THE THEORY OF THE HOUSHELD PRODUCTION
BY HAZEL KYRK AND ITS CONTEMPORARY IMPORTANCE
FOR THE ECONOMY OF THE 21ST CENTURY,
INCLUDING THE FINANCIAL SECURITY OF THE STATE

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Abstract: The theory and analysis of an American economist Hazel Kyrk (1886-1957) and her PhD student Margaret Reid (1896-1991) carried out on the consumption, production or economics of women for various reasons are not widely discussed in Poland. Although over the years, this theory has been modified, its essence remained practically unchanged and applies also to the new business models of the 21st century. Household production is based on the principle of self-help and free exchange of different goods between members of the local community. Similarly, as the work of housewives is non-profit according to the theory of Hazel Kyrk, the exchange of products and services, skills and knowledge, from the point of view of economic account doesn't generate revenue, but it helps to create the social or economic value that is in no way accounted in statistics and is not measured. Production of the household is also a source of opportunities and threats to economic security, in particular the financial security. The aim of the work is to present the theory of household production by Hazel Kyrk in order to describe its importance for the economy of the 21st century, in particular the new models based on sharing (the sharing economy) and access (the access economy). The methods used in the work are the historical method, the method of critical analysis of literature and statistical method.

Keywords: safety, financial security, Hazel Kyrk, access, sharing, economy, household production.

1. Introduction

The theory of household production was developed by various economists, especially American since the 19th century. This topic was analysed by Hazel Kyrk (1886-1957), Margaret Reid (1896-1991), Christine Frederick (1883-1970), Isabel Wingate (1901-?), Bell Carolyn Shaw (b. 1920), Marianne A. Ferber (1923-2013), Rose Barbara Bergmann.
This theme has gained its relevance in the last decade, mainly through the dissemination of different models and trends in the economy of the 21st century, especially the sharing economy and the access economy. Both trends were a response to a change in the paradigm of ownership, i.e. resigning from ownership in favour of co-ownership and access. Including in the area of the access economy and the sharing economy, but also other trends and orientations in the economy of the 21st century the thread of the household production, the aim of the work is to demonstrate that in the modern economy, in both the national and global range, many economic activities fit into the pattern of Hazel Kyrk's theory.

The work is two-dimensional. On the one hand, it combines the theme of development of the research concerning household production from the mid-19th century, when Kyrk and her successors drew attention to the problems that have not been systemically resolved to this day. On the other hand, it deals with the development of various 'household activities' in the area of the access and sharing economy, resembling those which have become a benchmark for Kyrk and identifying the chances and risks to the financial security of the State resulting from the analysed activities (cf.: Stępnicka, and Wiączek, article in the review process).

The article is purely theoretical and concerns the household production in the light of the theory by Hazel Kyrk and her reference to new forms and activities of the 21st century economy, based on access and sharing. The nature of the work also corresponds to its layout and the used test methods. The first part is a description of scientific activity of Hazel Kyrk and a characteristic of the theory promoted by her. Further considerations have been devoted to the modern modifications of Kyrk's theory and references to the economic theories of the 20th and 21st century. This part of the work also presents the opportunities and risks for economic practice, including financial security, stemming from the assumptions of the household theory. The whole completes the synthetic summary. The methods used in the work are the method of critical analysis of literature and a comparative method.

2. Career and scientific activity of Hazel Kyrk

Hazel Kyrk is considered to be a precursor of consumer economics and the theory of the household production, which has also its reference in the modern economy. Carolyn M. Goldstein (2012, p. 98) says that Kyrk was an extraordinary professor of a discipline created by herself and called home economics and female economics, which significant

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1 The subject of the role of women in economics and the digital economy was taken up by the author in the article: The Role of E(-)vangelists in the Development of Economic Theory and the Internet Economy, being in the review proces.
contribution was greatly appreciated in other scientific disciplines than the economy itself (Pietrykowski, 2009, p. 27).

Kyrk was born on November 19, 1886 in Ashley, Ohio, as the only child of Elmer Kyrk and John Benedick Kyrk. The death of his mother, when Kyrk was only three years old, and the difficult financial situation of his father, obliged her to take care of herself from an early age. In 1904, she enrolled at the Ohio Wesleyan University and at the same time employed as a babysitter in the home of the American professor of economics Leon Carroll Marshall (1879-1966), Dean of the College of Commerce and Administration of the University of Chicago. She accompanied Professor Marshall and his family also when he moved to Chicago University in 1906, where she continued her studies. In 1910, she received a Bachelor of Philosophy degree in economics and membership in the honorary students brotherhood in the United States (Phi Beta Kappa). Then she took a job as an instructor at Wallesley Collage in Massachusetts, and shortly afterwards she returned to Chicago University to continue her doctoral studies in economics, which she combined with the work of a teacher at Oberlin Collage in Ohio (Cicarelli James, and Cicarelli Julianne, 2003, p. 101; Durlauf, and Blume, 2008, p. 776).

At the outbreak of the First World War in 1914, together with her scientific mentor James Alfred North, she went to London. Here she worked as a statistician for the American branch of the international agency Allied Maritime Transport Council (AMTC). After returning to her homeland in 1918, she resumed her teaching work at Collage in Ohio and continued her scientific activity and work on a PhD in economics. In 1920, as one of the first women, she obtained a PhD in economics at the University of Chicago. Her scientific dissertation entitled "The Consumer's Guidance of Economic Activity" in the field of consumption theory was a breakthrough for the theory of economics and was published in 1923 titled "A Theory of Consumption" (Cicarelli James, and Cicarelli Julianne, 2003, p. 101-102; Velzen, 2003, p. 40; Cf.: Kirk, 1923, p. 298). In this, as well as her other works (cf.: Kyrk, 1933, 1934, 1950), she criticised the view of William Stanley Jevons (1835-1882), an English economist and a logician who assumed that individuals are inherently sovereign and guided by rationality in making a free choice on the market. According to Kyrk, the choice and behaviour of consumers is determined by many different conditions, e.g. the social environment in which they operate, the size of their income and even their cultural norms, and the divestment of their own opinions and desires favours a higher level of safety and comfort and develops ideals and higher objectives (Olsen, 2018, p. 32).

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2 Leon Caroll Marshall is an American economist, professor of political economy and a founder of economic organisations and business management.

3 In 1921 Hazel Kyrk's doctoral dissertation obtained the prestigious Hart Award, Shaffner & Marx (Jones, 2016, p. 17).
Between 1923-1924 and 2004, Hazel Kyrk worked at the Institute for Food Research at Stanford University, where she also co-authored the study of the American bakery industry, sharing this activity with teaching work at Iowa State Collage (Durlauf, and Blume, 2008, p. 776). At that time, she published her next work titled: "The American Banking Industry, 1849-1923". From 1925 until retirement age, she worked as a lecturer at the Chicago University, where she developed a programme to teach the economy on consumer themes. This made the University of Chicago the most important centre on family economics and consumption. At that time, she also developed her journalistic and scientific activities, mainly in the Journal of Home Economics and the American Economics Review. She was a scientific supervisor for several generations of graduates, including many women who were successful, working in government institutions, scientific centers etc. Education of working women was especially important for her, so in the years 1922-1925 she started teaching at Bryn Mawr College Summer School for Women Workers in Industry (Cicarelli James, and Cicarelli Julianne, 2003, p. 102). All these duties she combined with other functions, i.e. Chief Economist at the Department of Agriculture Bureau of Home Economics (1938-1941), Chairman of the Consumer Advisory Committee; (1943) and the Technical Advisory Committee of the Bureau of Labor Statistic (1945-1946). In addition, she has been involved in the work of the Chicago Women's Trade Union League (Durlauf, and Blume, 2008, p. 776).

In 1952, when retired, she moved to Washington, D.C., where she finished her work on her next book titled "The Family in the American Economy" (cf. 1953, pp. 407). In 1953, Ohio Wesleyan University honored her with a degree Doctor of Humane Letters. Hazel Kyrk died on August 6, 1957, during her holidays in a summer cottage in West Dover. The cause of her death was a stroke (Cicarelli James, and Cicarelli Julianne, 2003, p. 102).

3. Historical and contemporary reminiscences of the theory of the household production

In the scientific activity of Hazel Kyrk we can distinguish three paths – research lines, which nowadays are gaining in importance due to the worldwide changes concerning the way of production and consumption, taking over the tasks and qualities typical of producers (so-called prosumption), fulfilling free time and its measurement or valuation of household not considered while calculating gross national income. They are as follows:

- a theory of consumption and household consumption, focusing on examining the problems faced by consumers in developing their own welfare concepts;
- home economics and economic problems of the family, which included the economic analysis of American families, examining it in terms of income, prices and standard of living, but also the work of the householders, which has been a source of many

Relevant from the point of view of the article is the theory of the household production by Hazel Kyrk, which she described in a work published in 1933, entitled "Economic Problems of the Family" (see Kirk, 1933). According to Kyrk's estimates, in 1930 approximately 49 million people in the United States had paid job and about 25.5 million people were so called engaged homemakers and the work they performed was difficult to define household production. Kyrk's theory denied Thorstein Bund Veblen's theory about the classification of consumption and wives free time – housewives from higher social classes. This theory was later subjected to many modifications by Kyrh herself, when she began to see the household production as opposite to business, although in both activities it was a reduction in costs, maximisation of income and other outcomes what mattered (Jones, 2016, p. 18).

This research line of economist Leon Carroll Marshall has called the borderland between economics and home economics. It was developed by the first PhD students of Hazel Kyrk, Day Monroe (1888-?) and Margeret Reid (1896-1991). The second student took up the considerations concerning household economics in the scientific dissertation "The Economise of the Household". It was published in 1934, under the title "The Economics of Household Production".(por.: Reid, 1934, pp. 408; Forget, 2010, p. 315). As a professor in the economics of household production at the University of Iowa, she has narrowed a definition of household production for those activities carried out by members of the family which cannot be transferred to a person outside the household or purchased on the market (Jones, 2016, p. 18; see: Forget, 2010, pp. 315-318). In addition, she developed a method of measuring the economic value resulting from household production, which is also used by modern economists. Thus she became opposed to the views that the term "economy" coincides with the term "market" and she defined several methods of measurement for the economic value resulting from unpaid housework (Velzen, 2003, p. 44; Sullivan-Dunbar, 2017, p. 66-67).

By Bruce Pietrykowski, Kyrk and Reid are considered to be two of the world's most well-known researchers working on women's economics and household economics, who have left a lasting impact on the development of the described economics (Pietrykowski, 2009, p. 27-28). In the 1930s. another American economist Elizabeth Ellis Hoyt (1893-1980) joined the group of household production theory experts. She was a pioneer of consumption economics (cf. Ware, and Braukman, 2004, p. 541-543). The theory of Hazel Kyrk was developed in the form of so-called home economics by Helen Canon, a professor of household economics at Cornell University in New York, Benjamin Andrews, a professor of household economics from Teachers Collage at Columbia University in New York and Faith Moors Williams.

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4 This issue was raised during her work at University of Chicago, where she pointed out that, as part of the theory of the household production, researchers should focus on family problems rather than research on mass production (Goldstein, 2012, p. 37).
The theory of household production by Hazel Kyrk is considered to be the breakthrough in the history of economic thought.

4. The theory of the household production, and the new models of the 21st century economy and the threats to the financial security of the State resulting from them

Until recently, the theory of the household production by Hazel Kyrk and its modifications made by other household economists, or feminist economics, were related to issues such as the economic and social role of women – wives or other family members working only in the household, the amount of lost benefits resulting from the lack of employment, types of activities considered to be productive and unproductive in the household, the timing and income from doing household duties.

New models of the 21st century economy associated with various activities centered around access and sharing, both in the traditional (non-Internet) and the Internet environment (see: Stępnicka, and Wiączek, 2018, pp. 13-25) drew attention to those forms of activities which are nowadays carried out in the household around the world and which can influence the creation of added value, create income or take the form of unpaid favours.

Many authors perceive the access and sharing economy by the prism of consumption (cf. Bardhi, and Eckhardt, 2012, pp. 881-978; Belk, 2010, pp. 715-734; Rudawska, 2016, pp. 181-189; Sztokfisz, 2017, pp. 89-103; Zalega, 2013, pp. 3-21), which is accurate and consistent with practice. According to T. Zalega "from the economic point of view, in mainstream economics, the aim of each household is to realise consumer aspirations as a result of maximising the expected usability of consumption, assuming the existence of a set of axioms sufficient for the existence of such a function. On the contrary, from the point of view of non-economic factors (such as household size, life-cycle of a family, personality, lifestyle, habits, customs, traditions, imitation, values), consumers can strive to achieve the level of consumption characteristic of the social groups to which they aspire." (Zalega, 2013, p. 3).

Nevertheless, in the author's opinion, different models of activities, more and more popular around the world, which economic practice distinguishes within the access economy and the sharing economy, are also based on household production, including prosumption activities and are consistent with the assumptions of the modified theory of the household production by Hazel Kyrk. Examples of this type of activities include activities within the redistribution markets, systems of using products and shared lifestyles (cf. Burgiel, 2014, p. 1010-1011), but also time and skill banks and the money market.
These activities are based on the reciprocal exchange of products, services, resources and favours between members of the community as transactions that can take place through the market, but without a transfer of ownership (Rudawska, 2016, p. 184). As reported by B. Jaros (2016, pp. 82-91), the guiding idea of activities within the access economy and the sharing economy is "unlocking the value of unused product or underutilised assets" of households and the retreat from so-called BAU economy (Business-As-Usual Economy), in which dominates the attachment to growth (Jaros, 2016, p. 82-83). This means, therefore, that the emergence and implementation of the abovementioned activities in the form of access and sharing on the one hand, is intended to exploit unused resources in the household and to use them in a more efficient way and on the other, reduce or minimise the cost of using household items, create added value, obtain additional income, etc. (cf. table 1).

Table 1.
Examples of activities based on access and sharing undertaken in household production in the 21st century economy

<table>
<thead>
<tr>
<th>Activity</th>
<th>Manifestations/ actions</th>
<th>Detailed examples of activities</th>
<th>Example platforms/organisations connected with the type of activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>redistribution market</td>
<td>cashless exchange of household goods</td>
<td>passing unnecessary things to the concerned people, including so called bookcrossing</td>
<td>Around Again Freecycle ReadItSwapIt Bookcrossing Dam Bo Mam Drugie Życie Książki</td>
</tr>
<tr>
<td></td>
<td>the Internet exchange of one good to another of the same kind or of a similar value, so called swapping</td>
<td>Big Wardrobe Thred-Up Swap SwapStyle Swapmnie Thingo Wymianki Wymiennik</td>
<td></td>
</tr>
<tr>
<td></td>
<td>events organized for people willing to swap certain categories of goods – swap parties</td>
<td>Swap Parties w Nowym Jorku Berlinie, etc. imprezy organizowane w różnych miastach</td>
<td></td>
</tr>
<tr>
<td></td>
<td>sharing or exchanging items within local communities</td>
<td>Hey, Neighbor</td>
<td></td>
</tr>
<tr>
<td>system of using products</td>
<td>lending and short-term renting of goods</td>
<td>owned goods: tools, equipment, clothing, including private cars (for a monthly fixed fee or other form of payment)</td>
<td>RelayRides The Hire Hub WolneAuto Zipcar</td>
</tr>
<tr>
<td></td>
<td>carpooling, including transport services in private cars on demand</td>
<td>BlablaCar Carpooling Autem BlablaCar</td>
<td></td>
</tr>
<tr>
<td></td>
<td>so-called neighbourhood borrowing of different items</td>
<td>Share Some Sugar</td>
<td></td>
</tr>
<tr>
<td>time and skills banks</td>
<td>exchange of services, talents and passions</td>
<td>mutual help, services and favours, which will be rewarded during the hours of assistance (for example tidying one's room) or given in a form of skills</td>
<td>Etsy Kickstarter Vandebron LendingClub Quirky Transferwise Taskrabbit</td>
</tr>
<tr>
<td>money market</td>
<td>social lending, P2P currency exchange</td>
<td>lending money for a limited time (P2P lending, social lending) through online platforms; currency exchange between</td>
<td>Kickstarter Indiegogo Polak potrafi</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
The examples of activities presented in the chart that are a part of the access economy and the sharing economy undertaken within the household production include the free exchange of different goods between members of the local community, but also in many cases of cash change. Because of the rules in which they are held and the places in which these activities occur, it is difficult to classify them into so-called 'clean market forms' (taking into account the classic concept of the market). They rather take the form of activities which, like housewives' work, according to the Kyrk's theory, are non-profit from the point of view of modern fiscal policy, and the exchange of products and services with assigned to them skills and knowledge, from the point of view of the economic account does not create income, but results in the emergence of values of a social character, which, because of the form and place it is difficult to measure and recognise in statistics. This element corresponds to the theory of the household production described in the work, in addition to the positive aspects identified in the previous deliberations, can be a source of various risks to the economic security, in particular the financial security, which can affect both national and global economies. The author made her categorisation in micro-scale (concerning consumers, producers, markets) and macro-scale (concerning economy as a whole) (table 2).
Table 2.
Examples of risks to the financial security in the micro-and macro-scale, resulting from the household production in the economy of the 21st century

<table>
<thead>
<tr>
<th>Risks in the micro scale</th>
<th>Risks in the macro scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>difficulties in identifying the border between the consumer household, and the production household, which results in incomplete or non-exhaustive information in respect of tax legislation</td>
<td>absence or inconsistency of the regulations of different areas of access and sharing concerning taxes arising from determination which activity related to the household production is carried out on the principle of barter or social exchange and which for profit</td>
</tr>
<tr>
<td>distortion of the concept of 'market' in its classic meaning (both as a site, a mechanism and a process) together with an informative function of the price and its price forming function</td>
<td>so-called. &quot;spontaneous, non-commercial initiative, which aim may be to limit consumption&quot; in favour of sharing and access</td>
</tr>
<tr>
<td>formation of so-called &quot;pathology&quot; in the access economy and the sharing economy, with the emergence of new corporations, acquiring tasks and facilitating the implementation of activities resulting from household production</td>
<td>difficulties in identifying the impact of the phenomenon on the economy in the field of security of employment, the grey area, the deregulation of other economic processes</td>
</tr>
</tbody>
</table>

Source: own elaboration.

The most important threat to the financial security, affecting the functioning of national and global economies, is the uncontrollable (by legislation, market, etc.) blurring of the border between the consumer household and the production household (so-called household production), resulting in the escalation of other economic and financial problems and risks. The lack of restrictions on the implementation of the roles of the consumer, the producer and the prosumer contributed to the emergence of activities that allow immediate exit from one role and move to another. An example would be a financial activity that, until recently, households have reported demand. The dissemination of access and sharing-based activities has made that they can also act as formal lenders by entering into crowdfunding relationships.

An equally important threat seems to be the distortion of the term 'market' (also in relation to the labour market), typical of the modern economic system, which concerns a place, a process and a mechanism to create a structure similar to abovementioned economic category, which is governed by its own laws. An example would be the exchange of services and favours paid in the hours of provided services or given in the form of skills that constitute the basis for the functioning of the time banks.

Important for the financial security in the macro scale is undoubtedly the lack or inconsistency of legal provisions concerning the activities of the sharing economy and the access economy in relation to tax burdens. It is difficult to refer to tax law in the case of, for example, mutual borrowing of things within the global community, or the exchange of services or favours within the time and skill banks.

The risks connected with the household production in the economy of the 21st century are much more, and Hazel Kyrk's theory does not take all the problems that are relevant to the national and global economy. As reported by C.C. Jones (2016), both Kyrk and other economists did not have particular influence on the development of modern federal income tax. Beyond the area of Kyrk's theory, there is also a whole bunch of risks in global economy, arising...
from the functioning of new models and activities, their hybridization, as well as changes in the role of household production over the years. These changes are accompanied by an increase of entrepreneurship, building competitive advantages and expanding market opportunities.

Summary

The theory of the household production by Hazel Kyrk, cultivated and modified by herself, as well as Margaret Reid and Elizabeth Hoyt with whom she worked and befriended for many years, influenced the change of the perception of so-called home economics in American academic education, mainly by focusing on the problems of economic prosperity of families (cf. Forget, 2010, p. 316). The discussion on the production and consumption role of the household, the balance of its income, or the provision of the future is also valid today when new models emerge. Although Kyrk's theory is not a full reflection of the situation prevailing in the modern national or global economy, which, in obvious taking into account the progressive socio-economic changes, however, by referring to the economic situation, position and role of women in the household in the 19th and 20th centuries, as well as described household production, the author sees the relationship between the assumptions of the described theory and the new models of economic activity that are undertaken by households in the 21st century.

The inspiration for the return to the theory and considerations of Hazel Kyrk, made over household dilemmas, consumption, or the economic problems of families at the turn of the 19th and 20th centuries around the world are new models of activity (currents, trends, orientations, etc.), within the assumption of economies based on access and sharing, in which the consumer acquires the title of prosumer, who is actively involved in the creation and sale of the product, but also in which these roles can be immediately changed when necessary. The economies of access and sharing lead to "blurring the boundaries between consumers and producers (suppliers). The consumer becomes, at the same time, a trader, producer, supplier as the one who has certain resources" (Pietrewicz, and Sobiecki, 2016, p. 18). So at the heart of Hazel Kyrk's theory, as well as household production within the economies of access and sharing, there is an assumption that households have unused resources, including the human resources, which are activated when they get into the economic cycle. This makes this colloquially "bottom-up part of the economy" take up activities related to the exchange, provision of microservices, and sharing various objects.

Household production in the 21st century, described by the prism of the access economy and the sharing economy, is an important sector of activity in the modern economy, requiring further research and analysis. Access and sharing, as forms of gainful and non-profit activities, carried out in the context of household production – the "bottom-up part of the economy", will hook up in the case of various activities (shared lifestyle) with a grey area and thus threaten
the financial security. This is reflected in difficulties to estimate the value of the household production in GDP or other global statistics. On the other hand, modern household production is considered to be a special case of human activity, conducive to the implementation of social, community and pro-sumptive objectives for the functioning of households in the economy.

References