

ECON 340: Economics of the Family

TA Session 1

Vaidehi Parameswaran (Northwestern Economics)

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Today

- ▶ Introductions
- ▶ Family Institutions
- ▶ The Family & the Transmission of Culture
- ▶ How Does Culture Affect Family Decision-Making?
- ▶ Conclusion

- ▶ Me: a third-year grad student in the econ department
 - ▷ Interested in labour, gender, development
 - ▷ Email: vaidehiparameswaran2029@u.northwestern.edu
 - ▷ Office hours: Tuesday 11–12pm, Friday 12–1pm in KGH 3411

Why Family?

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- ▶ But family is central to economic questions. Why?

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- ▶ But family is central to economic questions. Why?
- ▶ Family decisions affect labour supply, savings, and investment in children
- ▶ Families are the main channel for transmission of culture and values, which affect economic behaviour

Four Themes

- ▶ Family institutions vary across space and time — the nuclear family is not the only way to organise family life.
- ▶ Intergenerational transmission of ideas and beliefs
- ▶ Social beliefs that govern family practices —such as marital payments, inheritance, and co-residence upon marriage— are key determinants of economic decision-making in both high- and low-income countries.
- ▶ Culture is not immutable; it evolves with technological, economic, and policy changes.

- ▶ **Family:** “A family can be defined as the smallest group of individuals who see themselves as connected to one another... Families tend to reside together and share economic opportunities and other rights and responsibilities.”
- ▶ **Culture:** “The customary beliefs, social forms, and material traits of a racial, religious, or social group.”

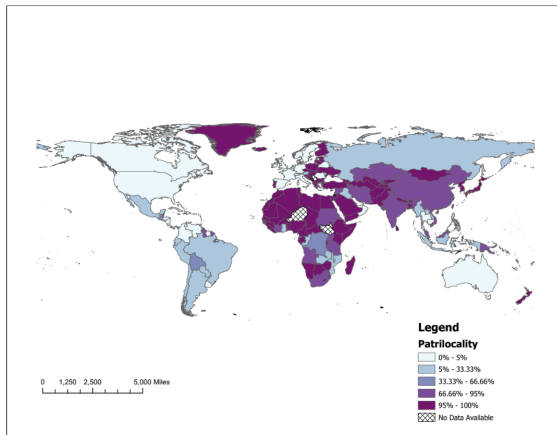
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Large variation even in traditional cultural traits

► Patrilocality

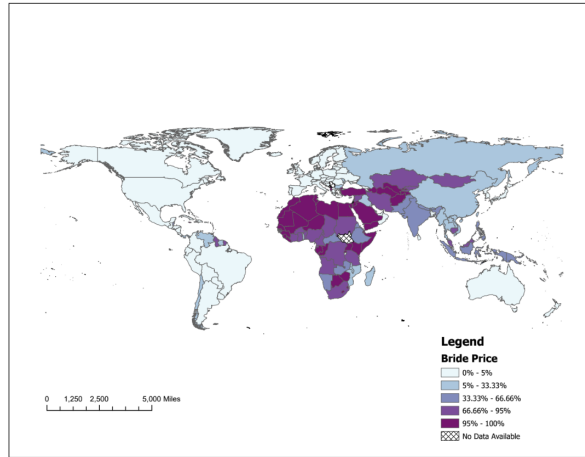
Figure 1: Cross-Country Variation in Cultural Practices



(a) Patrilocality

Large variation even in traditional cultural traits

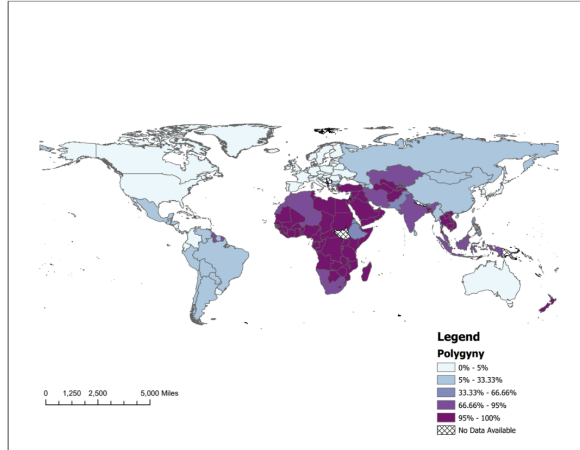
► Bride price



(b) Bride Price

Large variation even in traditional cultural traits

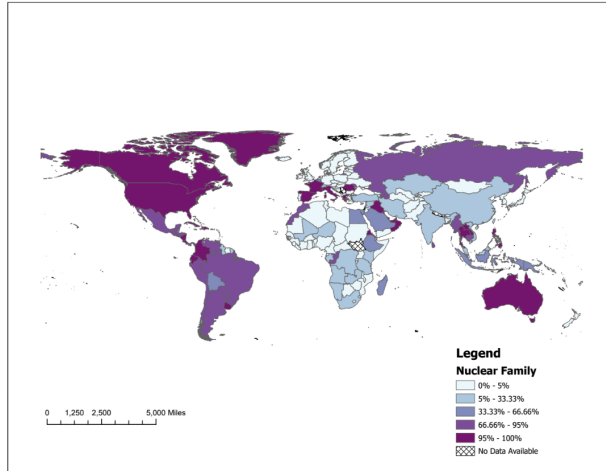
► Polygyny



(c) Polygyny

Large variation even in traditional cultural traits

► Nuclear family



(d) Nuclear Families

Why do traditional family institutions vary?

- ▶ Largely an open question in economics
- ▶ Cultural institutions can:
 - ▷ Act as decision-making heuristics.
 - ▷ Shape beliefs and attitudes.
 - ▷ Set the “rules of the game”.
 - ▷ Act as equilibrium selection mechanisms.
- ▶ They can also be evolutionary responses to environment—agro-climatic conditions and technologies

- ▶ Becker (2021): historical pastoralism leads to more restrictions on women's sexuality.
- ▶ Alesina et al. (2013): strength-based pre-industrial agricultural technology contributed to male dominance and a strong division of gender responsibilities.
- ▶ Boserup (2007): societies relying on labour-intensive, small-tool agriculture show greater prevalence of polygyny and bride price.

- ▶ The second demographic transition:

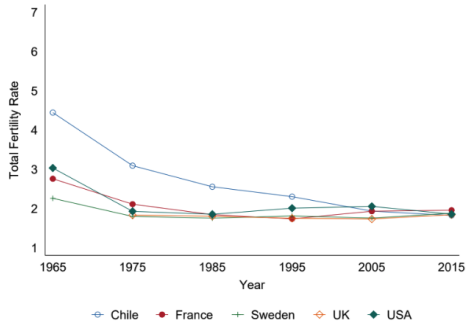
Modern changes

- ▶ The second demographic transition: decline in fertility, later marriage, marital instability, cohabitation.
- ▶ Why?

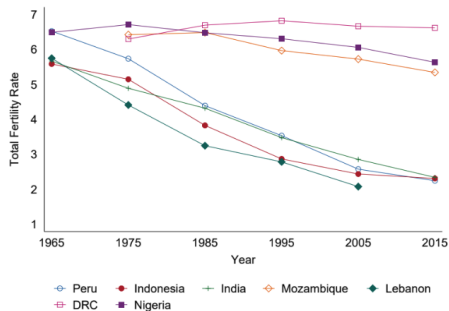
Modern changes

- ▶ The second demographic transition: decline in fertility, later marriage, marital instability, cohabitation.
- ▶ Why?
- ▶ Self-actualisation (Lesthaeghe (2010)).
- ▶ Mismatch between gender attitudes at home and the labour market (Goldscheider et al. (2015) and Esping-Andersen and Billari (2015)).
- ▶ Natural instability that should fade with the second half of the gender revolution—men involved in home production—already observed in Sweden.

Evolution of Total Fertility Rates

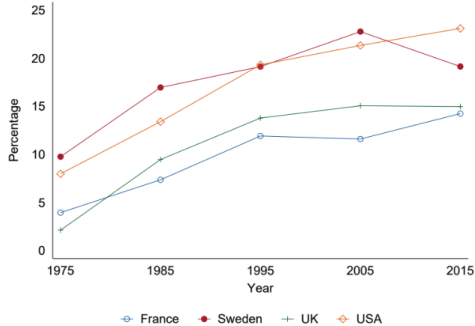


(a) High-Income Countries

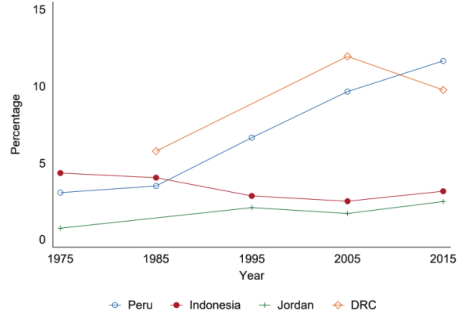


(b) Medium and Lower-Income Countries

Evolution of Divorce Rates



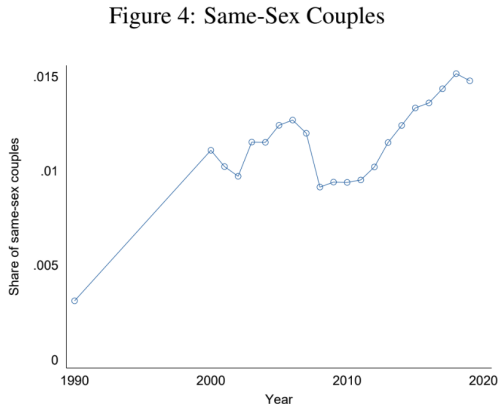
(a) High-Income Countries



(b) Medium and Lower-Income Countries

Other changes

- ▶ Cohabitation has increased—for social and economic reasons.
- ▶ Open questions—stability of cohabitation vs marriage; who is choosing to cohabit vs marry; intergenerational consequences.
- ▶ The rise of same-sex couples



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Female LFP and Fertility — Fernandez and Fogli (2009)

- ▶ Research question: How does culture affect women's labour force participation and fertility behaviour?
- ▶ Use the 1970 US Census to create a sample of second-generation married American women aged 30–40.
- ▶ Census question: “In what country were your parents born?”
- ▶ Use 1950 TFR and FLFP as proxies for culture.
- ▶ Controls: MSA of residence, education, household income, parental education, human capital in ethnic group.
- ▶ Main result: ancestral FLFP predicts women's work hours and ancestral TFR predicts number of children.

Historical Family Arrangements

- ▶ Todd (1983): four types of family:
 - ▷ absolute nuclear family: no strict inheritance rules, independent living
 - ▷ egalitarian nuclear family: egalitarian inheritance, independent living
 - ▷ stem family: cohabitation, non-egalitarian inheritance
 - ▷ communitarian family: cohabitation, collective ownership
- ▶ Galasso and Profeta (2018): these family types predict pension systems that countries adopt.
- ▶ Egalitarian societies have shared responsibility for supporting parents, so they also support more generous pension systems.

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Marriage Payments

- ▶ **Dowries:** payments from the bride's family to the groom's family, practised in South Asia and India.
- ▶ **Bride prices:** payments from the groom's family to the bride's family, practised in regions of Africa.
- ▶ Economists' take: "market-clearing transfers".

Literature on Marriage Payments

- ▶ Ashraf et al. (2020):
 - ▷ Study the effect of bride price on parents' human capital investments in daughters.
 - ▷ Show that higher bride price payments are associated with greater female education.
 - ▷ Ethnic groups that practised bride price had daughters more likely to be enrolled in school, relative to groups that did not.
 - ▷ Use exogenous school construction programmes in Indonesia and Zambia as sources of variation.
- ▶ Bhalotra et al. (2020):

Literature on Marriage Payments

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 - ▷ Exploit the fact that dowry is paid in gold.
 - ▷ Thus, fluctuations in gold prices affect dowry payments; they hypothesise that increases in gold prices lead to stronger son preference.
 - ▷ They find that prior to 1985, positive gold price shocks increased neonatal mortality of girls but not boys.

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 - ▷ They find that prior to 1985, positive gold price shocks increased neonatal mortality of girls but not boys.
 - ▷ After 1985, increases in gold price led to more male-skewed sex ratios.
 - ▷ Why 1985? Sex-selective abortion technologies became widely available.

- ▶ Male-biased behaviour: patrilocality, patrilineality, female “purity” norms, cultural rites performed by men.
- ▶ In extreme forms: female infanticide, sex-selective abortion, abandonment, lower investments.
- ▶ Technologies can amplify son preference—ultrasound, IVF—see Chen et al. (2013).

Literature on Son Preference

- ▶ Effects on investments:
 - ▷ Jayachandran and Pande (2017): use son preference to explain stunting differences between India and regions of Africa.
 - ▷ At a given level of income, Indians are much shorter, yet outperform on other health and development indicators.
 - ▷ Prenatal investments are higher for second-born female children with no older brother before gender is observed, but postnatal investments after gender is observed are lower.
- ▶ Drivers of son preference: inheritance laws.
 - ▷ Bhalotra et al. (2019): effects of a land reform in West Bengal that increased productivity and strengthened property rights; the reform increased male child survival rates in families without a firstborn son.

Intimate Partner Violence (IPV)

- ▶ In developed countries such as the US, surveys show that 37% of women report experiencing IPV over their lifetimes.
- ▶ Beyond immediate negative consequences, women affected by IPV are more likely to develop mental health problems, alcohol and substance abuse, unintended pregnancies, and employment difficulties.
- ▶ IPV is also associated with negative outcomes for children—lower birth weights and negative externalities on their peers.

- ▶ A household bargaining model.
- ▶ Violence affects: man's utility, relative status, bargaining power, woman's productivity in the home and in the market.
- ▶ Cash transfer to a woman: \uparrow her bargaining power, \downarrow his status—ambiguous effects.
- ▶ Violence may decrease if the transfer relaxes the budget constraint and increases her outside option.
- ▶ But it may increase to restore his status or to extract resources.
- ▶ Meta-analyses generally find reductions in IPV.

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Conclusion and Open Questions

- ▶ Effects of policies and shocks depend critically on culture, family institutions, and beliefs.
- ▶ Family institutions are diverse and still changing.
 - ▷ Why do different institutions arise and change?
 - ▷ How do/did societies establish who has the authority to decide whom a child marries or with which parent children should reside in the case of separation/divorce?
 - ▷ How should we understand the role of the state in shaping family institutions?
- ▶ Technological change, policy and institutional changes, learning, and exogenous shocks:
 - ▷ How does the introduction of incentives for taking parental leave (e.g., Sweden and Norway) change the division of work in the household, child-rearing responsibilities, the stability of couples, or the gender wage gap?
 - ▷ Did the one-child policy in China create persistent change in social preferences towards the ideal number of children?

See you next time!