MONEY AND HOUSEHOLDS IN A CAPITALIST ECONOMY: A GENDERED POST KEYNESIAN-INSTITUTIONAL ANALYSIS. Zdravka Todorova. Northampton, MA: Edward Elgar Publishing, 2009, 165 pages.

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Zdravka Todorova's book breaks new ground in three heterodox traditions. Todorova combines Post Keynesian monetary theory of production (specifically a neo-Chartalist approach) with original Institutional Economics (specifically the Veblen-Ayres framework) with a feminist analysis of the role of gender that includes households, production and finance in capitalist economies in an integrated framework. Her success in developing this analysis involves both substantive theoretical and methodological advances in all three approaches to understanding the economy. Her project is simply astonishing in scope.

Todorova begins by introducing a monetary theory of production that includes households that use money as a means of exchange, money which also serves as a store of value, and business enterprises which administer prices and wages while introducing product lines that may or may not facilitate the ability of households to secure an income. She builds her analysis by discussing Keynes' theory of effective demand and endogenous money based on an understanding of money as a creditor-debtor relationship. Then, Todorova adds the neo-chartalist approach—a state theory of money where debt is created by obligations placed on citizens (economic actors) by the state. To this, Todorova adds the role of households as the foundation of the debt period. Household IOUs are illiquid; consequently households need to work to acquire money to pay their obligations to the state (taxes) and lenders (bank and business enterprises). Households are the customers for business enterprises including banks. At this juncture, Todorova adds Veblen's analyses of pecuniary emulation as a motive for consumption and the institutionalist's analysis of business enterprise.

Here Todorova makes a significant analogy between Keynes' monetary theory of production that dichotomizes finance and speculation, industry and finance, and serviceability to rentiers and serviceability to industry with Veblen's dichotomization of industry and business and the production of serviceable goods and technological innovation contrasted with sabotage of production (to increase prices) and the production of vendible imponderables. The latter term is how Veblen referred to the production of religious activities (Veblen 1914); but extending the concept to many of today's financial products and services is, to my mind, too rich an idea to leave unexplored.

Todorova concludes this section with a critique of the macro/micro dualism of traditional theorizing. Todorova proposes introducing a conceptualization of "... the household as an institution that manifests gender and monetary production processes within a pecuniary culture" (p. 32).

Chapter two of the book discusses existing attempts at including households in the Post Keynesian literature and the possibility of incorporating other theories of the household into a monetary theory of production and finds them wanting. Todorova then moves on to developing her own model of households in a monetary production economy. She starts with the role of unpaid work in the household. Todorova argues that the key to bringing gender into the household is by treating the household as the locus of social reproductive activities that impact capitalist social relation through the activities of wage labor, consumption, and unpaid work. All these activities impact upon the financial circumstances of the household and on business's directly through consumption, the provision of wage labor, and lowering the cost of the social reproduction of labor and consumers to firms through unpaid work performed within the household. Basically, Todorova constructs a warranted wage bill that would pay for the unpaid work performed to renew the labor supply in private households and compares that to the actual wage bill that does not provide adequate money incomes to household to reproduce and renew the labor force. She notes that this allows the incorporation of household unpaid labor into Post Keynesian analysis because the lowered cost of labor force renewal and reproduction shows up as lower indebtedness of firms.

It is when Todorova discusses heterogeneous households that the gender analysis and the institutional analysis become fully integrated with the Post Keynesian framework. Todorova specifies multiple household types beginning with three types of financial positions. There are households whose positions are: liquid, solvent but illiquid, and net indebted. In her model, households finance their consumption between pay periods. Each household borrows based on its income and net indebtedness and is charged a different interest rate based on it financial position with weaker financial households paying higher interest. All households have obligations that require money income from wages or interest on savings to meet those obligations so each household's ability to substitute unpaid housework for paid wage labor is limited. Even with identical wages over time the impact of the different financial positions of the households can improve or deteriorate based on the internal structure of the household that determines the ability of the household to substitute unpaid housework for wage labor. For example, single parent households cannot devote as much time to household labor as households with two adults. Similarly the acceptability of the performance of some household labor may be structured by societal gender norms. When we add a culturally constructed differential wage structure, then gender and all other cultural factors impact on the ability of households to alter, sustain, or improve their financial position overtime.

To this framework, the author adds heterogeneous consumptions patterns where a household's consumption is a product of socially appropriate and biologically necessary consumption plus discretionary consumption which will be determined by a combination of social signifiers, wage differentials, financial position and the ability of the household to substitute unpaid homework for goods and services that can be purchased. These categories of consumption goods are fluid. Different social reference groups whether determined by class, status, gender or other social markers will mean some items that are discretionary for some households will be socially necessary expenditures in other households. These processes and the emulation that drives such behavior are affected by the marketing strategies and product development strategies of business enterprise and thus are also a component of firms cost structures; thus creating a dynamic interdependent relationship with multiple channels for feedback mechanisms between business enterprises and households. In this analysis, Todorova successfully integrates, indeed fuses, her Post Keynesian framework to both feminist economics and (original) institutional economics. This, in and of itself, constitutes a major contribution to each of these three intellectual scholarly communities within economics.

In the fourth chapter of the book, Todorova begins with a discussion of the history of money in the household. She then introduces the "Veblenian dichotomy" between ceremonial and instrumental aspects of behavior in the context of Veblen's evolutionary discussion of households. Todorova proceeds by examining "the following habits of thought: (i) invidious distinctions of employment, and specifically hierarchical gender division of labor; (ii) conspicuous leisure and consumption; and (ii) vicarious leisure and consumption." Todorova notes that these habits of thought all emerge from ceremonial valuation processes grounded in what Veblen identifies as "predatory instincts" (p. 91).

Todorova notes that the first gendered division of labor is between men's employment based on exploit and women's household labor portrayed as low status drudgery. Of course, not all men's employment is honorific but involves a complex hierarchy of high status jobs based on exploit and low status jobs that lack such a component though are usually essential to provisioning the community. According to the author, this same system of invidious status ranking of employment is introduced (through emulation of men's activities in the public sphere) into the household by the "cult of domesticity" which provides a set of criteria for ceremonially ranking homemaker's activities. The cult of domesticity elevates drudgery into homemaking and invidiously valuing the activities and standards of middle class women that for the most part are "out of reach of working class black, immigrant and single women" (p. 94).

Todorova argues that household labor, while involving work that provisions the household can also be an outlet for conspicuous consumption either by spending unnecessarily large amount of time on fabricating "home made" items for conspicuous consumption and/or through the acquisition of machinery and gadgets that are intended to demonstrate the capacity of the homemaker to spend on items of only occasional use or marginally increased efficacy in the performance of household tasks.

Finally, Todorova focuses on the role of the homemaker as a consumer of vicarious leisure on behalf of the head of the household thereby demonstrating his efficacy as a provider. By addressing these three dimensions of Veblen's analysis of household production and consumption activities, Todorova demonstrates the gendered character of the household division of labor on both sides of the public/private divide and the impact of these gendered activities on the balance Sheets of the household. Alas a short summary cannot capture the richness of Todorova's analysis.

In chapter five, Todorova discusses how tools (including policies) are used is determined by the social context including the cultural valuational systems in which they are used. An element of the institutionalists' explanation of change in institutional structures focuses on the impact of new ways of doing things as these new means to ends become available. Once a solution to a problem is feasible it can be facilitated by the cultural values system or resisted. Also pseudo-solutions can be proposed that are instrumentally (or technically) infeasible.

Ceremonial encapsulation refers to feasible instrumental change that is captured within the existing social structure in such a way as to insure that it does not alter the existing power relations within that social structure. Todorova uses the double burden of women, working for pay outside the home and doing the majority of unpaid housework within the home, as an example of ceremonial encapsulation.

Regressive institutional change occurs when policies are formulated or tools are employed because they are ceremonially warranted, meaning that they are consistent with extant enabling myths, these tools or policies while not efficacious are consistent with the needs and desires of the vested interest. Here Todorova analyzes recent consumer bankruptcy reform as a regressive institutional change.

Progressive institutional change occurs when action is taken that efficaciously addresses the social problem in question regardless of its impact on the existing power structure. The author discusses the socialization of housework as a possible area in which progressive institutional change is possible.

Todorova then employs this framework to analyze the impact of public policy, particularly government deficits, as tools and evaluates them in terms of their impact on household balance Sheets. In the simplest terms, Todorova notes that federal budget deficits allow the private sector to run a surplus thus allowing for the expansion of the economy. Absent such a government deficit, the private sector must run deficits. These private sector deficits, especially the enormous growth of household debt fueled economic expansion in recent years. Since the rate of growth of household debt is no longer sustainable, the instrumental policy response is for the governmental sector to run deficits but cultural myths make such a policy response impossible.

Todorova concludes this chapter be employing this methodology to evaluating buffer stock employment policy (government at employer of last resort) and its impact on the socialization of investment. By extending the analysis of other Post Keynesians into the household sector, the author makes an important analytic contribution to the discussion of full employment policies and the enabling myths that inhibit their adoption.

Todorova ends with a summary and suggestions for further development of Post Keynesian monetary theories of production necessarily including treating money and business enterprise as institutions and considering markets and households as loci of modern and traditional values. Households and business enterprise are deeply gendered (as are most if not all other institutions in our patriarchal culture) and this fact must be built into the analysis of these institutions.

This book is a major accomplishment. It analytically links three different theoretical frameworks in heterodox economics successfully. It is successful because

Todorova demonstrates in a compelling fashion how all three traditions mutually enhance her analysis. Todorova has drawn the explicit link between Post Keynesian macroeconomic focus and Institutional analysis by using it as microfoundations (firms, markets, money, households as components of the larger economy) in her analysis. While making this link, Todorova demonstrates that individual behavior is defined by gender relations (as well as other social relations) within these above-mentioned institutions. All of this human behavior is tied together through cultural valuation processes and a complex of enabling myths that justify actions that support the existing vested interests and frustrate any policy or behavioral innovations that threaten those interests.

This synthesis on its own would constitute a major contribution to the heterodox literature. It serves as a strong demonstration of at least one of the possible benefits of the pluralist economics movement. But even more important, indeed a crucial element of this synthesis is that each of the three analytic traditions stands as an independent support for Todorova's analysis. None of the contributing traditions is subsumed or erased or diminished by their inclusion in this analysis. Certainly Todorova has chosen elements from each tradition that allow her to fit them together. And no doubt there are elements of each tradition that will not fit easily into her framework, or any other. But at least Todorova has demonstrated that useful bridges can be built.

Additionally, Todorova has made contributions that are useful in informing questions within these research traditions. As an institutional economist, I would like to point out one in my own tradition. The Veblenian dichotomy is often described purely in methodological terms, as a tool of analysis. Proponents of this methodological approach argue, following C. E. Ayres adaptation of the instrumental logic of John Dewey, that this method is in fact characteristic of people's day-to-day valuational behavior. Even so in most institutional analysis the valuational behavior employed is often that of the analyst. This raises the question as to whether the valuation employed by the analyst is the analyst's own values or accurately reflective of larger societal valuational processes. Todorova analytically locates the valuational processes within the context of household decision-making. In her work, the valuational processes are those used by the members of the household in their individual and collective provisioning decisions (as prescribed and proscribed by the cultural context in which they live) and are manifest in the household's balance Sheet. This removes the complication of confounding the analyst's values with the social valuational processes the analyst describes because the causal link of interest in Todorova's analysis is the impact on the household's balance Sheet. This is certainly the best example of usefully employing this distinction in the recent Institutionalist literature.

Money and Households in a Capitalist Economy is a very important book. It is well written and well argued. Every Post Keynesian, Institutionalist and Feminist economist should read it. The European Association for Political Economy and the Association for Evolutionary Economics awarded the *International Prize commemorating the 150th anniversary of Thorstein Veblen's birth* to Zdravka Todorova for this book.

Reference

Veblen, Thorstein B. *Absentee Ownership: The Case of America*. Boston: Beacon Press, 1967 [1923].