

Intra-Household Allocations and Other-Regarding Preferences

Bruno Wichmann*

Abstract

The paper develops a household model where a man and a woman bargain over the allocation of a household good, e.g. children's health. Preferences over the household good are heterogeneous. In addition, both individuals have other-regarding preferences and care not only about themselves but also about each other. We define 'bargaining power' of an individual as the weight that this individual has on making household decisions. We find that, if the woman's marginal private utility is greater than that of the man, then an increase in the woman's selfishness has two important effects: i) it increases the man's provision of the household good (i.e. that chosen by man when he has complete bargaining power) and; ii) it increases the level of optimal provision of the good. We find that the second effect is stronger than the first. As a result, in households with authoritarian men with full bargaining power, an increase in the woman's selfishness leads to a more inefficient allocation of household goods. This result highlights challenges associated with efforts to empower women in settings where men traditionally have bargaining power.

*Department of Resource Economics and Environmental Sociology, University of Alberta.