

Econ 217 — Lecture Outline 9/15/08

Chapter 3: The household as economic unit

Household and marriage formation— why bother?

Economies in production

volume discounts on intermediate goods

lower average fixed costs of capital

production process economies of scale

higher output from division of labor/specialization

complementary production processes

Internalizing externalities

Reduction of transactions costs, including monitoring costs

Reduction of risk through resource pooling

Forces determining the division of labor

Advantages and disadvantages of specialization

Government policies affecting the division of labor

How is power distributed in households?

Money as power

Effects of patriarchy on household sharing

Do women care more about children?

Renegotiation of sharing rules