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Yours, Mine or Ours?

**A Study of
Intra Family Income Distribution**

**A thesis presented in partial fulfilment of the requirements
for the degree of Master of Arts
in Social Policy at
Massey University, Albany Campus**

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Abstract

Access accorded to family members to the resources of the household are an aspect of distribution which reflects the structure and values of a society. This thesis is an examination of the issues surrounding intra family income distribution. A significant aspect of this broad issue of distribution and the way in which it reflects inequalities in our society, is the use of statistical data on income and its distribution as a base for policy, without examination of the reality of access to economic resources for women. There are traditional assumptions of joint decision making by husbands and wives which influence policy decisions, and these assumptions need to be examined in the light of evidence from research, to determine the extent to which they can be justified.

This thesis is based on three foundation studies conducted in Australia (Edwards, 1981), Britain (Pahl, 1989), and New Zealand (Easting and Fleming, 1994), about intra family income distribution, which challenge the traditional assumptions. A qualitative study was carried out for this thesis, employing a feminist perspective within a framework of critical social science and grounded theory, to investigate the systems of pooling of money in four New Zealand households. The thesis considers the findings of this study, and relates them to the three foundation studies conducted earlier in Australia, Britain and New Zealand. The thesis concludes with recommendations for policy and future research.

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The writing of a thesis is an interesting and largely solitary task. Had I understood the nature of this undertaking before I embarked upon it, I am not sure that I would have done so. However, I have learned many things over the time it has taken to complete the study and writing, some specific to the subject matter but some also about myself.

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Chapter One: Introduction

Preamble

My broad area of interest is in income distribution; with the levels of inequality in our society, and how these are sustained or reduced. Within these parameters, I have a particular concern for women in our society who are impoverished and disempowered by our social systems. A significant aspect of this broad issue of distribution and the way in which it reflects inequalities in our society, is the use of statistical data on income and its distribution as a base for policy, without examination of the reality of access to economic resources for women. Most particularly, there is an assumption predominant in our society that women will engage in care giving roles, sometimes in addition to paid employment, and sometimes entailing the sacrifice of the earning of independent income. This expectation has consequences for those women so prevailed upon, whether willingly or not, in terms of their access to the resources, financial and otherwise, that accrue to the family. Research into the intra family distribution of income has led to a body of literature accumulating which begins to illuminate the issue of women's access to and control of resources held by households, and to highlight the effects on women of this aspect of partnerships and marriage.

This thesis is exploratory in nature and aims to examine what work has been done to clarify the issues of women's access to and control of family, joint, or, in fact, personal income. It includes an assessment of the policy implications of the findings of such research, and of the relative success of methods which have been employed in existing studies and analysis, as a base for recommendations for useful method and focus in further study in New Zealand. This introductory chapter begins with identification of the focus of this thesis and proceeds with an outline of its structure and organisation.

The Focus of the Thesis

A significant and early study into the systems for money management devised by couples was conducted by Jan Pahl (1989)¹ in the mid 1980s in England. This study has become central to the literature in this field and has provided the foundation for the study reflected in this thesis. Pahl had become interested in the financial arrangements within households while engaged in a previous study concerning violence against women in marriage (Pahl, 1985). Interviews with abused women at a refuge had revealed that these women had claimed to be better off financially since leaving their husbands, although living then at the minimum level of income considered acceptable in Britain at the time. Pahl discovered in speaking to these women that "it was clear that some husbands had had substantial incomes but had kept so much for their own use that their wives and children lived in grim poverty" (Pahl, 1989:1). Rowntree (1922), as early as 1901, had observed and documented this behaviour in what he described as "secondary poverty" and attributed it to "mismanagement" of money. This issue was, however, not given any substantial weight at that time, and later work had a focus elsewhere. Policy was then, and is even now, formulated on the basis of household income statistics, and carries an "assumption that the household is an economic unit within which resources are shared equitably" (Pahl, 1989:2). The hardship of many women has been thus rendered invisible. Pahl considered that knowledge of financial arrangements within marriage was important in the endeavour to understand the nature of gender relationships and that the topic occupies "a crucial intersection between the economic and the social, between the economy outside the household and that within it" (Pahl, 1989:2).

The aim of Pahl's study was to help in providing answers to a number of key questions identified as central to the investigation. These three crucial questions are as follows:

¹ Jan Pahl was funded by the Economic and Social Research Council and by the Rowntree Memorial Trust to conduct a study into the financial arrangements of married couples, which was an area of research which had been until then given little attention. Meredith Edwards conducted an Australian study, also in the early 1980s, and she and Jan Pahl corresponded over the preparation and research period. The first major study in New Zealand was the Intra Family Income Study on Pakeha, Maori and Pacific Islands families in the early 1990s, and the Easting and Fleming report (1994) used for this thesis represents the Pakeha component of this study. These three projects form the foundation of research into intra family income distribution in these countries, and since there has been little else of major importance, they constitute the material for the literature review in Chapter Three of this thesis.

- ① What are the processes which take place within households between the earning and the spending of income?
- ② To what extent are the different economic situations of husbands and wives reflected in differences between “his” marriage and “her” marriage?
- ③ What are the implications of different forms of intervention by the state into the lives of married couples?

Of these questions, the one I focus on is the first - what are the processes which take place within households between the earning and the spending of money? The other two are issues which are addressed as part of the outcome of this thesis, because they are underlying reasons for the processes being what they are. In other words, the processes are a reflection of issues of power, priorities and management in a relationship, which are themselves indicative of the ruling social paradigms. The implications of state interventions, and the shortcomings and results of intervention are also part of the social conditioning that the study highlights.

Therefore, in this thesis, I want to focus on the ways in which households accord access of their members to the financial resources which accrue to the household, given the limitation of the view of resources as being only financial, or income classified. I want to examine the access to resources for partners in a relationship where income is pooled, or partly pooled. The study, which was conducted as the primary research component of this project, is intended to identify and detail the systems operating in four such households. The four couples volunteered to participate in the study. All participants were in paid employment and all four couples applied some system of pooling of money in their household. My particular interest at the stage of planning this thesis was concerned with the impact on women and men in a couple relationship of a life change and new financial dependency which is a result of one partner's foregoing of employment. There are several circumstances where this choice to forego paid employment may be made other than in the case of the arrival of family; for example, to care for elderly, disabled or mentally incompetent relatives. Social policy measures and the assistance available from the state in these instances is minimal and shrinking, and to mothers, non-existent. Our recent governments in New Zealand have been sending

clear messages of a return to community and family responsibility for the care of these people, while the economic changes that have occurred in the same time frames make it more difficult for families to survive financially on one income. There is a growing pressure on women to return to these care giving roles, while at the same time to participate fully in the financial support of families. Choices are being made of necessity, which may not reflect fairly the priorities and desires of women, or men, but rather the constraints and inequalities that exist in our current social order.

The study was conducted with the objective of clarifying, in the instances of the four case studies, the interpretations of these couples of a system of pooling of income. There was to be a focus on the meaning that couples gave to the notion of pooling, and the extent of this in the relationship. The ideology of marriage and partnership that the couples held was also of interest, particularly as it was applied to the notion of one partner's possible financial dependency on the other, and it was the intention to try to identify the extent of a consistency between ideology and practice in the relationships. As the participants in this study all engaged in management systems which reflected ideology of sharing and pooling, it was not anticipated that the study would reveal instances of significant deprivation for the women in the partnerships. If the necessity arises for one partner to cease paid employment for reasons of care giving, then the choice that is made may be one which is the consequence of constraints external to the household. For example, the inequity of pay between "women's work" and "men's work" may mean that the couple decides the man should continue to work, as he earns more. This is a rational and intelligent decision, but imposed by the structural constraint of pay inequities based on the sexual division of labour in society.

Questions it would be useful to address in a study such as this are as follows:

- if money is pooled, or is only partly pooled, does it matter whether that money is earned by a man or a woman?
- given the same level of income, do women or men contribute a greater proportion to the common purse?
- which earners are likely to keep the largest proportion of their income back for personal use?

- do men and women have different priorities for spending? If so, how are they different, and how does this affect pooled and non-pooled money?
- does an individual who contributes more money to the household also have more power when it comes to making household decisions?
- what areas of spending does the pooling cover and how is spending within the pool prioritised?
- does decision making for large expenditure follow the same process as for small amounts?
- if there is spending outside the pool for a common interest, which of the contributors pays the additional money? How is this decided and is it different for small amounts and large amounts?
- what are the mechanisms of control, direct or implied, for money outside the pool, or is the use of this money completely autonomous?
- how much knowledge do the parties have of the earning and spending of money that is outside the pool?
- how are the decisions made for the spending of the money which is pooled? Is this different for different areas of spending?
- what are the practical applications which support the pooling of funds? What sorts of banking arrangements support the pooling of funds, who takes responsibility for paying bills, who decides what is to be spent where and which expenses are consulted about?
- what are the motives for pooling or not pooling?
- what do people think are the effects of pooling or not pooling - both financially and in the relationship?
- What does information about money management indicate about current family structures?

The study conducted for this thesis was not extensive, as only four couples participated, and therefore it was not intended that all of these questions should be addressed. This study was focused on four situations, and provided some insights into some of these areas.

Clearly, there can be application of similar questions to different groups in society and comparisons made both within groups and between groups -

- rural and urban
- age groups
- groups identifiable by ethnicity or culture
- first and second marriages - combined families
- couples with and without children
- where one partner does not have a paid job - which partner? Are the arrangements the same regardless of which is the dependent partner?
- same sex couples
- flats
- families with adult children still at home.

Breadth of the application of these questions meant that the specific area of research for this thesis needed to be identified clearly and within manageable parameters. The four couples who participated in the study carried out were urban dwellers, all relatively affluent, and at similar life cycle stage. They were all in paid employment, and used a system of money management which entailed pooling. It is intended that the work done for this thesis be used as an indicator study, a springboard for further work in this area and that primary data gathering is a trial of method rather than a study with the aim of producing significant findings at this stage. However, the findings and conclusions from analysis of the empirical data I gathered from the four case studies has been measured against the outcomes of the three foundation studies detailed in Chapter Three, and integrated into the recommendations in the concluding chapter. The study was conducted with four households as case studies using questionnaires and recorded interviews to generate data. The methodology and theoretical perspectives are fully explained in Chapter Four of this thesis.