PART II
UNIT 3
HOUSEHOLD APPROACH: FACTS

José Alberto Molina

Grupo de Investigación en Economía de la Población, Mercado de Trabajo y Economía Industrial

Universidad Zaragoza

1542

Master in
Economics

Faculty of
Economics and
Business Studies

University of
Zaragoza

CONTENT

1. Why form households?

2. The household structure: evolution and facts

Master in Economics

Faculty of Economics and Business Studies

University of Zaragoza

Microeconomics

"Household Approach: Facts

Prof. José Alberto Molina

1. Why form households?

Why do humans live in families? The fact that only 3 percent of avian and mammal species are known to be familial (Emlen 1995) suggests that the emergence of the family cannot be taken for granted, even among humans. Something special must be behind it.

↓

Most households are formed between two particular people for reasons of love, companionship, and procreation.

On the other hand, biological motives matter when males and females only care about their genetic fitness, that is, the survival and propagation of their own genes.

Master in
Economics

Faculty of
Economics and
Business Studies

University of
Zaragoza

Microeconomics

"Household
Approach: Facts

Prof. José
Alberto Molina

The fact that Gary Becker received the 1992 Nobel Prize in Economics for his contributions to the economics of the household is sufficient evidence that its importance is recognized by the economics profession.

↓

Becker put the household on the economics profession agenda, in 1976, by identifying the three foundational assumptions of the economic approach to the household as "maximizing behaviour, market equilibrium, and stable preferences" (*The Economic Approach to Human Behavior*, University Chicago Press).

Master in
Economics

Faculty of
Economics and
Business Studies

University of
Zaragoza

Microeconomics

"Household
Approach: Facts

Prof. José
Alberto Molina

The focus of Becker, as well as of subsequent studies, has been to provide a new reason for forming households: the efficiency gains from trade that a man and a woman can realize by marrying, compared to remaining single, taking into account that marriage is broadly defined to include both formal unions and cohabitation.

↓

The gains to marriage arise from gender specialization in home and market activities.

In other words, gains arise from replacing individual constraints with less restrictive joint constraints, applying to households formed between any two persons.

Master in
Economics

Faculty of
Economics and
Business Studies

University of
Zaragoza

Microeconomics

"Household
Approach: Facts

Prof. José
Alberto Molina

There may be joint consumption economies, because many items of household expenditure have characteristics of a public good; that is, consumption per head does not decline proportionately with the number of consumers. The most obvious of these is a house, but also appliances, furniture, etc.

$\downarrow$

We can also focus on the allocative efficiency gains from the formation of a two-person household arising from the division of labour and household production between household members.

Master in
Economics

Faculty of
Economics and
Business Studies

University of
Zaragoza

Microeconomics

"Household
Approach: Facts

Prof. José
Alberto Molina

Given that the household is one of the most important socio-economic institutions in our society, the nature of the links between family members varies dramatically across nationalities.

Do countries with a culture fostering strong family ties tend to have different economic outcomes than more individualistic societies?

While sociologists and political scientists have paid attention to this question, this is an issue generally ignored by economists.

↓

This is why we then provide some empirical evidence on the evolution and facts of households at an international level

Master in
Economics

Faculty of
Economics and
Business Studies

University of
Zaragoza

Microeconomics

"Household
Approach: Facts

Prof. José
Alberto Molina

2. The household structure: evolution and facts

Average household size, 2008 and 2018 (average number of persons in private households)
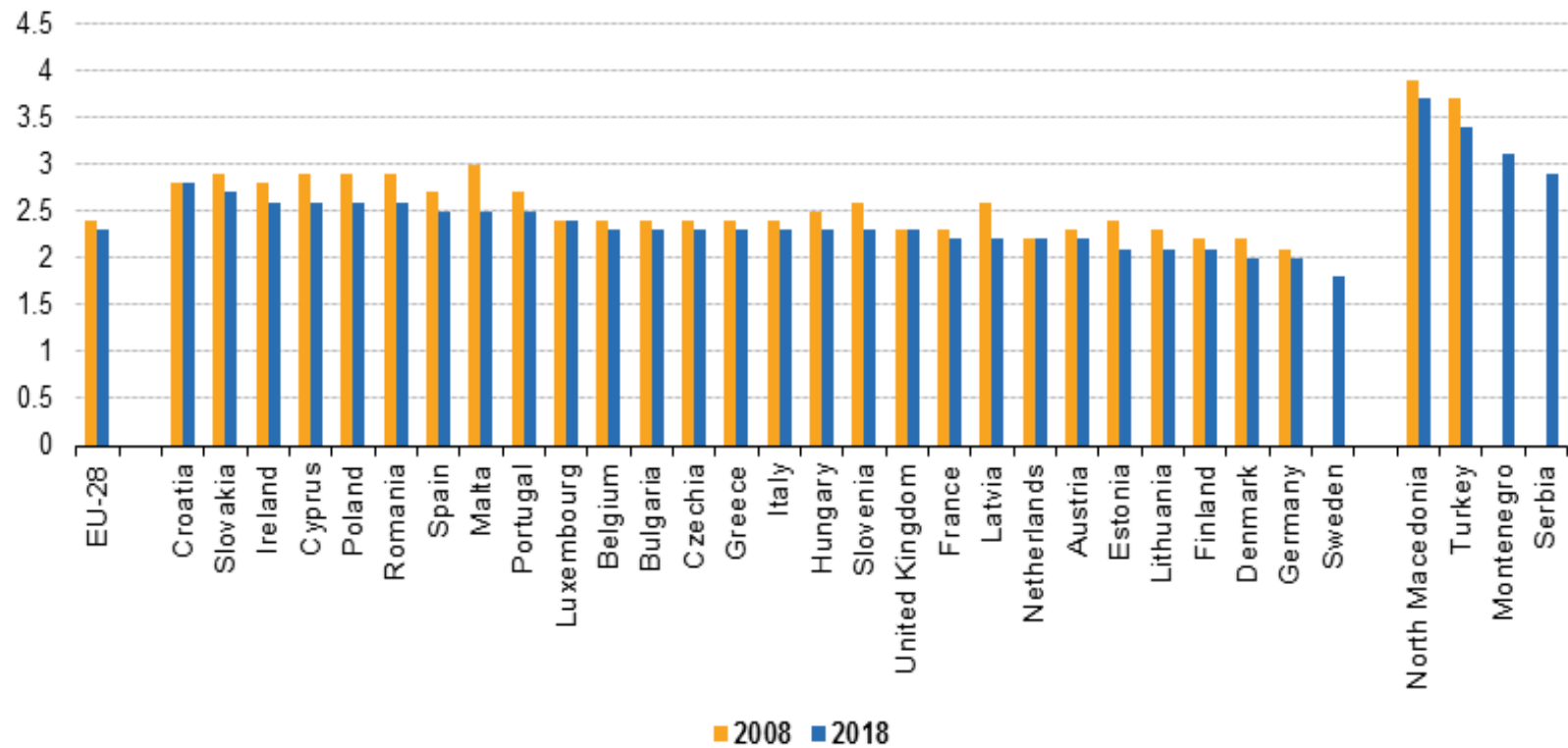
Note: EU-28 2009 data instead of 2008
Source: Eurostat (online data code: lfst_hhantych)

eurostat

Master in
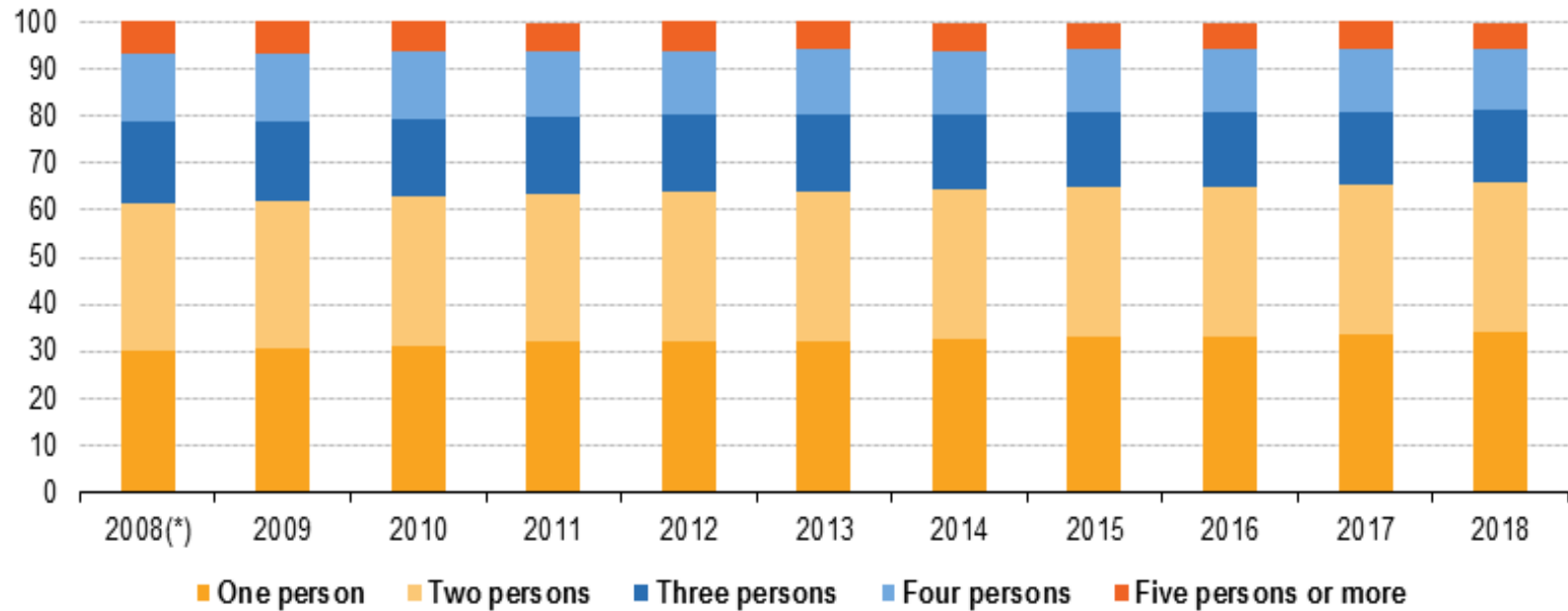Economics

Faculty of
Economics and
Business Studies

University of
Zaragoza

Distribution of households by size, EU-28, 2008–18
(% of all households)

Note:(*) 2008 data exclude Sweden.
Source: Eurostat (lfs survey)

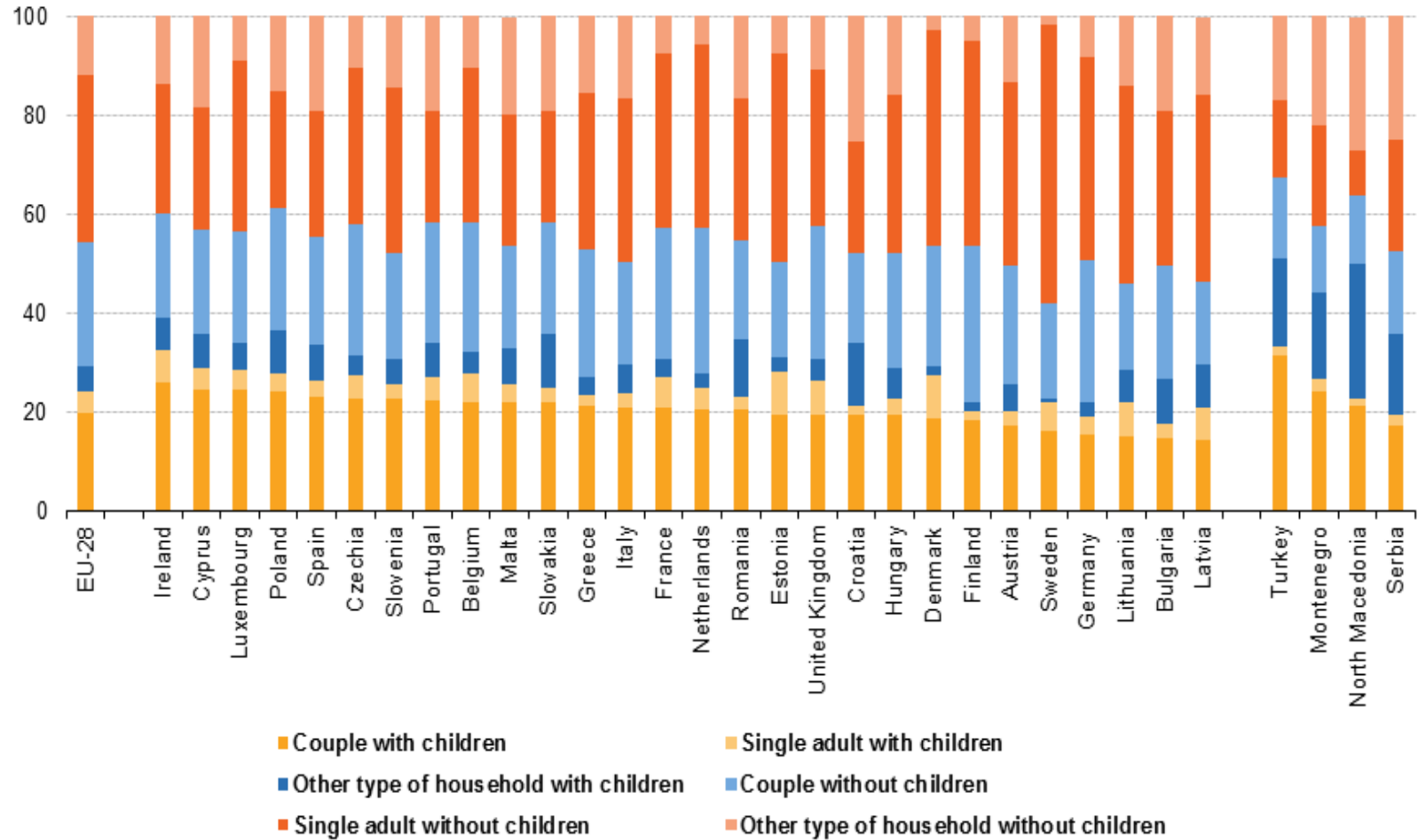eurostat

Master in
Economics

Faculty of
Economics and
Business Studies

University of
Zaragoza

Microeconomics

"Household
Approach: Facts

Prof. José
Alberto Molina

Private households by household composition, 2008-2018 (number of households in 1 000 and % of household types)

	Total (thousand)		Single adult with children (%)		Single adult without children (%)		Couple with children (%)		Couple without children (%)		Other type of household with children (%)		Other type of household without children (%)	
	2008	2018	2008	2018	2008	2018	2008	2018	2008	2018	2008	2018	2008	2018
EU-28	203 106.1	222 839.6	4.0	4.4	29.7	33.9	21.0	19.7	24.4	25.1	6.5	5.1	13.2	11.8
Belgium	4 509.3	4 770.4	5.9	5.6	30.5	31.5	19.6	22.0	24.0	26.4	7.5	4.3	12.5	10.2
Bulgaria	2 881.6	2 708.0	2.7	2.9	27.0	31.3	18.2	14.5	25.7	23.0	9.1	9.0	17.4	19.2
Czechia	4 319.0	4 759.8	4.9	4.8	27.2	31.9	24.4	22.4	24.9	26.6	5.7	3.9	12.9	10.3
Denmark	2 423.7	2 402.2	:	8.5	:	43.5	:	18.6	:	24.6	:	1.9	:	2.8
Germany	39 646.2	40 806.6	3.7	3.6	39.0	41.4	16.3	15.4	28.5	28.8	3.4	2.8	9.1	8.1
Estonia	546.9	610.9	7.0	8.6	30.6	42.0	22.3	19.5	20.3	19.5	6.5	2.8	13.3	7.6
Ireland	1 600.3	1 842.0	5.4	6.6	21.6	26.2	27.2	25.8	20.4	21.0	7.7	6.7	17.6	13.7
Greece	4 293.7	4 383.6	1.6	2.2	27.5	31.7	22.9	21.2	24.2	25.8	4.8	3.7	19.0	15.4
Spain	17 067.8	18 580.6	1.8	3.4	22.2	25.6	22.5	22.9	20.8	21.7	9.9	7.3	22.7	19.2
France	26 714.2	29 802.9	5.2	6.5	32.6	35.6	23.2	20.6	27.8	26.4	3.7	3.5	7.5	7.4
Croatia	1 518.8	1 473.6	1.9	1.9	24.6	22.9	19.0	19.4	17.8	18.2	13.7	12.5	23.1	25.1
Italy	24 073.2	25 925.8	2.3	2.8	29.4	33.4	23.2	20.8	20.7	20.8	6.3	5.7	18.2	16.5
Cyprus	268.1	326.8	2.7	4.2	14.2	24.8	32.0	24.5	24.6	21.3	8.6	6.9	17.9	18.2
Latvia	830.2	854.3	6.0	6.7	24.8	37.8	18.7	14.2	16.7	16.7	13.8	8.7	20.1	15.9
Lithuania	1 374.8	1 321.7	6.6	7.1	35.9	40.2	20.0	14.9	15.6	17.6	9.0	6.3	12.8	14.0
Luxembourg	189.6	251.5	3.8	4.0	31.4	34.8	27.9	24.5	24.5	22.4	4.6	5.4	7.8	8.9
Hungary	3 925.2	4 124.8	4.1	3.4	27.4	32.3	21.6	19.2	21.5	23.1	8.7	6.3	16.8	15.7
Malta	133.7	188.7	2.1	3.6	15.0	26.4	27.6	22.0	19.1	21.0	12.6	7.1	23.8	19.9
Netherlands	7 245.5	7 834.2	4.4	4.3	34.3	37.3	22.9	20.5	29.9	29.2	2.8	3.1	5.7	5.6
Austria	3 568.2	3 915.5	3.3	2.9	35.3	37.2	18.0	17.3	23.1	24.1	6.7	5.2	13.7	13.4
Poland	13 050.9	14 608.9	4.0	3.5	19.8	23.9	25.1	24.1	19.6	24.5	15.0	8.9	16.6	15.1
Portugal	3 879.1	4 144.6	3.1	4.6	17.7	22.7	25.7	22.3	22.8	24.3	10.6	7.0	20.0	19.1
Romania	7 383.8	7 494.3	1.9	2.4	20.4	28.9	25.2	20.4	19.3	20.0	16.1	11.8	17.1	16.5
Slovenia	773.8	887.1	3.5	2.9	25.3	33.5	23.1	22.4	18.8	21.6	9.8	5.2	19.5	14.3
Slovakia	1 713.6	1 888.4	3.0	2.9	19.9	22.8	24.6	21.9	18.5	22.6	14.5	10.7	19.5	19.0
Finland	2 453.0	2 677.1	1.6	1.7	38.5	41.7	20.7	18.2	31.3	31.7	2.1	1.9	5.8	4.8
Sweden	:	5 239.5	:	5.7	:	56.6	:	16.0	:	19.4	:	0.8	:	1.5
United Kingdom	26 721.9	29 015.8	7.3	6.7	30.2	31.4	19.5	19.4	27.1	27.0	4.9	4.5	11.0	10.9
Montenegro	:	173.7	:	2.6	:	20.4	:	23.9	:	13.4	:	17.7	:	22.0
North Macedonia	528.7	567.0	1.6	1.2	11.9	8.9	21.2	21.2	13.0	14.1	30.3	27.4	21.9	27.2
Serbia	:	2 417.2	:	2.2	:	22.4	:	17.3	:	16.9	:	16.1	:	25.1
Turkey	18 705.8	23 584.8	2.8	1.8	7.6	15.5	40.1	31.4	15.5	16.3	19.9	17.9	14.3	17.1

Note: EU-28 data exclude missing Member States
(:) data not available
Source: Eurostat (online data code: lfst_hhnhtych)

eurostat

Private households by household composition, 2018
(% of private households)

Source: Eurostat (online data code: lfst_hhnhtych)

eurostat

Master in
Economics

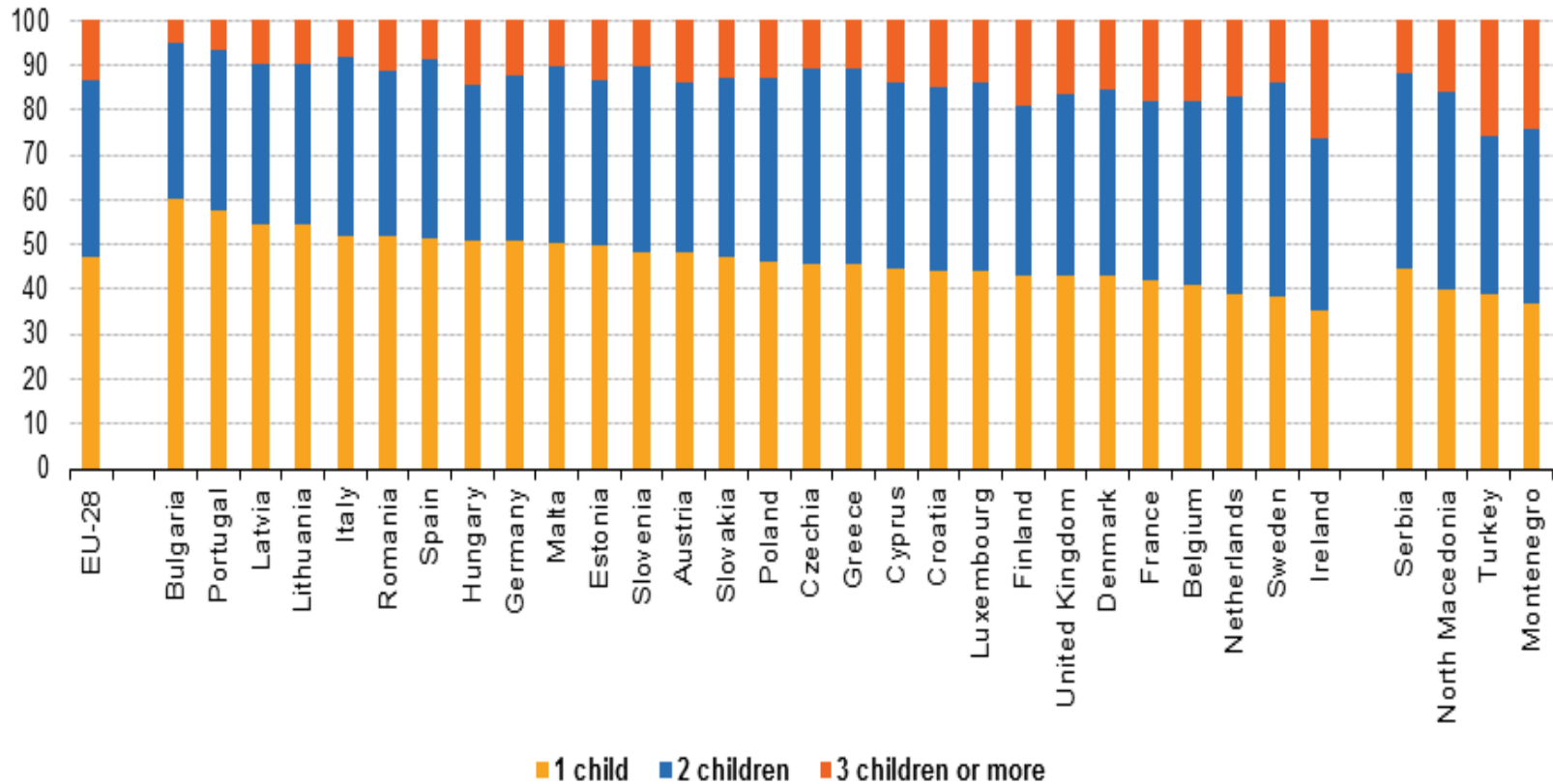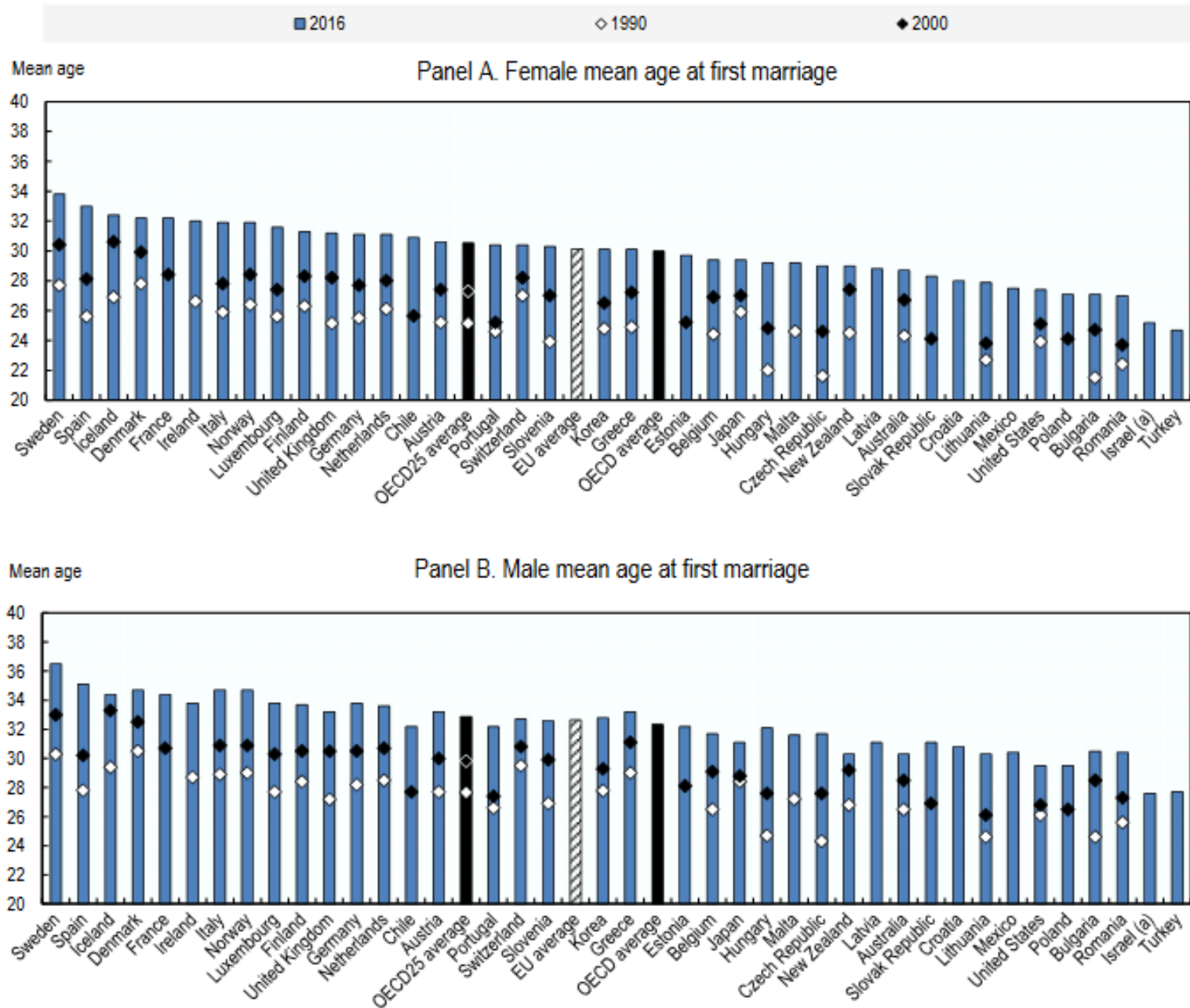Faculty of
Economics and
Business Studies

University of
Zaragoza

Distribution of households with dependent children by number of children, 2018
(% of households with dependent children)

Source: Eurostat (online data code: lfst_hhnhtych)

Chart SF3.1.B. Mean age at first marriage by sex, 1990, 2000, and 2016 or latest available year

■ 2016   ◇ 1990   ◆ 2000

Panel A. Female mean age at first marriage

Panel B. Male mean age at first marriage

Master in
Economics

Faculty of
Economics and
Business Studies

University of
Zaragoza

Chart SF3.1.A. Crude marriage rate, 1970, 1995 and 2016 or latest available year

Marriages per 1000 people
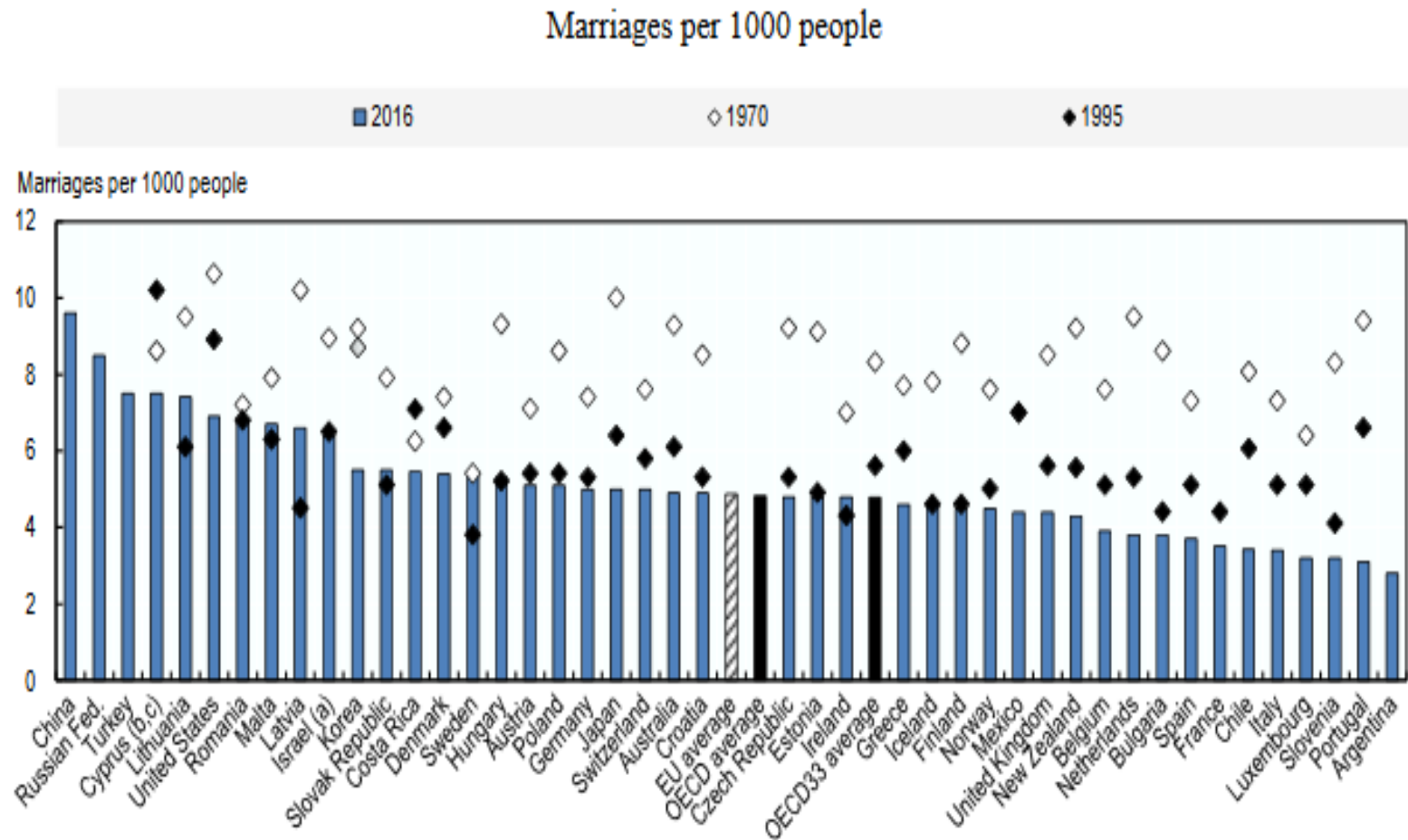
The crude marriage rate is defined as the number of marriages during the year per 1000 people.

Chart SF3.1.C. Crude divorce rate, 1970, 1995, and 2016 or latest available year

Divorces per 1000 people
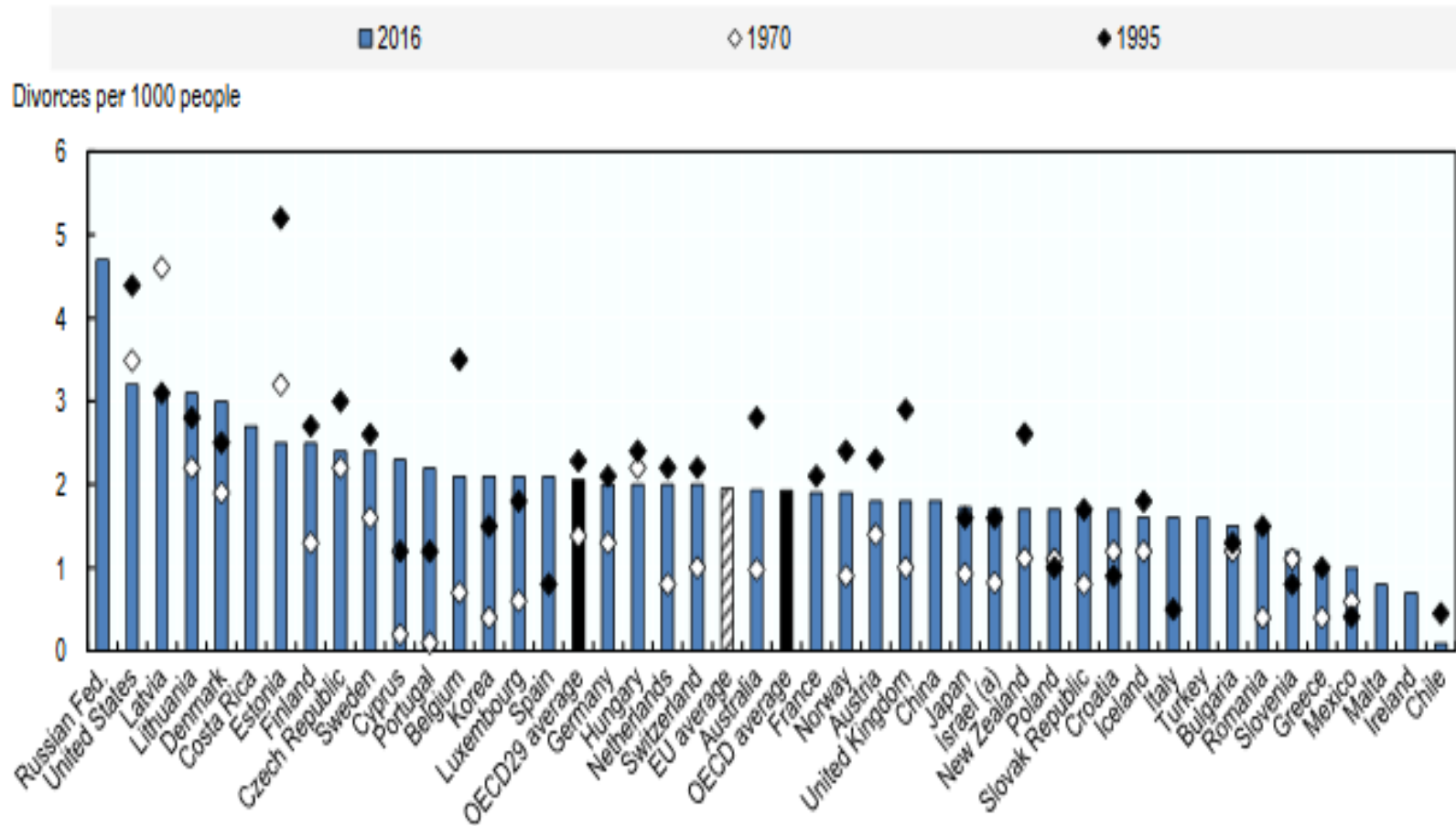
■ 2016   ◇ 1970   ♦ 1995

Divorces per 1000 people

Master in
Economics

Faculty of
Economics and
Business Studies

University of
Zaragoza

Chart SF3.2.B. Proportion of parents[a] (16+) that are separated or divorced, various years[b]
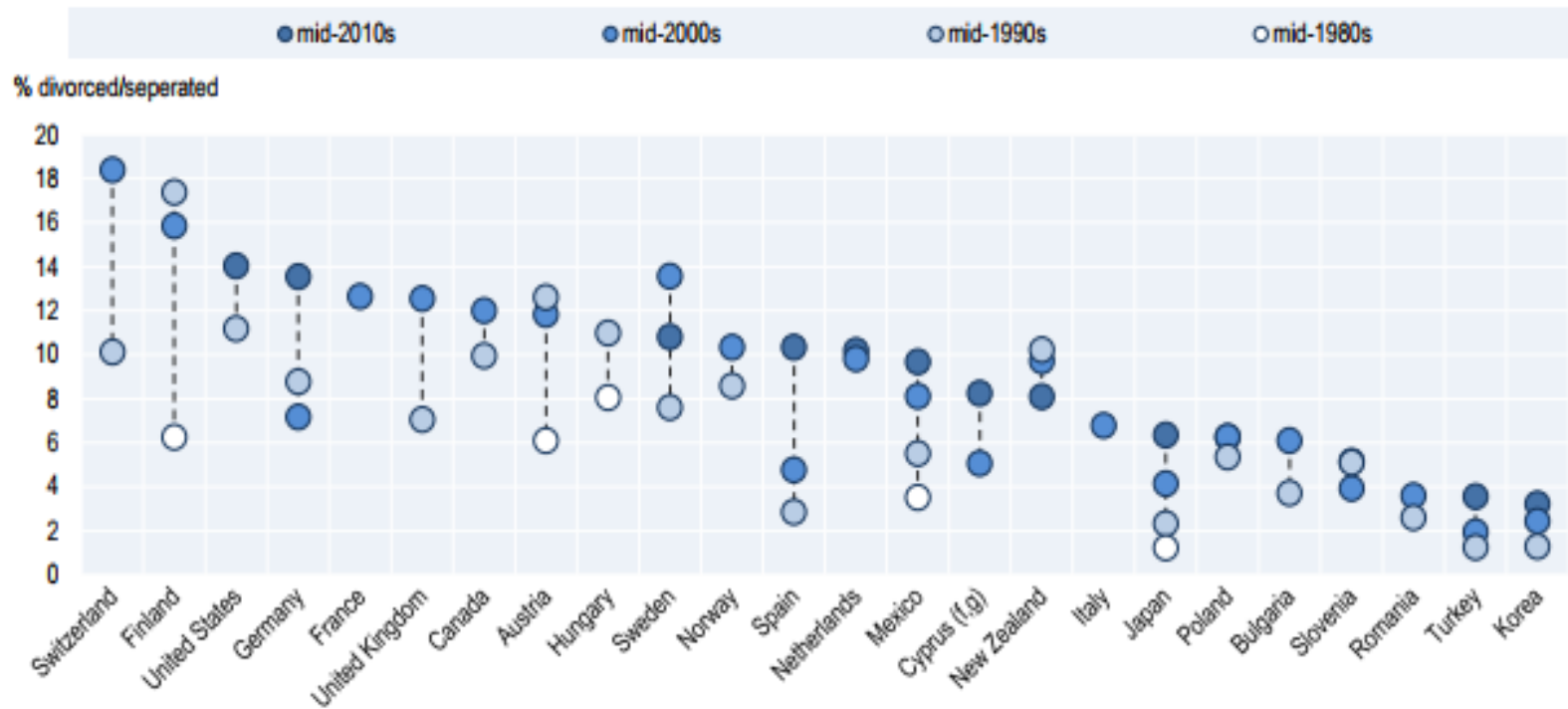
Master in
Economics

Faculty of
Economics and
Business Studies

University of
Zaragoza

Microeconomics

"Household
Approach: Facts

Prof. José
Alberto Molina

- The evolution of household structure is important to make policy in areas such as childcare, education, housing, and elderly care.

- Europe:

Decreasing average household size (from 2.4 in 2008 to 2.3 in 2018)
Increasing one person households (from 30% in 2008 to 34% in 2018)

- Spain in 2018:

Average size of all households: 2.5
Distribution: Couple (around 50%) and Single (29%)
Number of children: 1 (50%), 2 (40%), 3/more (10%)
Increasing mean age at first marriage: females (33) and males(35)
Falling crude marriage rate and increasing crude divorce rate
Increasing separated/divorced proportion of parents

**High relevance of household models,
but without forgetting the unitary models**