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In "the house of the spirits": toward a Post Keynesian theory of the household?

A recent review of Post Keynesian economics cites Kalecki's view that "the institutional framework of a social system is a basic element of its economic dynamics" (Kalecki, 1970, p. 311) and is therefore central to the understanding of how the actions of economic agents affect the dynamics of economic growth and accumulation. Thus, the effects on the macroeconomy of the actions of economic agents in such institutions as trade unions, firms, and the state have been the focus of Post Keynesian analytical attention. Activities in these institutions, such as bargaining over wage rates or class conflict between wage earners and rentiers, can both cause inflation and have an impact on the aggregate levels of savings and investment in the economy. However, the nature and result of these conflicts depend on the specific nature of the institutions concerned and their place within the broader economy. Given this analytical perspective, it is perhaps surprising that Post Keynesians have paid little attention to the household as an economic institution. Once people move out of the public sphere and into the household, their actions as economic agents are neglected by Post Keynesian economics. It is as if economic growth and macroinstitutional conflict have no effect on the economic processes that occur within households. Moreover, it is as if the institutional nature of the household itself has no influence on labor markets and the type of bargains struck over real wages and labor market access. Households house the "spirits" of Post Keynesian economic agents, spirits of the actors who have such

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a real presence in the macroeconomy. In this paper we make a preliminary attempt to rectify the neglect of the household by Post Keynesian economics by constructing a Post Keynesian explanation of the economic dynamics of households.

The concept of the household in economic analysis

In any economy there are three domains within which the economic activities of production, reproduction, and consumption occur: the market, the state, and the household (Wheelock, 1995). Economics has expended a lot of effort examining the domain of the market and its principal actor, the firm, and a lesser but still significant amount of effort examining the domain of the state. However, both neoclassical and non-neoclassical economics have had little to say about the domain of the household. Granted, in the past twenty years a branch of neoclassical microeconomic analysis has emerged that examines the household and its resource allocation decisions. Termed the "new household economics" (NHE), much of this work has derived from the work of Nobel laureate Gary Becker. Becker's key contribution was to conceive of the household as both a producing and a consuming entity operating in a market environment and following the conventional objective of optimization through the use of marginal principles (Becker, 1965, 1976, 1981). By approaching the household in this way, Becker was able to unite the neoclassical theory of production with the neoclassical theory of consumer behavior. Thus, marriages occur as a consequence of participation in an implicit marriage market wherein biological complementarities are maximized. Once a marital union is formed, households seek to maximize their joint utility as a unitary entity by deploying their productive resources in those activities that generate the highest relative return to each member. As a consequence, household labor is allocated between home and market on the basis of the comparative advantage of individual members through an assessment of their respective opportunity cost of time. As a result, in equilibrium, the household is maximizing both its marginal productivity and its marginal utility. Therefore, Becker is able to propose that household behavior is, in economic terms, rational.

Models of the household operating within the NHE framework, however, face major empirical and theoretical difficulties (Akram-Lodhi, 1997). The assumption of labor substitutability between household members is empirically problematic, as is the assumption that households pool their resources when seeking to maximize their utility. Such a problem is but compounded by a concept of the household predicated on optimizing individuals with uniform and not gender-specific production functions. These problems are most starkly revealed in the major difficulties surrounding the construction of a joint utility function, difficulties that can only be overcome through the assumption that the household is governed by a benevolent dictator capable of imposing upon a household a utility function. Such an approach does not explain how or why the dictator has arisen. The NHE, thus, offers at best only limited analytical understanding of household dynamics.

Although grounded in a dramatically different approach, non-neoclassical economics by and large also fails to deal with the specifics of the household. By way of example, classical Marxian economics explores the processes under which surplus is extracted from the direct producers by the owners of property at the point of economic production. Such relations of production define economic classes, which are aggregations of individuals engaged in conflict over appropriation of the surplus. The role of the household is largely explained in terms of its relationship to the process of surplus appropriation. Thus, in conjunction with other such agents grouped within economic classes, the household as a unit struggles to claim a larger share of the surplus that it produces using the assets of those agents that own property. This is done so that the household can better fulfill the social and physical subsistence needs of its members. How the household decides on the specific composition of the bundle of goods and services that can meet its physical and social subsistence needs is not defined. Neither is the process by which subsistence reproduces the capacity to work specified; for example, the labor input necessary for subsistence is not identified, nor is the division of labor explained. That a methodology predicated on conflict should simply assume such processes rather than offering some theorization of household dynamics is a major, some would say decisive, difficulty (for an exception, see Fine, 1995).

The failure to integrate the household into the heart of economic analysis is not just a theoretical failing; it is also an empirical failing. Table 1 details the gender division of labor between market-mediated economic activities captured in the United Nations System of National Accounts and non-market-mediated economic activities that fail to be captured in conventional national accounts. Granted, not all non-market-mediated production occurs within the household. However, a large proportion is likely to do so. Table 1 is striking in that non-market-mediated

Table 1
The gender division of labor

	Women		Men		Both	
	SNA	Non-SNA	SNA	Non-SNA	SNA	Non-SNA
Developing countries	34	66	76	24	54	46
Developed market economies	34	66	66	34	49	51

Figures are percentage of total labor activity, in a sample of countries, devoted to work captured within the United Nations System of National Accounts (SNA) or not captured within the United Nations System of National Accounts (Non-SNA).
Source: United Nations Development Programme, 1995.

activities comprise almost 50 percent of all work. Moreover, the vast bulk of this work is performed by women. The failure of economic analysis to explore the domain of the household is thus a failure to understand the inner dynamics of real economies and to understand the place of women in economic activity.

The empirical importance of the household demonstrates that it may play a focal role in mediating the relationship between market-based economic processes, non-market-based economic processes, and individual welfare. As a consequence, it would not be *on* the household that market processes have an impact; rather, it would be *within* the household. How such processes result in an allocation of a household's resources and products between its members, including a household's labor resources, in turn affects the welfare of individuals. In allocating resources and product, the household is not necessarily a consensual institution; it may also be a site of struggle. This dual character has led Sen (1987) to characterize the household as a site of "cooperative conflict."

Sen recognizes that the interplay of cooperation and conflict crucially depends on the deployment of social power within the household. Cooperation within the household occurs because the possible increase in the total amount of goods and services available to household members as a consequence of their cooperation is in their individual interest. Thus, household cooperation in production benefits individuals. However, "there are many cooperative outcomes (beneficial to all the parties concerned, compared with non-cooperation) but the different parties have strictly conflicting interests in the choice among the set of efficient cooperative arrangements" (Sen, 1984, p. 375). The resolution of conflict over which of the set of cooperative arrangements is to be pursued is the object of a bargaining process that may be explicit or implicit. Household members deploy the social, cultural, and economic resources at their disposal in order to affect the outcome of the bargaining process (Seiz, 1991). Thus, those engaged in bargaining need not be equal: There may be overt or covert differences in bargaining power that establish the bargaining process as an asymmetrical relationship.

Sen's model of cooperative conflict is probably currently the most widely adopted approach to the resource allocation decisions of the household. In part, this is because it can be made amenable to game theory, which is being increasingly used to examine intrahousehold processes (Cigno, 1991). Thus, the tools of game theory can be deployed to explore a cooperative conflict bargaining process within which preference formation at the level of the household is itself endogenized and modeled. The resulting choice sets are decomposed in an attempt to understand the distribution, control, and flow of resources within the household. Notwithstanding this substantive research agenda, however, the economics of the household remains at the margins of economic analysis.

Given that, in its approach to the household, neoclassical economics has been attempting to reconceptualize preferences by endogenizing them, it is somewhat surprising that a major branch of modern economic analysis, one that utilizes an alternative theory of preference formation, has not moved into the realm of the household. That branch is Post Keynesian economics.

What is Post Keynesian economics?

Post Keynesian economics is a "portmanteau term" that unifies a "heterogeneous group of economists" who share a "dislike of mainstream neoclassical theory" and who try "to provide coherent alternative approaches to economic analysis" (Harcourt, 1987, p. 924). These approaches are derived from the work of Keynes (1936), to be sure; but also from work such as Kalecki (1971), Sraffa (1960), Robinson (1962), Kaldor (1955), and Pasinetti (1981). Thus, Post Keynesianism offers a diversity of views. It is noticeable, however, that issues surrounding households and gender are absent in Post Keynesian analysis. Thus, in the work of Keynes, Kalecki, and Robinson, the role of women is consistently couched in terms of female labor force participation rates.

The emphasis is therefore squarely on marketed economic activity. The role of household production is even more tangential, referring exclusively to the production and consumption decisions of peasant households that are only partially integrated into market processes. Scanning the pages of this journal, one would think that households did not exist. In the more than fifteen years since the journal first appeared, only two articles have been devoted to the household (Fuller, 1996; Masoner, 1979).

Post Keynesians themselves would argue that the absence of any work on the household derives from the boundaries of Keynes' own economics. Keynes was concerned with macroeconomic dynamics, with monetary economics and finance, and with the history of English economics. However, while such a focus does delineate the work of Keynes, it does not apply to all those who can broadly be labeled Post Keynesian. Many Post Keynesians have gone well beyond Keynes. The economic theorization of Kalecki and Robinson in particular has a rich, unorthodox microeconomic analysis of firms and markets, an analysis that focuses on issues of pricing and distribution (see, for example, Kriesler, 1987). If Post Keynesian analysis does offer a microeconomic theory of distribution, its failure to address the household becomes even more glaring precisely because it is within the household that the distribution of resources has an impact upon resource flows and resource control.

In other branches of social theory, it is possible to examine the logic of a conceptualization in order to extract methodological foundations that can be applied in interesting and original ways to established issues. The extensive adoption of postmodernism to the gamut of social theory is an example. In the Post Keynesian framework, there is much that has implications for economic analysis of the household. The determination of real wages in oligopolistic product markets has implications for the level of incomes obtained by households and, in turn, for the allocation of household members to particular activities. That labor is obtained by oligopolistic firms through segmented labor markets has further implications for the levels of income received by households and for the types of labor market participation undertaken by members of households. Combined, both will affect the allocation of household resources and the capacity of households to make a contribution to effective demand. Effective demand will also be influenced by the way in which household consumption requirements, combined with expectations, shape preferences. Moreover, the types of choices made by households will be constrained by missing markets and by expectations. Finally, the state has a role to play in intervening in the household in order to shape the process of social reproduction. It should therefore be possible to take these Post Keynesian methodological points and apply them to the third, missing domain: the household.

A Post Keynesian model of the household

In this section we offer a means of conceptualizing the institutional role of the household. We start with a theory of consumer choice already being developed in the Post Keynesian literature and then examine intrahousehold dynamics, establishing where the key theoretical and methodological concepts of Post Keynesian economics could be relevant. We then turn to the constraints facing the Post Keynesian household in its resource allocation decisions.

A Post Keynesian theory of consumer choice

A hierarchy of needs is the basis of a Post Keynesian theory of consumer choice. In contrast to neoclassical analysis, where taste determines the preference ranking of different bundles of goods and services, in Post Keynesian theory bundles of goods and services are ranked according to their ability to satisfy a composite basket of needs. Preferences are thus lexicographic: Bundles of goods and services can be ranked according to the set of needs that they satisfy. Moreover, the ability to demand a bundle of goods and services capable of fulfilling a particular set of needs depends on the resources at the command of the members of the household. Thus, the demand for goods and services depends critically on the income class of consumers and their subsequent position in the social structure (Lavoie, 1992). With such assumptions, changes in relative prices become much less significant in the short and medium term than they are in neoclassical analysis in explaining changes in consumer behavior. Income effects dominate substitution effects as they determine the consumption bundles of goods and services that are both possible and that satisfy the different levels of needs that in aggregate constitute effective demand.

At the same time, tastes are not exogenous in Post Keynesian theory. Socially defined conventions about consumption play a key role in establishing consumer preferences. Individuals are seen as having limited capacity to acquire information. They thus rely on socially determined behavior and conventions, which are constructed through the demonstration effects generated by social reference groups. Uncertainty about the future reinforces the social determination of consumer choice, making preferences expressed for marketed goods and services more a result of efforts to conform to the average than an expression of individual taste. Lexicographic preferences are therefore socially determined; the autonomy of the individual is, at best, highly constrained by social factors. We thus see that, in Post Keynesian theory, income available to the consumer, combined with socially defined conventions about consumption patterns, determines consumer choice.

As a consequence, in the first instance Post Keynesian analysis would predict little difference in consumption bundles between individuals at similar income levels. Within generic categories such as food, health, education, housing, and clothing, there may be some variation in consumption; for example, different types or brands may be purchased. However, individual budget shares of generic categories of goods and services would be expected to be broadly similar for individuals of the same income class.

Moving from individual choice to the choices expressed by the members of the household as a unit, it is first important to recognize that the socially defined convention that affects the needs basket governing choice may preclude efforts to maximize welfare for the household as a collective unit. Needs baskets need not meet the individual social and physiological requirements of all household members. Rather, needs baskets may be defined in such a way as to cater more to the needs of some members of the household than of others. Thus, the constitution of a basket that fulfills, for example, "basic needs," will differ across societies even if average per-capita income is similar. In order to understand the economic dimensions of the decision-making process governing choice within the household, Sen's concept of cooperative conflict is used. In Sen's approach, the object of the household bargaining process comprises such items as the division of tasks between household members, the amount of time allocated to work and to leisure, and the distribution of goods and services among the members of the household. The resources capable of being deployed in the bargaining process include items such as the non-wage income or wealth that an individual controls, the employment opportunities and remuneration levels an individual faces, extra-household environmental parameters including access to state-sponsored or kin-based support networks and legally codified rights, as well as the dominant ideology. The threat point for individuals involved in the bargaining process can be defined by reference to structural factors: market wages, skill endowments, and non-wage income or assets.

In understanding household choice, it is important to integrate structural factors. Households are not homogeneous units of analysis. Rather, empirical evidence on the composition of households in developed market economies shows that they are highly heterogeneous. In the United Kingdom 28 percent of households are single-person households, 34 percent are made up of two adults, 10 percent are single-parent households, and only 15 percent represent the stereotypical family unit of a male breadwinner, a nonworking wife, and two children (Wheelock, 1995). This implies that the construction of the needs basket by the members of the household, its ranking, and indeed household behavior in pursuit of the needs basket will not just reflect income class and socially defined conventions. The composition of the needs basket, its ranking, and household behavior will also be a function of the nature of the household. For example, the goods and services necessary to meet the needs of a household with children will be different from those required by a two-adult household. Thus, consumption bundles will vary between households of similar income levels as a result of differences in household structure. However, household budget shares of generic categories of goods and services would be expected to be broadly similar for similar-income, similar-structure households. Such household budget shares would of course reflect social convention, which can be expected to be a strong determinant of the needs baskets of similar-income, similar-structure households.

The threshold between a lower and a higher basket of needs could be expected to entail lumpy expenditures. The lumpy nature of expenditures necessary to move from one level of needs satisfaction to another implies that adjustments at the margin may not be possible. Thus, the neoclassical argument that the ratio of marginal utility for two goods will be equal to the price ratio for the goods does not necessarily follow from the assumption of lexicographic preferences. Rather, since lumpy expenditures are not easily divisible into marginal increments, it might be expected that substantial increases in income would be necessary to realize a transition between a lower and a higher basket of needs. Once again, income effects dominate the choice set of the Post Keynesian household. For example, marginal housing expenditure will be highly unlikely to satisfy the need to live in a clean, safe neighborhood. As a consequence, the marginal equalities witnessed in neoclassical theories of consumer choice are unlikely to be witnessed in Post Keynesian consumer choice theory. Instead, indifference curves will be perpendicular and the ratio of marginal utilities between any two goods will be equal to infinity or zero. Thus, in a formal sense individuals and households do not optimize their expenditure allocations. However, they do maximize satisfaction as they seek to secure the highest needs basket possible through participating in the institutional determination of their income source: the real wage rate or the profit share.

Post Keynesian household behavior

Post Keynesian theory examines two economic institutions: the firm and the state. Each institution produces and consumes the goods and services that result from economic activity. Moreover, goods and services flow between the two institutions. Maintaining a focus on the real side of the economy and thus abstracting from financial flows between institutions, our task now is to incorporate the Post Keynesian theory of consumer choice into a theory of household behavior. A Post Keynesian theory of the household must be able to explain both intrahousehold dynamics and the relationship between households, firms, and the state.

Household resources

In order to proceed, it is first necessary to specify the resource constraints facing the household. In Post Keynesian analysis, resource allocation decisions of capitalists, and particularly investment choices, take place within the firm. In this light, it is consistent to consider the resource base of the vast bulk of households as being the labor time capable of being allocated to the pursuit of income-earning and non-income-earning economic activities. Time has an opportunity cost. The vast bulk of households have inadequate material assets and therefore must work in order to obtain their needs. As a consequence, the Post Keynesian model of the household we are developing applies only to working households. Labor time in working households is allocated to waged employment and nonwaged labor activities to realize a needs basket. However, feminist analysis has long challenged the idea that labor arrives ready to work, with no cost other than the wages and training involved (Edholm, Harris, and Young, 1977; Mackintosh, 1984). Labor is "produced" in the household, in the sense that it is fed, clothed, rested, and nurtured there. Thus, the household produces and supplies labor services and other goods and services to the private and state sector. In addition, labor services produced in the household are used in the nonmarket sector to produce goods and services for households and other institutions. The production of labor requires inputs: labor and other goods and services. These are obtained from firms, the state sector, and other households.

Income from waged employment buys the goods and services necessary in a specific needs basket, and unpaid labor time converts them into the standard of living associated with that basket of goods and services. Thus, household needs are met through combining purchased inputs such as food, consumer durables, housing, heating, and lighting with unwaged labor in the home to produce a standard of living associated with a certain needs basket of goods and services that the real wage can obtain. In common with the NHE, then, the household is recognized as being economically active in production as well as consumption. However, the conventional boundary between consumption and investment breaks down in a Post Keynesian model of the household that we are developing.

Constraints

It is well established that the division between nonmarketed and marketed labor within the household is strongly influenced by social conventions: Gender relations rather than ability define the gender division of labor in the production of labor. It is our contention that, through the use of Sen's model of cooperative conflict, a Post Keynesian approach to household resource allocation decisions can incorporate the role of implicit and explicit bargaining in shaping the actions of economic agents in the household. As previously noted, in this bargaining process members of the household deploy a range of resources that they have under their control. The range and ability to deploy resources facilitate the accrual of social power to individual members of households. Admittedly, this is not particularly Post Keynesian. However, we argue that Post Keynesianism does offer four specific insights into the constraints facing individuals seeking to acquire or offset the social power located within the household. These four insights are technology and technical progress, missing markets, the labor market, and agency relationships between households and the state. Moreover, they have important effects on the allocation of labor time between nonmarketed and marketed labor within the household designed to realize a standard of living associated with a particular needs basket.

To start, we assume that, technically, a certain amount of substitutability exists in the allocation of labor time between labor market and non-waged employment time in its use in the production of a given standard of living. That is, the needs people seek to fulfill can be realized, after a minimum income is secured, either by spending more money on goods and services or by spending more labor time in unwaged work (Hanmer, 1994). Thus, households may substitute away from time spent in producing a clean home, cared-for children, and cooked meals by buying more marketed inputs—vacuum cleaners, washing machines, prepared meals, or nursery places. These examples demonstrate that technology influences the possibility of substitution. The application of new technologies can produce goods that reduce the labor time spent in certain household tasks. Moreover, technical progress, through its ability to reduce input costs, can influence movements in the relative prices of mass consumption goods and in so doing determine whether they are affordable at a given level of real income and so can be incorporated into a needs basket. Of course, the path of technical progress is itself mediated by the social conventions, including gender relations (Wajcman, 1991). Thus, the allocation of time between unwaged and waged labor is influenced by the substitution possibilities produced by technology, the impact of technical progress on the ability to command a given level of wage income, as well as social relations within the household.

Technical progress has produced a greater range of options to households striving to achieve a certain standard of living. It must also be recognized, however, that there are limits to the scope of technical progress in some types of services required by households. Perhaps the most glaring example is in labor services themselves. Mass markets for a range of services people require on a day-to-day basis often simply do not—and indeed perhaps cannot—exist. For example, there is as yet no mass alternative to going shopping; the mass delivery of goods from supermarkets and shops is not available and as a consequence someone physically has to go to the shop. Moreover, there is a need to organize shopping lists and insure that goods are available when required. The vast majority of households cannot purchase the equivalent of just-in-time management techniques to organize their economic activities. These tasks are instead carried out using unpaid household labor; a situation unlikely to change however fast technical progress advances. Similarly, however much income is allocated to household consumer durables, the durables themselves will not produce a comfortable living environment. For most households the attainment of such an outcome requires the performance of unpaid household labor. Markets are thus missing for many of the economic activities that take place in the household and such is very unlikely to change. So, the choice that exists is between allocating unpaid labor to produce goods and services to satisfy needs or doing without the fulfillment of those needs.

Turning next to consider how the relationship between households and the labor market contributes to the ability to fulfill needs, we note that in neoclassical analysis the decision to allocate labor between work and leisure taken by the individual or within households precedes the labor market as the sum of these individual decisions determines the labor supply curve. We propose, however, that the reverse occurs. Households provide the mechanism through which non-price adjustments to labor market demand takes place. Particular household structures, when combined with specific social conventions regarding the gender division of labor, are thus best suited to particular labor market conditions (Coontz, 1988). For example, the nuclear family/"breadwinner" household structure can be seen as a response to the labor market conditions that emerged between the 1950s and the 1970s (Folbre, 1994). The implication for household consumption choice is that the opportunity to fulfill needs will be strongly affected by the household's labor market position and the accrual of social power used in the bargaining process. Opportunities for waged employment in the labor market are constrained—a household cannot necessarily choose to work a bit more or a bit less at the margin. The income received from waged employment is determined primarily at the macroeconomic level and is dependent on the outcome of conflict over the profit share. Conflict over the profit share is reflected in the extent of unemployment and the nature of labor market segmentation. However, people within the same household can be located in different positions regarding their vulnerability to unemployment and access to relatively favorable positions in segmented labor markets. The social power that individual members of households can bring to bear on intrahousehold bargaining over the allocation of labor time between paid and unpaid activities thus will vary, due to different capacities to command cash income. Such variation will be highly gendered (Hanmer, 1995).

Implicit in the argument so far is that the goods and services produced by the private sector affect the allocation of household time between waged and unwaged labor. In other words, the product market constrains household resource allocation. So, too, does what is provided and produced by the state. However, the circumstances under which private and state provision of goods and services occur are very different. The private-sector creation of markets for goods and services is driven by technological progress and the opportunity for profitable investment resulting from the possibility of substitutability in household production. By way of contrast, state production of goods and services that can provide substitutes for household production is driven by the outcomes of political struggles that take place at the institutional level and that reflect the identities and work of those who perform nonmarketed economic activities.

The history of these conflicts and negotiations produces a series of agency relationships between households and the state that defines when and where state provision takes over from household production. The principal is in this case the household. Households have limited capacity to acquire and process information. They therefore collectively devolve to the state the responsibility to acquire information about the goods and services they require. By way of example, consider the provision of social services by the state. Households face asymmetrical information: They do not know with certainty whether the education their children receive is of good quality, whether their medical needs are correctly assessed, or whether their savings have been invested so as to give them adequate income upon their retirement. In many countries a welfare state developed to solve these uncertainties by acting as an agent for the principal. It has been argued that the nature of the political consensus and social convention about the provision of welfare services determines the institutional supply of welfare services. Libertarian views on social welfare lead to the conclusion that at the margin individuals should be able to choose to allocate more or less of their expenditure on only those services that they desire. As a consequence, in some states social-service provision is only available for certain types of household. State provision is motivated by the need to ensure that minimum standards are met and is hence selective, rather than universal, and complemented by private-sector provision of similar goods and services. Thus, access to welfare services is rationed primarily by the price mechanism. An egalitarian view of social-services provision is different. It is based on the principal that access to social services should reflect need, rather than ability to pay. Typically, state welfare provision is universal and quantity is rationed (Wagstaff et al., 1991).

What the state produces and for whom it undertakes such production will influence a household's allocation of labor time across alternative waged and unwaged economic activities. For example, if the state guarantees good pensions, housing rights, and caring entitlements to retired people, they will not need to rely on others for their economic support. Moreover, it is likely that there would be a reduction in the unpaid caring labor performed by younger women. Similarly, supply-side interventions in education and training can help ensure that women have a greater range of marketable skills and allow greater equality of access into relatively well-paid and job-secure employment sectors. In such instances, the ability of women to command cash income is increased, and hence their bargaining position in households is strengthened.

The state also can influence the social power household members can exert in the bargaining process through its regulatory activities. Labor market legislation stipulating equal opportunities in employment and maternity rights can strengthen the position of women within the labor market, reduce the risk of unemployment, and strengthen their bargaining position within the household. However, the regulatory activities of the state also affect the labor process in unpaid work, through its regulation of time use in the household and the consequent impact that such regulation has on the production of labor services for the economy. While households can produce well-nurtured children, there is no guarantee that they necessarily will. Children are neglected, abused, and damaged in the household. Legislation defines when and where the state intervenes in unpaid work. Such intervention usually takes one of two forms. First, state actions may reconstitute the structure of the household. For example, statutory housing provision may be made for homeless families rather than homeless adults. Second, the state may act to prevent some households from carrying out economic activities that entail "producing labor services" or providing a "caring" environment for people.

As is clear, in both labor market regulation and the provision of goods and services required by households the state can strengthen the comparative position of women. Conversely, labor market regulation and state provision of nonmarketed goods and services can be arranged in such a way as to weaken the position of women relative to men in terms of income-earning opportunities. Such actions by the state would weaken the bargaining position of women in the household.

State intervention and the nature of its provision of goods and services further affect the allocation of labor through its ability to influence the motivation of people working in paid and unpaid economic activities. Nancy Folbre has recently argued that the motive for work is important. Deontological and altruistic motives for work produce services that are inherently different from those produced through work motivated purely by pecuniary reward (Folbre, 1995). Folbre argues that the development of the market, especially the globalization of production, results in the undervaluation of caring labor, which is defined as labor "undertaken out of affection or a sense of responsibility for others, with no expectation of immediate pecuniary reward" (Folbre, 1995, p. 75). Folbre goes on to argue that the undervaluation of caring labor will ultimately lead to a diminution of its supply. However, it can be argued that state policy, through its ability to affect the length of the working day in paid and unpaid work, can influence labor allocation decisions across work being performed under different motivational principles. In a sense, then, the state can have an impact on the social convention surrounding work. Thus, providing adequate state support for parenting can relax the time constraints faced by women who combine caring for young children with working. The distribution of the gains between households from the performance of unpaid work in nonmarketed activities arising out of nonpecuniary motives is also affected by state policy. Social networks that entail reciprocity between households require time inputs, and these can be more or less available according to the institutional provision that affects the length of the working day.

Conclusion

We have sought to construct an analysis of the household in a manner consistent with Post Keynesian economic analysis. Following a glance at the role of the household in neoclassical and non-neoclassical economic analysis, we offered a brief introduction to Post Keynesian economic analysis. The paper developed a preliminary sketch of what a Post Keynesian model of the household might look like. The model was based on the premise that households are engaged in production, consumption, and reproduction. Households seek to obtain a basket of goods and services that fulfill their needs. The allocation of household members to specific activities was argued to be the outcome of a complex bargaining process within which social power is deployed by the members of the household. It was argued that Post Keynesianism offered specific insights into the constraints on this bargaining process. Opportunities for substitutability between the allocation of labor to waged and unwaged activities are bounded. Technical progress has not succeeded in eliminating the need for household labor; markets are missing or incomplete for many of the economic activities carried out in the household. Moreover, the labor market affects households in gender-specific ways. Similarly, the nature of state intervention and the social consensus reached concerning the extent to which household economic activities with high externalities are regulated and remunerated affects the parameters within which intrahousehold labor allocation decisions take place. These in turn affect time-use patterns within the household.

This paper does not claim to have uncovered new aspects of household behavior. The ideas we have presented have been developed by a range of economists over the last few years, although their application to the household has been piecemeal. However, by assembling these ideas and organizing them in a manner consistent with Post Keynesian economic analysis, this paper has opened up the possibility of a substantive research agenda rooted in economic analysis. We suggest that this agenda is crucial to the development of the Post Keynesian paradigm. Our analysis points to several ways in which an economic framework encompassing the household is crucial if long-run growth paths and accumulation are to be properly understood. First, the household provides a non-price mechanism through which labor supply adjusts. Second, grounding a theory of consumption in household behavior opens up the possibility of new ways of exploring the role of effective demand in economic activity. Third, a reconceptualization of household choices, resources, and constraints is needed to give necessary new insight into aggregate savings behavior. Fourth, examination of labor time allocation among household members and the motives driving such allocation, taking into account agency relationships between state and household, can inform our understanding of social policy and its effects on accumulation. We believe that Post Keynesianism offers a way of pursuing economic analysis in a way that is sensitive to the lived environment within which agents are actually located. As such, it represents an effort to expunge the "spirits" and replace them with real economic actors. It is, however, only the first sentence in what could be a long conversation.

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