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