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0521801419 - The Economic Organization of the Household, Second Edition

W. Keith Bryant and Cathleen D. Zick

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The Economic Organization of the Household  
*Second Edition*

Surveying the field of the economics of the household, the second edition of this text reviews the theory of the consumer at the intermediate undergraduate level. The text applies and extends the theory to consumer demand and expenditures; consumption and saving; time allocation among market work, home work, and leisure; human capital emphasizing investment in education, children, and health; fertility; marriage; and divorce. Influenced by Gary Becker and his associates, the models developed are used to help explain modern U.S. trends in family behavior. Topics are discussed with the aid of geometry and a little algebra. For those with a background in calculus, mathematical endnotes provide the models on which the text discussions are based and interesting applications beyond the scope of the text. The work is suitable for upper-level undergraduates in economics, consumer economics, and public policy programs. The text is also useful as an introduction to the economics of the family for graduate students in sociology, demography, and the policy sciences.

W. Keith Bryant is Professor Emeritus, Department of Policy Analysis and Management, Cornell University, where he also chaired that department and the Department of Consumer Economics and Housing. He previously taught at the University of Minnesota. Professor Bryant served as President of the American Council on Consumer Interests, is a Distinguished Fellow of the Council, and also served as a staff member of President Lyndon Johnson's National Advisory Commission on Rural Poverty. He has published in journals such as the *Journal of Marriage and Family*, *Review of Economics of the Household*, *Journal of Business*, *Journal of Consumer Research*, *American Journal of Agricultural Economics*, *Journal of Consumer Affairs*, and the *Journal of Family and Economic Issues*. His current research focuses on the economics of the household with special interest in time use and household production.

Cathleen D. Zick is Professor and Chair of the Department of Family and Consumer Studies at the University of Utah. Her research focuses on the economic and socio-demographic factors that affect family well-being. Professor Zick's work has been published in numerous scholarly journals including *Demography*, the *Journal of Marriage and Family*, *Journal of Gerontology: Social Sciences*, *Journal of Consumer Affairs*, *Social Science Research*, and the *Journal of Family and Economic Issues*. She serves on five editorial boards and is currently the President-Elect of the American Council on Consumer Interests.

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# **The Economic Organization of the Household**

*Second Edition*

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*University of Utah*



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CAMBRIDGE UNIVERSITY PRESS  
 Cambridge, New York, Melbourne, Madrid, Cape Town, Singapore, São Paulo

Cambridge University Press  
 40 West 20th Street, New York, NY 10011-4211, USA  
[www.cambridge.org](http://www.cambridge.org)  
 Information on this title: [www.cambridge.org/9780521801416](http://www.cambridge.org/9780521801416)

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First published 2006

Printed in the United States of America

*A catalog record for this publication is available from the British Library.*

*Library of Congress Cataloging in Publication Data*

Bryant, W. Keith (Wilfrid Keith), 1934–  
 The economic organization of the household / W. Keith Bryant, Cathleen D. Zick. – 2nd ed.  
 p. cm.

Includes bibliographical references and index.

ISBN-13: 978-0-521-80141-6 (hardback)

ISBN-10: 0-521-80141-9 (hardback)

ISBN-13: 978-0-521-80527-8 (pbk.)

ISBN-10: 0-521-80527-9 (pbk.)

1. Consumption (Economics) – United States. 2. Income – United States.  
 3. Households – United States. 4. Family – Economic aspects – United States.  
 5. Consumption (Economics) 6. Income. 7. Households.  
 8. Family – Economic aspects. I. Zick, Cathleen D. II. Title.

HC110.C6.B79 2005

332.024'0068 – dc22 2005018307

ISBN-13 978-0-521-80141-6 hardback

ISBN-10 0-521-80141-9 hardback

ISBN-13 978-0-521-80527-8 paperback

ISBN-10 0-521-80527-9 paperback

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*To our spouses and children  
Ken, Marty, Nathan, Frances, and Mike*

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## Preface to the Second Edition

In 1987, when we began writing the first edition of *The Economic Organization of the Household* in earnest, there had been no attempt to gather the threads of the research and discussion on the economics of the family, weave them together, and present them as a whole cloth to either the undergraduate or beginning graduate student. Since then, a flood of research has been published in response to the trends in family behavior, some of which raised puzzling social policy questions. Simultaneously, a host of national cross-section and panel data sets that could be used to test hypotheses about family behavior became available. *The Handbook of Population and Family Economics*, edited by Mark Rosenzweig and Oded Stark (1997), has provided researchers and advanced graduate students with useful discussions of models, hypotheses, and empirical research on the subject from both economics and demography. But to our knowledge, with all its faults, *The Economic Organization of the Household* remains the single source of an integrated treatment of the economics of the family at the senior undergraduate and first-year graduate student level. It seemed worthwhile, therefore, to revise it: by including the research done since 1989 as well as some earlier research neglected in the first edition, by including some topics not covered in the first edition, and by dropping a few topics that teachers have said were less useful or dated.

Like the first edition, this revised edition is a textbook on the economics of the family for students who have completed a semester of introductory microeconomics. It is intended as a text for a junior-senior semester-long course. Because of the mathematical notes, it can also be used by first-year graduate students in economics programs, especially applied economics programs like consumer economics, and by students of the

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family in other social science or public policy programs who want a survey and introduction to the subject. This was the market for the first edition and we hope this revised edition continues to serve it well.

Comparative static analysis is used throughout and, with only minor exceptions, perfect foresight and certainty are assumed in the belief that a firm grounding in the basics is the goal. The discussions use English, geometry, and algebra, with calculus relegated to mathematical notes following each chapter. Indifference curve diagrams are used whenever possible to cement the basic hypothesis that family behavior arises out of attempts to maximize satisfaction subject to resource, legal, social, and technological constraints. Demand and supply diagrams are used periodically where appropriate. Chapters 2 and 3 review neoclassical consumer theory at the intermediate level. The results of empirical research estimating the demand functions for a variety of goods and services are used as examples. The basic theory presented in Chapters 2 and 3 is used and extended in succeeding chapters with the level of the discussion rising somewhat given that students have mastered the earlier material. There are eight chapters in the revised edition and we were each responsible for revising four chapters. Both of us edited every chapter.

Textbooks are the products of authors and the myriad of influences upon them: some from associates and students, others from the environments that authors inhabit. Michigan State University and the Universities of California-Davis, Chicago, Minnesota, and Wisconsin have provided one or both of us with stimulating environments in which we could grow intellectually. The faculties and students of Cornell University and the University of Utah, in particular, have been immensely important to the development of both authors.

Our spouses, Marty and Ken, provided space, time, computer skills, encouragement, and nudging without which this revision would never have been completed. We owe them immense debts that can never be repaid (and they know it!). Our children, Nathan, Michael, and Frances, also played important parts. Growing up as the first edition developed, Michael and Frances suffered through years of family dinners at which the topics in the book were discussed and debated. They were grateful to be grown and gone during the writing of the revised edition. Nathan was not so lucky. Discussions of various topics in the revised edition crowded out subjects (e.g., basketball, track and field) much more important to him many evenings.

Scott Parris, Economics Editor for Cambridge University Press, encouraged us to revise the book and had infinite patience as writing

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deadline after deadline came and went. We appreciate his ultimate faith in us and in the project. Simina Calin, his assistant, also had infinite patience with authors writing a book using WordPerfect in a Microsoft Word world. Katie Greczylo of TechBooks guided us through the production process from “final” manuscript through copyediting, indexing, and page proofs to published book. We wrote the manuscript. They transformed it into a book.