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abstract

Feminist economics rightfully draws increasing attention from professional, mainstream economists. In this paper, we argue that one of the reasons for this is its increasingly coherent perspective on economic phenomena, challenging what is often perceived to be the staid mainstream of economic thought. We discuss methodological issues, some theoretical developments – notably on the household – and issues of economic policy. Feminist economics is argued to make important contributions, not least in the potential to provide suggestions for policy. We point to parallels between feminist economics and institutional economics, and argue that these relations might be strengthened to the benefit of both.

keywords

feminist economics; review; institutional economics; methodology; economic policy; economics of the household; institutions of the labour market

introduction

Over one and a half centuries ago, Charles Fourier ventured the view that the position of women in a society is an indicator of the general quality of its social system (Fourier, 1846: 132). He seems to have been somebody with insight, or at least foresight. Over the last few decades, according to Fourier's index, many Western societies have progressed substantially. The progress has not been uni-directional, however. In more recent times, however, some deterioration can perhaps be observed. This article looks at the recent development of feminist economic thought and the extent to which government policy seems to have paid heed. In this article, we set to examine the contribution of feminist economics to the literature from a number of perspectives. We discuss methodology, theory and policy. To set the stage, however, we present some facts on the disadvantaged position of women in the economy.

institutions of inequality

Progress, as defined by Fourier, has not affected all women equally, across different countries of the world, and over different periods of time. Progress, or backwardness, is embedded in the institutions of society. To appreciate the kind of effects this has, as well as the extent of the effects, we need to look at the issue in considerable detail. We have done so for our own countries, Germany and the Netherlands, and restricted ourselves for the purposes of this article to two themes: the effects of deregulation, and, separate from that, the position of women in academia. For a more elabourate presentation, we would like to refer to Dolfsma and Hoppe (1998). In Germany, after a period of sustained progress in the economic situation of women, some economic policy measures, related to the process of deregulation, seem to have worsened the situation of women. At least three 'reforms' could be mentioned in this context.[1]

1 We do not want to argue against deregulation *per se*. Taking into consideration the effects of deregulation on women's position is, however, needed.

The first example is that short-term employment contracts can now last up to a maximum period of two years. Employees with a short-term contract have a weaker legal position. This measure hurts women especially. Such contracts are increasingly made with employees who have part-time jobs. Relatively more women than men have such contracts (Klammer, 1997). Secondly, the grounds for employees to claim protection against possible wrongful dismissal have diminished. Whereas in the past an employer with up to three employees was not subject to the law on protection against wrongful dismissal, now firms with up to *ten* employees have *carte blanche* to lay people off. The common wisdom among economists is that this kind of deregulation will increase the dynamism of an economy, which will in turn increase the job opportunities for everybody. Actual practice presents a different picture, however. A result of this change is that many more women are now without legal protection against possible arbitrary dismissal because women are relatively overrepresented in these smaller firms (Mönig-Raane, 1996; Klammer, 1997). Thirdly, in periods of illness or work absence generally, wages can be paid at an 80% rate. Moreover, when the child is ill, the wage of the person (parent, most of the time the mother) staying at home will be reduced to 70% (Klammer, 1997). Especially for single women and mothers who attend school, these reforms affect their economic position negatively.

Expanding the horizon a little, it is obvious that in many societies the position of women is not as good as that of men — in almost all ways. Taking random examples from the situation in the Western world will illustrate this point. If we were to take facts about the backward position in developing countries, the picture would — with some possible exceptions — look even worse. Indeed, this picture will be even less biased when focusing on the more affluent countries of the West, more particularly our own: Germany and the Netherlands. Even here, however, stark differences between the position of women as compared to that of men stand out. When, for instance, all countries in the world are compared according to the Human Development Index, which combines life expectancy, literacy and income development, the Netherlands is ranked 4th and Germany 18th. When this is adjusted for gender, Holland drops to the 11th place whereas Germany goes up one rank. Interestingly, Japan which drops from 3rd to 12th place when gender is considered (Ministry of Social Affairs and Employment, 1995, Appendices; DGVN, 1996). The position of women in these countries, generally considered to be countries where women and men enjoy equal opportunity, is not only worse than that of men in an absolute sense as discussed above, but also in a relative sense.

Another indication of the disadvantaged position of women is their presence at universities, or rather their absence. At universities, more than in any other sector in society, rational consideration might be thought to play a role and prejudices will be excluded. Not so, it turns out. At the University of Amsterdam, 31% of the PhD students are women, whereas in the academic staff only 15.2% and among the professors only 5% are female (Kuiper and Oomes, 1994). This is not an untypical situation; in Germany, the situation is similar: in 1994/95, 35% of the student beginners in economics were female, but only around about 5% of the professors are women (Burkhardt et al., 1995; Statistisches Bundesamt, 1996). Bosch (1994) Q1
has shown how women were regarded as 'naturally' incapable for academia and thus expelled by formal and informal measures from universities over long periods of time. In other realms, women were underrepresented as well for the same reasons (Ministry of Social Affairs and Employment, 1995, Appendices). Up to 1970, married women in the Netherlands had to carry a written statement that they were allowed to work, a statement to be produced when asked for. Nowadays, more and more women are studying economics, for example, and an increasing number are doing PhD research, but the production and distribution of knowledge — that is research and teaching — are still predominantly tasks of men.

One effect of this dominance of male economists is that the merits of women economists are almost unknown. When asked to name women economists, students will probably only be able to come up with Joan Robinson, a great economist who waited in vain for the Nobel Prize that many say she deserved for her work in macro economics and on capital theory mainly in the 1950s and 1960s. Anna Wheeler and Harriet Taylor, close collabourators, respectively, of the famous socialist thinker William Thompson and economist John Stuart Mill, seem to be entirely forgotten. So have Charlotte Perkins Gilman and Margaret Reid, who have made important early contributions to the understanding of the goings on within households. It seems likely, and therefore would be striking, that contemporary women economists would not likely be mentioned.

One could, of course, argue that economics is an objective science and therefore independent of the researcher's gender. This position is, however, criticized by feminist economists. They claim that economics is socially constructed and, as a consequence of historical developments, gender-biased. In their opinion, the gender-blindness of mainstream economics is one reason for the marginal position of women in economics.

> Feminist economists believe that uncovering the gender biases in economics is a necessary prelude to constructing an economics which can encompass the perspectives and embody the realities of both women and men. If gender biases do indeed permeate the discipline, then the positivist notion that norms do not influence economic research is called into question. Radical economists would probably be comfortable with this since they recognize that all theories are shaped by social forces. Mainstream economists, on the other hand, may find such a project antithetical to their vision of economics as a universal, value-free science.
>
> (Kuiper and Sap, 1995: 4)

This article, then, takes stock of the field of feminist economics. It argues that a distinct theoretical body of knowledge has emerged, initially drawing on a methodological critique of mainstream (neo-classical) economics. We show that work on methodological foundations, in combination with theoretical development, feeds into an analysis of the economy and women's position in it and that this has noteworthy policy implications. In the next section, the methodological and epistemological aspects of feminist economics will be discussed. The repercussions of this methodology for economic theory and subsequently for economic policy are topics of the following two sections. As we progress, the number of themes that could have been addressed and developed further in this article increases exponentially. By giving most attention to the methodological questions, less on the theoretical ones, and less still on policy-related discussion, we have sought to provide the reader with an understanding of the most fundamental issues that she can pursue herself in ways that she might find more relevant.

methodological and epistemological discussions in feminist economics

Currently, feminist discussions challenge many disciplines in the social sciences, focusing on both methods and theories. Initially, feminist studies dealt mostly with 'the women question', especially the equality of the sexes and women's rights.[2] In recent times, the science question became more and more important (Harding, 1990).

2 Pujol (1992) gives a summary and overview of classical and neoclassical feminist economics.

Many feminists who criticize the sciences believe that to remove the inequality of women, it is not sufficient to incorporate women into the existing, patriarchal structures and institutions of science. It is desirable 'to give voice to the previously voiceless' and 'to illuminate the previously unseen' (Perlich, 1992: 15), but not enough. The feminist point is that the underlying structures of theoretical, methodological and epistemological foundations in science are gender-biased.

In their opinion, science and knowledge are strongly influenced or even determined by social, political and economic institutions that are fundamentally fraught with gender biases and inequalities in how power is distributed. Important in this connection is the differentiation between sex and gender. Gender is 'something quite different from biological sex. Gender is the *social meaning* given to biological differences between the sexes; it refers to cultural constructs rather than to biological givens' (Ferber and Nelson 1993: 9). In a perspective such as that of neoclassical economics that defines agents as Leibnizian automatons, without links to a social or even natural environment that constitutes who they are, the distinction between gender and sex makes no sense. Vilfredo Pareto, an Italian economist of the 19th Century, has famously declared that the economic subject might just as well vanish if only he were to leave a trace of his preference function behind. Being children of their time, scientists adopted and still adopt gender-biased structures – consciously and unconsciously. As a result, the sciences create 'situated knowledges' (Haraway, 1988: 575), embedded in social history. Science is not detached from the personal and social experiences of the researchers. Some would say that it is linked to patriarchal structures. As a consequence of their socially constructed character, sciences cannot be objective, universal and value-free (Nelson, 1996).

With Perlich (1992: 34), we want to ask ourselves 'why economics is in need of a huge dose of feminism'. Feminist economists try to take the findings of feminist studies to heart and undertake to show that economics 'hides behind claims of objectivity and neutrality' (Perlich, 1992: 16). The aim is to expose gender biases in their discipline. In their opinion, gender biases in economics provide the fertile soil for discrimination against women and produce economic policies that hurt the position of women, as we will further show in a later section, discussing labour market policies in particular.

A further aim of feminist economists is to enrich economics in general, as Julie Nelson argues. That means investigating 'how a richer conception of human understanding and human identity could broaden and improve the field of economics for both female and male practioners' (Nelson, 1992: 103). This aim is informed by the idea that many of the important problems with economics are due to its conception of people: the *homo economicus* is an inadequate, asocial human. Humans *are* living in and through relations that influence their decisions, preferences, reactions and ideas. People are political animals, they are always part of a *polis*, as Aristotle would have it.

In contrast to the feminist standpoint that economics is socially constructed, dominant mainstream economics is based on the doctrine of positivism. With the help of descriptive, analytical and mostly mathematical methods, positivist economists are certain that they will reach value-free, universal and objective truths. Lionel Robbins, a philosopher of economics who has had a strong influence in the field and particularly on the discussion of what are its boundaries, puts it thus:

> 'Economics, as a positive science, has no status as ethical or political prescription [...] Political economy in my vocabulary is not scientific economics, a collection of value-free generalisations about the way in which economic systems work'.
>
> (Robbins cited in Hyman, 1994: 62).

The roots of this conception of the possibility of an objective and universal science lie in the Western thinking of the 17th and 18th centuries. In analogy to the natural sciences and following their deistic world view, people believed that it would be possible to find natural laws in economics with the help of rational, logical thinking as well. The main thrust for this trust in the human intellect — the 'ratio' — was the influential 17th century French philosopher René Descartes. He divides the world dualistically in *res cogitans* and *res extensa*. The thinking substance, *res cogitans*, he linked to such characteristics as reason, mind, spirit, objectivity, universality and logic. *Res extensa*, the extended, mechanistic world, was connected with subjectivity, emotions and intuition, and, one might even argue, through the cognitive connection of *res cogitans* with masculinity and *res extensa* with femininity, the latter being devalued as inferior to the former (Bordo, 1987: 97; Perlich, 1992: 19). The 'demarcation line' — as it is expressed by the economist McCloskey in a book called *The Rhetorics of Economics* (1985: 42) — lies between scientific and humanistic, fact and value, truth and opinion, positive and normative, precise and vague, cognition and feeling, hard and soft, and, of course, between male and female.

Feminist economists suggest that this dualistic, hierarchical and value-laden way of thinking has become a fundamental principle in economics. The present methods and theories of neoclassical economic discipline were originally established in Descartes' *res cogitans*. Through the positive valuation of the masculine part of the world in the Cartesian view, the ideal of science since the Enlightenment — driving the development of modern sciences, especially classical and neoclassical economics — is the accumulation of 'objective' and 'value-free' 'facts' that can be known by autonomous individuals. The narrowness of such economics, Julie Nelson would argue, lies in the fact that methodological and theoretical possibilities of the *res extensa* are ignored because of their negative connotation. Mainstream economics is limited to the world of rational thinking. Reductionism, categorization and decontextualization are constituents of this ideal that led to (methodological) individualism, atomism and positivism in economics.[3] The consequence of this development is that it was forgotten or ignored that sciences' methods and contents, that claimed to be objective, were gender-biased because they had sprung from 18th century European thought.[4]

So, how do feminist economists break the dualistic and hierarchical way of thinking? One attempt is that of Julie Nelson, a neoclassical economist of sorts who tries to develop a different way of thinking about gender with the aim of improving economics in general. Nelson's starting point is that 'the central program of economics is metaphorically linked with the hierarchical, dualistic conception of gender and a 'privileging' of a particular conception of masculinity' (Nelson, 1992: 107). Metaphors are understood as a cognitive instrument to organize our thoughts. As a consequence, metaphors are not an additional ornament in language but a constitutive element, some would say a precondition for our thinking and communication (see Klamer and Leonard, 1994). Nelson defines gender distinctions as follows:

> 'gender distinctions [are] cognitive organizers built on an experience of sexual dimorphism. As such, I see them not as 'created' by 'society' in order to 'maintain' some particular order, but formed as a part of the development of human mental organization in early childhood'.
>
> (Nelson, 1994: 200)

Therefore, gender is more than a sex difference, it is a cognitive aid like grammar. The problem with these metaphors that permeate (economic) thought is, in Nelson's view, the hierarchical valuation and the one-dimensional perspective that is often implied, consciously or sub-consciously. In a way, she aims to use the social fact that gender is a cognitive organizer in many societies, but wants to break away from the hierarchical valuation attached to it.

To illustrate this point to her critics, Nelson developed a 'Gender-Value-Compass'. One can distinguish between *strong-hard* that has a positive connotation in economics on the one hand, and *weak-soft*, on the other hand, which 'sounds' negative and undesirable. The 'hard' sub-disciplines of economics, such as econometrics, deal with facts and try to establish mathematical proofs or show statistically significant evidence, in contrast to the 'soft' sub-disciplines, which are thought by most economists to be more like sociology. The former (claims to)

3 See Perlich (1992: 20). Methodological individualism is the approach in the social science that dictates that all explanation must be based on the actions and attributes of the individual. Positivism is a philosophy characterized by a reliance on bare facts that speak for themselves. In the 18th century, the number of dictionaries and encyclopaedias increased greatly. The *Encyclopédie ou Dictionnaire Raisonné des sciences, des arts et des métiers* (1751–1780) by French philosophers D'Alembert and Diderot is well-known. Dictionnairies are a way of decontextualizing information and knowledge, is consistent with the 'positivist' idea that information speaks for itself and needs no interpretation.

4 The positivist method was criticized before the feminists did it. Joan Robinson, for instance, wrote: 'to eliminate value judgements from subject matter of social science is to eliminate the subject itself' (cit. in Hyman, 1994: 61).

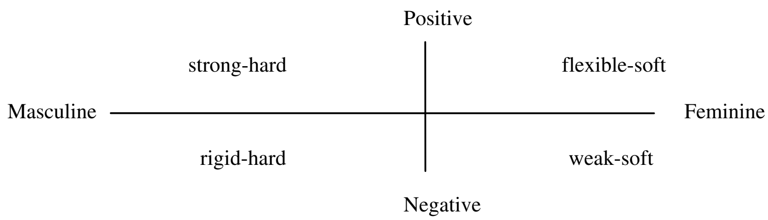

Figure 1 Julie Nelson's gender-value-compass. *Source*: Nelson (1992).

do quantitative research, and the latter are more often inclined to qualitative studies. Nelson does not overthrow this dualism with its attached valuation, but she enriches this thinking by adding further dimensions: weak can be flexible and positive whereas strong can be (theoretically) rigid and negative. Figure 1 illustrates the point.

Nelson tries, in this way, to break with the limited, narrow and one-dimensional perspective of mainstream economic thinking.

> 'Including both masculine- and feminine-identified positive qualities [...] makes possible a practice that is flexible, attentive to context, humanistic, and rich as well as strong, logical, scientific and precise'.
>
> (Nelson, 1995: 139)

Up to this point feminist economists have been presented as a homogenous group, but in actual fact there are differences of methodology and of degree of theoretical dissatisfaction with mainstream economics. Distinctions within feminist economics can be drawn along several lines. We follow Ferber and Nelson (1993: 8) in distinguishing three different strands in the light of the structure of this:

- *Feminist constructionists*, who try to expose, as it is described above, gender-biased influences on theories, methods and beliefs. We believe this is the most fruitful approach.
- Supporters of the *affirmative action* approach are convinced that the only task of feminist economists is to improve the position of women and to boost the representation of women in economics without developing a critique of the economics science itself.
- *Feminist empirists* are similarly confident as to the present state of economics. They say that methods and theory are in principal gender-neutral and objective; discrimination and inequalities between women and men are the result of a wrong or a lack of application of the insights of economics.

feminist economic theory

Feminist economists have been involved in methodological debates, discussed in the previous section, more than in other strands of thought in the discipline. Such debates have repercussions for feminist economic theory. The standard, neo-classical economic theory that assumes that all humans are equal and maximize given and unchanging preferences is wrong according to them. Before discussing some of the alternatives suggested, we will first shortly discuss neo-classical economics and the possibility of developing a feminist economic theory based on these grounds. We will do so by taking the case of a well-known neo-classical economist and Noble Laureate whose ideas have attracted a lot of attention from feminist economists.

Gary Becker is known for applying the neo-classical framework in contexts of which one would not tend to think economic theory is applicable. He is also not afraid of drawing the conclusions that logically follow from the theory. Marriages, drug addictions, preferences for classical music, the giving of alms, criminal activities, decisions to educate oneself, etc. are all utility-maximizing activities. Economists are urged not to discuss the formation or change of preferences. These are assumed to be fixed and unchanging: *De Gustibus Non Est Disputandum*.[5] Until inexact science of psychology comes with information on people's preferences, the argument goes, we assume them to be fixed and unchanging. Psychology itself has long been rid of economics. People usually prefer more of one thing over less of it, *ceteris paribus*,[6] and thus we can assume that they maximize their utility given the preference ordering or function that they have. Such behaviour is called rational behaviour. The point is not so much whether these assumptions are 'realistic', but whether they 'work': do the assumptions allow us to make predictions that will come true? This is Friedman's (1953) instrumental methodology.

Q2 **5** This is a title for a seminal article that defends this perspective by Stigler and Becker (1977).

6 The *ceteris paribus* is the important insulating clause here. It means that all relevant other circumstances are held constant, but implies that criticizing neo-classical economics is (in essence) futile because these are assumed to fall under the c.p. clause (Boland, 1981).

On the basis of such views on preferences, an elabourate theory of consumption has been built (see Lancaster, 1998). Welfare economics ties into this theory. If preferences are not known, and no efforts are taken to learn about them, what suggestions can economists make for setting policy? What criterion is available to judge a situation by? This criterion is the so-called Pareto criterion. A situation is a Pareto improvement over a previously existing one if nobody is made worse off, and at least one person is better off, in material terms. Of course, the basis of this idea lies in utilitarian philosophy, and the upshot of it is a conservative view of society and that changes one can argue for.

The improvement over the previous views in economics on the family, to which it was a 'black box,' is that decision-making problems are explicitly addressed by Becker *cum suis*. Thus, Becker (1991) argues that the way in which families are arranged in many Western countries is a rational one. Production and consumption tasks are efficiently distributed among the members of a family. If there had been a better way to divide labour within a family, this would have developed. Arrangements as they exist are considered to be efficient in that they apparently maximize people's preferences.[7] Again, the status quo is favoured. In addition, any alteration of an existing situation, for instance, because rights of some nature would suggest this, is likely not to meet the Pareto criterion.

7 See Van Velzen (1994) for a more elabourate treatment of this subject.

This almost circular argument flies in the face of many people's personal experiences and much empirical research. Examples of situations where inequalities that are not the result of some process of optimization but of historical developments, or of differences in people's power, abound. The positivist methodology and ideological underpinnings of neo-classical economics do not allow for considerations of power, the questioning of extant circumstances and the incorporation of supra-individual concepts into the framework.[8] One exception to power is Ott (1992). With a cooperative game theoretic model, she addresses bargaining processes within families. Certainly, feminist scholars ask, there must be something wrong with a theory that favours and possibly defends the status quo in which many people are disadvantaged. As Van Velzen (1994) puts it: families can also be arenas where interests conflict and bargaining power decides on how labour is divided among its members.

8 Economics has attempted to get rid of 'ideology' and thus become a 'hard' and 'positive' science, but has never really grasped that this is impossible (Ridley, 1983). As a consequence, 'power' as an analytical concept is looked upon with suspicion.

Still you will find female or feminist economists adhere to neo-classical economics, saying that it is a simple yet powerful theoretical construct that allows economists to address many issues in a rigorous manner (Gustafsson, 1993, 1994). The only thing that is wrong can easily be mended, they hold: the conclusions drawn from economic theory and analysis can be interpreted in different ways, but are usually interpreted by default in a way that favours men. As developments in the sociology and philosophy of science since Carnap and Popper finally trickle down in economics, however, the scope for an economic theory different from neo-classical economics broadens. No longer is it possible to dismiss institutional, rhetorical or feminist economics off-hand (see Maki, 1993; Dolfsma, 1997).

Feminist economics has developed a coherent theoretical framework, but this does not mean that discussions, even of a fundamental nature, are absent. To the contrary, and sometimes going to the heart of its identity. Thus, the question of what holds feminist economists together if it is not a common and agreed upon core of ideas becomes acute. Luigi Bini implicitly raised it in a discussion on the Internet discussion list FEMECON-L. Bini asked if it would not be a good idea to change the label of feminist economics to human economics. Susan Feiner – no minor player in this field – replied; the discussion is similar to that between Bergmann (1995) and Woolley (1996) on Becker's theory of the family. Feiner said that feminist economics 'addresses a literature and a politics of CHANGE', and thus allows for a multiplicity of strands of thought. Bergmann is concerned with the same thing. She argues that Becker is apologetic of the status quo and that *therefore* his theory should be rejected. Woolley does not entirely agree. She said there is or might be some things that feminist economics can learn from Becker. 'Yes, Becker has written on the family. It is important to acknowledge his contribution, along with the contributions of all the other women and men who have furthered our understanding of families' (Woolley, 1996: 118). Part of the identity of feminist economics is its close relationships between methodology, theory and policy. Many are involved in the field because they would like to see particular kinds of policy adopted; others such as Woolley would not emphasize this so much but would not neglect this entirely. A change in the name would make the association to a particular policy stance less obvious.

It is not just our own personal preference that we would like to make a case for a close relation between institutional economics and feminist economics.[9] Waller (1995) has persuasively argued that these two strands of thought share many methodological points and can easily be reconciled. Both reject simple dualistic thinking, both see knowledge and value as socially constructed and both reject an economistic approach towards phenomena that take place outside a market (Waller, 1995). Institutions, like the family, are supra-individual entities that are by no means necessarily socially efficient. Institutional economics has 'institutions' as its central concept, although a precise definition of the term to which everybody could agree has not emerged yet. A pragmatic attitude is most appropriate here, it seems. In recent years, institutional economics is in the advent; in its history it has developed a number of theories of how institutions change or emerge.[10]

9 On institutional economics, see Hodgson (1993b).

10 Institutional economics is not homogeneous either; in the remainder we will focus on what is called 'old' institutionalist economics that is more akin to sociology and draws on the pragmatic philosophy of Dewey and Peirce (see e.g. Hodgson, 1993; Reuter, 1996).

How might institutional economics could shed light on the issue of women's unequal position in society? One of the founders of institutional economics is Thorstein Veblen, and according to Peterson and Brown (1994: xiii) 'Veblen saw women's position in economic society as a reflection of the prevailing system of status and values'. The institutions of a society reflect its values; women were not considered worthy of working, at least when there was no strong need for it. In his influential book *The Theory of the Leisure Class*, Veblen showed how women were 'used' to gain status. The fact that they did not work was a sign of wealth. Although the book was published in the previous century, its analysis is still valid in many ways. Many institutions are now different from the ones that Veblen analysed, but, as we show elsewhere (Dolfsma and Hoppe, 1998), institutions are persistent partly because of the fact that they interlock with other institutions. Although some of the values that had formed the basis for their emergence are no longer subscribed to, they might still exist and influence the opportunities that women face in society.

The institutions according to which people learn to behave as they grow up change slowly and may be considered undesirable by many, both men and women. When there is no clear alternative in sight, however, giving up the institutions that are repressive to women can be a difficult thing for people to do. Institutions do, of course, make sure that uncertainty is decreased. Letting those institutions go would increase that uncertainty. We think it is a valid assumption to believe that people strongly dislike uncertain circumstances. From experiments it is also known that – depending on how the circumstances are described to people – people prefer the sure small loss to the unsure big gain where the possibility of an important loss is also there.[11] From this perspective it can be understood why parents/mothers teach their children to behave in a way that keeps women in a

11 In recent years, the kind of research disadvantageous position. From personal experience, for instance, we know that the institution of dowry is most fiercely supported by the mothers of young Indian women. The mother particularly persists in paying a sum of money to the parents of the bridegroom for allowing her to marry him. Neglecting to pay the dowry would cause public shunning. In terms of mainstream neo-classical economics the institution of dowry would have to be explained as a utility maximizing strategy; the utility lost that derives from paying a certain amount is less than the expected utility lost by strong social sanctions. The argument does not seem plausible, while plausibility is an important methodological touchstone (Klant, 1986). We suggest that economics has to consider the social norms that prescribe human behaviour. An institutional economic mode of explanation takes into account the historical and social context and the power structures within the Indian society that led to the institution of dowry. This approach might come more naturally to feminist scholars addressing economic issues than those of mainstream economics. However, the possible links and contradictions will have to be explored more than has been done till now.

that Tversky and Kahneman (e.g. 1981) have initiated finally gets used more and more in economics. Institutional economics can easily incorporate those ideas (cf. Dolfsma, 2002).

economic policy

Feminist economic thought has implications for the economic, policy options advocated. For many involved in feminist economics, the aim is to promote the position of women in society. The position of women in Western societies is most disadvantaged in the family. For the purpose of this paper, we propose to keep with this example, as here is where changes in policy can have an important effect on women's position. Economic policy related to the family inspired by feminist thought ranges from the recognition that unpaid work is valuable too (even when there is no market for it and no money is exchanged between the parties involved in the transaction), to the participation of women in the money economy, and the problematic valuation of care-giving activities.

Bruyn-Hundt (1996) shows how most of the work that people do is unpaid work. Women, however do most of that work and by not valuing it in terms of money, such work tends to go unappreciated. Bruyn-Hundt proposes that by trying to value such labour, many biases in economic policy can be avoided and the position of women will improve. She has a point: if we do not measure something, we tend not to incorporate it into our analyses. Thus, in the policy developed for Third World countries, the informal sector and 'household' production are often ignored. Policy developed on the basis of the premise that such sectors of the economy are unimportant have had horrendous.

The Dutch government is now, for instance, producing a number of plans to make the distribution of paid and unpaid labour more equitable and to improve the *relative* position of women in general. One proposal from the Commissie

Toekomstscenario's Herverdeling Onbetaalde Arbeid (Committee Future Scenarios of Redistributing Unpaid Labour) to redistribute unpaid labour more equitably among men and women was taken up, as well as the idea that more unpaid labour should enter the commercial realm. For this purpose, some very concrete measures are proposed and taken. Men can take some time off to take care of their (newborn) children, and the possibility of bringing children to day-care centres is broadened, etc. Furthermore, women who have left the labour market to raise children and no longer have the human capital to qualify for a job are educated so that they can take up a job again. It takes a feminist, institutional economic perspective to draw attention to the fact that measures taken or circumstances emerging in one field will have consequences for the position of women. Strictly regulated closing times of shops – as was the case in the Netherlands and still is the case in Germany – are an example of an institution that, in combination with the lower wages that women earn, drive women off the labour market. If one cannot do the groceries after work, the spouse who earns the least will most often quit the job.

A feminist approach would also caution against framing such decisions necessarily in monetary terms, comparing the effort of people both on and off the labour market. Typically, the price (wage) at which people decide to reduce the amount of time spent on at work home, for instance on caring labour, and take up a 'regular' job is called the reservation price. Since the market is assumed to be perfect, that price would signal the value people put on work at home, off the labour market. As any economics textbook will explain, a 'perfect market' is one where homogeneous goods are traded among an infinite number of buyers and sellers. No single party is able to influence the price. Each party has all the relevant knowledge and decides in isolation how to act based on his preferences. Feminist economists are more likely to claim that markets in general, but the labour market in particular, are not perfect. In addition, a mainstream, neo-classical economic decision-maker would have no qualms expressing value by using the single measuring rod of money, but a feminist economist would be inclined to at least consider some of the important objections to valuing household and informal activities in terms of money. As the German philosopher and sociologist Simmel (1907) argued a long time ago, and social scientists today start to re-appreciate, human relations change fundamentally when money is introduced and becomes a dominant factor. Care is a pertinent example. The young, the old and the disabled need to be cared for, but the way in which a society takes care of this differs and changes.[12] For better or worse, it makes a difference if somebody is cared for by a family member or by a paid professional. Not only do these changes have profound consequences on society, which makes it adamant to take ethical considerations into our analysis, but they lead us to questions about the methodology of economics as well. Rather than proposing simplistic 'solutions' to a societal problem, feminist (institutional)

12 See a report by the International and Women (1995).

economists would consider the wider consequences of any suggestion that they have in terms of policy. They are more likely to think through the 'unintended consequences' that the proclaimed 'father' of mainstream economics, Adam Smith, talks so often about in his *Inquiry into the Nature and the Causes of the Wealth of Nation* (1776). Not only does this imply a stronger reliance on empirical data than the mainstream, it would also entail that insights from other (social) sciences are not discarded from the start (cf. McCloskey, 1996). These realizations bring us back to the discussion on economic methodology in the second section of the text.

concluding remarks

Feminist economics is challenging the status quo in economics in a number of ways. It questions the methodological foundations of mainstream neo-classical economics. Based on these points of critique, strides are taken to develop economic theories that can explain women's unequal position in society. Empirical findings in the social sciences are explicitly addressed to a larger degree; a multi- or interdisciplinary approach would be more welcomed. Taking the methodological discussions that loom large in this field to heart would imply, we have argued, developing a feminist economic theory in close accord with institutional economics. Economic policies that improve the disadvantaged position of women are widely discussed in feminist economics circles. As we have shown, concentrating more specifically on the economic theory of and economic policy for the family, these themes of methodology, theory and policy are, to a larger degree than in the mainstream, interrelated.

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