

presumably disagree with the characterization, it is hard to avoid the conclusion that he advocates keeping the Earth as it is, and individuals where they are, so that Americans can continue to live prosperously.

In the opening chapter of the book, Cafaro notes that his grandfather was an immigrant from Southern Italy, a fact that he recognizes must be reconciled with his anti-immigration views. To this end, he argues that now things are different. And yet, mystifyingly, the short list he provides to justify present-day immigration restrictions is composed almost entirely of facts that were just as true, or truer, when his grandfather arrived as they are now. The exception is his first point: Cafaro claims that today immigrant labor is often used as leverage in order to weaken labor unions, a claim for which he provides little evidence. In contrast, labor unions were in fact largely composed of immigrants in the early twentieth century, and there is evidence that newly arrived immigrants strengthened those unions.³ The rest of Cafaro's list of reasons to close the border has been true for more than a century: then, as now, immigration increased labor market competition for some workers in the short run, while also increasing income inequality; immigration led to population growth and contributed to environmental damage; and popular opinion was opposed to more immigration. Whereas for all the reasons noted above I believe that immigrants are still easily a net benefit for society, it is the author's confusion on these points that highlights how difficult it is to make the argument he would like to make, and at a minimum it reflects his failure to do so.

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The Marriage Motive: A Price Theory of Marriage: How Marriage Markets Affect Employment, Consumption, and Savings.
By Shoshana Grossbard. New York and

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In the last three to four decades, there has been a virtual explosion of literature on the economics of the family household following the early contributions by Gary Becker (1973), Jacob Mincer (1962), and Paul Samuelson (1956). The author of this book has contributed significantly to this growth, both as a prolific producer of research papers and as the editor of a journal specializing in the field. The book itself is part memoir, dedicated to Gary Becker and giving some personal observations on the development of the Chicagoan tradition in this area, on the scholars who contributed to it and Grossbard's role in that, and part survey of virtually all of the published work done by Grossbard and her coauthors, from her earliest papers to some recent work soon to be published.

Almost the whole of this work is based on one quite simple model of the household that is set out in its most basic form in chapter 2. The author sees the household as consisting essentially of two partners/spouses, male and female, with one working in the market and the other supplying "work-in-household," or WiHo, producing goods and services for the consumption of the partner working in the market. There is a perfectly competitive market for WiHo that establishes an equilibrium price, or wage for household work, by the usual process of supply and demand. Thus, the resource allocation in the household comes about by a decentralized process of individual utility maximization subject to individual budget constraints. For the partner/spouse working in the market, the sum of the expenditure on market goods and purchases of WiHo cannot exceed his/her own income from market labor supply, while for the other, expenditure on market goods is constrained by his/her income from WiHo. In this simple presentation of the model in chapter 2, the author stresses that "WiHo," and therefore the household division of labor is, in principle, "gender neutral" (p. 22).

Chapter 3 of the book goes on to present a richer model in which there are arbitrarily many types of male and female, with a competitive market for the WiHo of each type. Given the price on each gender/type market, any one individual can

³ See Olzak 1989.

calculate the maximized utility she/he would get from WiHo by forming a household with a spouse of each possible type, and from that are derived individual demand and supply functions for every type-pair, which are then aggregated to give the conditions for a multimarket equilibrium. Once the market-clearing conditions have been written down, there is no further formal analysis of the issues of existence and stability of the equilibrium or of its comparative statics. The author simply illustrates the possible impact of exogenous factors such as the sex ratio—the ratio of the number of men to the number of women—on the equilibrium outcome. An increase in this ratio is expected to raise the price of WiHo provided by the wife. If the husband also supplies WiHo for consumption by the wife, then there are two corresponding equilibrium prices.¹

An important application of the multimarket equilibrium model is to the author's discussion of compensating differentials. She argues² that, just as labor market theory uses the theory of compensating differentials to say that "garbage collectors earn more than drivers because there is a more limited supply of people willing to collect garbage" (p. 8), so she can use her theory to derive the testable prediction that "women who are young relative to their husbands are likely to supply less labor to the labor force" (p. 8), the reason being that a compensating differential in wage rates for WiHo to identical women married respectively to older and younger men will show up as a difference in market labor supplies—the woman married to the older man gets a higher WiHo wage from her husband and so supplies less labor to the market. This type of argument, based on the existence of compensating differentials, is then applied throughout the remainder of the book, which is mainly empirical in character.

The structure of both the single and multimarket equilibrium versions of the model has much in common with other two-person household models. By summing the individual budget constraints we see that the household's aggregate expenditure on market goods is constrained by the household's

total income from market labor supply (although the household allocation does depend on who earns what income as well as by the total). This suggests that in one sense the model can be thought of as defining a particular form of *sharing rule*—the concept introduced by Samuelson (1956), and which has played an important role in both theoretical and empirical work on household models in the more recent literature. However, there is an important difference. Here the sharing rule is strictly determined by the terms of trade set by conditions exogenous to the household rather than by internal bargaining over a set of feasible allocations, as is assumed in other widely applied household models. In this respect, given the large body of empirical evidence on the allocation of time to home production and the gender division of labor, the model can be seen as superior to a bargaining or collective model *without* household production, in which a wife's consumption in excess of her income from market labor supply, if any, can only result from some kind of pure transfer from her husband, determined by the value of her threat point, be it divorce or a noncooperative equilibrium within the marriage.

The author argues for the policy relevance of her model, with its potential to provide "insights regarding taxes, government programs to alleviate poverty, national accounting methods, laws dealing with marriage and divorce, and macroeconomic policies related to household savings" (p. 13). The empirical chapters of the book discuss a selection of these issues. The style of presentation strongly reflects the influence of Friedmansque positive economics, with a clearly stated "Testable Implication" followed by an informal theoretical discussion followed by presentation of empirical evidence, often, though not exclusively, based on published work by the author and her coauthors. The "Testable Implication" always corresponds to the actual results of the empirical work presented, and the theoretical discussion is designed to show how the implication follows from the theory of competitive markets for WiHo, given additional or subsidiary assumptions that all too frequently drive the result.

Chapter 7 provides an example of the approach. The chapter presents an empirical investigation of the labor supply effects of the availability of the legal status of common law marriage (CLM)

¹The possibility that household public goods are produced and consumed by them both is mentioned but, apart from a simple graphical analysis presented in a short chapter, is basically excluded.

²On pp. 8–9.

across states in the United States. CLM is deemed to be established when “couples cohabit and hold themselves as spouses” by, for example, “filing joint tax returns” (p. 89). The interesting finding of the study is that CLM availability leads to a significant reduction in weekly hours of work for married women. The model based simply on competitive markets for WiHo is not in itself sufficient to give this result however. An important factor is surely that a couple able to claim CLM status can take advantage of the joint filing provision of the US federal income tax system whereby the income splitting possibility encourages specialization in home production by the lower-wage second earner. But the main point of concern is that there is nothing in the WiHo model itself that can explain why the lower-wage second earners are predominantly women.

To obtain the result that *women* are more likely to work at home under joint filing, the subsidiary or added “assumption of traditional gender roles” (p. 91) is introduced. The author justifies this assumption on the basis of “the fact that in all countries collecting time use data on average women do more household production than men” (p.10). But if this is a fact, what has the WiHo model, which cannot itself explain this fact, contributed to the finding on CLM? A plausible argument is that the gender gap in time use choices is not due to inherent or innate gender difference but is the outcome of discriminatory practices in the labor market that have crowded women into low-wage occupations and, over time, limited their capacity to accumulate human capital.³ There is however no room in the WiHo model for the kinds of market failure, buttressed by legislative and policy failures, that perpetuate “traditional gender roles” and determine the terms of trade within the household for generations.

Given the focus of the book on the Chicagoan tradition and the author’s own work, other theories of the household also get short shrift—basically one half page in the introductory chapter. This is

³The two-person general equilibrium trade model of the household in Apps (1982) is designed to shed light on this. Human capital is endogenous and so, over time, after a history of discrimination, gender differences will appear to be innate. This model provides a critique of optimal tax models that assume an innate ability theory of wage inequality.

most definitely *not* to say that the author neglects to reference much other work or to acknowledge that there may be alternative models that could also explain the empirical results she obtains. However, although many other contributions are referred to in passing, the book does not provide a comprehensive account of the literature on other household models, or engage with the literature in a discussion of the relative merits of the alternative approaches.

Despite these omissions, the book does give fascinating insights into the development of the Chicagoan approach to family household economics, as well as showing a characteristic ability to apply relatively simple price theoretic models to explain a wide range of empirical phenomena. It can be recommended to researchers, in the social sciences generally as well as in economics, for its insights into the development of the ideas of the “Chicago School” in this area of economics and for the wealth of interesting empirical results that it presents.

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Happiness and the Law. By John Bronsteen, Christopher Buccafusco, and Jonathan S. Masur. Chicago and London: University of Chicago Press, 2015. Pp. x, 289. \$40.00, cloth. ISBN 978-0-226-07549-5, cloth; 978-0-226-19566-7, e-book. *JEL* 2015-0516

Happiness and the Law (henceforth “*Happiness*”) is an important book that makes a strong case for the relevance of happiness