

The dynamics of family systems: Lessons from past and present

Introduction

EDI research program produced a number of path findings papers, reviewing the existing literature linking institutions and development in particular domains, to identify evidence gaps and to frame policy relevant research questions to be studied during the remaining period of EDI program. The paper “the dynamics of family systems: lessons from past and present time” written by Catherine Guirkinger and Jean-Philippe Platteau¹ focuses on the dynamic aspects of family institutions.

Family rules directly influence the process of development by affecting an individual's ability to seize economic opportunities or by influencing the impact that public policies have on individual family members. In turn, family rules themselves evolve as a result of economic development and public interventions. Family laws but also welfare policies modify family characteristics (co-residential decision, women's bargaining power, age of marriage, inheritance norms, insurance mechanisms, etc.). Accounting for the dynamics of family systems is key to design policies that reach their objectives of enhancing the well-being of individual members of families.

This brief first shortly presents the aforementioned paper. Second it exposes the main lessons from salient studies that have estimated the effects of policy interventions on family systems, with a particular focus on the effect on women in developing countries. Third, it states the most policy relevant messages.

Finally, the authors present this paper in a video, which can be found [here](#).

Economic Development and Institutions

• • •

Institutions matter for growth and inclusive development, but there is little evidence on how positive institutional change can be achieved.

The Economic Development and Institutions (EDI) research programme will fill this knowledge gap, and take an innovative approach to ensuring world-class research is translated into positive policy change.

One unique aspect of this programme is its focus on policy engagement.

The research team will seek to reflect policy 'demand' when defining research questions and engage key decision-makers throughout the course of the programme. This will involve listening to the challenges encountered by in-country policymakers and looking out for opportunities to engage with and support ongoing reform processes.

¹ Jean-Philippe Platteau and Catherine Guirkinger are both professors at Namur University and researchers at the CRED (Center for Research in the Economic of Development) in Belgium.

What is this paper about?

This paper² focuses on the transformation of family system in the presence of changes in their environment (changes in resources, migration opportunities, development of markets, changes in family laws or social policies, etc.). This research presents two original features. First, **authors review economic literature but also sociological and historical literature**. This allows to cover the state of knowledge regarding dynamics of family patterns in Europe during a long period stretching back to the Middle-Ages, and in developing countries more recently. Second, **authors systematically distinguish two notions of the family: the household** (conceived as a co-residential units sharing the same roof), **and the extended family** (consisting in a network of households sharing rights and obligations).



Family carries out many different functions such as insurance and old age support, provision of start-up capital, assistance in job search, collective production and consumption, inculcation of social norms and values, regulation of family members reproduction (marriage function), but also administrative, judiciary and political functions (less studied in the economic literature). **These functions are especially important in poor countries where market imperfections are pervasive and where states are weak**. If markets develop and states strengthen, we may expect that family roles weaken. Nevertheless, families always remain an important fall back option in case of crisis.

Insofar as families endorse some administrative, political and judiciary functions, they may block or delay the development of well-functioning markets and a strong and effective central state. States also intervene directly in family matters through specific **legal reforms** (e.g. inheritance and marriage laws, social policies) **that aim at modifying family members' welfare so as to raise social efficiency or equity**.

Inter- and intra-household members' interactions are at the heart of the society development, especially in countries where market imperfections are important and where the state does not substitute for imperfect markets. Understanding the dynamics of family systems, power structure within families is key to design appropriate welfare policies and public reforms in general.

The paper is structured in three main sections. The first and second sections examine the two dimensions of the family, from a theoretical and empirical perspective, respectively. Authors review the literature looking at the transformation of family forms (nuclear, and more complex family system) across time and within developed and developing countries. The third section reviews studies that have estimated the intended or non-intended impact of certain public actions, on family systems. The

² Guirguinger C. and Platteau J-P., 2016. The dynamics of family system: lessons from past and present times. EDI working paper.

remaining of this brief concentrates on the main lessons from the third section, with a particular focus on the effects of family laws on women.

What do we know about public policies and family systems?

While families may provide useful services to its members in context where markets and state are not well functioning, families themselves have shortcomings: insurance mechanisms undoubtedly exist but are partial since they tend to exclude the poorest, strong redistributive pressures discourage investment, patriarchal authority might prevent young generation from using modern skills and knowledge and women from working outside the house, some influent families defend a political order that suits their own immediate interest, etc. These shortcomings justify welfare policies to improve the most vulnerable people's life and even justify state's direct interventions in family matters.

Transformations of the household and family can be triggered by two types of public interventions in particular: welfare policies unintentionally affecting the organization of family system; and **family laws** explicitly aimed at changing family members' behavior. Recent changes in family laws are typically pro-women increasing women access to inheritance, promoting monogamy, increasing age at marriage, changing divorce rules etc...

One of the first objective of welfare state policies is to provide effective insurance to people. Many studies investigate the reduction in inter-household private transfer following an increase in public transfer. They conclude that these crowding-out effects exist and that their relative importance is highly context specific. Thus, the expansion of social security programs is expected to reduce the role of extended family and to enhance, to different degree, individual autonomy, particularly of the young generations.

Since the first locus of insurance and redistribution is the household, social policies are also expected to change household sizes and composition. Little is known however on these indirect effects of social policies (Hamoudi and Thomas, 2014).

Turning to family laws, profound changes occurred in the last decades in many developing countries, typically in the direction of women empowerment. Unfortunately, only few reliable empirical studies exist in developing country contexts (there are indeed many attempts to measure the impact of divorce laws in the United States).



Existing studies are mainly concerned with changes in inheritance law, in particular the 2005 reform of the Hindu succession act in India (Deininger et al. (2013), Roy (2015), Rosenblum (2015), Anderson and Genicot (2015), Bhalotra et al. (2016), Mookerjee (2015)). It is shown that the legal reform has improved the situation of daughters not necessarily by increasing their post-mortem inheritance share but indirectly by increasing compensatory transfers they receive in the form of dowries and education. This reform also has both positive and negative impacts on other aspects of women's lives. In particular it has been shown to have reduced female child mortality, raised female bargaining power, enhanced the propensity of young couples to reside in nuclear rather than with the husband's parents' households but also to have increased conflicts over household and/or family resources and sex-

selective abortions in some instance. Another study on Kenyan equalitarian inheritance law (Harari, 2014) shows that it increased women's education, reduced the probability of female genital mutilation, delayed marriage and improved marriage outcomes. The reform in family law in Ethiopia (Hallward-Driemer and Gajigo, 2013) expanding wives' access to marital property and removing restriction against working outside the house raised women's outcomes on the labor market. When the Koranic inheritance women exclusion rule is strictly applied in Indonesia (Carranza, 2012), it encouraged practice of sex-differential fertility stopping against girls.

What are the most policy relevant messages?

Dynamic processes of change in family institutions have deep impacts on development. Accounting for these highly heterogeneous and complex processes is necessary to design public reforms that reach their objectives.

Social policies, changes in family laws but also other types of public reforms not directly aimed at modifying inter- or intra-household relationships affect family system dynamics. In developing countries, where families still have multiple functions, it is particularly crucial to accurately anticipate what kind of direct and indirect effect (changes in residential place, bargaining power of spouses, changes in informal insurance mechanisms, etc.) a top-down reform can have on family dynamics. Enforcement mechanisms also deserve attention. Indeed, while formulating pro women laws appears as a step in the right direction, ensuring that these laws are enforced is essential for impacts to materialize. (This point is made in the following video called "girl effect" <https://www.youtube.com/watch?v=1e8xqF0JtVg>).

Key policy messages

- Family is a key institution in developing countries since families fulfill many functions in societies where markets are imperfect and State is weak.
- Public reforms influence family organizations but in turn, family rules influence the impact of public policies.
- Any public reforms, but especially family laws or social policies have effects (in terms of equity and efficiency) on the dynamics of family systems, and in particular on women.
- Policy makers need to account for direct and indirect effects of their reforms on the inter- and intra-household relationship pattern to increase the impact of public policies.
- Policy makers should also reflect on the enforcement device of new laws and reforms so as to achieve the intended effects.



References and further readings

- Alesina A. and Giuliano P., 2015. Culture and institutions. *Journal of Economic Literature*, Vol. LIII, n°4, pp. 898-944.
- Anderson S. and Genicot G., 2015. Suicide and property rights in India. *Journal of Development Economics*, 114, pp. 64-78.
- Bhalotra, S., R. Brulé and S. Roy, 2016. "Women's Inheritance Rights Reform and the Preference for Sons in India," Mimeo, New York University Abu Dhabi.
- Browning M., Chiappori P-A. and Weiss Y., 2014. *Economics of the family*. Cambridge University Press.
- Carranza E., 2012. Islamic inheritance law, son preference and fertility behavior of Muslim couples in India. World Bank Policy Research Paper, (5972).
- Deininger K., Goyal A. and Nagarajan H., 2013. Women's inheritance rights and intergenerational transmission of resources in India. *Journal of Human Resources*, 48(1), pp. 114-141.
- Fafchamps M. and Cox D., 2007. Extended families and kinship networks: economic insights and evolutionally directions. *Handbook of Development Economics* (Elsevier).
- Fafchamps M. and Quisumbing A., 2007. Household formation and marriage markets in rural areas. *Handbook of Development Economics* (Elsevier).
- Hallward-Driemer M. and Gajigo O., 2013. Strengthening economic rights and women's occupational choice: the impact of reforming Ethiopias' family law. World Bank Policy Research Working Paper, (6695).
- Hamoudi A. and Thomas D., 2014. Endogenous coresidence and program incidence: South Africa's old age pension. *Journal of Development Economics*, 109, pp. 30-37.
- Harari M., 2014. Women's inheritance rights and bargaining power: evidence from Kenya. *mimeo*
- La Ferrara E., 2011. Family and kinship ties in development: an economist's perspective. In *Culture, Institutions, and Development – New insight into an old debate*. Platteau and Peccoud eds.
- Mookerjee S., 2015. Gender-neutral inheritance laws, family structure and women's social status in India. *mimeo*
- Rosenblum D., 2015. Unintended consequences of women's inheritance rights on female mortality in India. *Economic Development and Cultural Change*, 63 (2), pp. 223-248.
- Roy S., 2015. Empowering women? Inheritance rights, female education and dowry payments in India. *Journal of Development Economics*, 114, pp. 233-251.

To view the full papers please visit the EDI website at www.edi.opml.co.uk
