

1. Introduction

OVERVIEW

Post Keynesian analyses of monetary production have not given much attention to households as institutions. An underlying reason for this tendency is that gender has not been explicitly considered as an analytical category within this framework. While household and gender analysis should not be conflated, there are points of intersection between the two, and thus ignoring gender as an analytical category inhibits the coherent conceptualization of households, and even more importantly, restricts the explanatory power of the Post Keynesian monetary theory of production.

On the other hand, a good deal of the literature in feminist economics¹ discusses households in a strictly microeconomic context, and most importantly independently from monetary phenomena. Thus, overall monetary production has been the focus of Post Keynesian economics, and households have been the major focal points for feminist economics. The literature attempting to construct bridges between these two general approaches² has not yet engaged in theorizing about households within a gendered Post Keynesian theory of monetary production.³

The Post Keynesian apparent disinterest in developing a theoretical account of households to a certain extent may be explained by the emphasis on endogenous money creation and the residual character of households' savings decisions in this framework. However, downplaying households in the Post Keynesian monetary theory of production is also a manifestation of gender-blind analysis. At the same time, the focus in feminist economics has been on internal household relations, often at the expense of discussing monetary relations within which households are functioning. Thus, the system of monetary production is often excluded within feminist theorizing as a result of concerns about the ideological roots of gender inequality. Specifically, as a reaction to reductionism, functionalism, and

economism, gender relations and patriarchy are often discussed as autonomous processes that are independent from the economy.⁴

There are some common grounds for Post Keynesians, Institutionalists, and feminist economists working in the heterodox tradition. Most notoriously these analyses go beyond allocation of scarce resources. Some feminist economists (May 1996; Hutchinson et al. 2002) and Institutionalists following Thorstein Veblen's notion of 'sabotage of production' (Veblen 1919) emphasize the social construction of scarcity, and focus on the creation of new resources (DeGregory 1987). Social provisioning is a broader concept of production employed by feminist and Institutional economists whose interest in caring and provisioning lead them beyond the study of individual choices and results, and towards a broader understanding of economic activity (Nelson 1992; Dugger 1996; Power 2004, 7). Post Keynesians study the conditions for achieving full employment and are concerned with the effects of expectations on macroeconomic results and not about the individual entrepreneurial success in guessing the future (Kregel 1980, 1988; Davidson 1994).

I propose that the Post Keynesian framework of a monetary theory of production is expanded to encompass Institutional⁵ and feminist analyses of social provisioning by initiating a discussion of gender as an analytical category within a monetary theory of production. The objective is an economic analysis that simultaneously: (i) considers gender as an element of political economy and not as a separate issue or field of study that is only marginally related to economic questions; (ii) manifests the links between the proposition of neutrality of money and the practice of gender-blind analysis in economic theorizing, and offers an alternative formulation; and finally (iii) offers a non-conflationary micro–macro analysis of a capitalist economy. These elements do not exist in the literature simultaneously. I argue that integration of these goals would give us a path for a gendered Post Keynesian–Institutional analysis that would facilitate constructive debates among heterodox economic approaches, as well as the practice of a micro–macro analysis. Situating households within the theory of monetary production is a first step towards such a framework.

The Post Keynesian theory of monetary production is the main analytical framework which is intersected with gender and institutional analysis in order to obtain a broader discussion of a pecuniary culture that is formed by the interaction of two main processes: monetary production and gender. Thus, the book offers a gendered

Post Keynesian–Institutional analysis of households within a theory of monetary production as formulated by Keynes’s 1937 article and his *General Theory of Employment, Interest and Money* (1936 [1964]). This is the ‘Chapter 17’ interpretation of monetary production; even more specifically, I engage with the Neo-Chartalist approach to Post Keynesian economics (Wray 1998). The followers of this monetary production analysis have been mostly concerned with macroeconomic analysis. However, the present analysis also builds on Post Keynesian and Institutionalist literature on administered prices, business enterprises, consumption and the anthropogenic character of labor power (Eichner 1985; Lee 1998).

The book poses questions that cut across rigidly determined areas of inquiry. Most importantly, I delineate, yet ultimately reject the practice of analytically separating gender and money as two independent areas of investigation. Indeed, I argue that this practice prevents heterodox economists from elucidating gender as an important element of the monetary theory of production. The aversion to combining monetary and gender analysis is misguided. There is a need for an understanding not only about the place of money in economic provisioning, but also about its role in sustaining gender ideology. Thus, the focus here is on the monetary production process and its relation to the social construction of gendered perceptions of market versus non-market spheres. Indeed, the book takes the position that these are not separate spheres of life, but are aspects of the same pecuniary culture. The gendered ideological grounds of the analytical separation and opposition between ‘market’ versus ‘non-market’ and ‘public’ versus ‘private’ domains have been well discussed in the feminist literature (Collier and Yanagisako 1987; Jennings 1992, 1993; Charusheela and Danby 2006). Here I apply such a gender lens to the Post Keynesian monetary theory of production.

The present discussion is informed by, and therefore applicable to, the US economy. It should be noted, however, that there are varieties of monetary production economies and not a uniform model that corresponds to production relations across time and space.

THE METHOD OF INSTITUTIONAL ANALYSIS

Institutional theory rejects dualistic thinking and offers the analytical tool of the dichotomy. The conceptualization of households as part

of a separate private domain brings the broader methodological issue of dualistic reasoning that has been critiqued by Institutional economics. Consequently, I employ the method of institutional analysis while discussing the interaction between monetary production and gender processes within pecuniary culture as manifested by the household as an institution. Institutional theory provides the basis for a gendered Post Keynesian analysis within a monetary theory of production. As a result I focus not merely on the ‘monetary production economy’, but on what Veblen called a ‘pecuniary culture’.

In this book I conceptualize pecuniary culture as constituted by institutions such as money, households, business enterprises, state, schooling, and religion. These interact with one another and are part of ecosystems (Figure 1.1). Each institution has ceremonial and instrumental aspects that involve ceremonial (pecuniary) and instrumental (industrial) methods of valuation (Figure 1.2). This so-called ‘Veblenian dichotomy’ is an analytical tool which breaks social structures into pieces with the goal of finding out how the pieces work. The pieces are put back together once the interrelations and causal mechanisms are identified (Sturgeon 1991, 138).

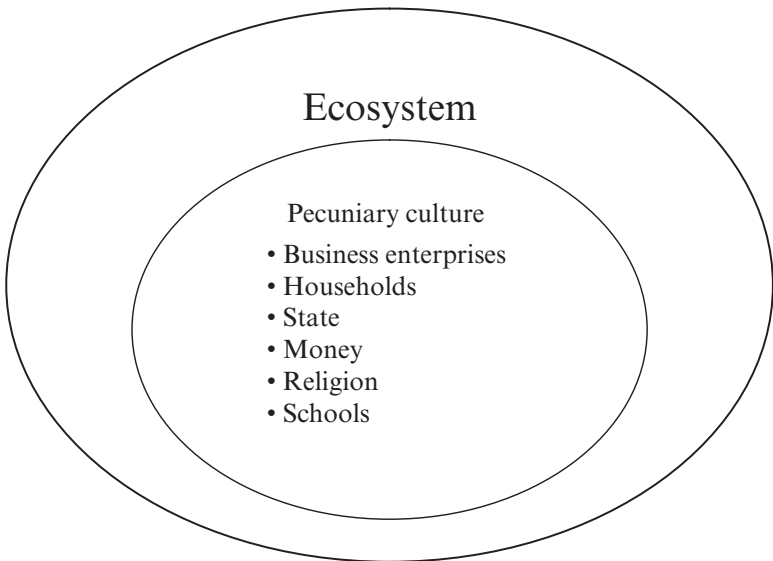


Figure 1.1 Institutions in a pecuniary culture

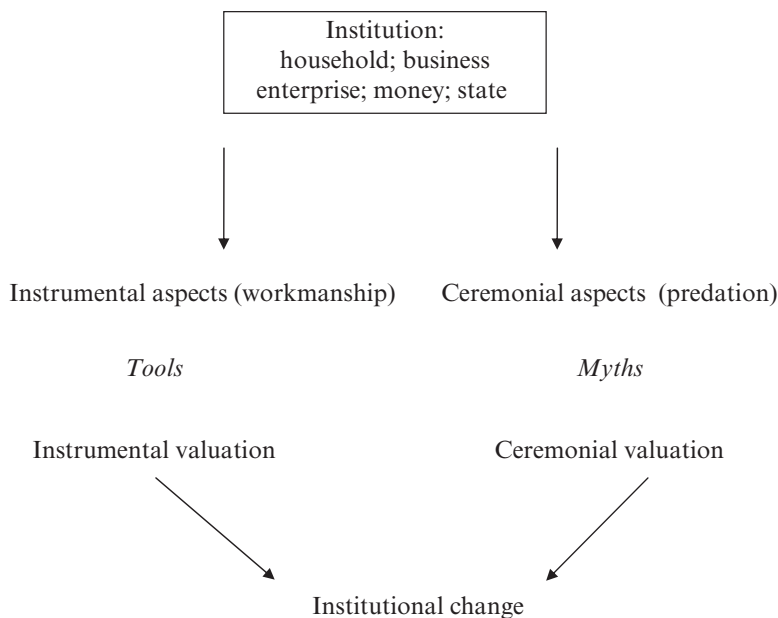


Figure 1.2 *Veblenian dichotomy*

The source of institutional change can be found in what Veblen called two groups of ‘instincts’⁶ – ‘predation’ and ‘workmanship’ – or in the interaction between ceremonial and instrumental methods of valuation. The predominance of the instrumental over the ceremonial method constitutes progressive institutional change, which affects the rest of the institutions.

While Institutional theory uses dichotomies, it rejects dualistic thinking (Dewey 1922 [1988]; Waller 1982; Nelson 2003). Dualisms separate phenomena into mutually exclusive and hierarchical categories while a dichotomy distinguishes two separate, but related parts which are tied together by a common root (Sturgeon 1991, 133–5). First, the two parts under dualism are presented as independent from each other. Second, they are hierarchically ordered – one part has a subordinate status to the other (Jennings 1999, 142). Among the dualisms that we critically discuss are: market–non-market; public–private; feminine–masculine; mind–body; modern–traditional; and micro–macro.

Institutions have both instrumental and ceremonial aspects. The

book analyses households as institutions within a pecuniary culture that exhibit both ceremonial and instrumental aspects, and brings forward household relations as manifestations not only of gender process, but also of the monetary production process. Ceremonial aspects are not equated with traditions and are not juxtaposed to technology. Household and gender relations are often treated as being 'traditional' and markets as being 'modern.' This results in a conceptual separation between households from capitalist relations, which precludes questions about the role of money in the formation of households as institutions. Furthermore, a romantic embrace of traditions may promote an ideal of a 'traditional household' that is constituted by specific human relations, and assigns gender roles for the purpose of cultivating and preserving these 'traditional' relations.

The Institutional method is evolutionary (Veblen 1898a). The changes in social provisioning are expressions of the changes in human agency and methods of valuation in a particular historical-geographical context. Within this evolutionary process there is no taxonomy – the ends are unspecified and unknown. Consequently any notions of 'an ideal outcome', 'a natural event', 'a normal type', and 'a representative unit' are meaningless in an evolutionary system (Veblen 1898a). The Institutional method would thus dispose of the notion of a homogeneous, universal, or normal type of household. On the other hand, a non-evolutionary account of households conceptualizes households not only as natural units, but also as constituting a clear-cut private domain that is separate and opposed to a public (referring to political and market arenas) sphere. Such an approach neglects the historical formation of these notions and masks their ideological character. So, functionalist accounts hold that households provide a stable emotional environment that cushions workers from the psychological negative effects of wage work (Parsons and Bales 1956).

The notion of the separateness of household relations from the market world is grounded in the Victorian ideal of separate spheres: a moral domain – the home and the domain of business. Under this view the household provides a shelter from the market activity, and furthermore becomes a 'woman's sphere' – women are seen as the guardians of morality and detached from the market. This detachment is viewed as necessary not only for the good of the household, but also for society as a whole. In addition to the biological

reproductive function of childbearing that undergirds women's identification with caregiving and domestic life, notions of femininity and masculinity are at the center of this ideal of gendered spheres. However, the household cannot be conceptualized as a natural unit if gender is an analytical category (Wong 1984; Hart 1992).

A non-evolutionary understanding of households presents the Victorian dualism 'public-private' as a natural fact of life, and furthermore impinges on our understanding of the monetary production process. The Victorian ideal naturalized not only the hierarchical gender relations within the household, but also the hierarchical monetary relations of capitalist production. If morality is designated to the private household domain, what happens to moral considerations in the so-called public, or market realm? Victorian emphasis on the home as a sphere for morality, and glorification of femininity as its guardian in effect absolves the business realm from moral considerations. Indeed, such a view complements the liberal idea of *laissez-faire*. Consequently, notions of femininity and masculinity are not disconnected from the normalization of the shortcomings in investment and employment and gross disparities in distribution. The doctrine of *laissez-faire* has been a demonstration of this normalization right up to the present time. Victorian ideals of the moral private domains are thus complementary to this doctrine – if workers can find a retreat within their home, the spotlight shifts away from capitalists' actions and to private morality and obligations. In this way workers' as well as children's and other dependants' economic problems are easily reduced to a failure to achieve the 'ideal' type of household relations based on a male breadwinner and financially dependent wife and children. This ideal type of household is to be secured through the maintenance of 'proper' gender codes and behavior. Victorian gender relations are still relevant today, as public – private dualism and notions of proper feminine domestic roles are still reinforced today by the state through public policy, such as the welfare system. One example in the United States is the Temporary Assistance for Needy Families (TANF) program established in 1996. Provisions of the program promote marriage and paternal headship, thus making father-mother family formation its central principle. Single mothers are sanctioned with mandatory work outside the home (at least 30 hours) if they continue to remain single, while mothers who are married do not have to work outside the home to qualify for welfare (Mink 2002, 96).

The conceptualization of a 'natural' family form as a safe haven of private morality should be acknowledged as an ideology, and not confused with the realities of household organization (Barrett 1980, 204). Nineteenth-century heritage of gendered public-private dualism enforced by notions of proper canons of femininity and masculinity underpins policies that focus on parenting exclusively as a domestic moral issue. As a result, single parenting (and especially female single parents) is seen as a cause of households' financial hardship, rather than tackling the underlying inadequacies in the level, composition, and distribution of output. The Institutional method allows us to explore these underlying factors because it provides an evolutionary framework that does not treat households as natural units.

The historical process of construction, representation, and practice of femininity and masculinity can be defined as a 'gender process'. These historically and geographically specific notions of femininity enter the evolution of ideological and material relations that are manifested by the institutions of pecuniary culture, including households. The concept of a gender process is at odds with the notion of a universal, stable, natural household unit, and instead facilitates the analysis of households as evolving institutions.⁷

I use the term 'households' in a broad way so that relations of kinship, marriage, and sexuality take a variety of forms with regard to household composition. The conflation of the category of 'household' referring to co-residents who share an abode with 'family' referring to kinfolk effectively disregards historical/geographical specificity of these categories and the role of the gender process in their development. Thus, it is more appropriate to talk about households as a collection of persons whether related by kinship or not.

Furthermore, members of the household are concerned with securing livelihood and maintaining various social relations. However, this does not necessarily mean that there are harmonious cooperative relations within the household (or a joint utility function, as in the household production function approach discussed below).

The concept of 'household' has both spatial and social aspects which are connected (Wallerstein 1984). The former is related to a shared dwelling, while the latter points towards the network of human relations and interdependence. Furthermore, 'identifying activities' (Hendon 1996, 46) can be used to distinguish households from other institutions. Such activities vary across cultures,

geography and historical time. For example, 'unpaid house work' is one activity that can be conceptualized within a monetary production economy where wage work is central for obtaining a livelihood. However, this concept will not make sense in describing household activities within societies guided by the principle of reciprocity rather than by monetary relations, as in the latter case the notion of wage work does not exist.

While the interaction between gender and the monetary production process is manifested by all institutions within the pecuniary culture, the differences among these institutions give rise to the various ways that this interaction is manifested by each one of them. Consequently, households can be viewed as manifestations of monetary production and gender processes that ought to be discussed in relation with business enterprises and the state.⁸

ORGANIZATION OF THE BOOK

Chapter 2 introduces the notion of a monetary theory of production and contrasts it to a real-wage/exchange system. The chapter delineates some of the main elements of monetary production as emphasized by Post Keynesian and Institutional economics, and engages in a preliminary discussion of the place of households under such a theoretical construct. Here I offer a critique of the dualism between micro- and macroeconomic analysis, and connect this to an institutional and gender analysis.

Chapter 3 presents some starting points for analyzing households as institutions that can be found in existing Post Keynesian literature. Then I critically discuss the possibilities of importing household theories from other approaches such as the orthodox household production function approach; the bargaining models; and the Marxist–feminist 'Feudal household model'. I argue that Post Keynesian theorizing about households should emerge out of the monetary production analysis rather than being imported from other theoretical frameworks. Here the concept of unpaid household work is used as an entry point for a micro–macro analysis within a monetary theory of production. Furthermore, this chapter discusses the importance of considering households' heterogeneity.

Chapter 4 expands this analysis and pursues a gendered Post Keynesian–Institutional framework of pecuniary culture. Thus, in

addition to monetary production the chapter brings in the discussion of gender as an analytical category. The chapter maps Neo-Chartalist Post Keynesian theory of monetary production onto gender and institutional analysis of households within a pecuniary culture. I employ the ceremonial–instrumental dichotomy, Veblen’s evolutionary stage model, and the concept of gender process – the practice of femininity and masculinity.

Chapter 5 discusses institutional change – regressive, progressive, and ceremonial encapsulation – and focuses on household debt and government deficits, bringing forward the specific characteristics of households and the state that distinguishes them as different institutions. The chapter discusses government deficits as tools and the ceremonial and instrumental aspects of money within a pecuniary culture with respect to households’ financial position and livelihood. Chapter 6 concludes and suggests areas for future research.

NOTES

1. Feminist economists are not a homogeneous group – there are varieties of traditions such as liberal feminism, Marxist feminism, socialist feminism, transnational feminism, ecofeminism, and others (Tong 1998).
2. Both approaches include diverse theoretical and political visions, feminist economics more so. The label ‘feminist economics’ refers to a variety of theories and research, but with the common ground of taking gender as an essential analytical category. It is necessary to make a distinction between heterodox and orthodox feminist economics. Here I am concerned with a gendered Post Keynesian–Institutional theory. For a brief overview of Post Keynesian theory, see Kregel (1983).
3. Notable exceptions are Ann Jennings and Colin Danby. Jennings (1994, 560) argues that monetary production theories should recognize gender hierarchical relationships along with their concern with the social power of money. Jennings points to a number of linkages between gender and the role of money in capitalist economies, and calls for the development and incorporation of feminist insights into macroeconomic monetary theories of production. Also, a number of economists have pointed to micro-foundational and methodological routes for the creation of a gendered Post Keynesian approach focusing on the foundations of human behavior (Waller 1999; Danby 2004). John King (2002, 222) has noted that issues of gender discrimination and the segmentation of the labor market are areas of interest to both Post Keynesians and feminist economists, and has hinted that there is a possibility for the development of a theoretical macroeconomic framework based on feminist and Post Keynesian economics.
4. For a review and a critical discussion on the problems of addressing reductionism, functionalism and economism, see Barrett (1980).
5. For a detailed discussion about the origins and evolution of Institutional economics, see Hodgson (2004).

6. Instincts in the Veblenian sense are different from ‘tropisms’ – determined only by biology; rather they incorporate previous cultures together with human biology and ecosystems.
7. For a further critique of assuming unity of families, households and other domestic organizations, see Harris (1981).
8. I limit the analysis by only mentioning the roles of schools, religion, and the global economy, but these should also be considered.