

INTRA-HOUSEHOLD EXPENDITURE SHARING BY ELDERLY COUPLES: A COLLECTIVE MODEL

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Abstract: *This study employs the collective household model in which the household is characterized as a collection of individuals. Each has a well-defined objective function and participates in household-level decisions. The study adopts the very general framework of Browning, Chiappori and Lewbel (2006) by replacing the empirical model from a highly nonlinear demand system with price variation to a slightly nonlinear demand system (Engle Demand curve). Our method estimates the levels of household resource shares, household economies of scale and indifference scales. The study applies intra-household collective model to Sri Lankan expenditure data on elderly individuals and couples. The results of the study show that there is a difference in expenditure sharing of elderly males and females within the household with respect to whether they are living as a couple or as a widow. One of the key policy implications of the collective model and sharing rule is that the impact of government transfer payment may depend on the intra-household sharing rule. These findings may guide policy makers how income generating opportunities could be used to lead to more equality within the household.*

Keywords: Collective model, intra-household behavior, sharing rule, household economies of scale, elderly males and females.

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