Money matters in households, money matters and household production, but not only money matters: an introduction to September 2020 issue of REHO

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What is unique about REHO is that it straddles many traditional fields in economics. Even though what REHO's co-editors and I are publishing this month is far from touching on all applications of household economics it provides a good illustration of how we climb fences that often separate sub-fields in economics.

This issue contains articles on household money matters and on how money matters when studying household production. The last set of articles show that not only money matters when the goal is to understand what households do. On the theme of household money matters we offer “The Wealth Decumulation Behavior of the Retired Elderly in Italy: The Importance of Bequest Motives and Precautionary Saving” by Luigi Ventura and Charles Horioka (coordinating editor: Tansel Yilmazer) and “The diversity of household asset holdings in the United States in 2007 and 2009: Measurement and determinants” by Eva Sierminska and Jacques Silber (coordinating editor: Charles Horioka).

What stands out in this issue is its second section containing seven articles that tie money matters with some aspect of household production. This section covers three themes: experiments related to money and household goods, children and money matters, and childcare financing. Both experiments address the question of how do you get households to produce more of what households are uniquely set up to do. The first experiment reported here was performed in a poor urban community in South Africa by Sevias Guvuriro and Frederik Booyen (coordinating editor: Eleanor Brown). “Intra-household cooperation and inter-generational communication in the extended family: A field experiment in a poor urban community in Africa” explores some of the ways that extended multi-generational households can increase their investments in family-type public goods such as successful children. Emphasis is placed on skills that enhance family communication.

The second experiment is reported in “When Equitable is Not Equal: Experimental Evidence on the Division of Marital Assets in Divorce” by Joni Hersch and Jennifer Bennett Shinall (coordinating editor: Shoshana Grossbard) and deals with division of marital assets in divorce. The authors conclude that the objective of

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equalizing post-divorce outcomes would be better accomplished through legal directives that nudge towards equal asset division and that assign greater weight to nonmonetary contributions to the household, prior to its break-up. This includes contributions to the production of household public ‘goods’, such as joint children. Not all that is produced in households is jointly consumed. Households also produce meals, health, or happiness, goods that are often consumed privately (see Anderson and Grossman 2009). Bringing children to the world and taking care of them is an important part of what households produce, and therefore receives much attention in this journal in general, and this issue in particular.

From its title, “The effect of children on male earnings and inequality”, an article by Astrid Kunze (coordinating editor: Sonia Orefice), suggests that once they have children men earn more. However, the causality that Kunze uncovers based on excellent Norwegian data seems to run the other way: men who earn more are more likely to have children or have more children. Perhaps this is the case because women still look for male partners or husbands who provide an income to help them raise their children? As for “An analysis of fertility using cohort-specific socio-economic data” by Namkee Ahn and Virginia Sanchez-Marcos (coordinating editor: Chiara Monfardini), it also addresses the theme of children and money matters. Using Spanish data, the study finds that the most important covariates of cohort age-specific fertility rates are insecurity in the labor market (represented by temporary contract prevalence) and women’s education.

The third theme covered in the “Money matters and household production” is the relationship between paid childcare and childcare that is home-produced. Here we include “Subsidies for parental leave and formal childcare: be careful what you wish for” by Marc Jourdain de Muizon (coordinating editor: Chiara Monfardini), who finds that a universal parental leave program instituted in France reduced labor supply in the case of women with low education. In contrast, universal childcare subsidies increased that supply in the case of highly educated mothers. This part of the issue also includes “Efficient childcare subsidies: any need for cash for care?” where Gerhard Glomm and Volker Meier (coordinating editor: Chiara Monfardini) compare three alternative kinds of government subsidies for childcare: public childcare facilities, subsidized private child care facilities, and cash for care, also called no-use subsidies, where lump-sum payments are granted to parents of infants who do not use public or subsidized private childcare facilities. A third article that touches on this theme is “The Uneven Impact of Women’s Retirement on their Daughters’ Employment” by Ainhoa Aparicio Fenoll (coordinating editor: Sonia Orefice). This article finds that women’s retirement leads to an increase in their daughters’ employment only in countries with limited family policies and strong family ties. Apparently, in these countries retired grandmothers often help with childcare.

Is it all about money, then? The last three articles in this issue point to other factors that help explain what households actually do. In “Who will change the ‘baby?’ Examining the power of gender in an experimental setting” Leanne Roncolato and Alex Roomets (coordinating editor: J. Ignacio Gimenez-Nadal) ran a lab experiment in which subjects were asked to engage in two activities that were described and then labeled “Multiplication Activity” and “Monitoring Activity”. In a framed treatment, these same activities were labeled “Employment Activity” and

“Care Activity”. In paired rounds they find that women in mixed-gender pairs are more likely to specialize in monitoring/care when it is framed as caring than when it is not framed so, and that men are more likely to specialize in multiplication/employment when it is framed as employment than in the unframed experiment.

“Out-of-Partnership Births in East and West Germany” by Uwe Jirjahn and Cornelia Chadi (coordinating editor: Shoshana Grossbard) brings us back to the role of male income in explaining fatherhood discussed in this issue’s article by Kunz. Women may not necessarily follow the sequence “first find a man with an income, then have a baby”, as I have also discussed in Ekert-Jaffe and Grossbard (2008). They may have a child out-of-partnership, which in some cases means out-of-wedlock. According to Jirjahn and Chadi the different rates of out-of-partnership births found in East and West Germany are driven by behavioral and cultural differences, more than by differences related to income or other money matters.

The issue concludes with “Under Pressure? Assessing the Roles of Skills and Other Personal Resources for Work-Life Strains” by Niels-Hugo Blunch, David Ribar and Mark Western (coordinating editor: Chiara Monfardini). Using Australian survey data the researchers shows that computer skills reduce work-life strains for mothers and that math skills reduce strains for fathers. Furthermore, extraversion, conscientiousness and emotional stability reduce work-life strains for mothers and fathers.

Compliance with ethical standards

Conflict of interest The author declares no conflict of interest.

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