Norms of reciprocity and human capital formation in a poor patriarchal household

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Abstract

If gifts are reciprocated in the future, intra-household distribution of resources will depend on premarital gifts such as dowry, bride-price and parents’ gifts to a child such as schooling and nurturing. If such social norms of reciprocity exist, parental income effects on their child’s human capital will be asymmetric, and the effect will depend on the amount of intra-household transfers made before childbirth.

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1. Introduction

It is well known that in some poor countries, child welfare often increases if income is transferred from a child’s father to the child’s mother. Considerable empirical support of this phenomenon has led to the formulation of policies that focus on empowerment of women (Quisumbing and Maluccio, 1999; Thomas, 1990).1

It is hard to explain the phenomenon of asymmetric income effects in terms of the theoretical literature on the family. A well-known result in public goods (Warr, 1983) demonstrates that expenditure on public goods (such as children in a household) is independent with respect to intra-household income distribution. Bergstrom (1997) notes that if income is redistributed from one spouse to another, a child’s human capital would increase in a non-cooperative bargaining framework only if the spouse who loses the income was not contributing anything to the child’s welfare.
before income redistribution took place. Whether intra-household “income pooling” for household public goods occurs or not is an important issue in Western societies as well: if a mother’s income effect with respect to expenditure on children is different from a father’s income effect, it will have important implications with respect to legal childcare support policies (Lundberg and Pollak, 1994).

This note argues that asymmetric parental income effects on a child’s welfare is better understood if we consider the problem in broader terms and include the role that social norms play in reciprocal relationships (Sugden, 1986; Elster, 1989). Consistent with sociological and anthropological evidence (Levi-Strauss, 1965; Gouldner, 1960), I assume that resource transfers within the household are reciprocated at least in part. This implies that past resource transfers between spouses (such as dowry, bride-price, housework and other services) and transfers from parents to children (such as nurturing, schooling, food and care) will be reciprocated in the future. If a norm of reciprocity is assumed, it can be shown that parental income effects on child welfare may indeed be asymmetric and a transfer of income from the father to the mother would have a non-neutral effect on child welfare. An implication of the model is that the parents’ marriage market conditions affect child welfare.

Why do the family members reciprocate past transfers? Although it may seem irrational to reciprocate past transfers (since there is no penalty to renege in a one-shot game), there is a large literature that supports the idea of reciprocity. For example, experimental economics very strongly supports the idea that people are ‘homo reciprocous,’ i.e., we reciprocate even if we do not have to. There is also a large neoclassical literature on reciprocity that views reciprocity as an institutional form that addresses the issues of transaction costs, uncertainty and information problems. In a classic paper, Camerar (1988) has shown why two rational agents may make voluntary reciprocal transfers. Camerar’s model may be modified to show why gifts such as dowry may be given under certain circumstances. Intra-household reciprocity may result from a complex set of factors, but in this paper the focus is on why people reciprocate. The focus is on the consequences of the reciprocal behavior on members of a family. A mother’s resource transfer to the father would depend on the father-child reciprocal relationship. A three-way reciprocity between father, mother and child plays a critical role in the formation of a child’s human capital. This aspect of a child’s human capital accumulation is not addressed in the literature.

2. Dowry, bride-price and reciprocity

In most poor societies in Asia and Africa, extensive interactions between parents take place before a child is born. One of the most important transfer of resources often takes the form of dowry which is given from a bride’s family to a groom’s family. In some societies bride-price, which is given from groom’s family to bride’s family, is more prevalent. These gifts are typically given immediately before marriage. After marriage, of course, day-to-day spousal transfer of money, housework and time takes place. If husband is the main wage earner, he transfers resources to the wife and the wife performs housework for his benefit. It is reasonable to assume that these spousal transfers are asymmetric. Consider the marital time-period before a child is born. In poor patriarchal societies, the market value of the husband’s transfer to the wife during the pre-natal period is almost certainly lower than the market value of the dowry and the wife’s housework performed for the husband. A rational wife (or her natal family) thus makes these early transfers only if she knows that she can expect resource transfers from the husband in the future. Although transfers can take place in many dimensions before and after marriage, to avoid clutter, I will use the word “dowry” to represent net resource transfer from a wife to her husband before their
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