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Title: Do Mothers-In-Law Ruin Efficiency? Evidence from Rural India

Abstract Theme - Equality, Equity and Development (missing from the list in the form)

The extended family household, in which multiple generations or married siblings of a family live and eat under one roof, is common in developing countries. Economic models of intra-household decision making ignore this caveat and assume a family unit to be comprised of spouses and their children. However, this can be erroneous in empirical studies where the decision making is impacted by other adult members residing in the household. In this paper, we use a combination of novel lab-in-field experiments and survey measures to shed light on the efficiency implications of extended family structure with data collected in rural India. We played a series of public good game with pairs of adult household members, which mimic economic decision making. Our results suggest that spouses in an extended family are less efficient in maximizing surplus. Moreover, in-laws act less co-operatively than members related by blood. This suggests coalitions are structured around marital and blood relations. Our survey measures on decision making suggest a power conflict between members when both parties have an important say. This paper points to the need of a more robust theoretical model of intra-household decision making. It also highlights that programs (for instance, conditional cash transfers) targeted at ‘the woman’ in a household might not achieve optimal results due to the complex relationship of ‘the woman’ with other members of the extended family; and a need to fine tune the definition of ‘the woman’ (mother, daughter, daughter-in-law, mother-in-law) further.