

Chronic Poverty and Understanding Intra-household Differentiation¹

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'An understanding of the (intra-household) allocation of resources and responsibilities is essential to predict the consequences of policy decisions and the impact of development projects.'

(Rogers:1983, in Haddad:1994 pp347)

1. What is the household?

Chayanov (1966, in Thorner et al, 1966), the author of one of the key new household economics models, believed that the household represented a place of exchange.

Becker (1965) saw the household as being a place where commodities are produced and utility is generated for the household, according to one set of preferences, by combining time, goods purchased in the market and goods produced at home.

Evans (1991) observes that households are often shifting flexible structures made up of a collection of individuals, usually assumed to have a kin relationship with each other whose boundaries are difficult to discern. (Evans, 1991:54)

¹ The ideas in this paper have been developed further and form the basis of a Chronic Poverty Research Centre Working Paper - Bolt, V.J. and Bird, K. (2003) *The Intra-household Disadvantages Framework: A Framework for the Analysis of Intra-household Difference and Inequality.* CPRC Working Paper 20. www.chronicpoverty.org

Thus, there is no widely agreed definition of the household as a social unit as it varies with the household composition, which will differ according to locality.

However, the United Nations supports the definition that '*a household is a group of people who live and eat together.*' A variation of this is that it is an entity where '*members have a common source of major income; they share a common source of food; and they sleep under the same roof or within the same compound.*' (Casley and Lury in World Bank, 1987:163)

2. Why is intra-household differentiation important?

Until recently the household was taken to be an undifferentiated entity for the purposes of data collection and social and economic analysis. Even where researchers want to look at intrahousehold differentiation it can be difficult due to inadequate individual level data on dietary intake, anthropometric measures, decision-making, time allocation, etc. An examination of the intra-household dynamics is capable of highlighting how resources are generated, controlled and distributed in a household.

What detail is lost if we use the household as our main unit of analysis in the Chronic Poverty Research Centre? How important is this for policy makers, planners and practitioners, when we use the household as a unit?

Where the household is seen as being undifferentiated in terms of its internal structure we effectively ignore the *internal decision making processes* with respect to *differential access to and control of resources* for production, consumption, sale and thus differential levels of wealth, consumption, leisure and work. This set of internal structures will be *culturally specific*, with norms and power relationships based on (amongst other factors) *socially constructed gender roles*, the importance of *age* and *generation* and the *relationship of an individual to the household head*.

When we 'break open' the household we may find a number of intra-household inequalities with regard to:

- division of labour (based on gender, generational, relationship to household head)

- distribution of productive and reproductive tasks
- non-waged labour
- decision making processes
- allocation of resources - land, labour, capital, information/ entrepreneurship, education and others (access to and control over the means of production)
- time allocation
- relationship between leisure and work time (time charts over 24 hours, throughout a season, a year, and a human reproductive cycle can be illustrative)
- freedom of movement

What happens to income once it enters the household (do all individuals have control of income from goods they sold, or their labour helped produce)

- budgeting
- control over income
- decision making

3. Household decision-making

3.1 The Household and Utility

If we look at the Household Models of microeconomic (Neo-Classical) theory they mostly take the household as having a single utility function. This assumes that either all members of the household share the same utility function which can therefore be aggregated with no loss of information, or that decisions are made within the household which act to maximise the aggregate utility of the household members. (see *Welfare Economics* where *Pareto Optimality* is compared with the *Hicks Kaldor Compensation Principle*. See also Ellis 1993, *Peasant Economics* pp180.)

A single household utility function assumes that the household contains *one* set of preferences and that the household is a unitary

entity. If this is the case, at a given set of prices and with pooled income, resources will be allocated in a way that will achieve maximum output (goods). These goods produced relate to a common set of preferences from which the household achieves its utility (Haddad, 1994:348).

This *black box of household collectivity* (Kabeer 1994:98) despite having an important simplifying function has problems of losing important detail - as with any other aggregation. It assumes a unitary model of decision making and utility, which is used to explain two aspects of household behaviour (Haddad, 1994:348):

1. decisions about the *quantity* of goods *consumed*
2. equal/ unequal *allocation of goods*

The *systematic nature of inequalities* leads to questions as to whether women and children voluntarily relinquish leisure, education and food.

If households have a joint utility function, as the New Household Models assume them to have, this must mean that the household has a common set of goals. Sen's 'glued together family' (Sen, 1983), and Haddad's 'the benevolent dictator family' (Haddad, 1994) are two ways in which this apparently common set of goals and the related decision making processes may occur. This common set of goals implies that utility is derived from the attainment of family/household rather than individual goals. But how are these joint goals formulated? How does the household ensure that all household members act in pursuit of these joint goals (without *free-riders* abusing the 'system')? These questions mean that it is analytically and logically easier to assume that the single utility function is derived by reference to an altruistic household head. In order to avoid free riding and other problems of individualism causing distortion, it is necessary to conceive of the idea of a benevolent dictator (see below).

Evans, when defining the household, states that 'households function according to generalisable rules of family and domestic organisation which involve household members in corporate activity within clearly defined socio-economic boundaries' (Evans, 1991:51). If this is the case, we must assess how generalisable the rules of

decision-making are within the socio-economic organisation that we call the household.

3.2 Decision Making Models

We can split decision-making models into two broad sets:

1. unitary models - assume one utility function and joint decision making based on agreement, where preferences are identical and resources are pooled (Haddad, 1994:348)
2. collective models - allow different decision-makers to have different preferences and tastes

3.2.1 Unitary models

We will not give any attention to the neo-classical theories of the household, as they do not add to our understanding of intra-household distribution and decision making.

3.2.2 Collective models

There are two main sub-groups of collective models:

1. Co-operative models
2. Non-co-operative models

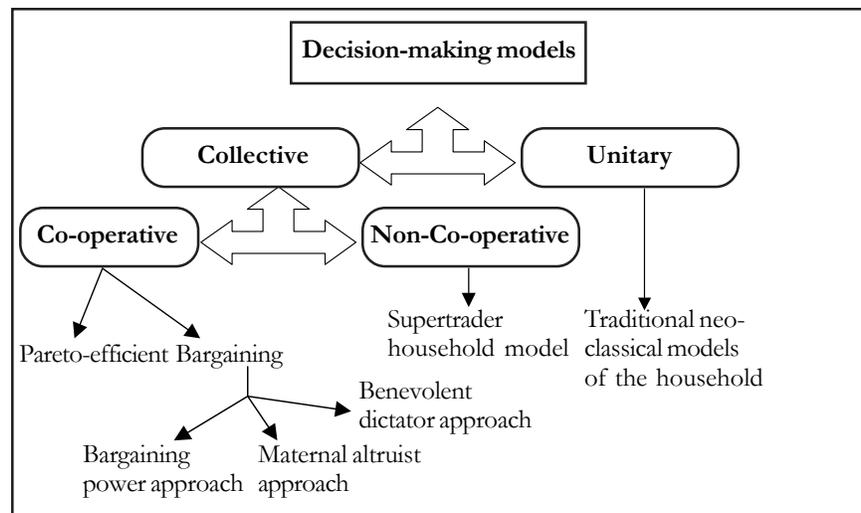


Figure 1: Decision-making models

3.2.1 *Co-operative models*

These assume that individuals have free choice as to whether to live singly or whether to join and form a household, with the key basis of the decision being utility. If utility is higher through forming a household then this is done. A decision to form a household may be supported by the economies of scale in the production and consumption of certain goods. If the household generates a surplus then questions about distribution arise. This introduces the need for decision-making models to investigate the basis of decision making.

There are two types of co-operative model. The first assumes that household decisions are always Pareto-Efficient. Nothing is assumed at the outset about how decisions are made concerning distribution. Instead decisions are estimated from data. The second assumes that decisions are the outcome of a bargaining process. This is modelled (using game theory) with the 'fall-back' position being the break-up of the household, with the division of assets. Thus, in this model household decisions are made on the basis of, if the household broke up, then who would gain and who would lose the most. (This depends on extra-environmental parameters (EEPs) such as laws concerning access to common property etc.) (Haddad, 1994).

- i) **Bargaining Power Approach:** This is a subset of the second type of co-operative model, and assumes that all household decisions are the product of a bargaining process, where EEPs are significant in influencing the outcome. (Haddad, 1994).
- ii) **The Maternal Altruist Approach:** Women are often under more social pressure than men to subordinate their basic needs to those of other family members. This results in display of 'maternal altruism', which may affect decision making and actions related to access to and control of resources for production and consumption.
- iii) **The Benevolent Dictator Approach:** This assumes that the household head will make access and allocation decisions that will lead to the best possible result for the household as a whole. This may result in some seemingly brutal decisions that are not

guided by self-interest but are determined by the long term survival and reproduction of the household.

3.2.2 Non-Cooperative Models

These are somewhat less common in the literature, but can be represented by Becker's Super-trader Household Model (Becker 1981). This model assumes that individuals are not constrained by social norms, and 'trade' (bargain, barter and negotiate) using implicit prices to determine resource allocation.

Table 1: Ways of exploring difference

	In-depth Interview	Key Informant	Secondary data	Survey
Nutritional outcomes: stunting, wasting, macro and micro-nutrient deficiencies	✓		✓	✓
Morbidity	✓		✓	✓
IMR	✓		✓	✓
Premature Mortality	✓		✓	✓
Mental Ill health				
Disability	✓	✓		
Literacy	✓		✓	
School drop-out				
Ownership/ control of assets –	✓			
Access to assets	✓			
Control of returns to assets	✓			
Access to public fora	✓	✓	✓	✓
Power in decision-making	✓			

3.3 Issues to consider

- Conjugal contracts – why do people form households?
- Why do people's 'backstop' positions differ?
- Socio-political/economic context for the creation/ preservation/ disintegration of households

Explore the issues given in tables and 2 - are the results different according to the 'dimensions of difference'?

Table 2: Dimensions of Difference in the Household and Interactive Processes

	Access to social and political/ community/ fora	Ability to determine own action (independence/ of movement/	Role in decision -making	Ownership of productive assets	Access to productive assets	Outcomes: <ul style="list-style-type: none"> • Nutrition • Control of the returns to productive assets (income, food, goods in-kind) • Uptake of social services (education, health care)
Gender						
Age						
Birth order						
Relationship to household head (wives in poly-gamous marriage, offspring of wives, older sons and his family in joint households, adopted orphans, cousins etc.)						
Mental illness						
Morbidity						
Physical impairment						
Mental impairment						
Combinations of the above						

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