Socioeconomic Distance as a Determinant of Female Autonomy and Child Welfare

Kathy Baylis and Eeshani Kandpal*
baylis@illinois.edu kandpal2@illinois.edu
University of Illinois

Selected Paper prepared for presentation at the Agricultural & Applied Economics Association 2010 AAEA, CAES, & WAEA Joint Annual Meeting, Denver, Colorado, July 25-27, 2010

Copyright 2010 by Kathy Baylis and Eeshani Kandpal. All rights reserved. Readers may make verbatim copies of this document for non-commercial purposes by any means, provided that this copyright notice appears on all such copies.

^{*}We are grateful to Mary Arends-Kuenning, Don Fullerton, Phil Garcia, Nolan Miller, Carl Nelson, Yusuke Kuwayama, Catalina Londoño, and Ben Wood. We extend our deepest thanks to Sumita Kandpal and the program officials of *Mahila Samakhya*, Uttarakhand, in particular Geeta Gairola and Preeti Thapliyal. Kandpal gratefully acknowledges financial support from the Women and Gender in Global Perspectives' Goodman Fellowship and Due Ferber International Research Award, the Survey Research Laboratory's Seymour Sudman Dissertation Award, and the College of ACES AYRE Fellowship.

Abstract

We quantify the impact of network-based learning and influence on measures of female power and child nutrition in rural India. Empowering women to have greater say in child rearing may generate greater and more lasting benefits to children than nutrition supplementation. While researchers have used proxy reports or correlates like caste to trace networks, we map networks by surveying friends of respondents. We use participation in a womens education program to identify increases in female power, as well as stronger and more diverse networks. We study the ways in which networks affect individuals, namely learning and influence. Finally, we characterize the benefits of using survey data rather than proxies to identify networks. Our results linking networks to child nutrition should also inform child health policy.

1.1 Motivation

- Almost a third of all children in developing countries are malnourished (Smith and Haddad,
- 2000). How can we improve child welfare? One possible solution is to empower women.
- 3 Evidence suggests mothers invest more than fathers in their children, hence women who
- can influence their household's resource allocation have healthier children than those who
- 5 cannot (Maitra, 2004; Thomas et al., 2002; Quisumbing and Brière, 1999). In this paper, we
- 6 quantify the impact of network-based learning and influence on measures of female autonomy
- and child nutrition.
- A woman's ability to influence household resource allocation depends on her notion of
- identity, her bargaining power, and the social norm¹, which in turn depend on the local
- culture (Akerlof and Kranton, 2010). Identity can be a source of strength and confidence
- (Sen, 2006) but in the presence of constricting social norms, identity can confine and limit
- power. Since bargaining power is an inherently unobservable concept, economists use proxy
- variables to quantify it. Education, contraceptive use, and asset-ownership are three key
- proxies but can be difficult to influence in remote and poor regions. In such regions, we
- 15 argue peer networks can be more effective than traditional approaches at changing the social
- norm, bargaining power, and hence child nutrition.

¹A social norm refers to the behavioral expectations within society or a sub-group of society. Norms "coordinate people's expectations in interactions that possess multiple equilibria" (Durlauf and Blume, 2008).

- To study whether peer networks influence bargaining power and therefore child welfare, we test the following hypotheses:
- Does the bargaining power of a woman's peers affect her own bargaining power?
- Do social learning and influence cause networks to change a woman's parenting behavior?
- Do women with greater bargaining power invest more in their children?
- Do women with greater bargaining power invest more equally in boys and girls?
- Connectedness to peer networks, as measured by network size, strength, and composition, affects individual identity. Individuals learn new information from peers and trust the information because it came from a friend. They also compare themselves to their friends and define their well-being relative to their friends. Friends provide information and support, and also influence behavior. Friends thus help define identity, and can even change how an individual sees herself. Peer networks in traditional societies (as in many developing countries) may be homogenous and stratified by income or social hierarchy. Such homogeneity may limit the flow of information across the network. In combination with restricting social norms, homogenous and weak networks leave little scope for friends to influence each other's behavior in positive ways. In this paper, we examine whether network-based learning or influence can increase female autonomy, and thus improve child welfare. We examine this relationship using a causal model and primary data from India.
- Indian per-capita income has more than doubled since the mid-nineties. Agricultural production is at an all-time high, and large buffer stocks of cereals lie in government granaries.

 Such economic and agricultural success notwithstanding, over forty percent of all Indian children under the age of five suffer from malnutrition. By contrast, only about thirty percent of sub-Saharan African children are similarly malnourished (Gragnolati, et al., 2005). The fruits of India's economic growth do not appear to be reaching many of its youth. In addition,

social norms greatly restrict a woman's say in her household, and she is used to thinking
of herself almost as someone's property. As a result, the woman often has little say in the
household resource allocation, and Indian children continue to suffer from malnutrition.

Most theoretical models of parental investment in children assume arbitrarily that the mother inherently prefers greater investment in children, i.e. that she is more altruistic than the father (Agarwal, 2004). In this paper, we develop a utility maximization model in which consumption smoothing gives parents an economic incentive to invest in their children. Social networks influence the mother's allocation decision in three ways: first, support groups increase her disagreement utility, and allow her greater control of household resources.² Second, learning through networks removes constraints placed by social norms, allowing the woman a greater range of choices in her domestic life. Third, identity utility from belonging to networks causes a woman to be influenced by her friends' choices, and mimic their actions.³ Policy-makers can harness the power of learning and influence through networks to bring about greater investments in child welfare.

We collect primary data on self-reported networks, female empowerment, and child nutrition in rural north India because existing datasets do not report information on peer networks. The data are from the state of Uttarakhand, which is nestled in the Indian Hi-malayas (the cross-hatched region in the inset of Figure 1). Most villages are remote and lack access to basic infrastructure such as government schools and hospitals. Uttarakhandi women tend not to be well educated and have very low mobility. The remoteness of the region and lack of good roads combined with stringent social norms mean that once married, women are unable to visit friends or even parents regularly. This state of isolation and ignorance, accompanied by the constricting social norms restrict women to the narrow spheres of family and housework.

To model a shock to female bargaining power, we use a government program called

66

²Disagreement or threat-point utility refers to the utility each adult receives if the household bargain fails and cooperation breaks down (Mas-Collel, Whinston, and Green, 1995, p. 839).

³Identity utility is the "gain when actions conform to actions and ideals, and the loss insofar as they do not" (Akerlof and Kranton, 2010, p.18).

Mahila Samakhya (MS). The program aims to increase bargaining power through education in targeted areas. Mahila Samakhya has been in place in Uttarakhand since 1995, covering 2416 villages in six of thirteen districts in the state (program districts are represented with a thick border in Figure 1). Our survey area covers six randomly-chosen Uttarakhand districts, four with the program and two without. (The survey districts are represented in Figure 1 with a dotted pattern. The four districts with a thick border and dotted patterns are the program districts. The two dotted districts without a thick border are non-program districts.)

This paper is the first to study how networks affect child welfare through bargaining power. We explicitly measure the effect of peer networks on bargaining power and child welfare. We also collect data on a unique community-level intervention to increase female empowerment through education and use it to identify a shock to female bargaining power and spillover effects through peer networks. Further, economists tend to use caste or subcaste as proxies for networks in India. The result of a program like *Mahila Samakhya* is to expand and diversify networks, which would not be captured by caste or sub-caste. Our data allow us to examine the quality of caste and sub-caste as proxies for networks.

Studying the links between networks, female power, and child nutrition helps us understand how best to target development programs aimed at empowering women or improving
child welfare. The importance of network ties suggests development programs should target
clusters of villages to exploit the social learning and social influence effects of networks. Further, if improving female power has a greater marginal impact on child malnutrition than
nutrition supplementation, policies should invest more in programs that aim to increase
female power.

2 Literature Review

This paper differs from existing literature in three ways. The economics literature assumes that women invest more than men in children because they are more altruistic. Rather than

make this arbitrary assumption, we develop a causal model that provides women an economic incentive to invest in their children. Second, economists usually ignore the role of networks in determining bargaining power. We combine elements of the demography diffusion literature with identity economics to model bargaining power as a function of peer networks. Third, economists exploit rigidity in social hierarchy to use caste and sub-caste as proxies for peer networks in India. We use primary data on self-reported networks to test whether caste and sub-caste are good proxies for actual networks.

Economists tend to assume that men and women have inherently different preferences 99 with regard to household resource allocation, so bargaining power affects the allocation of 100 household resources as well as labor supply decisions (Ghosh and Kanbur, 2008; Agarwal, 101 2004; Sahn and Stifel, 2002; Quisumbing and Maluccio, 2000). As a result, a woman with 102 little bargaining power within the household gets a smaller share of the household's resources 103 than a woman with more bargaining power (Phipps and Burton, 1998; Thomas, 1990). The 104 greater the woman's control over resources, the higher the level of investment in children. 105 Household resource allocations can vary significantly depending on who makes the decisions: 106 men spend most of the money on personal consumption while women channel a large share 107 to their children's education and health (Kanbur and Haddad, 1994). 108

Since female bargaining power is an inherently unobservable concept, the economic lit-109 erature uses proxies to control for it. Education, contraceptive use, and asset-ownership are three key proxies; evidence from India shows strong positive correlations among female 111 education, freedom of movement, and better maternal health (Malhotra et al., 2003). Rah-112 man and Rao (2004) study the determinants of female autonomy in India, finding that a 113 better-educated mother has greater bargaining power. They also find culture, as measured 114 by state fixed-effects, to be significant despite several control variables. Schuler and Hashemi 115 (1994) find that more empowered women are more likely to use contraception in Bangladesh 116 Beegle et al. (2001) find evidence that a woman's influence on resource allocation varies 117 with her family's social status and with her and her father's education relative to that of her 118

husband. A woman with some assets that she perceives as her own also has a greater influence on reproductive- and child- health decisions than a woman with no share of household assets.

While the economic literature often ignores the role of networks in determining female 122 power, the demographic diffusion literature has extensively studied the impact of social 123 interactions on individual contraceptive use. Social learning and social influence describe 124 how individuals act on information acquired from peers (Montgomery and Casterline, 1996). 125 In this literature, social learning occurs when women obtain information about contraceptive 126 methods from peers and family. Therefore, social networks provide information and help 127 individuals gauge the quality of the information (Kohler et al., 2001). Social influence occurs 128 when individuals act in similar ways to avoid conflict within the social group. Networks also 129 work through examples to encourage individuals to copy peers' behavior (Behrman et al., 130 2002). Networks thus provide the set of peers to whom we compare ourselves and relative 131 to whom we define our well-being (Akerlof, 1980). 132

Few papers have linked the theoretical advances of the contraceptive-use diffusion literature with the female bargaining power literature. No other paper has used self-reported
networks in studying the determinants of female power and child welfare. Can peer networks
increase female intrahousehold bargaining power and thereby improve investments in child
welfare? In this paper, we seek to fill this gap by explicitly modeling female bargaining
power as a function of connectedness to peer networks.

3 The Mahila Samakhya Program

In 1988, Mahila Samakhya was launched in three states of India to improve formal, informal, and vocational education for women. The community-level program was placed in districts targeted both for their low rates of female education and low school attendance by girls, relative to male educational outcomes. The program also targets remote areas, with little access to infrastructure. Participation in the program is voluntary, and no monetary incentives are offered.⁴

Mahila Samakhya started in Uttarakhand in 1995 and implements its agenda through 146 village-level groups of women. The program is funded by the Indian government and the 147 British Department for International Development. Annual national and state reviews of 148 the program use summary statistics to evaluate its effectiveness in increasing female empow-149 erment, as measured by educational attainment, the regularity of village- and district-level 150 group meetings, and political participation in the village council. Reviews also use informa-151 tion from focus groups to gauge whether the program has raised the level of confidence and 152 the sense of community in participants. Janssens (2010) uses Intent-to-Treat estimates to 153 evaluate the Mahila Samakhya program in the state of Bihar, and finds that the program 154 significantly increases trust and engenders social capital. Non-participant households in pro-155 gram villages also exhibit higher levels of trust and are more likely to engage in community 156 building activities than households in non-program villages. 157

Mahila Samakhya conducts literacy camps and provides continuing formal education to 158 women and girls. The program provides vocational training to enable participants to earn an 159 income. Participants have used the training to become midwives, herbal medicine manufacturers, bakers, grocers, candle makers, and tailors. In addition, the program provides special education on resolving domestic disputes and conflicts within the community. The program also encourages women to participate in village politics as a means of self-empowerment. 163 Participants hear about the success women have had in the labor force, and the important 164 roles women can play in Indian society. They are also told about the benefits of having a 165 daughter and of not discriminating against her. Groups of participants support each other 166 on issues like domestic violence, alcoholism, dowry, and female infanticide. 167

Village- and district-level meetings allow participants to step outside their homes and villages, making their lives less solitary. They meet women from other villages, castes, and

168

169

⁴When participants travel to district-meetings, they are housed and fed at the program headquarters, and their travel expenses are reimbursed.

religions, which expands their peer networks and also lets them engage in conversation not pertaining to domestic chores and family. The semi-formal and well-structured nature of these interactions facilitates dialogue, and enhances the program's effectiveness. The information provided by *Mahila Samakhya* as well as that exchanged within the newly-expanded networks can help change social norms. The learned vocational skills allow participants to engage in income-generating activities. Changed social norms and the ability to earn an income enables these women to have greater control over household resources.

177 4 The Causal Mechanisms

Mahila Samakhya has two effects on female empowerment: one direct, and one indirect. 178 The direct effect works through education, while the indirect effect works through changing 179 social networks. In this paper, we examine the indirect effect. Figure 2 describes the causal 180 mechanisms at work. The ovals represent observables—participation in Mahila Samakhya, 181 individual characteristics, the size, strength, and composition of networks, investments in 182 child welfare, and remittances from children. The blocks represent unobservables—village 183 culture, identity utility from the social norm, constraints placed by the social norm, and 184 individual bargaining power. Dotted lines present feedback effects, such as the effect of the 185 program on village culture via individual characteristics.

187 4.1 Direct Effect

Participation in the program increases the woman's educational attainment, which is an endogenous individual characteristic. Providing a woman education improves her job prospects (Phipps and Burton, 1998). When bargaining with her husband over household resources, knowing about better job opportunities and having more marketable skills increase her disagreement utility. More education thus raises bargaining power, which in turn increases the investment in children.

4.2 Indirect Effect

Participation also expands peer networks and access to information. In interviews, partici-195 pants reported not even knowing five people outside their families prior to participation in 196 the program. Mahila Samakhya introduced them to many more women, and through them 197 to information on the opportunities and facilities available to women. Participants then 198 realized the benefits of educating their daughters and of immunizing their children. The 199 program also changes the composition of networks by introducing women from different vil-200 lages, sub-castes and castes, and religions, which diversifies networks. Higher caste women 201 are more likely to be educated, and meeting more high caste women may encourage lower 202 caste women to avail of the educational facilities provided by the program. 203

The influence of and learning from peers affect (1) a woman's bargaining power, (2) the 204 constraints placed by the social norm, and (3) the identity utility received from belonging 205 to a group. Strong networks provide support groups that influence individual behavior 206 and increase the woman's power within her household. Individuals also learn from and are 207 influenced by friends. Observing peers adopt new behaviors influences a woman's behavior 208 because she trusts her peers and their judgment. Finally, people receive identity utility from 209 belonging to a network, and from behaving like their friends, allowing networks to further 210 influence behavior. 211

212 4.2.1 Bargaining Power

The social influence of networks changes individual bargaining power. Participants have more opportunities to interact with their peers, especially away from home. They develop a stronger network that can support them if they face domestic violence, or help change the household resource allocation. A woman with no support group will remain in the status quo for fear of being ostracized. By organizing women into support groups, the program increases their power within the household and community without fear of social sanction. The support group also intervenes directly when a participant's family refuses to

improve its treatment of her. A participant reported that her *Mahila Samakhya* network intervened when her husband and in-laws did not allow her to feed her daughter as well as her son. Another respondent said that her husband's treatment of her improved after she joined *Mahila Samakhya* because he was worried that program officials would intervene in his domestic life and shame him in the village. Participants have "strong ties" (Kohler et al., 2001), which give them the strength and confidence to have greater say within the household.

227 4.2.2 Constraints Placed by Norms

Social learning can help remove the constraints placed by norms so women have more choices. 228 A woman can learn new information from her peers. She may not have realized certain choices 229 (for instance, the ability to study or work) were available to her. This effect can be thought 230 of "as expanding the set of choices known to the woman" (Montgomery and Casterline, 231 1996, p. 158). Further, the outcomes of the educational and employment choices made by 232 her friends provide an "empirical demonstration of the range of consequences that can follow from the adoption of a particular choice and may thereby shape the woman's subjective probability distributions" (Montgomery and Casterline, 1996, p. 158). Such learning is not 235 restricted to close friends and can occur through "weak ties" (Granovetter, 1983), such as 236 the ties with program participants from other villages. 237

Information about new opportunities can also be valuable for it's own sake. For instance,
one interviewed participant said that just knowing that women were successful lawyers, diplomats, professors, and entrepreneurs changed her outlook on life. The information caused her
to want to earn an income and be more self-reliant. This effect of information is consistent with Jensen and Oster's (2009) finding that urban Indian women with access to cable
television were more empowered than those without cable television.

The question then arises, why do social norms that harm individuals persist in the absence of an intervention like *Mahila Samakhya*, and how do network-based learning and influence

interact with such norms? Akerlof (1980) notes social norms disadvantageous to individuals may persist for fear of social sanction by the group against the individual trying to challenge 247 the social norm—social influence at work. Further, people may not want to be outliers 248 because of a negative feedback loop resulting from the social relativism of others. Program 240 participants often reported being unsure what others would say if they tried to stand up to 250 their in-laws or stop their husbands from hitting them— "We did not want to risk being 251 different." As well as improving connections with existing peers, the program alters peer 252 sets by expanding networks. Program workers are also more empowered than average, and 253 provide a reference point for a different social norm. 254

255 4.2.3 Identity Utility

Peers behave like one another not only to avoid conflict and to coordinate with each other 256 but also because they gain identity utility from being insiders in the group (Akerlof and 257 Kranton, 2010). Identity is endogenous and thus identity utility is influenced by changes in 258 the reference group. The program changes the participant's relative set of peers so that the people she compares herself with are now more educated and have less traditional attitudes 260 about women's role in society. Respondents often talked of the pride they felt in being pro-261 gram participants, and how they were happier because of the changes in their peer network. 262 Non-participants have weaker ties to peers, hence their identity utility from belonging to a 263 network is lower than that of participants. 264

265 4.2.4 Village Culture

Changes in peer networks can cause more women to study, have jobs, and be empowered,
but in the absence of a program like *Mahila Samakhya* networks are the realization of village
culture. If the culture is such that most women only interact with others of their sub-caste,
peer networks will be stratified by sub-caste. *Mahila Samakhya* changes networks, which
affects individual characteristics and thereby influences village culture. Networks become

more diverse, and eventually change the village culture so it is more accommodating of such diversity. By affecting endogenous characteristics like education, the direct effect of the program also changes the village culture.

4.2.5 Feedback Effects

Learning and influence associated with networks can also have important feedback effects on 275 the household and on village culture. Changes in networks can affect individual characteris-276 tics like education, contraceptive use, and mobility. These changes lead to more empowered 277 women, and thus greater investments in children. More empowered, educated, and mobile 278 women also change village culture. Participants told us that before joining the program 279 they faced a constricting social norm, reinforced by the village culture. They could not 280 work, were barely educated, had little say in the resources allocated to their children, and 281 were told to discriminate against daughters. Their identity was always subsumed in their 282 husband's, brother's, father's, or in-laws' identity. After participating in Mahila Samakhya, 283 women realize they have their own identity, that they can work if they want to, that they 284 should study, and that they can influence household and community decisions. In the long 285 run, as more people invest in their children, and investments become more equitable between 286 the two sexes, the village culture will reflect the new patterns in investment. 287

Coleman (1988) notes both the power of information, and the cost of its acquisition. 288 Along with explicitly providing participants information on various possibilities they might 280 not otherwise know about, information also has indirect effects by expanding the perceived 290 feasible set for participants. Through its effect on peer networks, Mahila Samakhya changes 291 the norm faced by participants as well as their identity. Directly and indirectly, the program 292 changes the woman's bargaining power and enables her to allocate more resources to her 293 children. The greater investments in child welfare may lead to larger remittances to parents 294 when they are old. 295

5 Model

In this paper, we start with a basic Nash bargaining problem and model the husband and wife 297 as playing a cooperative Nash bargaining game. If the bargain breaks down, the husband 298 and wife each receive their disagreement utility, which is lower than what they would have 299 received if the bargain had been successful (McElroy, 1990; Lundberg and Pollak, 1996). 300 The standard household Nash bargaining model does not account for the role of networks in 301 determining disagreement utility, nor for the effects of identity utility or social learning and 302 influence on the outcome of the bargain. To incorporate networks into the Nash bargaining model, we make the following changes: first, we model the adults as maximizing their utility for two time periods over a bundle, \mathbf{x} , comprising a private good c, leisure l, and a public good reflected by investment in children r and their share of control over household resources, 306 θ . The bargain leads to optimal values of the bundle for each adult, \mathbf{x}^* and θ^* . These 307 consumption bundles belong to a set $\{X\}$ of all possible choices of x. In period one, the 308 adults choose their optimal x for each time period to maximize the current period utility 309 and expected utility in the next time period. 310

To model constraints imposed by the norms, we make the set of choices X known to an individual a mapping of the set of observed choices available to his/her peers X_N . The observed set of choices available to peers, X_N , is in turn the union of all the consumption bundles chosen by them.⁵

Second, we represent the influence of networks by assuming individuals receive utility by being better off than their peers, and a suffer a penalty to utility if they are worse than their peers. The additional bonus or penalty utility is denoted as U_r , and is a function of the average utility of the social network, N. We thus add identity utility U_r from the relative set or network N, to each utility function. Since male and female networks are different, we

⁵The set X_N does not include choices available to peers but not chosen by them because the maximizing individual only observes his/her peers actions. For instance, the participant who said that knowing women can be lawyers, doctors etc. empowered her did not say that knowing that women know they can be lawyers also empowered her. Therefore, only the observed \mathbf{x}^* matters.

use the subscripts m and f to denote these differences. Identity utility can be negative if the individual is worse-off than her reference group, and positive if she is not worse off than her peers. Note also that identity utility increases in the strength of ties. The third change to the basic Nash bargaining problem reflects social influence on individual bargaining power by making disagreement utilities V a function of networks because networks can provide support in domestic disputes. The exponents α and β reflect the relative levels of bargaining power captured by husband and wife. These exponents reflect village culture, and can change over time to reflect a more equitable culture.

The household thus faces the following maximization problem with respect to the constraints on \mathbf{x} described above, and a full-income budget constraint.

$$\max_{\mathbf{x_f}, \mathbf{x_m}, \theta} [U_f(\mathbf{x_{f,1}}) + EU_f(\mathbf{x_{f,2}}) + U_r(N_f) - V_f(N_f)]^{\alpha}$$

$$[U_m(\mathbf{x_{m,1}}) + EU_m(\mathbf{x_{m,2}}) + U_r(N_m) - V_m(N_m)]^{\beta}$$
s.t. 2, 3, 4, 7

$$\mathbf{x} \in \{X\} \tag{2}$$

$$X = f(X_N) \tag{3}$$

$$X_N = \bigcup \mathbf{x}_{\mathbf{N}}^* \tag{4}$$

The household's full-income budget constraint (FIBC) derives from the individual budget constraints faced by the man and the woman. Each gets utility from consuming the vector of goods \mathbf{x} in each time period. The vectors $\mathbf{p_m}$ and $\mathbf{p_f}$ reflect the prices faced by the man and the woman. The prices associated with the private good c and leisure l are p_c , w_f for the woman, and w_m for the man. We model the public good r as a numeraire, hence the associated price is one. Since the woman has an economic incentive to invest more in her children, her optimal choice of i is greater than the man's optimal choice. The woman's FIBC looks as follows:

$$\mathbf{p_f}(\mathbf{x_{f,1}} + \mathbf{x_{f,2}}) \le \theta \left[\sum_{t=1,2} Y_{f,t} + (Y_{m,1} + \rho Y_{m,2}) + E(T_f) + \rho E(T_m) \right]$$
 (5)

where θ represents the wife's control over the share of assets and ρ represents the probability that the woman is married in period 2. The share is endogenous, so that as the woman's bargaining power and identity utility increase, so does θ . E(T) refers to the expected transfers from children. The man's FIBC looks as follows:

$$\mathbf{p_m}(\mathbf{x_{m,1}} + \mathbf{x_{m,2}}) \le (1 - \theta) \left[\sum_{t=1,2} Y_{m,t} + (Y_{f,1} + \rho Y_{f,2}) + E(T_m) + \rho E(T_f) \right]$$
(6)

Adding up the constraints in equation 5 and equation 6 yields the full-income budget constraint faced by the household (equation 7).

$$\mathbf{p_{f}}(\mathbf{x_{f,1}} + \mathbf{x_{f,2}}) + \mathbf{p_{m}}(\mathbf{x_{m,1}} + \mathbf{x_{m,2}}) \leq$$

$$\sum_{t=1,2} Y_{m,t} + \theta \left[\sum_{t} Y_{f,t} - \sum_{t} Y_{m,t} \right] + \theta (Y_{m,1} + \rho Y_{m,2} - Y_{f,1} - \rho Y_{f,2})$$

$$+ (Y_{f,1} + \rho Y_{f,2}) + [E(T_m) + \rho (E(T_f) - \theta E(T_m) - \theta \rho E(T_f)]$$
(7)

Consider the husband and wife's utility to be the outputs produced by the household; these outputs are a function of the utility from labor allocation, consumption, investment in children, and participation in networks. A household utility possibilities frontier (UPF) gives us all the feasible pairs of husband and wife utility production. We perceive three ways in which bargaining power, social norms or information sets might affect the observed equilibrium. (1) Levels of and changes in bargaining power can affect the observed equilibrium. If a woman does not have much bargaining power, the equilibrium will result in greater utility to the husband than to the wife. (2) Further, not knowing about all the choices or
feasible levels of utility might constrain the equilibrium to a subset of the full UPF. The
social norm might constrict women so they may not realize that certain high levels of utility
are attainable. (3) Finally, if the woman's relative set of peers follow the social norm, i.e.
do not work and have little or no education, the household may be on a lower UPF than it
would otherwise.

Figure 3 represents the household's utility space, a UPF, and the equilibrium resulting 357 from the husband and wife's choice sets. The dashed lines represent the husband and wife's 358 levels of disagreement utility. If the bargain breaks down, they receive V_m and V_f , represented 359 in utility-space by the intersection of the two dashed lines. The disagreement utilities place 360 lower bounds on the UPF with respect to the x- and y- axes. Now consider the situation 361 in which the woman joins Mahila Samakhya, and the resultant support group intervenes in 362 her domestic situation and increases her disagreement utility so that she is better-off even 363 if the bargain breaks down. Also consider the case in which her husband's disagreement utility decreases because the support group forces him to improve his treatment of her. The 365 new disagreement utilities, represented by the dotted lines, expose a previously-unattainable part of the UPF that represents higher utility to the woman, and limits part of the UPF associated with lower utility to her. 368

In the flow chart, this effect is depicted through the program's impact on individual 369 bargaining power. The anecdote of the woman who said her husband's treatment of her 370 improved after she joined the program because he was afraid of being shamed in the village 371 mirrors this effect on bargaining power. Further, by providing support groups the program 372 decreases the woman's fear of ostracism and empowers her to change her situation within 373 the household. Social influence thus enables the woman to change the available UPF to 374 include better outcomes for her and restrict the possibilities that make her worse off. The 375 educational effect of the program also increases the woman's disagreement utility by raising 376 her reservation wage: knowing about better job prospects and having more marketable skills 377

raise the reservation wage and thus increase bargaining power.

Social learning enables Mahila Samakhya to change the social norm through the "ex-379 pansion of the set of choices available to women" and the "the empirical demonstration of 380 the range of consequences" from adopting certain behaviors (Montgomery and Casterline, 381 1996, p. 158). Figure 4 illustrates how the constraints placed by the program can restrict 382 the UPF to a small portion of the true frontier. Point A is a possible equilibrium outcome, 383 at which the husband's utility is U_A^m and the wife's utility is U_A^f . However, neither spouse 384 knows the extent of true UPF because social norms constrain their choice sets to less than 385 the full feasible set. Constraints on the husband restrict the frontier along the x-axis, while 386 constraints on the wife limit the frontier along the y-axis. Point B is on the same UPF but 387 is not available because the higher level of female utility it represents is ruled out by social 388 norms. The indirect network effect of Mahila Samakhya removes the constraints—initially 389 only for the woman, but eventually also for her husband. Point B now becomes feasible. A 390 move to point B would increase her utility $(U_B^f > U_A^f)$ and decrease her husband's utility $(U_B^m < U_A^m).$ 392

Even without the constraints, a move from A to B would not be observed if the woman's 393 bargaining power was very low. The household's relative value of a woman's happiness increases in the woman's bargaining power, hence the slope of the indifference curve at the 395 point of tangency to the UPF is the ratio of bargaining powers, BP_f/BP_m . To observe an 396 equilibrium where the woman gets a larger share of utility, the value of the exponent α must 397 increase. The values of α and β depend on village culture. If the culture is such that women 398 do not get a large share of utility, then α will continue to be low. By changing endogenous 399 individual characteristics like education and mobility, Mahila Samakhya changes the village 400 culture. Over time, exposure to the program can result in a new culture where the exponents 401 are similar in magnitude, reflecting a more equal distribution of bargaining power. 402

The third effect of networks might be to shift out the UPF available to the household.

The woman's utility is a function of the attitude or actions of her peers— her "relative set".

She defines her well-being relative to them, and gains identity utility from behaving like them (Akerlof and Kranton, 2010). If her relative set of peers have traditional attitudes and 406 adhere to the social norm although it discriminates against them, their ties are likely to be 407 weak, hence the woman's gain in identity utility is also low. Such a relative set leaves little 408 scope for social learning and may cause the woman's household to be on a lower UPF than 409 they can attain. However, identity also has a relative component. The woman gains utility 410 from being at least as well off as her peers, and loses utility if she is worse-off than them. By 411 observing other women holding jobs and being educated, the woman is motivated to make 412 similar changes in her life. 413

If the program strengthens a woman's peer network, she stands to gain identity utility. 414 The program also introduces her to more empowered women, who likely receive a greater 415 share of the household's utility. She now needs an even higher level of utility than before in 416 order to be as well off as her peers. At point A in figure 5, without accounting for identity 417 utility, the woman receives U_A^f in utility. Her relative set of peers have a higher level of 418 utility, U_r^1 , which effectively shifts back her UPF. After accounting for this loss in utility, the 419 woman only receives $U_A^{f,r}$. Now if the equilibrium is at point B, so she is better off than her peers, which shifts out her UPF. The gain in identity utility means she effectively receives $U_B^{f,r} > U_B^f$. Now if the woman's relative set changes because of Mahila Samakhya and the new relative set has higher utility, U_r^2 , the woman needs a greater gain in utility to be as 423 well-off as before. Now, some parts of the UPF (between X and Y on the y-axis, where 424 she was better-off than a less empowered relative set) shift in because she is worse off than 425 her new relative set. Stronger networks from participation thus lead to a greater change in 426 identity utility than a weaker network. 427

In this framework, the direct (educational) effect of the program raises the woman's bargaining power through an increase in her opportunity cost. The indirect (network) effect of the program works through networks to change the woman's bargaining power, increase the feasible set of choices available to her, and change the UPF that is attainable to her

household. The model presented here yields testable hypotheses that we can examine using
the data.

⁴³⁴ 6 Identification Strategy

Our identification strategy has three parts: first, we identify causal peer effects using a recent extension to networks of the Generalized Spatial 2SLS estimator. Next, we instrument for the endogeneity of program participation using family composition. Finally, we instrument for the endogeneity of networks using distance to firewood and water source.

439 6.1 Identifying Peer Effects

Manski (1993) points out that the reflection problem confounds the identification of causal peer effects. Do people behave in similar ways because they have learned from or been influenced by their friends, or are they friends because they behave in similar ways? Manski presents three hypotheses regarding the observed similarities in the behavior of friends. (1) Correlated effects occur when people act alike because they face a similar environment or have similar characteristics. (2) Contextual effects such that the "propensity of an individual to behave in some way varies with the distribution of background characteristics in the group" (Manski, 2007, p. 1). (3) Endogenous effects, where the group affects individual behavior through social interaction. The third effect is key to identifying the causal impact of networks.

Much of the literature following Manski (1993) has focused on the econometric issue of
separating the causal peer effect from that of correlated unobservables (Conley and Udry,
2008; Miguel and Kremer, 2004, Foster and Rosenzweig, 1995). A straightforward way
of disentangling these effects is to randomize the intervention or new technology at the
friend-level (Oster and Thornton, 2009). Randomization allows for the identification of the
endogenous effect because the number of friends who receive the intervention or technology

is exogenous. The *Mahila Samakhya* intervention is not randomized, so our identification strategy uses a recent extension to networks of Kelejian and Prucha's (1996) Generalized Spatial 2SLS estimator.

Our identification strategy relies on overlapping peer networks to identify causal peer 459 effects. We use a recently developed technique (Bramoullé et al., 2009; De Giorgi et al., 2010) 460 in which partially overlapping networks generate friends of friends or "excluded friends". 461 Since a woman does not know (or know well) these excluded friends, they can only affect 462 her behavior through shared friends. Similarities in the behavior of excluded friends and the 463 woman is then evidence that networks change behavior. We use information on self-reported 464 friends to generate a weight for each pair of friends such that the higher the weight, the 465 stronger the friendship, and the greater the hypothesized influence of or learning from the 466 friend. Then, the excluded friend's influence on the individual is weighted by the shared 467 friend's influence 468

Even after identifying the causal effect, correlated effects continue to be a source of bias,
particularly in the presence of proxy-reported peer behavior (Hogset and Barrett, 2010).
Since we conduct follow-up interviews with friends (called snowball sampling), our data face
reduced problems with correlated effects. Another benefit of using excluded friends to instrument for the endogeneity of peer behavior is that the network yields a substantial number
of instruments to account for correlated effects. The combination of snowball sampling and
the use of excluded friends as instruments allows us to isolate the effect of interactions from
that of the individual group shock.

477 6.2 Endogeneity of Program Participation and Networks

Since participation in *Mahila Samakhya* is most likely endogenous, we use family composition as an instrumental variable. A woman who lives near younger sisters-in-law (husband's younger sisters or husband's younger brother's wife) can rely on these sisters-in-law to look after her children as well as any domestic chores while she attends *Mahila Samakhya* ac-

tivities. Relationship hierarchy prevents a woman from asking her parents-in-law or older sisters-in-law to take care of her share of housework, but allows her to ask a younger sisterin-law for such help. Most families in the region are extended in structure, and male siblings live close to each other. So, if a woman has younger sisters-in-law (particularly the husband's brother's wife), they likely live nearby and facilitate her participation in the program.

Similarly, a woman with children of different ages can have her older children attend to 487 younger siblings and take care of housework while the mother attends program activities. 488 On the other hand, women with young children of similar ages find it difficult to leave their 489 houses for extended periods of time and are unlikely to participate in the program. Therefore, 490 we use family composition variables to instrument for the endogeneity of program participa-491 tion. Note that we do not assume that sisters-in-law or children facilitate participation: we 492 specifically ask respondents who looks after their domestic chores and youngest child while 493 they are participating in the program. 494

Another source of endogeneity may arise from the networks themselves. Women with more spare time may have larger and stronger peer networks. We control for this endogeneity of networks using time to the source of firewood and water as our instruments. Water and firewood collection from the forest are women's tasks. Often the sources of water and firewood are several hours away and women must spend a large part of the day in the forest, leaving little time for interaction with others. Even when women travel to these sources in groups, they must walk up and down sides of hills and are hard at work in the forest, neither of which facilitates interaction. As a result, those with distant firewood and water sources have smaller and weaker networks.

7 Data

Researchers have used caste to proxy for peers in India because caste is a strong signifier of networks (Munshi and Rosenzweig, 2006), but there may be networks of varying strength

within castes. Household data from India do not include report information on self-reported networks, and preclude an analysis of the effect of networks on child welfare. As a result, we collect our own data from the north Indian state of Uttarakhand, collecting information on instruments for social learning, influence, female power, and their role on child nutrition outcomes. In addition, we also collect data on participation in *Mahila Samakhya*. Program centers have been present in Uttarakhand villages for periods lasting anywhere from three months to five years, allowing us to use time-variation in exposure to the program to identify its impact on networks and child nutrition.

Our data are from six of thirteen Uttarakhand districts, four with the program and two without. The target sample size is 500 women. We employ restricted snowball sampling where we start with five women in each village and then follow up with two of their five closest friends. Our survey instrument includes the following key questions:

• Networks:

519

520

521

526

527

528

529

- Who are your five closest friends and how do you know these people? How often do you see them? Where do you usually see them?
- Do you participate in the *Mahila Samakhya* intervention? How about your closest friends?
- How important is it to you and your husband what your friends and the community think of you?
 - If one of your friends told you to give your daughter more milk, would you?

• Proxies for Female Autonomy:

- What kind of work do you do? What kind of work does your husband do?
- Do you currently use contraception? If not, why not? If yes, what type?
- What is your level of education? What is your husband's level of education?

• Investment in Children:

531

- How much should a child be educated? How much education will your children receive?
- Do you expect to receive monetary or other assistance from your children when you are old?
- How much food has each child eaten in the past 24 hours? (Enumerators are provided standard bowls and respondents are asked to estimate how many bowls of food each child ate.)
- How many hours did each child spend on chores in the past 24 hours? Which chores did they help out with?
 - How much do you spend each month on your children's education?
- Information on each child's immunization status and their height.

These questions will help us identify the effect of peer networks on an individual's household bargaining power and therefore on child welfare.

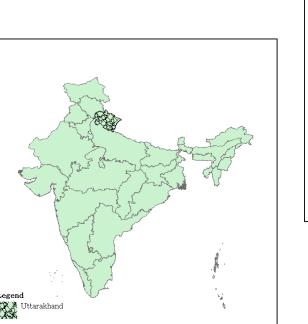
8 References

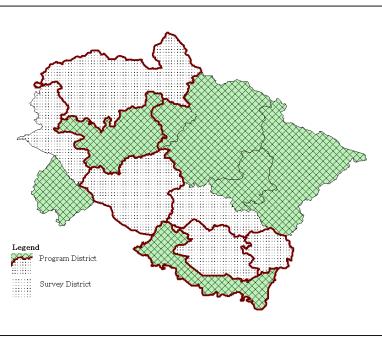
- B. Agarwal. 2004. Gender Inequality, Cooperation, and Environmental Sustainability. In
- P. Bardhan, S. Bowles, and J.M. Baland (eds) Economic Inequality, Collective Action, and
- Environmental Sustainability. Princeton, NJ: Princeton University Press.
- ⁵⁴⁹ G. Akerlof. 1980. A Theory of Social Custom, of Which Unemployment May be One
- 550 Consequence. Quarterly Journal of Economics 94(4), 749-775.
- ⁵⁵¹ G. Akerlof and R. Kranton. 2010. Identity Economics: How Our Identities Shape Our
- Work, Wages, and Well-Being. Princeton, NJ: Princeton University Press.
- 553 K. Beegle, E. Frankenberg and D. Thomas. 2001. Bargaining power within couples and use
- of prenatal and delivery care in Indonesia. Studies in Family Planning 32(2), 130-146.
- J. Behrman, H. Kohler, and S. Watkins. 2002. Social Networks and Changes in
- 556 Contraceptive Use over Time: Evidence from a Longitudinal Study in Rural Kenya.
- 557 Demography, 39(4), 713-738.
- Y. Bramoullé, H. Djebbari, and B. Fortin. 2009. Identification of peer effects through
- social networks. Journal of Econometrics 150, 41-55.
- J. Coleman. 1988. Social Capital in the Creation of Human Capital. The American
- Journal of Sociology, 94, Supplement: Organizations and Institutions: Sociological and
- Economic Approaches to the Analysis of Social Structure S95-S120.
- 563 T. Conley, and C. Udry. 2000. Learning about a New Technology: Pineapple in Ghana.
- Yale Economic Growth Center, Paper 817.
- 565 G. De Giorgi, M. Pellizzari, and S. Redaelli. 2010. The Identification of Social Interactions
- through Partially Overlapping Peer Groups. American Economic Journal: Applied
- 567 Economics, 2(2), 241-275.
- 568 S. Durlauf, and L. Blume (Eds.). Social Norms in New Palgrave Dictionary of Economics,
- 569 Second Edition, London: Macmillan, (forthcoming).
- A. Foster, and M. Rosenzweig. 1995. Learning by Doing and Learning from Others:
- 571 Human Capital and Technical Change in Agriculture. Journal of Political Economy,
- ₅₇₂ 103(6), 1176-1209.
- 573 S. Ghosh, and R. Kanbur. 2008. Male Wages and Female Welfare: Private Markets, Public
- Goods, and Intrahousehold Inequality. Oxford Economic Papers—New Series 60(1), 42-56.
- M. Gragnolati, M. Shekar, and M. Das Gupta. 2005. Indias undernourished children: A
- call for reform and action. Health, Nutrition and Population Discussion Paper 34638.
- 577 Washington, DC: World Bank.
- M. Granovetter. 1973. The strength of weak ties. American Journal of Sociology, 78,
- 579 1360-1380.
- H. Hogset and C. Barrett. 2010. Social Learning, Social Influence, and Projection Bias: A

- Caution on Inferences Based on Proxy Reporting of Peer Behavior. Economic Development and Cultural Change, 58, 563-589.
- W. Janssens. 2010. Women's Empowerment and Social Capital in Indian Villages. World
 Development, 38(7), 974-988.
- R. Jensen, and E. Oster. 2009. The Power of TV: Cable Television and Women's Status in India. Quarterly Journal of Economics 124(3), 1057-1094.
- R. Kanbur, and L. Haddad. 1994. Are better off households more equal or less equal? Oxford Economic Papers 46(3), 445-458.
- H. Kelejian, and H. Prucha. 1998. A generalized spatial two-stage least squares procedure for estimating a spatial autoregressive model with autoregressive disturbances. Journal of Real Estate Finance and Economics 17, 99-121.
- H. Kohler, J. Behrman, S. Watkins. 2001. The Density of Social Networks and Fertility
 Decisions: Evidence from South Nyanza District, Kenya. Demography 38(1), 43-58.
- S. Lundberg, and R. Pollak. 1996. Bargaining and Distribution in Marriage. The Journal of Economic Perspectives, 10(4), 139-158.
- P. Maitra. 2004. Parental Bargaining, Health Inputs, and Child Mortality in India. Journal of Health Economics 23, 259-291.
- A. Malhotra, R. Pande, and C. Grown. 2003. Impacts of Investments in Female Education on Gender Equality. International Center for Research on Women. http://csde.
- washington.edu/~scurran/files/readings/May12/ImpactInvestmentsFemaleEdu.pdf
- ⁶⁰¹ C. Manski. 1993. Identification of Endogenous Social Effects: The Reflection Problem.
- Review of Economic Studies, 60, 531-42.
- 603 C. Manski. 2007. Identification for Prediction and Decision. Harvard University Press.
- A. Mas Colell, M. Whinston, and J. Green. 1995. Microeconomic Theory. Oxford University Press.
- 606 M. McElroy. 1990. The Empirical Content of Nash-Bargained Household Behavior.
- Journal of Human Resources, 25(4), 559-83.
- E. Miguel, and M. Kremer. 2004. Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities. Econometrica, 72, 159217.
- M. Montgomery and J. Casterline. 1996. Social Learning, Social Influence, and New Models of Fertility. Population and Development Review, 22, 151-175.
- 612 K. Munshi, and M. Rosenzweig. 2006. Traditional Institutions Meet the Modern World:
- ⁶¹³ Caste, Gender, and Schooling Choice in a Globalizing Economy. American Economic
- Review 96(4), 1225-1252.
- E. Oster, and R. Thornton. 2009. Determinants of Technology Adoption: Private Value and Peer Effects in Menstrual Cup Take-Up. NBER Working Paper 14828.

- S. Phipps, and P. Burton. 1998. What's Mine is Yours? The Influence of Male and Female Incomes on Patterns of Household Expenditure. Economica 65, 599-613.
- A. Quisumbing, and B. de la Brière. 1999. Women's Assets and Intrahousehold Allocation
- in Rural Bangladesh. Available at: ageconsearch.umn.edu. Accessed January 15, 2009.
- A. Quisumbing, and J. Maluccio. 1999. Intrahousehold allocation and gender relations:
- new empirical evidence from four developing countries. Working Paper 2. Washington, DC:
- 623 World Bank.
- 624 L. Rahman and V. Rao. 2004. The Determinants of Gender Equity in India: Examining
- Dyson and Moore's Thesis with New Data. Population and Development Review 30(2),
- 626 239-268.
- 627 D. Sahn, and D. Stifel. 2002. Parental Preferences for Nutrition of Boys and Girls:
- Evidence from Africa. Journal of Development Studies 39, 21-45.
- 629 S. Schuler, and S. Hashemi. 1994. Credit programs, women's empowerment, and
- contraceptive use in rural Bangladesh. Studies in Family Planning 25(2), 65-76.
- A. Sen. 2006. Identity and Violence: The Illusion of Destiny. New York: W.W. Norton
- 632 and Company.
- 633 L. Smith, and L. Haddad. Overcoming Child Malnutrition in Developing Countries: Past
- Achievements and Future Choices. A 2020 Vision for Food, Agriculture, and the
- Environment. IFPRI 2020 Brief 64. Available at
- 636 http://www.ifpri.org/sites/default/files/publications/brief64.pdf. Accessed
- 637 March 25, 2010.
- D. Thomas. 1990. Intra-household resource allocation. The Journal of Human Resources
- 639 25(4), 635-664.
- D. Thomas, D. Contreras, and E. Frankenberg. 2002. Distribution of Power Within the
- Household and Child Health. Available at:
- 642 http://chd.ucla.edu/IFLS/ppr/atmarr3.pdf. Accessed January 15, 2009.

Figure 1: Uttarakhand, India





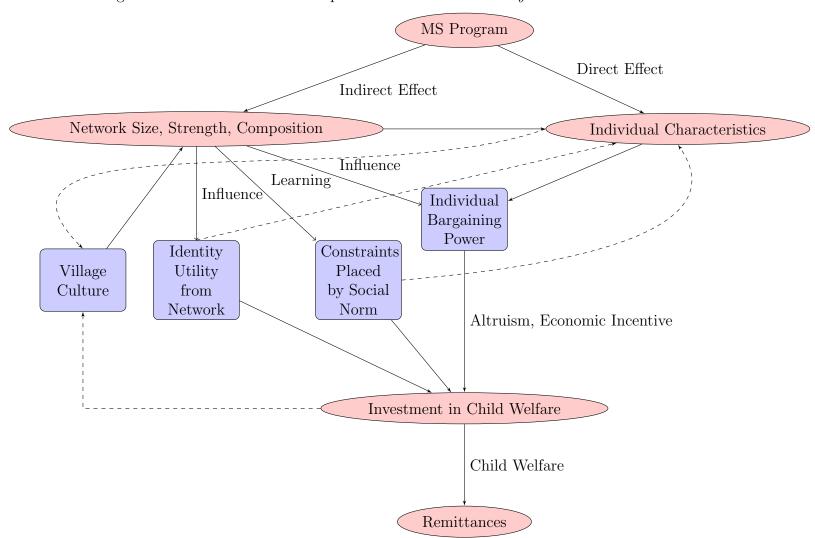


Figure 2: The Causal Relationships Between Mahila Samakhya and Child Welfare

Figure 3: Inefficiencies Can Constrain and Lower the Household Production Possibilities Frontier

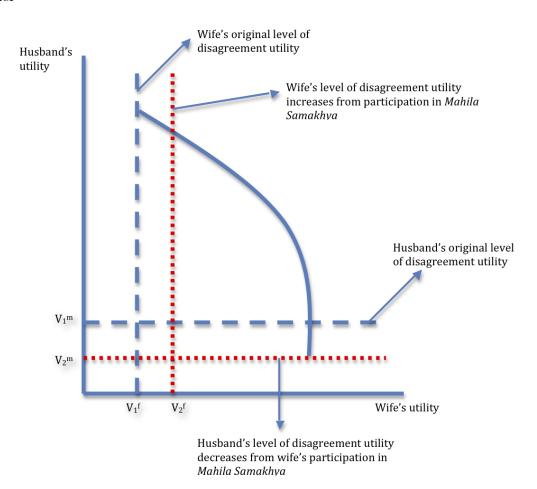


Figure 4: Inefficiencies Can Constrain and Lower the Household Production Possibilities Frontier

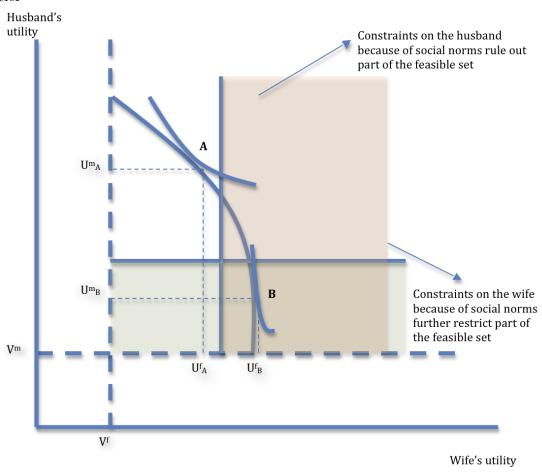


Figure 5: Inefficiencies Can Constrain and Lower the Household Production Possibilities Frontier

