

“Female Bargaining Power and Household Decision-Making: Evidence from Mexico”

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Extended Abstract-1000 word limit

A growing portion of the literature on bargaining power and intrahousehold allocations is set in developing countries, where women’s economic opportunities have historically been weak. However, with the growing availability of jobs, access to credit, and social programs targeting women in developing countries, more research has been focused on assessing the impact of these changes on household outcomes. These studies typically link a change in women’s economic power within the household and a change in an outcome variable such as expenditures or outcomes for children (Bobonis 2009, Duflo 2003, Thomas 1994). The implied channel of causation eluded to is typically a change in bargaining power within the household resulting from the change in relative resources. This paper attempts to clarify that causal mechanism by offering explicit evidence mapping changes in women’s economic resources to changes in measures of her influence over household decisions. A related aim is to subsequently track changes in reported household decision-making power to changes in household expenditure patterns, thus completing the causal pathway between economic resources and intrahousehold allocations.

To explore these questions, this paper uses data from the Mexican Family Life Survey (MXFLS), a two-wave representative panel survey which interviewed respondents in 2002 and again in 2005-2006.¹ The MXFLS asks detailed questions about all labor and non-labor income sources for all household members as well as work hours, occupation, and employment information. The questionnaire is also unique in that it asks both members of a couple within the household (e.g. head of household and his spouse) to identify who in the household is responsible for making decisions regarding expenses and time allocation related to: (a) food that is eaten in the house, (b) clothing of the respondent, spouse, and children, (c) education of children, (d) health services and medicine for children, (e) large expenditures for the house, (f) money given to parents/relatives of respondent and spouse, (g) whether the respondent and spouse should work or not, and (h) contraceptive use as a method of birth control. Thus, it will be possible to examine the effects of relative increases in a woman’s economic resources on her influence over household decisions as reported by herself and her spouse. The data set also includes detailed household expenditure data so the responses regarding household decision-making can be mapped to their related expenditure outcomes such as spending on education, children, food, and health services.

It is also significant that questions about household expenditures are asked for girls and boys separately, allowing for an examination of the gendered consequences of changes in women’s bargaining power. Several studies have found that increasing woman’s bargaining

¹ Documentation and data are available at <http://www.ennvih-mxfls.org/>.

power results in an improvement for girls' health outcomes and not boys (Duflo 2003, Thomas 1994). The contribution in this paper would be to link changes in women's economic resources with direct measures of responses regarding who in the household is responsible for making decisions regarding those expenditures.

Estimation is not entirely straightforward, however, because identifying the effects of an increase in economic resources to a given household member could be correlated with other factors that also determine reported household decision-making power. These sources of endogeneity could be time-invariant, such as the case where women in more traditional households are less likely to work and also less likely to report they are responsible for important household decisions. To address these concerns, this paper will use first-differences, looking at changes in household decision-making and economic resources over the two waves of the panel survey. Thus, the panel nature of the MXFLS will allow me to difference any time-invariant sources of endogeneity that may have resulted in a non-causal correlation between women's economic resources and household decision-making power.

However, the sources of endogeneity could also be time-varying, for instance if families are faced with circumstances that are more likely to compel a woman to work outside the home and also increase her decision-making power. This could be the case for instance, if there were some unobserved disruption to household structure between survey waves that caused changes in both the dependent and independent variables. The richness of the MXFLS data set also helps here, since questions about various shocks at the individual and household levels are explicitly asked in the follow-up survey. This will enable me to use instrumental variables (IV) analysis where I can instrument for women's economic resources or work status with variables such as whether the household experienced an earthquake, flood, or natural disaster.

In the end, this paper will assess how changes in women's economic resources affect household decision-making and household expenditures. Consequently, it will establish an important causal mechanism between increased economic opportunities for women and the allocation of resources within the household.

Works Cited

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