Discussion:

Does Female Empowerment Promote Economic Development?

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WHAT IS THIS PAPER ABOUT?

- Widespread and critical survey of the evidence on female empowerment and children outcomes.

- Question the suitability of policy implications without a convincing theoretical framework encompassing the economic phenomena.

- Theoretically: develop various non-cooperative family models to explain the evidence on lack of income pooling.
• Relevant in a variety of fields:
→ development, family, human capital formation and accumulation

• Raise a deep methodological question, often overlooked:
→ need a useful theory to interpret the findings, not hasty policy advice

• Non-cooperative models with 5 features
  - limited substitutability in public good production
  - different preferences for public goods
  - gender wage gap
→ dynamics; altruism
survey of existing studies

- Very useful to all of us

- Not only developing countries, but Canada, US, UK

- Female income and children outcomes, income pooling, cash transfers, natural experiments, access to credit, etc.
1. Comments on theoretical approach

• The authors want to predict lack of income pooling
  ➢ *without* assuming different preferences and the Pareto-weight affected by bargaining power

  However,

  ➢ widely accepted and reasonable assumptions
  ➢ the only assumptions needed in a cooperative model
  ➢ they introduce less common assumptions
• They want to go non-cooperative b/c:
  ➢ collective model does *not lay out* the economic process underlying bargaining
  ➢ can have very similar predictions
  ➢ yields lack of income pooling without preference asymmetry, nesting implications

However,
  ➢ beauty of collective is no need to assume specific mechanism
  ➢ not even a non-cooperative Nash specifies how agreement is reached
  ➢ similar predictions --> no need for a different model
  ➢ cannot claim that non-cooperative nest cooperative implications
  ➢ non-cooperative inefficient interaction in a family: hard to believe
acknowledge this relevant point

- introduce *altruism* to claim that *non-cooperative with altruism* can reach efficiency
  
  “with enough altruism there is little need for additional cooperation”

However,

- need a lot of altruism, care as much as for yourself
- altruism and non-cooperative: an odd couple for couples
- “spouses do not cooperate but they love each other so much”: not realistic given the empirical evidence;
  
   developing countries where women are in a difficult situation
Remarks

- give alternative motivation to support the non-cooperative approach
- assume something different from altruism: the above reasoning weakens your approach
- questionable assumptions wrt cooperative, while your motivation was exactly the opposite: simpler and more reasonable
- why complaining about asymmetry of preferences:
  biology: father’s time not perfect substitute for mother’s time in early life
2. Comments on the specific features of the model

limited substitutability in public good production

-specific technology
-very similar implications to cooperative
-apperance of preference gap may be due to gender discrimination

However,

⇒ Cobb-Douglas technology: very specific: linear? CES?
⇒ If very similar predictions, why do we need a different model?
⇒ Important point, but may get it in cooperative
different preferences for public goods
- key trade-off is between the provision of different public goods
- empirical need to have data on wide range of public goods

However,

➢ can be addressed in a cooperative model
gender wage gap

- separately consider relative wages from transfers
- introduce voluntary transfers between spouses

However,

➢ can be done in a cooperative model

(sharing rule not restricted to 0 or 1)

saying “the collective model imply an income pooling result”
3. Conclusions

- useful paper to have in the profession

- The default model is no longer the unitary, but the cooperative:
  Super-convincing if want people to follow non-cooperative!

- Reference:
  Browning, Chiappori, Weiss, Family Economics, forthcoming