Master in Economics

Faculty of Economics and Business Studies

University of Zaragoza

Microeconomics

"Household Approach: Facts

Prof. José Alberto Molina

PART II
TEMA 3
APROXIMACIÓN HOUSEHOLD: EVOLUCIÓN DE LA EVIDENCIA

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CONTENT

1. Why form households?
2. The household structure: empirical evolution

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.

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.

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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).

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.

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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.

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.

↓

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.

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

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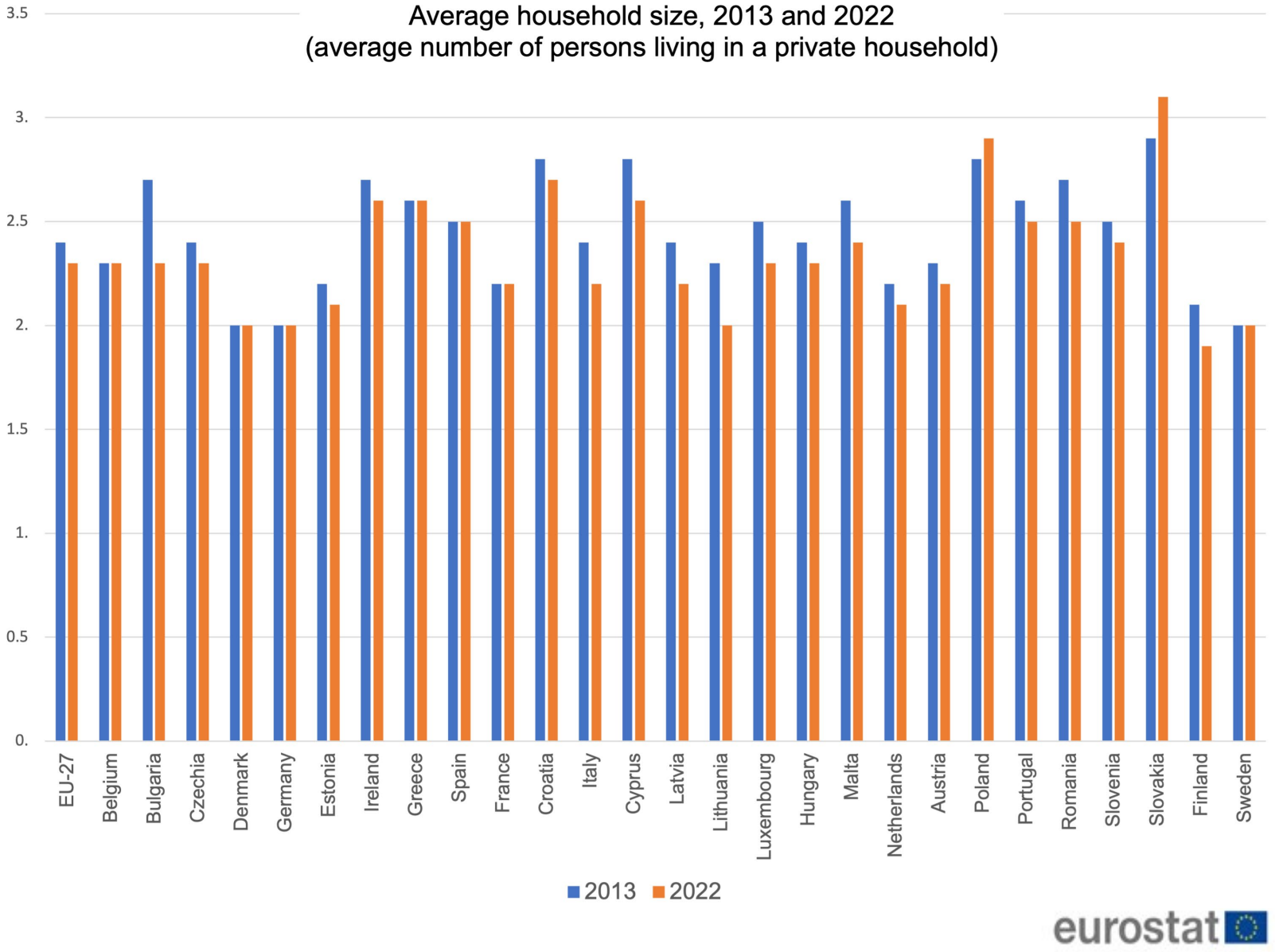
2. The household structure: evolution and facts



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Private households by household composition, 2013-2022 (number of households in 1 000 and % of household types)

	Total		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 (%)	
	2013	2022	2013	2022	2013	2022	2013	2022	2013	2022	2013	2022	2013	2022
EU-27 (from 2020)	187,035.4	198,462.6	3.1%	3.1%	32.4%	36.2%	16.8%	15.4%	24.4%	24.3%	6.5%	5.8%	16.6%	15.2%
Belgium	4,673.0	5,124.5	4.1%	4.3%	28.9%	36.4%	17.9%	16.1%	27.1%	24.3%	5.9%	5.6%	16.0%	13.3%
Bulgaria	2,942.0	2,943.0	2.3%	2.2%	24.1%	33.4%	12.8%	10.6%	25.6%	21.7%	9.6%	9.8%	25.6%	22.3%
Czechia	4,505.9	4,771.6	3.4%	4.0%	28.8%	34.2%	17.2%	17.4%	27.0%	26.1%	6.4%	5.1%	17.2%	13.1%
Denmark	2,486.7	3,110.8	7.4%	5.4%	39.2%	48.4%	17.7%	9.9%	25.2%	19.8%	4.0%	6.8%	6.2%	9.4%
Germany	39,410.7	41,245.0	3.3%	2.9%	40.1%	41.1%	13.7%	13.8%	28.8%	28.6%	3.5%	3.3%	10.7%	10.3%
Estonia	584.3	705.7	5.1%	8.6%	32.4%	51.6%	16.3%	12.0%	22.7%	17.3%	6.5%	3.1%	17.0%	7.3%
Ireland	1,703.1	2,050.1	5.3%	6.1%	22.3%	30.3%	24.0%	18.5%	21.2%	20.4%	8.1%	7.5%	19.0%	17.2%
Greece	4,494.6	4,108.6	1.4%	1.1%	28.6%	25.7%	18.2%	18.9%	23.2%	23.3%	5.5%	6.1%	23.0%	24.9%
Spain	18,164.8	19,093.0	2.5%	2.7%	24.3%	27.4%	19.8%	16.5%	21.5%	20.8%	7.7%	7.7%	24.3%	24.9%
France	27,855.8	31,429.7	4.7%	4.9%	34.4%	40.8%	18.6%	15.7%	27.1%	25.4%	4.9%	4.6%	10.2%	8.4%
Croatia	1,523.3	1,488.8	0.9%	0.9%	23.2%	26.0%	12.7%	12.8%	16.1%	18.7%	16.2%	12.0%	30.9%	29.6%
Italy	25,518.0	26,152.5	2.0%	2.1%	32.5%	35.6%	17.7%	15.2%	19.8%	21.1%	6.3%	5.5%	21.8%	20.4%
Cyprus	296.8	350.1	2.9%	3.4%	17.9%	25.8%	22.5%	19.9%	23.2%	21.3%	9.6%	7.3%	23.9%	22.2%
Latvia	833.1	862.3	4.0%	6.8%	30.9%	39.9%	13.4%	11.4%	18.1%	14.5%	10.1%	8.3%	23.5%	19.0%
Lithuania	1,309.8	1,471.1	5.0%	5.9%	35.4%	47.6%	13.6%	11.5%	17.7%	16.6%	8.4%	4.6%	19.9%	13.8%
Luxembourg	219.9	271.6	3.2%	2.4%	34.2%	34.9%	21.1%	18.2%	22.3%	22.4%	6.2%	6.0%	13.0%	16.1%
Hungary	4,105.6	4,083.0	2.8%	2.3%	32.0%	32.0%	14.7%	16.1%	21.4%	23.7%	7.9%	6.8%	21.2%	19.1%
Malta	158.8	211.1	2.3%	2.1%	23.2%	27.9%	19.1%	16.7%	20.3%	21.1%	9.3%	7.2%	25.8%	25.0%
Netherlands	7,548.8	8,520.1	3.1%	2.8%	35.8%	43.9%	18.2%	15.6%	29.8%	26.5%	4.1%	3.3%	8.9%	7.8%
Austria	3,721.5	4,090.9	2.8%	2.2%	36.8%	38.8%	15.3%	15.5%	23.7%	24.6%	6.0%	4.7%	15.4%	14.1%
Poland	13,532.6	14,349.2	2.4%	2.5%	21.4%	27.8%	16.9%	16.9%	21.9%	23.6%	13.1%	9.2%	24.1%	20.0%
Portugal	4,007.1	4,137.2	3.1%	3.1%	19.8%	23.2%	18.9%	16.2%	23.4%	24.5%	9.9%	8.2%	24.9%	24.7%
Romania	7,451.7	7,542.1	1.8%	2.2%	26.9%	31.7%	16.1%	16.1%	19.3%	20.0%	14.1%	12.0%	21.8%	17.9%
Slovenia	854.7	846.9	1.6%	1.0%	32.5%	33.3%	16.6%	17.9%	20.2%	20.6%	7.2%	6.6%	21.9%	20.7%
Slovakia	1,929.6	1,852.1	2.1%	1.6%	20.9%	16.7%	16.1%	19.2%	19.6%	19.4%	12.7%	13.1%	28.7%	30.0%
Finland	2,571.0	2,889.0	1.0%	2.5%	40.3%	47.8%	16.2%	13.2%	31.8%	28.6%	3.2%	2.3%	7.5%	5.3%
Sweden	4,632.3	4,762.7	5.6%	1.8%	49.7%	39.5%	16.1%	19.7%	21.2%	28.5%	2.7%	4.2%	4.3%	5.9%
Norway	:	2,646.5		4.0%		42.7%		16.4%		20.9%		3.3%		12.5%
United Kingdom	27,311.3	:	6.8%		31.4%		17.8%		26.7%		4.6%		12.7%	
Montenegro	199.1	:	1.7%		21.0%		17.9%		12.9%		17.4%		29.0%	
North Macedonia	555.2	:	0.7%		9.6%		15.9%		14.6%		24.7%		34.5%	
Serbia	2,518.9	:												
Türkiye	21,115.4	:	1.9%		9.3%		32.7%		16.8%		19.4%		19.9%	

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

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Distribution of households with dependent children by number of children, 2022
(% of households with dependent children)

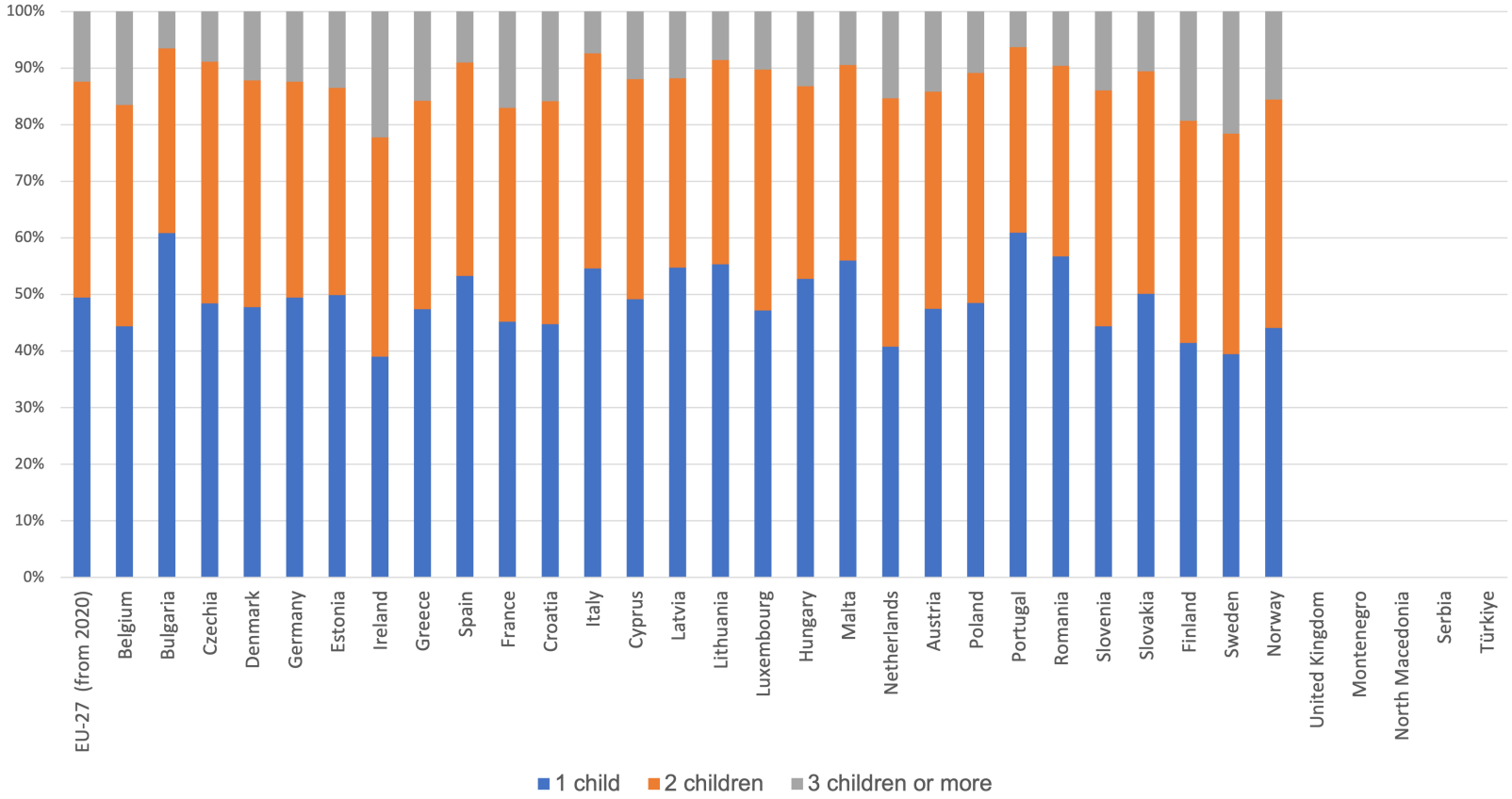

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Chart SF3.1.B. Mean age at first marriage by sex, 1990, 2000, and 2020 or latest available year

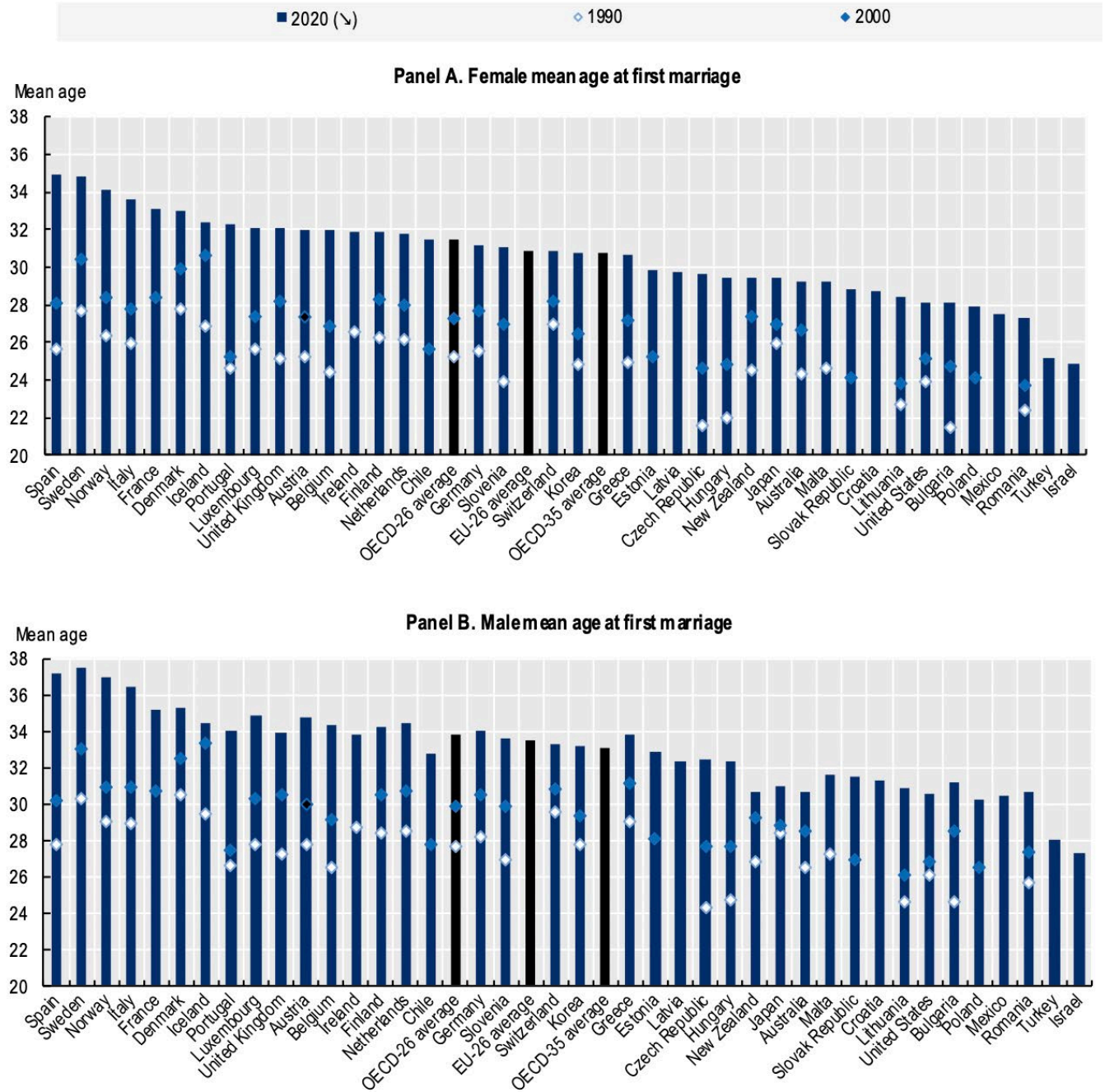
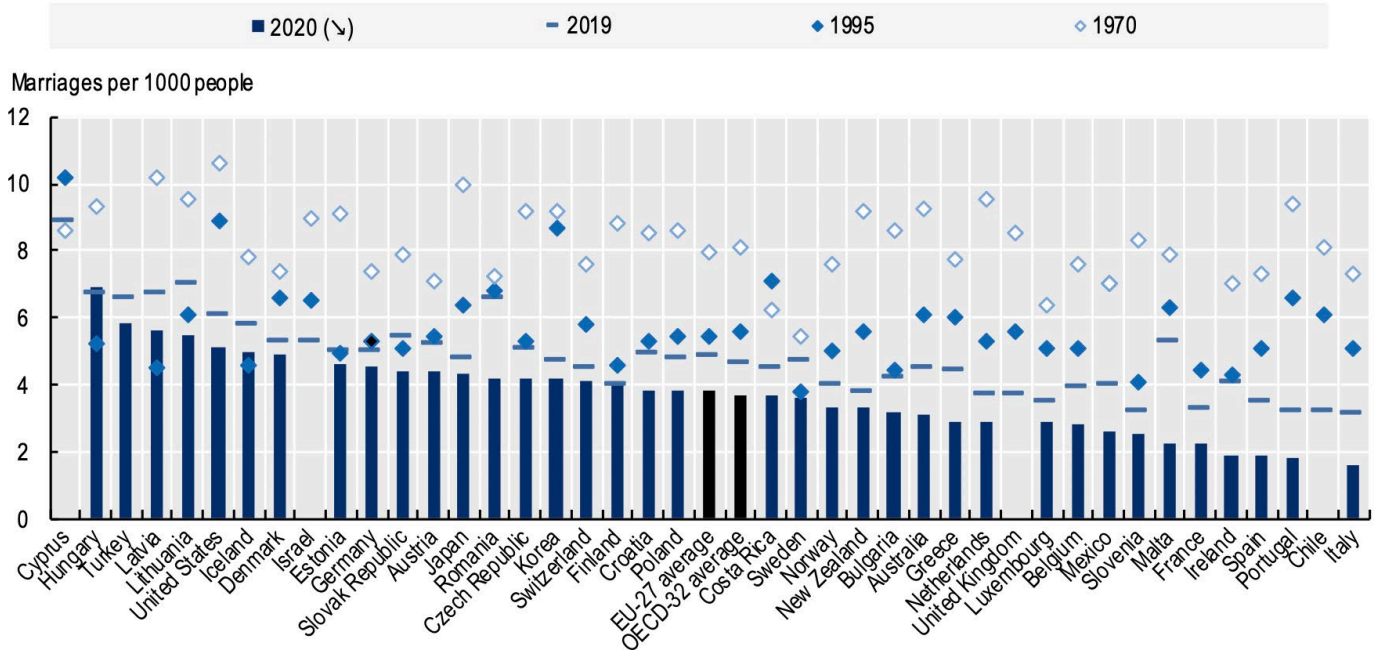


Chart SF3.1.A. Crude marriage rate, 1970, 1995, 2019 and 2020 or latest available year

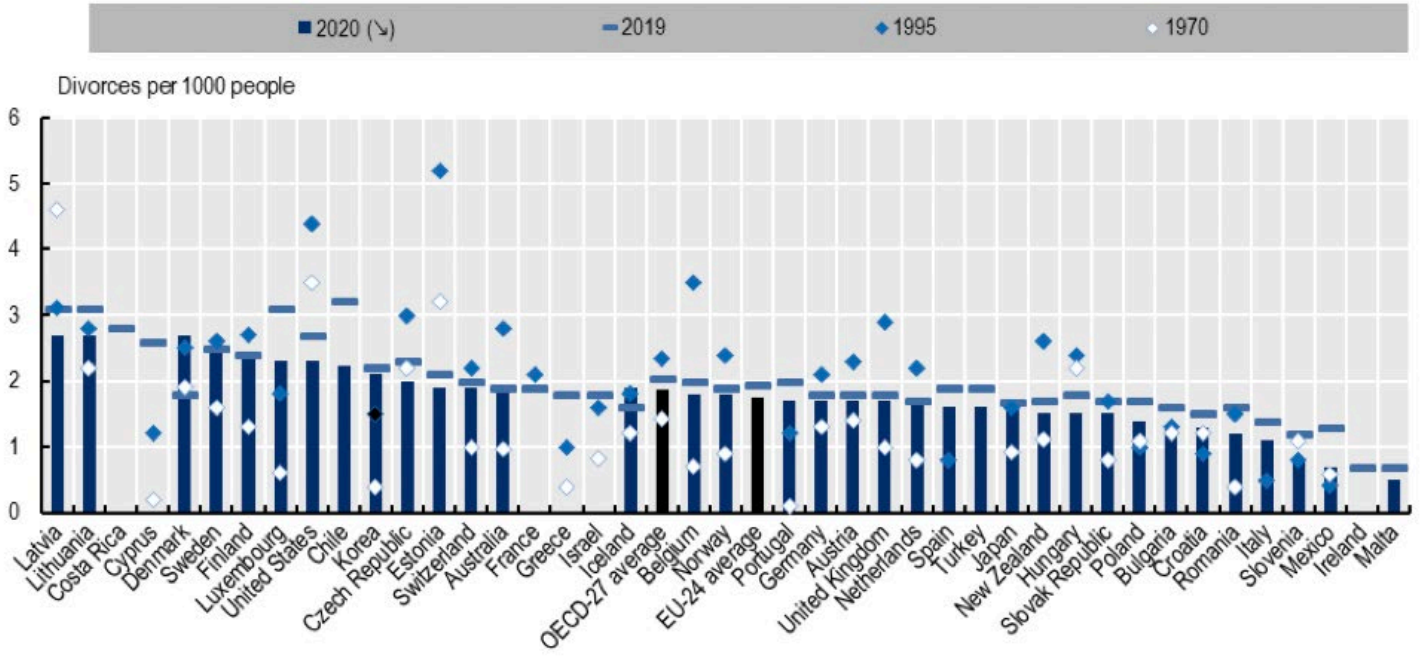
Marriages per 1000 people



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, 2019 and 2020 or latest available year

Divorces per 1000 people



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- 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 2013 to 2.3 in 2022)

Slightly increasing one person households (single adults) and slightly decreasing couples (with and without children)

- Spain in 2022:

Average size of all households: 2.5

Slightly increasing one person households (single adults) and slightly decreasing couples (with and without children)

Distribution: Couple (around 40%) and Single (30%)

Number of children: 1 (52%), 2 (38%), 3/more (10%)

Increasing mean age at first marriage: females (35) and males(37)

Decreasing marriage rate and increasing divorce rate

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