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# Female Labour Market Behaviour and Fertility

A Rational-Choice Approach

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SOCIAL APPROVAL, FERTILITY AND FEMALE LABOUR MARKET<sup>1</sup>

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## 3.1. Introduction

Maybe the most important development in the last thirty years with regard to theory formation in the social sciences is what with the help of hindsight can now be called "economic imperialism." (cf. Lindenberg, 1985) But while this may be true for theory formation, much of the substantive insights are to be found in the more messy social sciences, like anthropology and sociology. The economic approach to fertility and labour market behaviour does not seem to me to be an exception to this state of affairs. The most sophisticated models on the subject today are economic in origin (cf. overview Siegers, 1985 and especially Willis, 1973, Becker, 1981). But models only lead to substantive claims by the assumptions made concerning their parameters, what has been called "bridge assumptions" that bridge the distance between the model and reality, at least to some (hopefully increasing) degree. Becker's book (1981) for example, is full of bridge assumptions, but the most important one is also the one he is most proud of: that the relevant tradeoff in the decision to have children is quantity versus quality. This assumption helps solve the puzzle "that the demand for children is highly responsive to price and perhaps to income, even when children have no close substitutes." (Becker, 1981, p. 107).

There have been different kinds of criticism of this basic bridge assumption, but the most essential seems to me that it is not really an assumption connecting the model to reality (e.g. Witt, 1987; Van Horn, 1988). It is very plausible that the quality per child and the number of children are both important aspects for a couple, but there is little evidence that these

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two dimensions are the ones most relevant for decision making, i.e. that the relevant trade-off is being made between these two. There are other ways of explaining the price responsiveness than quantity and quality, and they are closer to the social reality of the couple than the latter.

Yet another disadvantage of the New Home Economics approach has also been voiced before: the fact that it treats the couple as a unit rather than as two persons who have to consider each other's wishes in their decision making. As will be seen, the "social-production-function" approach taken here does consider this interaction prominently.

In this paper, I try to present some arguments for the reorientation of some bridge assumptions found in the economic approach to fertility and female labour market behaviour, especially the one about quantity and quality. The emphasis is on "reorientation" rather than on presenting a fully-fledged theory of fertility and female labour market behaviour. For example, I will not go into questions of helping children on farms or the role of children for the security of the parents' old age.

### 3.2. Constraint-centered heuristic, general human goals and social production functions

One way to "sociologize" economic model building is to do what economists generally leave undone, namely to explain preferences and preference changes (in the sense of change of taste or values). Andorka, at the end of his famous overview of work done on determinants of fertility, says: "without better knowledge of these preferences, the economic theory of fertility seems to miss the most important factors determining long-term changes in fertility in advanced countries" and sociologists would have to supply this better knowledge (Andorka, 1978, p. 383). A similar point has variously been made about micro-economics in general, for example by Von Weizsäcker (1984) and Opp (1985b). Good advice ?

We have a hundred years of experience with a preference-centered heuristics in sociology and I can only advise against it on the basis of the accumulated experience in that field. A preference-centered heuristics will drive out detailed attention to constraints, such as price and income changes. Worse yet, a preference-centered heuristics will draw increasingly more attention to situations that influence values held by people, i.e. to social-

ization episodes, drawing attention away from choice because constraints (i.e. alternatives) play virtually no explanatory role. We know from traditional sociology, in which behaviour has been explained by values, that the concepts of choice, scarcity, and constraints have had no place, which is what makes it so difficult to relate the empirical insights on the gender division of labour, on the interaction in the family, on labour market behaviour etc. (mostly couched in "role" terms) to theoretical models.

There is another, and I think better, way of sociologizing economic model building, and that is by assuming that virtually all goods are means with the exception of a very few. If we assume some general human goals, identical for everybody, as Stigler and Becker (1977) did, then also indifference curves turn into constraints, namely functions related to the production of the general human goals. In this way we would have a constraint-driven heuristics, and if we stick our necks out (unlike Stigler and Becker) and name the general human goals, then the heuristics cannot be shifted in an ad hoc manner from constraint to preference heuristics and back. The most prominent candidates for a list of general human goals in the general discussion on such goals are *physical well-being* and *social approval* (see Lindenberg, 1984). There may be others, but the list will be short and "children" are very likely not on it.

It is obvious that his kind of constraints heuristics is oriented towards production rather than consumption, similar to the New Home Economics. But now that the two general goals have been named, the *basic questions* about individuals in society to be asked are: *how can this individual systematically produce physical well-being* and *how can he or she systematically produce social approval* ? The answers to these two questions may not be very precise, but they will convey, even in rough outline, the most fundamental elements of social structure. Elsewhere, I have called them "social production functions" (Lindenberg, 1984).

A refinement of this approach is to distinguish some different forms of social approval which, up to a point, can be substituted for one another (cf. Lindenberg, 1986). In this paper, I will make considerable use of this refinement.

### 3.3. Status, behavioural confirmation and affect

A phenomenological study of the various forms of social approval would have to make fine distinctions, but for my purposes here it is enough to work with rougher categories. I distinguish between three kinds of social approval: status, behavioural confirmation, and positive affect. Since all three are relational, I, for the purpose of discussion, will make use of two fictitious interaction partners, viz. Ego and Alter.

*Status* is social approval given on the basis of the relative command over scarce goods such as privilege, money, extraordinary talent, power, influence, certain kinds of knowledge, luxury goods, etc. The amount of status from the command of such goods depends on the distribution of these goods, thus status distinguishes people relative to each other (this is called a "positional" good).

Being positively distinguished from others on some valued dimension is clearly rewarding for human beings. Status can be produced by things Ego does or acquires. What these things are depends on the times and on the particular society. For the present-day Western societies, obvious examples are getting an education, working for and getting high political office, acquiring conspicuous consumption goods. At the same time, status may also be produced by things Ego has been given (without any additional effort or other costs on her part). What these things are depends again on the times and the particular society. Examples from the past are privileges given at birth and status-conferring titles.

*Behavioural confirmation* is the feeling to have done "the right thing" in the eyes of relevant others. Having one's expectations met is rewarding which, in turn, elicits a positive response. In other words, when Alter's behavioural expectation vis-a-vis Ego in a face-to-face situation is met, Alter will give off a verbal or nonverbal response indicating to Ego that she has done it right. If Ego is not convinced of the opposite, she will accept Alter's response as a behavioural confirmation. When Alter's reaction can be easily and accurately predicted, Ego can experience behavioural confirmation even in Alter's absence. Under such circumstances, Ego can pat herself on the back for having done something "right", but without frequent confirmation by others, predicting their reactions will become difficult and thus anticipatory self-praise will also become less likely.

Expectations can be personal or shared. Relatively stable expectations (regarding a certain kind of behaviour in a certain kind of recurring situation) shared between at least two persons are called "social norms" in sociology. Everybody is part of at least one social circle and in this circle there are at least some recurring situations subject to norms shared by the members of the circle. Over time, these norms will have produced more or less repetitive, norm-conform behaviour which, in turn, keeps creating behavioural confirmation as a by-product. In this sense, everybody has a certain endowment with behavioural confirmation, but the size of the endowment can vary considerably.

Of course, Ego can also attempt to produce confirmation directly where norms permit laudable, extraordinary ways of conformity; or she can attempt to meet the personal expectations of certain relevant others; she can also join social circles with more norms and purposefully try to meet all expectations, maybe even in the hope of building up routinized, norm-conform behaviour and thus endowment with confirmation. In short, Ego can also invest in goods for the production of behavioural confirmation.

*Positive affect* is what Ego gets from Alter if Ego and Alter are involved in an affective relationship. A central ingredient in such a relationship is that Ego and Alter care for each other. "Caring for somebody" here means that indicators of Ego's utility have become goods which produce a certain amount of physical well-being in Alter and vice versa.

While the exact psychological causes of positive affect (in the sense used here) are not yet well explored (cf. Rubin, 1973), it is known that three conditions will jointly produce an affective relationship: the more valuable Ego's transfers or externalities for Alter and vice versa; the more Ego meets the behavioural expectations of Alter and vice versa; and the more Ego and Alter interact informally on a continuous basis. In contrast to behavioural confirmation, positive affect is always personal.

It is also possible to purposefully create the conditions that produce positive affect. For example, given frequent interaction and positive externalities of Alter on Ego, Ego can try to please Alter by positive transfers (attention, gifts, helping, etc.) and doing what she thinks Alter expects of her.

If we look at all three components of social approval, we see that only status is a positional good (see Hirsch, 1978). It is by definition not possible that everybody gets a high status, since status is based on the

relative difference between people. By contrast, behavioural confirmation and positive affect could in principle be evenly distributed throughout the society. For this very reason, these two goods are particularly important sources of social approval for people with a low status endowment.

#### 3.4. The fundamental exchange

Given physical well-being and social approval as general human goals, the question arises what the basic social production functions with regard to our topic at hand are. As a basis for arriving at the rough outlines of the relevant social production functions, I would like to start with what may be called the *fundamental exchange*. The idea of a basic exchange has often been formulated, it is also assumed in Becker's *A Treatise on the Family* (1981), and it rests on two assumptions:

- a. a "home" is of fundamental importance for the production of physical well-being;
- b. with the exception of some complementary activities, there are gains from specialization in "making a home" and in "providing the means for making a home", leading to a division of labour among the specialists.

The fundamental exchange is the exchange between the specialists: "making a home" in exchange for "providing the means for making a home" and vice versa. Added to the usual reasons for gains from specialization, I should mention two important extra points: the effect of patterns of attention (framing) on the execution of tasks (Lindenberg, 1989) and the importance of separate spheres of competence for mutual social approval of close partners (De Vries, 1988). Both effects would make gains from specialization likely even if the human capital and the labour market position of the partners were identical (which, in all likelihood, they are not).

The assumption that at all times the specialists for "making a home" are far more frequently to be found among the women than among the men has been much criticized as being ideological (e.g. Rogers, 1980) and yet the evidence against it seems to be even weaker than the evidence for it. In any case, I will make this assumption. I will not go into detail in analysing what goes into "making use of a home", for this category is a container for many

different activities (including eating, sleeping, sex), but it is clear that with increasing income it will be possible to make a home that will provide higher levels of physical well-being.

On the basis of the foregoing discussion we can now specify part of the social production function for physical well-being. For men it contains "providing the means for making a home" and "making use of the home"; and for women, it contains "making use of the means provided for making a home", "making a home" and "making use of the home." In the socio-biological literature there is some evidence for the assumption of "kin altruism." For this reason, I will include "children" in the social production function of physical well-being for both men and women. Since affective relationships need continuous informal interaction to develop and maintain, children would not yield positive affect without a home. For this reason, men and women would first have a home before they would decide on having children.

In sociology and cultural anthropology, the gender related division of labour has often been described and discussed. And probably most of the empirical work on describing behaviour and attitudes of males and females in households comes from these studies. In theoretical terms, Parsons (1954), inspired by the group psychology of Bales, has provided the "pattern" of discussion by viewing the family as a universal nuclear group with one "instrumental" (male) and one "expressive" (female) leader, socializing children into the respective roles for adult life. Typical questions within sociology have focussed on these role assignments; for example: Are they changing over time? Can they be weakened by adult socialization? Can they conflict with other roles? (e.g. Berger and Wright, 1978; Bernard, 1981).

There are some similarities between the role-theoretical approach and the social-production-function theory. Both the gender roles and the fundamental exchange are gender allocations of tasks, and interpreted as normative expectations, roles are means for reaching social approval in exchange for conformity. They can thus be part of a social production function. A crucial difference, however, between the two is this: roles will change when people are taught differently, and thus presumably the gender division of labour is a matter of cultural inertia to be brought to a halt and reversed if there is an emancipatory movement of sufficient strength. The approach taken here comes to another conclusion: roles reflect the factual division of labour in a previous period. Propaganda for different role expectations will have some effect (via the reduction of behavioural confirmation of standard role behaviour due to

the controversy over norms) but it will not undo or even reverse the role expectations if it does not undo or reverse the gains from specialization in the fundamental exchange. Yet, gains from specialization are no part and (due to the difference in implied action theories) cannot be part of role theory. For this paper, there is yet another difference even more important: in combination with a reasonable theory of action, the social-production-function theory can be used to explain a great deal of phenomena observed by sociologists, including action that deviates from the role pattern.

### 3.5. Elements of a theory of fertility and female labour market behaviour

So far, we have some important elements of the social production functions for physical well-being. Next, we establish some elements for the production functions for social approval in its three different forms. Due to the fact that social approval can only be given if it is generally known when to give it, the following assumptions are quite commonsensical.

#### *Status*

In Western societies, there are two major sources of status: somebody's occupation in society at large and his or her life style. While Max Weber (1921/1958) may have been the first to analyse the status features of life styles systematically, it had long been the subject of literary treatment. Similarly, the ordering of occupations according to prestige has been measured and described by sociologists and it is, by its very nature, generally recognized. Of course there are also minor sources of status, such as stratified positions in voluntary organizations. In a more extended version of the theory, these sources would certainly have to be included, but here they will be ignored.

#### *Behavioural Confirmation*

The rewarding aspect about behavioural confirmation is the indication by others (and by oneself) that one has "done something right." If there are no clear expectations, there will be no such reward and if the expectations differ from one person to the next, there will be much less reward accumulating than if something is "generally expected and met with approval." As stated above, such general expectations are only produced by social norms which have the added

advantage that the person can reward herself in anticipation of the predictable response of others.

*Positive Affect*

Again, in Western societies, there are two major sources of affect: a relationship with one's own children (and parents), and a relationship with a life-sharing partner. In many families, parents and children interact informally on a continuous basis. On the basis of socio-biological reasoning, we assume that parents care for their children which means they are willing to put themselves out for their children (with net positive transfers). In addition, parents meet many of the expectations of their children and the children are taught to fulfill the behavioural expectations of the parents (socialization). Thus the conditions for the development of an affective relationship between parents and children are likely to be met. The same holds true for adults who live together, frequently reward each other without any immediate quid pro quo and often meet each other's expectations. Of course there are also minor sources of affect, such as friends, pets and valued objects (e.g. cars). In a more extended version of the theory, these sources would have to be included, but here they will be ignored.

Let us now take a representative "traditional" couple and look at the rough outlines of their social production functions. For the man, "making use of the home", "providing the means for making a home" and "children" are all part of the social production functions for physical well-being. But given the fundamental exchange, "providing the means for making a home" is the way for the man to produce physical well-being and for reasons of efficiency he will attempt to combine this production with the production of status via occupational prestige. Another way of saying this is that he will seek an optimal combination of income and status rather than go for the highest paying job or the most prestigious occupation without concern for the other. Similarly, he will attempt to combine "making use of the home" and "having children" with gaining status from his "life style." In other words, he will leave "creating a life style" as much as possible to his wife. Thus he depends for his physical well-being and for part of his status on the activities of his wife. To the degree that the activities surrounding occupation and life style are both governed by social norms, he will be able to gain behavioural confirmation from

both. His affect can come from his relationship with his wife and/or from children.

The fundamental exchange makes it expedient for the wife to combine "making a home and using the means provided" with "creating a life style." Since there is no special status for "creating" versus "having" a particular life style and since the wife has no occupational prestige, the wife has less status than the husband. One way to increase the total of her social approval is to increase her affect by having children, and presumably the more children, the more affect. This possibility of increasing social approval is constrained by her ability to combine having children with making a home and creating a life style and by the affective needs of her husband. To a considerable degree, the number of children may define the range of life styles. Then again, the more the activities surrounding making a home, having children and living a particular life style are governed by social norms, the more the wife gains behavioural confirmation from all three.

The first testable hypothesis concerns the strength of the fundamental exchange, and it is derived from the idea that "making a home" is the more clearly defined the more it *also could* accommodate offspring.

(H1) The more a man and a woman are socially defined as a couple which is in a social position to procreate, the stronger the fundamental exchange will operate when they form a home together.

Thus, in most Western societies, the fundamental exchange should be stronger for a married couple than for an unmarried couple that lives together.

The other testable hypotheses generated by the theory and considered in this paper fall into four groups: first, those related to the barrier effect against changing the social production function; second, those related to potential threats to the fundamental exchange; third, those related to the source social approval; and fourth, the hypotheses concerning change in number of children, life-style, partner relationship and work.

### 3.5.1. Changes in social production functions

Our representative couple has the elements of "traditional" social production functions: he provides, shares in the life style and enjoys his occupational status; she makes the home, creates the life style and has children. The basic

elements in social production functions are tied to human capital accumulations and a way of life, so that changes can be quite traumatic.

Regarding the difficulty of the hurdle that has to be taken, it is useful to distinguish three kinds of changes: those that are normatively expected and are thus supposed to happen, those that are not supposed to happen, and those that may or may not happen. Growing up entails normatively expected changes in social production functions, and there are other such life cycle changes as marriage, having the first child and retirement. The point is that normatively expected changes are eased by anticipatory socialization and by behavioural confirmation, while unexpected ones are more costly and normatively disallowed changes are almost prohibitive. Clearly, ideological publicity work (such as to be found in the women's movement) can slowly reduce that price because of their effect on attitudes. But against the role-theoretic prediction concerning this point, I would assume that even changed attitudes will not affect the fundamental exchange and its workings. Skeen *et al.* (1989), working within a role-theoretic framework when comparing American, Brazilian and Filipino attitudes towards the mother's work outside the home, state with some surprise that "there is still a universal acceptance of specified roles for men and women" and their role-theoretic expectations do not help them much to interpret the results. The social-production-function arguments made above can be stated in the following hypotheses:

(H2) Working outside the home (no matter how few the hours per week) is a basic change in the social production function for those women who have not worked before they entered marriage and will therefore be more costly.

(H3) To the degree that marriage is postponed and/or the first partnership is expressively not intended to be marriage-like, to that degree the likelihood that women will have worked before marriage will go up and thus the price of changing the social production function will go down.

Still crossovers are not unproblematical as the next section will discuss.

## 3.5.2. The impact of threats to the fundamental exchange

Theoretically, it is possible to say that when the husband cannot provide for making a home, the wife will also seek gainful employment. However, it is by no means clear at what point his income is "not enough." The husband may feel his home generates very little physical well-being, or the wife may feel that the task of making a home is impossible given the resources. Still, the income must be very low in order to render a home virtually impossible. Above that limit, it is likely that aspects of social approval play an important role again. Both the husband and the wife gain status (and to some degree behavioural confirmation) from their joint life style. But the wife has no other source of status and will thus be even more keen on keeping up some standard of life style. Thus, in all likelihood, she will want to enter gainful employment more than he would want her to.

This aspect is important because given the fundamental exchange, the husband has a *legitimate claim to the wife's time*. Every hour a wife is giving to an activity outside the home is subject to a legitimation check regarding the fundamental exchange. Serious conflict will arise if the wife crosses over into gainful employment when the husband does not agree. Why should he not agree? He cannot have it both ways and keep his wife to the bargain without keeping his. When she says she has to go out and earn some money for making the home, she says, in effect, that he does not keep up the fundamental exchange, thereby forfeiting his claim to and basis for physical well-being. Letting her easily go to work outside would thus undermine his social production function. Stated as *hypotheses*:

(H4) The stronger the fundamental exchange, the more likely that the wife will work outside the home only in agreement with her husband.

(H5) The chance that a wife would work outside the home is the smaller, the more her doing so would threaten the fundamental exchange.

(H6) The chance that a husband would feel the fundamental exchange threatened by his wife's working outside the home increases with the strength of the fundamental exchange, number of young children the wife has and the number of hours she works.

Thus we expect that the stronger the fundamental exchange, the more likely that the wife will not work at all when having small children and work only part time otherwise, if she works at all.

(H7) Given the expressed goal of the wife wanting to work outside the home for adding to the income that is needed to make a home, the husband will agree only grudgingly, withdrawing his agreement in pieces according to increases in his income. In other words, the wife's weekly hours of paid work will be highly negatively responsive to husband's income.

It is interesting to note that the wife also guards the fundamental exchange. This can be gleaned from the fact that the wife's estimation of how much the husband does in the house is regularly lower than the husband's estimation of his own contribution. This is especially true of couples where the wife does not work outside (cf. McKenry *et al.*, 1986; Berger-Schmitt, 1986).

It is quite a different matter when the fundamental exchange is not endangered by the wife's work outside. Since the legitimation check still holds, so does the hypothesis that the wife will only work outside the home in agreement with the husband and only within the confines of the fundamental exchange. However:

(H8) When the fundamental exchange is not threatened, i.e. when the "provider" part is not in doubt, then the husband's agreement will be given much more easily than when it is in doubt. Then the wife's weekly hours of paid work will not be very responsive to husband's income.

Why would a wife like to work if the husband brings home "enough" money? Because more money is always better? I will turn to this question in a moment. But before that it should be stated that even if she wants to work, she will be confronted with a labour market that also considers the fundamental exchange to be operative.

(H9) The potential employers will assume that a husband has a legitimate claim to his wife's time, potentially ending or reducing

a wife's employment commitment, so that the expected return on training and career costs invested in the wife will be statistically lower than that invested in the husband.

(H10) A woman not married will have a high probability of marrying at some point and will therefore also (albeit to a lesser extent) be confronted with employers' expectations of a comparatively lower return on training and career costs invested in her.

These two hypotheses jointly imply statistical discrimination against women, the more so the more commitment the occupation in question requires.

### 3.5.3. Trade-offs in social approval and children

We have assumed that some degree of physical well-being and some degree of every form of social approval is necessary for the production of utility. However, there is also considerable room for trade-offs and substitution. For example, investing in the gain of occupational prestige may be more efficient than investing in the creation of more affect (say by having another child). For somebody else, with low schooling and little hope for improving his occupational prestige, the reverse may be true.

Imagine, making a home brings less behavioural confirmation for the wife. How would the wife react? Would she have more children in order to compensate in affect what was lost in behavioural confirmation? This is unlikely, because children would tie her even more to making a home while these activities do not bring much behavioural confirmation. Having more children may also clash with the life style that brings the most status and the ensuing reduction in status may not be outweighed by the loss of affect. Instead, she may look for behavioural confirmation and maybe some status elsewhere, namely in the world of paid work where both can still be had to some degree. Because she would not work in order to earn money, the husband will agree more readily and he may even be glad for the extra income that does not threaten the fundamental exchange and yet could be used to improve the life style (and thereby status), possibly (over-)compensating the cost of reduced time input of the wife in making a home. Time and again it had been shown that where husbands earn a decent living, women would like to work mainly for "social" reasons. For example, in a recent study on highly educated working mothers, Van Vonderen

(1987, pp.12 ff.) found again an overwhelming majority of non-monetary reasons, such as approval, social contacts, self-actualization, for working. This is, of course, different from pure volunteer work, because the combination of job (money) and occupation (status) by the husband has given pay a symbolic meaning of valuation of an activity that becomes an integral part of working for aspects of social approval. Yet, the money can be less than for the "provider", because the importance of non-monetary aspects of the job (also present for the husband) is made salient by the fundamental exchange that states that the woman is not the provider. Summarized in form of a hypothesis:

(H11) The higher the husband's income, the more likely that the wife would work for less than her reservation wage (i.e. the wage she would ask if she worked solely for money), if she would work at all and if the job offers behavioural confirmation and some status related to her human capital.

For Becker (1981) and much of the New Home Economics, children are like durable goods without close substitutes, so that the price elasticity of children becomes a puzzle unless one distinguishes aspects of children (quantity and quality) as substitutes. The approach taken here is different from (and yet even closer to the production paradigm of) the New Home Economics: children are here taken to be a factor good for the production of *social approval*. Increasing prices for this good will create shifts in demand also of other factor goods (like goods that produce behavioural confirmation and goods that produce status). Yet, it is likely that the number of children will show some lumpiness. As stated in the following hypothesis, for reasons of similarity effects on the production of affect, two children are more likely than one if there are any.

It is well known that similarity in important dimensions increases the likelihood that positive affect develops between people, given close contact.

(H12) The more similar a child to a parent genetically (i.e. in looks, traits and sex), the more likely that there will develop a relationship with positive affect between them, given close contact.

Thus, we expect that a couple wishes to have at least one child of each sex for reasons of the production of affect, if they want to have children at

all. The most likely other source for the production of positive affect is the partner, and here again, similarity will play an important role.

(H13) The more similar the partners in education and status, the more likely that there will develop a relationship with positive affect between them, given close contact.

It is also well known that education affects close contact between partners:

(H14) The higher and the more similar the education of both partners, the more likely that they will have close contact.

In other words, we expect that the affective relationship between husband and wife, if it develops, will reduce the importance of children for the production of affect, and we expect this effect to occur more frequently with couples where both are highly educated than where only one or even none is highly educated. Thus:

(H15) The higher and the more similar the education of both partners, *ceteris paribus*, the more likely that they will have fewer children.

The affective relationship between partners will also affect the impact exerted by the fundamental exchange on their behaviour:

(H16) The more affective the relationship between the partners, the more likely that they will attempt to respect each other's wishes.

This hypothesis entails that the fundamental exchange will become weaker the stronger the affective tie between the partners and the more the wishes of at least one partner deviate from the fundamental exchange. For example, if the wife wants to work, then the husband will agree more easily when his relationship to his wife is affective than when it is not. If the wife wants her partner to increase his share in "making the home", then the likelihood that he will do so increases with the affectiveness of their relationship. This aspect will play an important role in the following scenario of change.

### 3.6. A scenario of change

The following scenario can be thought of as a verbal description of inter-related price changes that could eventually be modelled formally. The scenario that would bring about a slow but definite sea change in the way the fundamental exchange works out is as follows.

Due to some cause (to be explained later), social norms in the family and in the community become less and less pronounced. This would have as a consequence the reduction of behavioural confirmation in making a home and in life style. Due to some other cause (to be explained later), the status attached to a life style that can be produced together with making a home decreases. This would reduce the only source of status for the woman and one of the sources of status for the man. The person most highly affected on both counts is the wife. What can she do? The marginal effect of extra children on the production of affection depends on the number she already has. If that number is very low, say one, she would gain much affection by having another one. But more likely, she has already three or four children and has to decide whether to shift resources from the next (planned) child to the most obvious alternative: a status enhancing life style, i.e. one that is not completely a by-product of making a home. Since the husband also lost a source of status (the "by-product-life-style"), he is likely to agree to this shift of resources. In the aggregate we would already observe a reduction in fertility. Let this continue for some time.

With the reduction of children, and the reduction of social norms that give behavioural confirmation to sex-segregated activity in home and community, the adult partnership itself will be utilized as a source of affect. The partners will share more time together and, in connection with a life style that is not a by-product of making a home, i.e. with "going out" and doing things outside the home, their need for affect outside their relation will be further reduced, leading to a further shift of resources from children to the life style, thereby reducing again the number of children. The increasing importance of an outside life style may prominently include such aspects as "female beauty", an aspect that also clashes with having many children.

Far from eliminating the fundamental exchange through an affective and egalitarian relationship between the partners, this development may even strengthen the fundamental exchange by bolstering the workings of consensus

within the partnership. The wife would not go out and work for pay if the husband was strongly against it.

The very changes that brought about this scenario also increased the importance of paid work for behavioural confirmation and status, especially for the woman. It is assumed that she would first work within the given (traditional) social production functions that do not contain paid work. Thus she would reduce the number of children, shifting resources to life style and having a more affectionate relationship with her husband. But as the same causes keep working, these shifts will not compensate the weight of the lost behavioural confirmation and status, and a changed social production function, which includes paid work, becomes more and more attractive for the production of exactly these goods. The question is, what is behind the slow moving sea change ?

### 3.7. The privatization in consumption

In a nutshell, the sea change is brought about by privatization in consumption which in turn is driven by increasing disposable income and public goods. Elsewhere, I have argued this process in some detail (Lindenberg, 1984 and 1986). Here, I will follow closely some parts of the 1986 article on privatization in consumption. Summarized, the argument runs as follows. *Sharing groups* (akin to clubs in the theory of clubs) are the main source of social norms in the sphere of and around the home and they tend to vanish with increasing disposable income and public goods. And the increasing level of welfare reduces the "specialness" of given life styles, thus reducing the status they wield. Let us look at the argument in some more detail.

#### 3.7.1. Sharing Groups

Private goods and public goods are only the extremes of a continuum, with most goods being somewhere inbetween. Most every-day goods can be more or less private in consumption. For example, a family may share one bathroom or may enjoy the luxury of one bathroom per person in which case the good has been completely privatized. Informal groups come into being on the basis of sharing the costs of those goods that none of the members could afford to purchase or produce alone. Thus, in informal groups, both consumption and costs are shared.

For example, a number of farmers in a village may share a combine-harvester, which none of them could afford as a private good. In the same village, farmers may share risks by sharing the costs of strokes of individual bad luck (such as illness).

*Cost sharing* (including sharing in production) means positive externalities mutually exerted on one another. Everybody profits from the arrangement because everybody is able to consume a good she would have otherwise been too poor to have access to. The more goods are shared, *ceteris paribus*, the larger the mutual positive externalities. But *sharing in consumption* creates negative externalities. For example, one farmer would like to use the combine just when it is another farmer's turn to use it. Or the other's negligence causes the combine to be out on repair for a week.

### 3.7.2. The production of norms in social life

Rules serve many functions but two particular ones are especially important in our context: they are needed in order to establish and maintain social norms. As we have said above, social norms are relatively stable expectations (regarding a certain kind of behaviour in a certain kind of recurring situation) shared between at least two persons. Sharing may be the most important source of norm production and maintenance in social life. Given positive externalities and the opportunity for face-to-face interaction, a sharing group has to find ways to mitigate the negative externalities caused by sharing. At the basis, it will be in everybody's interest to come to agreements concerning terms of consumption, handling, maintenance responsibilities, etc. Thus the process of establishing these agreements is actually the process of establishing the sharing group (with difficulties in agreement resulting either in the exclusion of some potential members or in a complete failure of the establishment of the group). The importance of agreement on the terms of sharing will subsequently drive a whole process of norm production (or norm mobilization, if the norms are already established through other sharing arrangements). Very likely, this process will be facilitated by norm-entrepreneurs who (in return for extra social approval) will coordinate the norm production process. First of all, the agreements will be translated into behavioural rules that regulate sharing behaviour. Such rules can be used as standards against which behaviour is judged and they can be used for socializing new members into the existing arrangement.

Since it is in everybody's interest that the others keep to the sharing rules and since everybody has some temptation not to keep to these rules at all times, social norms on the importance of keeping to agreements (cf. Ullmann-Margalit, 1977; Opp, 1985b) and on reciprocity (which is the normative translation of the fact that the group depends on the maintenance of positive externalities) will develop next. These norms are hierarchically higher than the rules that regulate sharing of a particular good because they abstract from any particular sharing arrangement. They help to simplify the interpretation of deviations from lower order rules by preventing that deviations are seen as continued attempts at renegotiation of the terms of sharing. This step is absolutely essential for the joint production of a new shared good: a sanctioning system that provides the selective incentives for keeping to the lower level rules (cf. Yamagishi, 1986). Such a system consists of yet another layer of social norms in the hierarchy: norms on reacting approvingly and disapprovingly to positive and negative deviations, respectively; norms on procedures and the distribution of rights to interpret ambiguous situations with regard to existing norms (including norms on resolving conflicts); and norms on procedures and the distribution of rights to adapt the sanctioning system with regard to sanctions and sanctioning agents. Finally, due to changes in technology or income, the existing sharing arrangements may not remain advantageous for all or part of the group members. As a result, norms on procedures and the distribution of rights for changing the sharing arrangement and the rules based on them will emerge.

Since everybody has an interest in the emergence (or mobilization) of the norms at these various levels, everybody is interested in keeping transaction costs for the production of norms low. For this reason, there is a consensus on the importance of shared values that help coordinate the joint production of norms. Norm entrepreneurs will thus find it not just useful to dramatize shared values in the group, they will also find a general willingness to stress communality in values rather than differences. Daily life thus can be shot through and through with norms on various levels and with rituals for the dramatization of shared values. What will increase or decrease this importance of norms ?

### 3.7.3. Determinants of the importance of norms in social life

As we have seen, in the view taken here, it is not values that generate norms (as often assumed in sociology) but the consensus on the importance of norms that draws out communalities for the dramatization as common values. As a consequence, if the consensus on the importance of norms vanishes, then the common values will not keep the norm hierarchy from fading or crumbling. What then governs the pervasiveness of norms? Two conditions are particularly important for the ease with which norms can develop and be maintained. First, the amount of goods that are being shared in daily life, and second, the size of the group.

The more goods are shared, the more attention will be paid to the entire hierarchy of norms in the group because this hierarchy stabilizes very different sharing arrangements; transaction and enforcement costs for lower level agreements and rules will be lower to the degree that members generally accept the higher order norms. Paying attention to higher order norms also means that members find it worth-while to take the effort to sanction violators and to put some effort into socializing newcomers (for instance children) into acceptance of these norms.

Second, since the norm hierarchy regulates cooperation in mixed-motive games, at least some individuals of the sharing group will have an incentive to violate the norms in any particular situation. Since we are talking about a face-to-face interacting group, the group will never be so big that norm violators can hide effectively. The relevant question is, therefore, not whether people can secretly violate the norms but whether people can undermine the existing norms with situational ad hoc agreements. The principle that is operative with regard to *negotiated deviations* is based on the fact that social norms are not just rules but established patterns of expectations, and it may be called the *veto principle*: given a set of norms that governs a particular situation, each person has veto power against an ad hoc agreement among the others to deviate from the norm. The larger the group, the more likely that at least one person is present who would not like to deviate from the norm. And since that person has veto power, the adherence to norms becomes more stable as the group size increases (within the boundary of a face-to-face interacting group). For example, let us assume that there is a norm to celebrate Christmas in a certain fashion. Let us also assume that this particular year, neither the husband nor the wife are much motivated to go

through this celebration. If nobody else is present, they may quickly reach an agreement to skip the celebration this year. If however, a child or an aunt or friend would have been present who would have insisted on celebrating Christmas, this third person does not have to be powerful or persuasive to get the whole group to celebrate Christmas. The veto principle would have shifted the coordination back to the normative expectations. Like the gains from specialization discussed above, the veto principle is likely to depend on framing effects which are not captured by the standard versions of utility theory (cf. Lindenberg, 1989). In sum, the larger the sharing group, *ceteris paribus*, the more likely that the existing norm hierarchy will stay operative.

#### 3.7.4. Endowments

The upshot of the discussion so far was that the more goods are being shared and the bigger the sharing group, the more attention is being paid to norms in following them, in sanctioning others and in socializing newcomers. It is easy to see that the more attention is being paid to norms, the more other people will routinely react evaluatively to one's behaviour in terms of its relation to norms. Since these norms enhance the weight of the *positive externalities* among the members of the group, there will be positive reactions to norm-conformity, not just negative reactions to deviance. In addition, under such circumstances, it is easy to reward oneself for norm-conformity in anticipation of other people's reactions. In terms of our discussion of forms of social approval, we can thus say that the more attention is being paid to norms, the more *behavioural confirmation* is being produced as a side effect of every day behaviour. Of course one can and will make extra efforts to get people to see that one followed (or even positively deviated from) the norm, in order to get behavioural confirmation. But the bulk of behavioural confirmation will come as a *by-product* of daily behaviour, the more so, the more attention is being paid to norms. This means that under these circumstances, people will be *endowed* with behavioural confirmation. Since the production of positive affect depends in part also on behavioural confirmation, it too will be a *by-product*, given the additional requirements of close interaction and positive transfers.

If for some reason the number of goods being shared were to decrease and the sharing group were to get smaller, the endowment with behavioural confirmation and with positive affect would clearly also decrease. We have seen how

important changes in the endowment with behavioural confirmation and positive affect are likely to be for fertility and female labour market behaviour. The important question then is: under what circumstances do sharing arrangements change such that fewer goods are being shared and sharing groups become smaller ?

### 3.7.5. Change in sharing groups with increasing income

Using reasonable model assumptions, it can be shown (cf. Lindenberg, 1982) that increasing disposable income for any individual will generally decrease the size of the sharing group(s) of which this individual is a member. In other words, increase in disposable income per individual will increase privatization in consumption. *But this is a process over time.* It is not captured by cross-sectional comparison of incomes because the main effect runs via changes in the surrounding social structure (the endowment).

Briefly summarized, the argument runs as follows. Assuming individuals can come to a sharing agreement at all, there will be an optimal group size for each participant, depending on the individual's preference for the good, her income, the total price of the good, and the amount of negative externalities created by the sharing situations. If one person is added to the sharing group, the cost per person will go down (gain) but the negative externalities facing each individual will increase (loss). If the marginal gain equals the marginal loss, the sharing group will have reached its optimal size. Obviously, if one of the parameters changes, the optimal group size will also change. For example, if ten farmers share a combine and the income for each increases, then eventually they will be rich enough to afford, say, two groups of five, each sharing one combine. If disposable income keeps increasing, each farmer will end up having his own combine and we will thus have reached a complete privatization in consumption regarding this good. It can be shown (cf. Lindenberg, 1986) that a similar mechanism holds for positive externalities based on joint production rather than cost sharing (as is often found in families).

Once privatization in consumption for a particular good is complete, there will be no more sharing (regarding this good) and thus also no more norms with respect to sharing. But even if the privatization is not complete, the fact that sharing groups become smaller means that the veto principle will become less and less important. Norms will therefore be increasingly undermined by ad hoc situational agreements. Remember that this change does not just affect

a particular norm but the whole norm hierarchy including the importance of common values (and the importance of rituals for their dramatization). Socialization in the family will be strongly affected in the sense that the pressure from outside the home for norm conformity and shared-value-generating rituals decreases, and inside the home the pressure for maintaining the norm hierarchy also decreases because as fewer goods are being shared there are fewer negative externalities. Creating more privacy for every family member eventually leads to a situation in which everybody has his or her own room, entertainment electronics, telephone and bathroom. As a result, the family members will not have to work out concrete arrangements of sharing, nor do they have to pay much attention to higher order norms. Their interaction frequency will also decline. As a result they leave each other alone, do not try to judge the other's behaviour, and treat each other civilly but without much mutual involvement.

If norms weaken or even vanish, their by-product will also be affected: *less endowment with behavioural confirmation and positive affect*. The less behaviour is regulated by norms, the less it can be rewarded for conforming to the norms. This also holds for the possibility of the individual to be self-congratulatory about her own behaviour in anticipation of behavioural confirmation from others. As I have tried to show elsewhere (Lindenberg, 1986), there is little the family can do to create norms artificially once they realize that they are missing the by-products of social norms. Space does not permit me to repeat the argument here. Suffice it to say that norms will only develop where people cannot exit easily when norm conformity becomes a burden. Given the fact that little is still being shared in the family, it is impossible to create artificial exit barriers.

#### 3.7.6. Norms and paid work

The same line of argument used above can be applied to paid work, and it makes clear why norms can still exist in the context of paid work even when they greatly decline in importance in home and in community life. Paid work is part of a joint production process (including the production of goods and services) with division of labour and thus with positive and negative externalities of the behaviour of one person for some or all of the other persons involved. This division is comparable to the sharing agreement discussed above and it will drive in a similar fashion the production of a hierarchy of norms. There

are, however, considerable differences. First of all, the positive and negative externalities may not necessarily apply to the people you work with. Instead, they may affect supervisors, bosses, people in other departments, clients and other individuals removed from direct interaction. This may prevent the production or mobilization of higher order norms by the interacting individuals, in which case these higher order norms and the sanctioning system will be *imposed on* rather than *created by* the interacting individuals. Also, shared values will not be easily dramatized and transaction costs will be manipulated by incentive schemes. In such circumstances, there are norms and sanctions, but there are few positive externalities and thus not much behavioural confirmation is to be expected as a by-product of doing your work (cf. Coleman, 1990). The second important difference with the home is that children ordinarily are not socialized in the context of paid work. Thus the world of paid work will have to deal with adults that have been socialized in a certain way. If norms played only a small role during childhood socialization, it will be more difficult to make people comply to norms in the work place.

Yet, work organization will have to deal with the production of behavioural confirmation and thus with the creation of a work organization that resembles a larger sharing group with strong positive externalities. The reason for that can be gleaned from the arguments presented so far. We argued above that the home and the community at large become less efficient contexts for the production of endowment with behavioural confirmation. Since the context of paid work does produce norms it is in that respect able in principle to be an alternative to home and community (which would be especially important for women and for men in low status positions). A third possibility is the context of recreation, especially sports. Yet, since paid work also offers occupational status and income, it is likely that this context will be the most important alternative to home and community. As a consequence, *there will be an increasing pressure (especially from married women of richer households and from lower status men) on work organizations to provide an efficient context for the endowment with behavioural confirmation.* This implies that the work organization would have to adapt in such a way that the norm hierarchy described for sharing groups can develop for the interacting groups in the organization. This may also imply a restructuring of tasks, of authority relations, of monitoring (sanctioning) arrangements, and of incentive schemes (cf. Lindenberg, 1988). To the degree that work organizations adapt their governance structures in this direction, the attractiveness of entering the

labour force for women will increase and the relative importance of children for the production of social approval will decrease even more.

### 3.7.7. The status of life style

As the general level of welfare increases through increasing disposable income (and public goods provisions via the state), the life styles that are a by-product of making a home become generally more similar, and special efforts have to be made to still reap status from life styles (cf. Hirsch, 1978). In addition, with social norms on the decline, there will be less social control of life style and thus also less behavioural confirmation for the "right" life style. Even fashion is decreasing its grip in this respect. Quite generally, as it becomes less socially rewarding, life style is likely to shift more from the social approval production function to the physical well-being production function, possibly (but not likely) conflicting with "home."

### 3.8. Conclusion

In this paper, an attempt was made to introduce some traditional sociological insights, especially about the importance of social approval, into the discussion of fertility and female labour market behaviour in such a way, that the translation to the economic model building approach would be possible and maybe even inviting. The paper attempted to draw particular attention to the following issues:

- a. the importance of a constraint-driven heuristics, with general human goals and social production functions as means for reaching these goals;
- b. the pervasive influence of the fundamental exchange on social production functions and the gender division of labour;
- c. the workings of different forms of social approval with regard to family and labour market;
- d. the dynamic elements behind a slow but thorough sea change in fertility and labour market behaviour of women: the privatization of consumption.

With the last point, it hopes to make a particular contribution to the economic approach, by pointing to the great limitation of looking at or worrying about

cross-sectional income effects. This line of reasoning should also be relevant for the inclusion of changes in governance structures of work organizations in the analysis of fertility and labour market behaviour. Work organization will have to attract an increasing part of the labour force by offering the opportunity for behavioural confirmation. If governance structures adapt to provide just that, they in turn will increase female labour market participation and lower fertility.

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