

# Intrahousehold Bargaining and Resource Allocation in Developing Countries

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In 1995, Alderman, Chiappori, Hoddinott and Kanbur declared that it was time to “shift the burden of proof” and that we should assume that bargaining power within the household affected outcomes.

What have we learned since then? How can we use knowledge on intrahousehold decision-making to shape policy?

And why is it so hard?

# Analytical Frameworks

- 1) Testing the unitary model of the household;
- 2) Testing for efficiency in allocation or production
- 3) Determinants of household decision-making and resource allocation
- 4) Experimental games – to understand decision-making processes

# Who is bargaining?

- Typically husband and wife
- But bargaining power may result in choice not to marry (or remarry)
- Doesn't consider two other adults; typically assumes preferences differ by gender and examine gender patterns
- Intergenerational decision-making
- Typically ignores bargaining within extended family, community, etc.

# Identifying bargaining power

- Bargaining power is unobservable
- Need to find proxies for bargaining power
- Appropriate proxies depend on question
- Many things are good indicators of bargaining power; correlated with it
- Challenge is identifying causal relationships
- We want to find policy levers

# Identifying causality

- **Institutional changes**
  - Marriage and inheritance laws
  - Prices and market changes
  - Government policies, e.g. transfers & ag reforms
- **Instrumental variables**
  - Often seek instruments for income or assets
  - Rainfall
- **Randomized Experiments**
  - Rolling out programs, e.g conditional cash transfers
  - Impact evaluation
  - Experimental games

# Proxies & Indicators

- Income and employment
- Assets
- Human Capital, especially education

Women with more income, assets, education have more bargaining power, but harder to tell if these cause bargaining power.

# Bargaining over what?

## Measuring outcomes

- **Consumption**
  - Private or individual consumption
  - Patterns of expenditure
  - Transfers out of household
- **Production**
  - Allocation of ag inputs across plots
- **Labor Allocation**
  - Labor force participation
  - Household chores
- **Children's Outcomes**
  - Health, Education
- **Decision-making**
- **Other: violence, ownership of assets, women's health**

# How can we learn more?

- Design implementation of institutional changes so that they can be evaluated: baseline studies, roll out programs using randomized design
- Qualitative evidence can help identify the causality when quantitative data only shows correlations

# Conclusions

- No silver bullet.
- Challenging to show bargaining power affects outcomes using rigorous analysis.
- The rigorous analyses that show causality often are less directly relevant for policy.
- But much evidence that bargaining power is correlated with these policy variables.
- Lack of rigorous evidence does not necessarily imply that the relationships are not there.
- And most of the policies that we would implement to increase women's bargaining power are good using other criteria.