

Economic Utility and Demand for Children - Comment

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1. The micro-economic framework for the analysis of the economic value of children discussed in Section II is based on the assumption that "parents weigh the costs and benefits of having children in deciding the number of children they can raise". The treatment of children as consumer durables has not found acceptance in economic and sociological literature. (Liebenstein 1974, Sanderson, 1976, Blake 1968). To ignore normative factors, social institutions, altruistic and religious values, the circumstances of nuptiality like arranged marriage, low age at marriage, patrilocal residence and patriarchal authority, and biopsychological needs is to make the axiomatic micro-economic model irrelevant to the explanation of reproductive behaviour. The author is hopelessly out-of-date and does not display any awareness of these considerations although he formulates alternative theories about the demand for children. (Becker 1981 pp. 93-112 and pp. 237-256).

2. The theoretical model uses two separate production functions for number of children and all other sources of satisfaction in equation (2). Logically this equation is confusing because the index "j" figures thrice, denoting different things.

In a patriarchal society, only the number of sons would be relevant to income transfers and old age security, while the number of daughters would involve additional costs in Hindu society. The number of children is not an appropriate variable in these circumstances. Since the sex of the child cannot be chosen according to preference and the sex-ratio of birth is biologically stable, the number of children is a joint product of sons and daughters. These features have to be incorporated in the model to make it relevant to the Indian context.

The time constraint is not at all relevant to a developing society with large-scale unemployment and a zero opportunity cost for time.

Equation (7) uses "shadow price" for children which is said to be the marginal cost of producing a child. This obviously would depend on the sex and the parity of the child, which idea is not developed further in the model.

The model, using shadow prices for children and (other) consumer durables, does not appear to be relevant to the subsequent empirical analysis.

3. The entire empirical analysis is based on a single dependent variable, children ever born (CEB). This is not an indicator of completed family size. Women at different stages of family formation, from those just married to couples who have completed their

* T. Lakshmanaswamy, "Economic Utility and The Demand for Children : A Theoretical and Empirical Analysis" *Artha Vijnana*, Dec. 1988 Vol. XXX No. 4, pp. 421-453.