Risky Investment
— Theorizing housekeeper’s disadvantageous human capital accumulation —

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Research Question

Why are housekeepers economically disadvantaged?
Perspective

Human Capital Theory:
- Productivity gain with training
- Doing is training

Game Theory:
- *Threat point* determines
  - Bargaining power
  - Payoff at non-cooperation
Idea (England + Kilbourne 1990; Ott 1992)

Housework differs from paid work
- Marketability / Liquidity
- Risk of Demand-Declining
- Implicit/Explicit Contract

Formalization required
Strategy

Game of two players with no difference except human capital investment
Settings

Two players = \{ X, Y \}

Two periods:

- Altruism
  - Unitary utility
- Specialization:
  X for housework;
  Y for paid work

- Bargaining for own utility
  - cooperate (c) or
  - non-cooperate (d)
Threat point (during $B$) = Utility in the case of non-cooperation

\[ V_{dX} < V_{dY} \]

if housekeeper is disadvantaged.

Why?
Housework tasks

Paid work tasks

Human capital

Time

Products

Income

Wage function

Utility
Result of Investment:

$X$’s human capital

$Y$’s human capital

$\rightarrow$ Bargaining in $B$
Threat points:

Player’s own utility

in case of non-cooperation

\[ U_d (\text{Products}, \text{Income}) \]

X’s advantage  Y’s advantage
Demand Declining

Difference in marginal utility of time:

\[
\frac{\partial U_A}{\partial t_A} - \frac{\partial U_d}{\partial t_d}
\]

Greater difference for *housework*?
Factors of Demand Declining

- **Scale of economy:**
  Housework produces luxury or necessity?

- **Household composition:**
  Who is at demand?

- **Life-stage:**
  e.g., Childcare

- **Relation-specificity:**
  Is special social-capital needed?
# Housework vs. Paid Work

<table>
<thead>
<tr>
<th>Reward</th>
<th>Direct consumption</th>
<th>Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boundary</td>
<td>Household</td>
<td>Whole market</td>
</tr>
<tr>
<td>Warranty</td>
<td>Normative altruism</td>
<td>Contract</td>
</tr>
</tbody>
</table>
Policy Orientations

(1) Reformation of Family Laws for Marriage Contract
   - explicit and enforceable

(2) Pinpoint measures
   e.g., Leave system for lifestage-specific tasks
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