

# **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

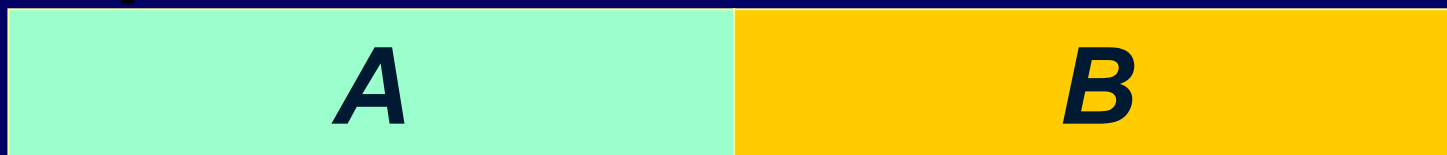
*no difference*

except human capital investment

# Settings

Two players = {  $X$ ,  $Y$  }

Two periods:



o Altruism

- *Unitary* utility

o Specialization:

$X$  for housework;

$Y$  for paid work

o Bargaining for

*own* utility

- cooperate (c) or

- non-cooperate (d)

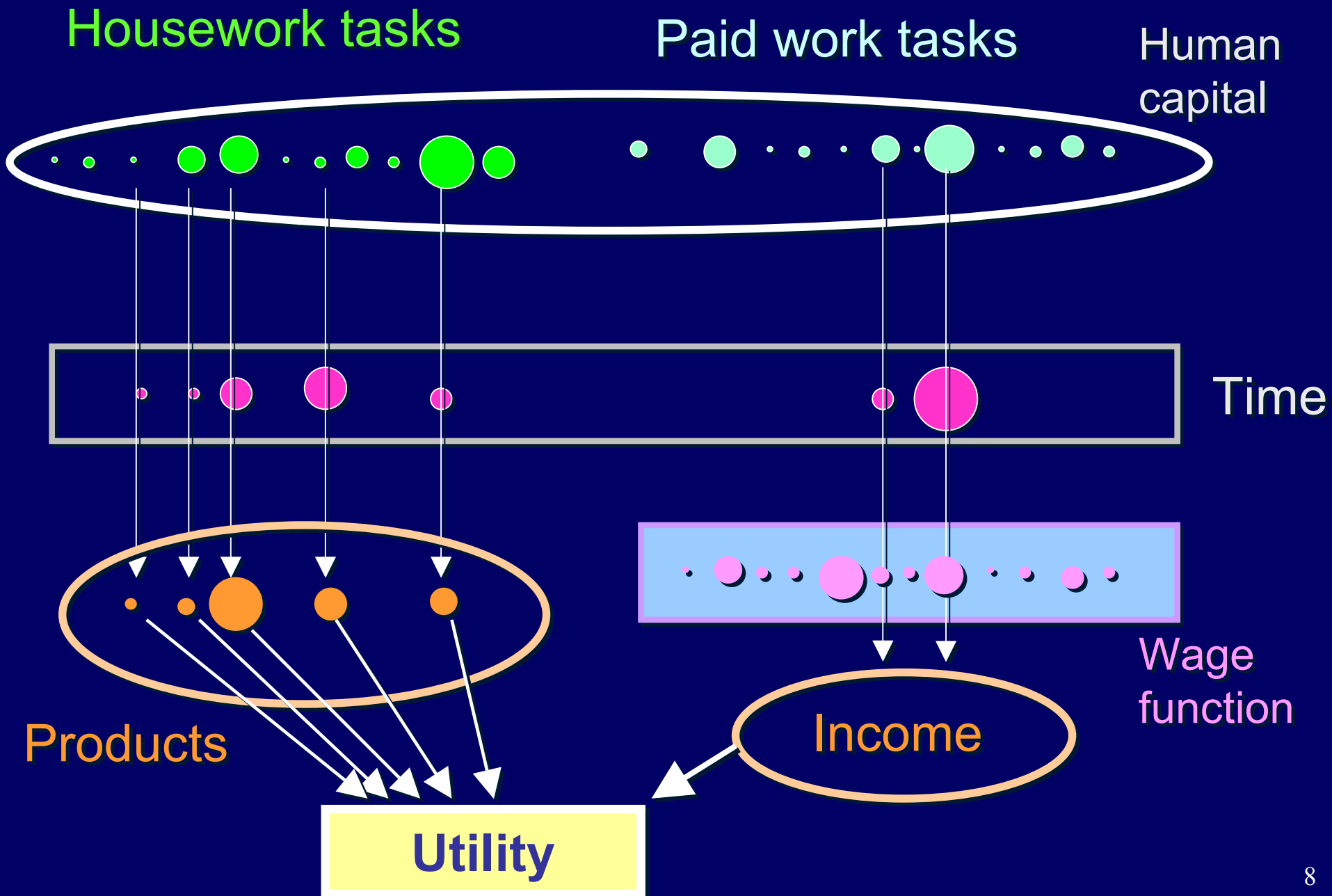
**Threat point (during  $B$ )**

**= Utility in the case of non-cooperation**

$$V_{dX} < V_{dY}$$

**if housekeeper is disadvantaged.**

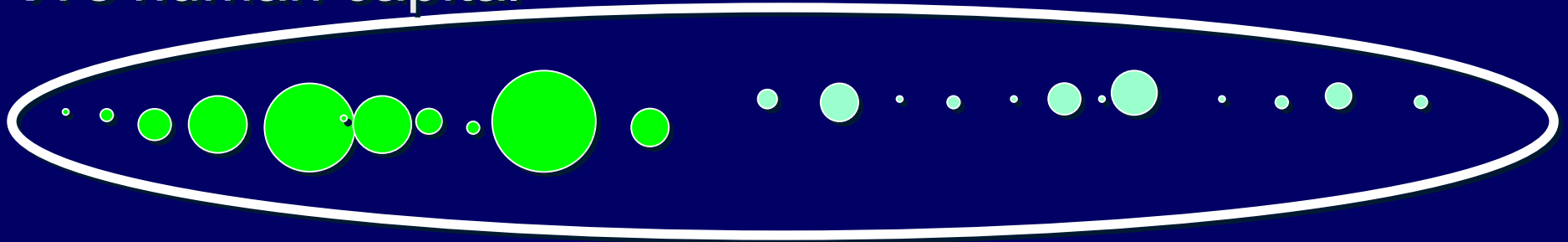
**Why?**



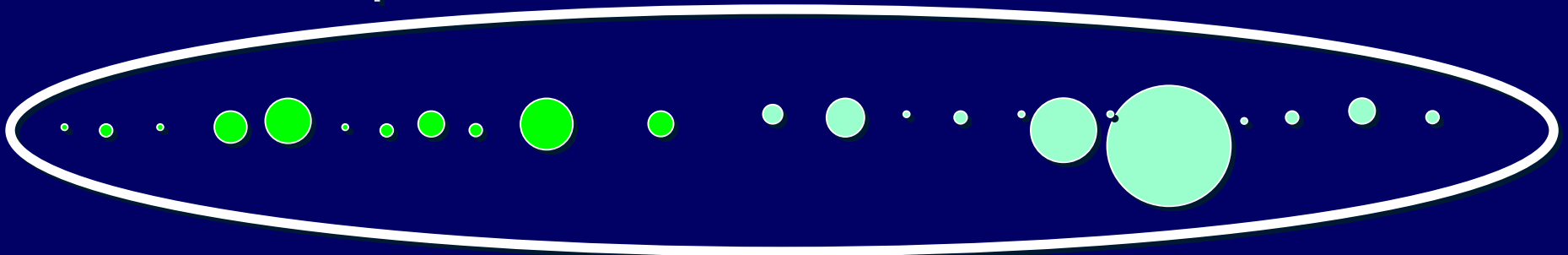


# Result of Investment:

X's human capital



Y's human capital



**→ Bargaining in *B***

# Threat points:

Player's own utility

in case of ***non-cooperation***

$$U_d ( \underbrace{\text{Products}}_{X\text{'s advantage}}, \underbrace{\text{Income}}_{Y\text{'s advantage}} )$$

# 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

	<b>Housework</b>	<b>Paid work</b>
<b>Reward</b>	<b>Direct consumption</b>	<b>Money</b>
<b>Boundary</b>	<b>Household</b>	<b>Whole market</b>
<b>Warranty</b>	<b>Normative altruism</b>	<b>Contract</b>

# Policy Orientations

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

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

*Fin*