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To cite this article: Sarah G. Carmichael, Selin Dilli & Jan Luiten van Zanden (2016) Introduction: Family Systems and Economic Development, Economic History of Developing Regions, 31:1, 1-9, DOI: [10.1080/20780389.2015.1132625](https://doi.org/10.1080/20780389.2015.1132625)

To link to this article: <http://dx.doi.org/10.1080/20780389.2015.1132625>



Published online: 08 Mar 2016.



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INTRODUCTION: FAMILY SYSTEMS AND ECONOMIC DEVELOPMENT

Sarah G. Carmichael, Selin Dilli & Jan Luiten van Zanden¹

The family is a universal, perhaps the oldest, institution, present in all societies we know of – from hunter gatherers to the twenty-first-century Internet age – and has shown a great deal of flexibility and resilience over the centuries (Hill 2012). It is the first institution that ‘takes care’ of us. Families’ essential function historically has been to contribute to the basic economic survival of family members (Hill 2012, 1). It is also the main vehicle of socialization of children and key in the transmission of values from one generation to the next (Bisin & Verdier 2000). Key decisions regarding economic and demographic behaviour (i.e., number of children, their education) are made within the arena of the household. Moreover the organization of family units is, to a large extent, mirrored by social and economic inequalities in other domains of society. For instance the state is often considered to reflect family relationships: French absolutist Kings and Chinese emperors saw themselves as ‘fathers’ to their subjects. Family has received particular attention from sociologists studying inequality and intergenerational mobility, as an important mechanism in the reproduction of poverty and inequality (see McLanahan & Percheski 2008 for a review).

However, in the research agenda of New Institutional Economics, and its ‘sister’ discipline, New Institutional Economic History, the family has played only a limited role. Economists and economic historians have studied the market, the firm, the polity, the business system, civil society, religion and many related topics such as guilds, parliaments, commons and banks. There is probably more recent economic historical literature about phenomena such as the Gold Standard or Central Banking, than about the family as an institution.

Two reasons may be suggested for this striking neglect of the family as an institution. One is that economic historians have respected the current division of labour and have considered it to be a topic for demographic research. And indeed, demographers have made much progress in studying the family and its demographic ‘output’ as an institution, sometimes making use of recent economic theory in this field (such as the quantity-quality trade off introduced by Becker 1960). But it is

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strange that in all other domains economists and economic historians have been much more ‘imperialistic’, and have not hesitated to cover themes that used to be studied by, for example political sciences, sociology and religion studies. The second explanation is that opening the black box of the family requires the study of gender relations, which came to be ‘monopolized’ by gender studies, a field that makes use of a radically different paradigm. Or perhaps economic historians considered the family and underlying norms and values as part of ‘culture’, and therefore difficult to study and in particular to quantify (Guiso, Sapienza & Zingales 2006). Whatever the explanation is, we note that the family has been largely absent from the agenda of economic history, and that in particular the attention paid to gender issues is minimal.

This is an undeserved neglect in the literature. Amartya Sen (1983) has long urged economists to seek a deeper understanding of the societal and economic implications of the fact that people make many decisions within the realms of the family. For instance, family is an important institution in explaining the ‘readiness’ (i.e., timing) of the fertility transition of societies (Mason 2001). Similarly, the ‘Quantity–Quality tradeoff’ argument, which highlights the link between household structure (in particular the number of children) and human capital formation, emphasizes the household as the most important decision-making unit (Diebolt & Perrin 2013). An increasing body of evidence also points to the family as a crucial determinant of development, both in socioeconomic and political terms. Greif & Tabellini (2010) and Greif (2006), for instance, claim that while the nuclear family in Western Europe led to the emergence of stronger society-wide institutions such as guilds and universities, communitarian family types, dominant in China, resulted in the emergence of community type institutions based on kinship relations, which in turn contributed to the economic divergence between the two regions. Duranton, Rodríguez-Pose and Sandall (2009) provide evidence on the role of regional variation of family structures in Europe in determining various development outcomes (e.g., GDP per capita, educational achievement, fertility). Alesina and Giuliano (2010) show that family ties are a strong predictor of female labour force participation, whereas Galasso and Profeta (2010) show that there are parallels between the way family is organized and pension systems.

Family plays a key role in the transmission of norms, beliefs, and values that matter for economic, political and social outcomes, such as the position of women or notions of equality (Lytton & Romney 1991). For instance, as discussed in Marks, Bun and McHale (2009, 2), parents directly communicate their beliefs about gender by providing instruction, guidance, and training to their children (see also Eccles 1994). As role models, they reinforce children’s involvement in gender stereotypical activities (Lytton & Romney 1991, Collins & Russell 1991). Children learn that women and men (should) act differently when they observe that mothers spend more time on care-giving and fathers, on leisure activities with their children (Marks *et al.* 2009). These differences between men and women also reproduce themselves in domains of society outside the household. A substantial share of women’s time is devoted to running their households,

although the amount of time devoted differs substantially between countries depending on the level of development and cultural characteristics (Eswaran 2014). This unequal time allocation of household tasks, where women spend more of their time on household chores, has frequently been used as an explanation of why women are less likely to participate in the labour force, have lower income levels and participate less in politics (Verba, Burns & Schlozman 1997, Lippe et al. 2011).

Understanding how the family as an institution shapes gender relations is not only relevant from an intrinsic perspective that unequal treatment of a group is unjust, but also has important consequences for the overall well-being and development of societies. According to Sen (1999), the constraints on women's agency not only have implications for the well-being of women but seriously afflict the lives of men and children as well. In a nutshell, (female) agency can be defined as individual's capacity to make meaningful life choices and act upon them (Kabeer 1999, 438). In the last decades, economists and policymakers started to see women as key contributors of the development process. Most recently, an influential report by World Bank (2014), *Voice and Agency: Empowering Women and Girls For Shared Prosperity* puts advancing women's voice and agency squarely on the international development agenda.

A number of explanations provide support for the argument that gender equality is 'smart economics'. For both fertility transition and investment in human capital, the decision making power of women in the household is particularly important (Jejeebhoy 1995). For instance, the extent to which women can make life choices independent from their husbands is relevant for their fertility preferences, as women bear the highest opportunity costs of fertility (Becker 1965; see Carmichael, Rijpma & Van der Vleuten 2015 for a review of the literature). Evidence from the literature alludes to the fact that societies where women are on a more equal footing with their husbands, are also characterized by higher levels of educational attainment (e.g., Todd 1987). This link could perhaps also be explained by the fact that women are more altruistic in their behaviour patterns, supported by the findings of a large body of experimental research (see Eswaran 2014 for an overview). As a result of these differences between men's and women's behaviour, women invest more household resources in children compared to men (see e.g., Schultz 2001, Duflo 2003, Sahn & Stifel 2002).

A stronger bargaining position of women in the family therefore furthers the famous switch from 'quantity' (number of children) to 'quality' (education) (Diebolt & Perrin 2013). A more general version of the argument is that limiting the power of the patriarch results in improved protection of (female) property rights and will create better incentives for women (and men) to allocate their labour, savings and time efficiently. In many family systems, women cannot own property, do not share in inheritance of the family and cannot independently participate in the market economy, thereby restricting half the population in their economic decision-making. This may act as a serious constraint on economic development, and granting more autonomy and 'property rights' to women may

therefore be considered ‘smart economics’, as the World Bank (2011) recently argued. There is a literature which studies such institutions and female (labour) market activity in general – including suggestions about the importance of male and female industriousness to economic development (Vries 1994) – but we still lack the international comparative work which puts these stories into a consistent theoretical framework. Most studies, as for example Goldin’s (1995, 2006) path-breaking papers on female labour market participation and relative wages in the United States, take the process of economic development as more or less given, and try to understand what the implications are for women and their wages.

The approach suggested here, however, tries to understand the mechanisms through which family has a persistent impact on development outcomes, particularly regarding gender. The core idea is that there are large international and regional differences in family systems (as for example documented by Todd 1985, 1987, 2011), which reflect underlying values and norms about gender relations, demographic behaviour (such as marriage) and inheritance, and in that way determine gender roles and gender relations in the societies concerned. Moreover, the family systems and their underlying values change only slowly in time – they are effectively transmitted from generation to generation via the family. These family systems define power structures at the micro level, which are perhaps as relevant for economic development as the power structures at the macro level, so frequently studied by New Institutional Economics (from North 1981 to Robinson & Acemoglu 2012).

This special issue of the *Economic History of Developing Regions* aims at developing this agenda that seeks to explain development outcomes, seen from a broad perspective, on the basis of family-level values and institutions.

The first three papers of this special issue are part of the research project ‘Agency, Gender, and Economic Development in the World Economy 1850–2000’ that was carried out at Utrecht University and Radboud University Nijmegen between 2011 and 2015. Its aim was to test the hypothesis formulated by Amartya Sen that ‘agency’ – the capacity for autonomous decision-making – enhanced economic development, with a special emphasis on the growth enhancing effects of female agency. One of the challenges of this project was to measure the concept of ‘agency’ for historical societies.

The paper by Auke Rijkma and Sarah Carmichael, ‘Testing Todd and Matching Murdock: Global Data on Historical Family Characteristics’, explains how this can be done. By focusing on family systems as the key concept in this field, and by combining historical and anthropological evidence from many sources, the authors capture the basic dimensions of female agency at the family level. A global dataset on family systems is introduced in this paper, which are arguably linked with the decision-making power of women in the household. This dataset is constructed by using Emmanuel Todd’s family systems classification as a starting point, who is one of the few scholars to provide a measure of family systems available at a global level and testing his classification by using data from other sources such as Murdock’s Ethnographic Atlas (Murdock 1969) and the OECD’s (2009) Gender

Inequality in Social Institutions dataset. Their study thus aims to provide possibilities for comparative research interested in testing global level hypotheses about how family systems affect different development outcomes (e.g., human capital formation, political and economic development, fertility).

The next two papers test the Sen hypothesis for two different domains. Lotte van der Vleuten explores the impact of family systems on education and in particular the gender education gap in middle and lower income countries in the second half of the twentieth century. The author studies whether the way family is organized with regards to the position of women (captured by marriage patterns, inheritance and co-residence practices) plays a role in explaining gendered educational outcomes. Based on an empirical investigation of a global dataset capturing 86 middle and lower income countries, van der Vleuten shows that countries characterized with a gender egalitarian inheritance practice, later female marriage ages, a smaller gender gap in marriage ages and a nuclear household structure also have significantly smaller gender gaps in education. Thus, the way women are treated within the family has implications for women's position in terms of educational attainment. The findings of the study draw attention to the fact that while achieving gender equality in education has become one of the important development goals (as evident from the Millennium Development Goals by the United Nations), in some regions of the world achieving this goal is more challenging due to the slow-changing family institutions.

Selin Dilli looks at whether historical family institutions have implications for the political development of societies. She establishes the links between family systems and the process of democratization in the world, focusing on the hypotheses formulated by Todd (1985) in *The Explanation of Ideology*. Todd hypothesized that the way parent-child relations are organized based on inheritance and co-residence practices determine individuals' attitudes towards liberal and authoritarian ideologies. Dilli tests whether political ideologies produced within the family help explaining the long-term cross-national differences in the democratic development of societies. Based on an empirical analysis of a global data set including information for 127 countries in the time period between 1849 and 2009, the author shows that countries characterized with a nuclear household structure historically, which arguably produce liberal values, also have a higher level of democracy in the long run compared to countries where communitarian family practice is more common. Moreover, gendered family practices are a relevant factor in explaining the democratic development of societies. Like the study of van der Vleuten, her findings also highlights family systems as an important factor in understanding the challenges societies may face in the democratization process.

The paper by Bastian Mönkediek and Hilde Bras, 'Family Systems, Social Networks and Family Size of European Cohorts Born between 1920 and 1960' studies the relevance of family systems and social networks related to the family in explaining the fertility patterns of Europe. The authors develop a novel approach by combining two approaches in the literature, one of them looking at family systems defined in terms of co-residential units and the second one emphasizing the role

of the social relations and social networks in fertility behaviour. They draw attention to the need to take into account the household composition together with people's complete social networks in understanding their fertility preferences. For this purpose, the authors employ data from the Survey of Health, Aging and Retirement which provides possibilities to capture the family systems at the regional level and couple's social network and test their impact on completed fertility of couples born between 1920 and 1960 in 13 European countries. They amongst others show that countries and regions with weak family ties do not necessarily have closer networks. The results of other parts of the analysis often contradict the hypotheses formulated; for example, 'contradicting our expectations, closer ties to kin led to lower fertility in all family system regions'.

In 'Women, Work and the Family: Is Southeast Asia different?', Anne Booth provides a long-term perspective on the position of women in Southeast Asia (in particular the 10 member countries of the Association of Southeast Asian Nations) by focusing on four dimensions: employment, education, household and health. The author evaluates the relevance of the historical conditions and the role of more recent social transformations (e.g., urbanization) in determining women's position in 10 Southeast Asian countries. Her study shows that some countries in Southeast Asia such as Philippines and Myanmar were historically less strictly patriarchal and characterized by high gender equality in terms of labour force participation than in many other parts of Asia. Booth attributes important role to the colonial institutions in explaining the high performance of Philippines in terms of high female labour force participation. However, the historical differences in countries' performance in terms of gender equality, which Booth attributes to the role of historical institutions, seems to change over time. Booth observes that the rapid economic growth and the structural transformations of the recent decades have changed the position of women in the region substantially. For instance, while countries like South Korea and Taiwan were characterized by strong patriarchal values historically, they made rapid progress towards gender equality. However, she also observes that there are cases where economic development does not translate into gender equality. Singapore, a country with a very high-income level in the region, still ranks low when it comes to gender equality. Overall, her study draws attention to the need to take a closer look at the position of women in Southeast Asia historically to be able to differentiate the role played by long lasting cultural factors from those related to economic development in promoting gender equality.

The study 'Family, Gender and Women's Nutritional Status: A Comparison between Two Himalayan Communities in Nepal' by Dónya Mandjadian and Hilde Bras focuses on how different family systems, and gender relations within them, impact women's nutritional status. In particular, they look at how family systems determine different stages of the food allocation process, namely selection, preparation, and distribution of food. The authors study these links qualitatively by comparing a Hindu and a Tibetan Buddhist community in Nepal, which share similar environmental conditions but are characterized by different family

systems. Their study provides important insight into undernutrition, a common problem in Asia from which mostly women and children suffer. The authors show that in both Buddhist and Hindu communities, the decision-making power of women, especially the younger women, is limited in determining the food allocation process. However, while during the selection and preparation of the food, the young married women face discrimination in Buddhist communities, the food division was gender egalitarian, with women receiving equal portions in terms of food quantity and quality. In contrast, women in Hindu communities face inequalities in all the stages of food allocation, which result in undernutrition of women. This problem is more pronounced among Dalit women (i.e., lowest caste) than Chhetri women.

Overall, the papers included in the special issue follow different approaches in terms of their outcome indicators of interest, the methodological approaches they follow, geographical scope and the time period under investigation. However, what all these papers have in common is that these papers demonstrate that family systems and gender relations do matter for a range of outcomes in the long run. Thus, in order to understand why some countries are richer, egalitarian, have higher levels of education, gender equality and are more democratic, one should not only focus on recent changes but also look to historical institutions. In this sense, what this special issue shows is in line with the common notion in the literature that ‘institutions matter’. Additionally, this special issue aims to add to this line of literature by situating family as an important institution in the research agenda.

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