the inventory strategy of modern business, the carefully stocked cupboard is the symbol for the traditional household.

A last advantage for the household is it that the distribution of resources takes place in a more personal manner than in the market. The latter is typically impersonal and, when not impersonal, depends in the last instance on a sale being made. The household draws on more individualized ways for creating and distributing resources, such as gifting and contribution according to capacity.

But as we know, the household also has its negative sides. For one thing, it is the classic site of inter-personal domination. The first example that was discussed in this paper was the slave-owning household in ancient Greece. Patriarchy was also born in the household. According to Roman law, the father had the right to sell and kill his wife and to sell his children (Weber [1923] 1981:48). And in modern times, Amartya Sen has shown how the unequal division of food between male and female children accounts for the “disappearance” of more than a hundred million women from the world’s population statistics (Sen 1990).

It is also clear that while needs are at the center of the household, not everybody’s needs are equally satisfied and taken into account. The needs of some members are given priority, by tradition and/or domination. Many improvements in the household have incidentally come about when some of its actors – young people and women - were given access to the alternative of the market.

The household also tends to be non-dynamic and sluggish when it comes to economic growth. If something works, why improve it? In the market, in contrast, competition translates into pressure for innovations. Something may work very well - but if there is a possibility to produce something that sells better, the race is on.

It is not that the household economy excludes progress and growth. It has “wealth” as its aim, as Weber says, or “well-being”, if we look at most family households. But the road to wealth or well-being is long and slow; and the historical record shows that when it comes to economic growth, the market and capitalism are vastly superior.

It is true that the market economy is not only dynamic but also leads to downturns, crashes, recessions and depressions. This does not happen in the household economy, which is much more stable. But another danger threatens the household economy: it can easily be trapped in economic traditionalism and stagnation.

The household also has a tendency to cut itself off from the world; and in this way exclude impulses and information from the outside. Just as the household tends to economic autarchy, it tends to social autarchy. The values that unite the members of a household also set up a barrier to the rest of the world. This way there are insiders and outsiders; different standards tend to emerge for how to deal with those who are members of the household and for those who are not.

Related to this is the tendency in the household to emphasize the role of the collectivity – the interest of, say, the family as opposed to that of the individual. The individual typically has to subordinate his or her interest to the collective household, and may suffer as a result (e.g. Tilly and Scott 1989). Again, leaving the household may be experienced as a liberation.

Finally, the record of creating new households is not encouraging. Ellickson goes through the record of the Utopian-Socialist as well as the Woodstock era in the United States, and concludes that neither succeeded in creating large communal households that could replace the small family household. The socialist attempt that began with the creation of the Soviet Union in 1917 can also be said to have failed. Socialist states that have not yet disappeared seem about to do so – or to change into a market economy before doing so.

What possibilities for action does the household approach or a household economics then open up? To begin with, it seems to me that just as enthusiasm for the market form since the 1980s has led to discussions as well as to concrete attempts to change reality, so could enthusiasm for the household form. As the situation stands today,

the household has not been very much discussed. Similarly, few attempts have been made to take its key ideas and use them to create alternatives.

Such a situation would have to take into account that earlier efforts have failed. One may therefore ask, if the project of *creating new households* as a way of moving forward is still a viable option? Presumably one can learn from earlier failures; and one would therefore want to avoid both the attempt to create large intimate households, as in the utopian-communal tradition, or to let small minorities be in charge of huge national households, as in the socialist tradition.

There is also the fact to consider that new household forms are very much needed. I am especially thinking of two cases: the situation of elderly people and the environment. A better understanding of the importance of the household form could lead to a stronger emphasis on letting old people remain in their homes, instead of encouraging them to move to nursing homes. More and better help with traditional household tasks – cleaning, cooking, paying bills, taking medicine, and so on - would allow more elderly people to stay in their homes. Many people also want to die in their own homes.

Nursing homes could perhaps be improved by deliberately making them more like traditional households. Ellickson also cites figures that indicate that many old people prefer to live on their own, rather than with their children. Still, a policy of letting old people choose the area in which they want to live, so they can be closer to their children and relatives, might be a possibility. A similar policy might be used for single people without children, who might want and need to live close to their friends.

Just like there are friends who are primarily linked to what goes on in the market, business friends, there also are friends that are closer to the household. The former you interact with in order to carry out your work, and they often disappear once the work is done. Friends in and around the household are different; and their importance grows as marriages break up, children move away and one of the spouses die.

But the need for new households is not limited to small-scale households. To the contrary; there is also a need today for new households that are huge. Could one, for example, have huge households that are basically ideal in nature, constructed, say, along the lines of some of the other “imagined communities” that humanity has created –

empires, nations and more? The reference to “imagined communities” was made to indicate that while huge households do have a material side, they are also mental constructions (Anderson 2006).

And would it be possible to construct a global household, which would have as a major task to care for the environment? Whether this is possible or not, the household mentality seems better suited to deal with sustainability and the global environment than the market mentality. There’s only one earth, and we need to make a careful inventory of what we have. The resources that must be spent also need to be properly calculated – and, if possible, renewed. All of these, to repeat, are tasks that seem to fit the household mentality better than the market mentality.

In discussing the possibilities of household, it also seems important to break out of the dichotomy of the market versus the household. Both of these two forms, for one thing, have advantages and disadvantages. They are also closely related, something that can be illustrated by the fact that the modern firm emerged out of the family household. In short, new institutional forms can probably be created that are best characterized as *a mixture of household and market elements*.

The way to go about creating such mixed forms might be to innovate along the lines of Joseph Schumpeter (Schumpeter 1934). According to Schumpeter, there is a crucial difference between an innovation and an invention. An invention means that something new has been created from scratch; an innovation that a new combination of already existing elements has been put together. When you are in the business of innovation, you essentially take what you have and try to recombine it in some novel way.

Many institutions contain a mixture of market and household elements. The predominant form of the firm, for example, is still the family firm and not the shareholding firm. In some advanced capitalist economies, the home or family household is increasingly being used also as the workplace. According to Ellickson, 5 % of all household in the United States also serve as the work place (Ellickson 2008:66). For better or for worse, some sociologists suggest, modern workplaces are also becoming more like homes, and homes becoming more like work (e.g. Hochschild 1997).

Historically, as we recall from the discussion of Weber, mixed household and market forms are not uncommon. The medieval manor often sold its surplus on the local market; there is also the cooperative movement, in which people join together in order to eliminate the profit of the middleman.

Hazel Kyrk has suggested a different way of mixing the household and the market in her plan for a “social minimum”, as outlined in *A Theory of Consumption* (1923). She argued that the overarching goal of the community should be inspired by the household, while the economic process itself could follow the market model. This is how she phrased her advocacy:

This concept of a social minimum, a modicum of the necessities, decencies, and comforts of life, which shall be the right of all and available to all, is one that is appearing with some distinctness as the basis of other phases of public policy. It is a concept that appears whenever there is an attempt at an accounting from the social standpoint, the making of inventories, and the working out of profit and loss statements for the whole economic process. (Kyrk 1923:62)

What Kyrk says in this passage can be generalized into an argument that nations should be run less like nation states and more like “public households”, to use a term that Daniel Bell has tried to revive (Bell 1976). Today we immediately want to add to this that the environment demands a global and not a national approach.

The mixture of market and household can also be successful when it comes to the family household. It was precisely the access to institutions outside the household – political, educational and economic institutions – that broke down the power of patriarchy. When referring positively to the individual household, one also needs to make clear that all the tasks inside the household have to be gender blind, if we are to hold up the household as a model to follow. By gender blind is meant that the tasks in the household will be carried out as much by males as by females. None must be linked to either sex.

The household, finally, also raises the possibility of *introducing some of the economic relations of the household into the market economy* and, in this way, counter some of its negative sides. The household is essentially alien to market exchange with its

anonymity or, when not anonymous, to its close relationship to monetary exchange. In the household one can in contrast find relations that are based on gifting, sharing, reciprocity and redistribution (see e.g. Mauss [1925] 1969, Polanyi, Karl. [1957] 1971, Gouldner 1960, Price 1975). These are relationships in which the element of empathy tends to be broader, deeper and different from what it is in market exchange.

Empathy as well as this type of relations – gifting, sharing and reciprocity – play little role in modern economic discourse and, when they do, tend to be understood in a narrow and formalistic sense. One exception is the work on “caring labor” by Nancy Folbre, an American economist (e.g. Folbre 2001). Old people and children, she argues, are treated by ourselves with loving care; and when we hire other people to be in charge of children and the elderly, we want them to be treated with loving care and not just like customers.

*Concluding Remarks: The Possibility of a Household Economics?*

This paper began with the statement that modern economics is centered around the market and that the science of economics has currently an enormous prestige. But it can also be argued that the attempt to view everything economic exclusively in terms of the market, has created a narrow and lopsided view of the economy. It has also narrowed down the options for how to act, based on economics.

I have tried to counter the conventional view of things by suggesting that we may want to discuss the possibility of a new type of economics - *a household economics* - to complement market economics (see Fig. 2). Earlier attempts in this direction, I argue, can be found, especially in home economics, a type of economics that has been ignored in economic discussion as well as by historians of economic thought.

/Fig. 2 about here/<sup>5</sup>

A modern household economics might find some inspiration in the tradition of home economics, especially in the work of such economists as Hazel Kyrk and Margaret Reid. There also exist some modern sources of inspiration. One would be the works of Nancy Folbre and other feminist economists. One can also point to some of the literature in behavioral economics, experimental economics and on economic emotions. The idea

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<sup>5</sup> For Fig. 2, see the end of the paper.

that people are less rational than what mainstream economists think has, for example, served the behavioral economists very well. To design institutions for precise, practical tasks is another idea that suits household economics very well. It is also increasingly being realized that emotions play an important role in economic life (e.g. Rothschild 2001, Berezin 2005).

The last few years have also seen the birth of a literature on financial education or knowledge about the economy that is needed in modern society (e.g. Lusardi 2009). People do not have an adequate knowledge of the stock market, how to plan for retirement and so on. This type of literature, it seems to me, could easily be linked up to some of the concerns of home economics – and in this way create a really interesting field of economic education for citizens. Economic socialization in another topic that is closer to household economics than to market economics.

While home economics was created through a practical social movement, mainstream economics was an academic product through and through. A new household economics would fare well, I think, if it could share some features of both and situate itself in the camp of serious theory as well as of serious practice. Household economics may also want to be explicitly normative and belong to the category that is known as moral economy (e.g. Thompson 1971).

The basic ideas of household economics may already be present all around us – not only in some of the works just mentioned by Folbre et al, but also in the economic ideas and practices of various groups and people. To be truly effective, however, these ideas need to be brought together and sharpened, through discussion and in other ways. In this manner a new household economics may arise in the near future.



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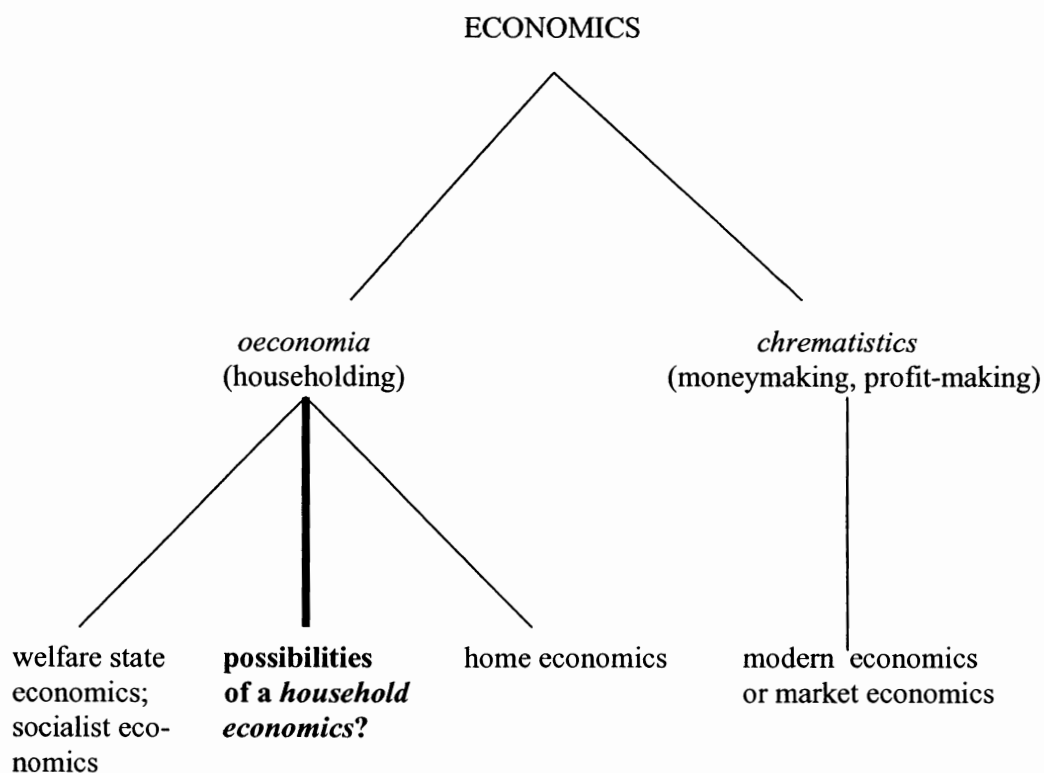
Fig. 1: Max Weber's Distinction between Householding and Profit-Making

	<b>Householding</b>	<b>Profit-Making</b>
Short-term Goal	consumption, satisfaction of needs	seize opportunities for profit
Long-term Goal	wealth	capital
Form of Calculation	budget	capital accounting
Institutional Expression	individual household, <i>oikos</i> in Antiquity, manorial economy planned economies	profit-making enterprise, capitalist economic system

*Comment:* According to Max Weber, economic actions and orders fall either into the category of householding (*Haushalt*), profit-making (*Erwerben*) or a mixture of the two.

*Source:* Max Weber, *Economy and Society*, pp. 86-100.

Fig. 2. Possibilities of a Household Economics?



*Comment:* The ideas about economic life were originally centered around the household, but later shifted to profit-making and related activities, as economics became a modern science. Theories that emphasize the household include the ideas of *oeconomia* in Ancient Greece, home economics, socialist economics and the economics of the welfare state.

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<sup>1</sup> We know about this today very much thanks to transmedia producer Nonny de la Peña who since 2009 has had an ongoing film project on this subject, “Truth and Consequence: The Practice Babies”. The practice also came to more general knowledge through the publication in 2010 of a novel in which the main character is a person who originally was used for training in home economics, *The Irresistible Henry House* by Lisa Grunwald (see also Grunwald 2010).

<sup>2</sup> The German term *Erwerben* is rendered as “profit-making” in the standard edition of Weber’s work (by Talcott Parsons) and as “exchange” in the new translation (by Keith Tribe). For *Haushalt* Parsons uses “budgetary unit” and Tribe “householding”. I will be using “profit-making” and “householding”, since I am interested in a sharp contrast between the two. An argument can, however, be made that acquisition or exchange better captures Weber’s original term. See Tribe forthcoming. – The two other major theoreticians of economic sociology – Karl Marx and Karl Polanyi – attached much less importance to the household than what Weber did. While Marx emphasized the importance of the family as the producer of labor, the household and household labor are largely absent from *Capital*. Polanyi appears to have contemplated having “householding” as one of his forms of economic integration, but decided against it (e.g. Polanyi [1944] 1957:55). Instead he decided that householding was part of redistribution. Examples of householding, according to Polanyi, include “the Central African *kraal*, the Hebrew Patriarchal household, the Greek estate of Aristotle’s time, the Roman *familia*, the medieval manor, or the typical large peasant household before the general marketing of grain” (Polanyi [1957] 1971:254).