Most economic research treats the household as a single agent assuming that individuals within the household share the same preferences or there is a household “head” who has the final say. This simple framework has proved immensely useful; despite a common misperception, it can explain many differences in well-being or consumption patterns within households. Nonetheless, recent empirical research demonstrates that this “unitary” household model is not appropriate in a variety of settings in both developed and developing countries.

The unitary model’s shortcomings are relevant to policymakers since it is frequently the basis of research used to inform policy decisions. Policies that are designed based on the presumption of a unitary model may fail in settings where it does not hold. For example, the unitary model predicts that resources within households are pooled together and therefore the identity of the recipient of (public) transfers to a household does not matter. If this is not the case, policies that ignore the identity of the recipient or simply target transfers or interventions to the household as a whole may not yield the desired results. Lastly, acknowledging more complicated household decisionmaking processes actually enables additional policy levers that can be brought to bear on development problems. While the unitary model predicts that intrahousehold behavior can be changed only by changes in prices and household incomes, alternative models suggest that many other mechanisms can do so, such as changes in access to common property resources, credit, public works schemes, and legal and institutional rights.

Both theoretical concerns and empirical evidence have cast doubt on the unitary model, spawning a variety of alternative models of the household that focus on the individuality of household members. Among these are so-called collective models that allow differing preferences and only assume that allocations result in Pareto-efficient outcomes, where it would not be possible to increase the welfare of one individual without reducing that of another. A common interpretation for collective models is that there is (cooperative) bargaining within the household. This paper exploits that interpretation to construct, and carry out, a test of the unitary household model. The basic insight is that if preferences are different and there is bargaining, household decisions will vary according to the relative strengths of individuals’ “bargaining power.”

Measuring individual bargaining power can be quite difficult, however. Attempts to do so in the economics literature have focused on control over economic resources. Candidate proxies for bargaining power have included (1) public provision of resources to a particular member of the household and exogenous policy changes that affect the intrahousehold distribution of these resources; (2) shares of income earned by women; (3) unearned income; (4) current assets (5) inherited assets; and (6) assets at marriage. Any of the above measures might proxy for bargaining power if, for example, the threat of withdrawing both oneself and one’s assets from the household grants the owner of those assets some power over household decisionmaking.

We apply a single methodological framework to test the unitary model in four countries with very different social and economic conditions: Bangladesh, Ethiopia, Indonesia, and South Africa. These tests are conducted using four data sets that have been specifically designed by the International Food Policy Research Institute to examine intrahousehold allocation and draw on qualitative information to create culturally specific but quantifiable indicators of bargaining power based on assets that husband and wife brought to the marriage. Applying the common framework to the design and analysis of household surveys while paying attention to country-specific nuances has provided many important insights. For example, although women appear to bring far fewer assets to the marriage, the role these assets play in household decisionmaking varies substantially across countries.

Specifically, we test whether assets brought to marriage by each spouse have differential effects on household-level and individual-level outcomes. The household-level outcomes are expenditure shares of food, education, health, children’s clothing, and alcohol and/or tobacco. The individual-level outcomes analyzed are two measures of educational attainment: the deviation of the child’s completed schooling from the cohort mean, and years of schooling completed.

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The results for the expenditure share analysis show that the unitary model of the household is, on the whole, rejected, in all four countries. This finding is stronger in the Asian countries than in the African ones, however. Across countries, the most consistent effect is that higher relative resources controlled by women tend to increase the shares spent on education. While it is tempting to say that mothers are more altruistic than fathers, this behavior may have a sound economic basis. Since women are younger at marriage and expect to live longer, they may invest in the education of their children more heavily since they are more likely to rely on them for old age support. Furthermore, in societies where key assets that assure lifetime consumption-smoothing are controlled by men, women may attempt to meet the same long-term needs with other instruments, such as investment in the human capital of healthy and educated children.

To explore how the increased resources devoted to education play out in the household, we examine educational outcomes for children. The results for both schooling outcomes provide further evidence against the unitary model. However, the patterns underlying the earlier results differ substantially across the case studies.

In both Bangladesh and South Africa there is evidence that more assets in the hands of women have a positive impact on the educational budget shares. Yet, in Bangladesh, father’s schooling (for the 6-10 year olds) and assets (for the 11-15 year olds) have a negative impact on girls’ schooling, whereas in South Africa it is the opposite. Father’s schooling has a positive effect on girls’ schooling while mother’s assets have a negative impact. In South Africa, the pattern may be partly justified using the old-age security hypothesis outlined earlier—mothers favor sons who are more likely to provide for them—but in Bangladesh, different preferences are more likely the underlying cause. Wealthier Bangladeshi fathers may attach a higher premium to marrying their daughters off earlier, an effect opposite to that of better-educated mothers.

Nevertheless, programs designed to transfer assets to women should be carefully scrutinized. First, while more assets in the hands of women lead to higher budget shares for education, the beneficiaries of these gains are different across countries. These differences appear to be driven by both differences in preferences and underlying economic rationales. An understanding of the latter is an important ingredient into policymaking aimed at exploiting these differences. Second, different types of assets may have different implications for bargaining power if “status” or prestige is attached to a particular asset. Indeed, the special meaning or significance attached to ritual transfers such as dowries or bride price should warn us against asset-transfer interventions that are designed without paying attention to cultural contexts. Lastly, we must also remember the possibility of compensatory (or even retaliatory) action by nonrecipients.

Results also show that influences on intrahousehold allocation are operating at different levels, with different implications for policy. In the Ethiopian case, site-specific characteristics, ethnicity, and religious differences have a stronger effect than husband’s or wife’s assets. This indicates that variations across communities and ethnic groups may be larger than variations in the asset position of men and women within those groups. In this case, legal reforms that affect property rights across groups might have larger impact on intrahousehold allocation than redistribution within each group. In the Bangladesh case, on the other hand, differences in asset positions of men and women within sites are large enough to warrant interventions to increase women’s assets relative to men’s.

Keywords: Bangladesh, Ethiopia, Indonesia, South Africa, bargaining model, gender, intrahousehold