

practical problems often frustrate the intention, and inflation factors remain relevant.

Many survey statisticians, in the US as well as in LDCs, see their role as producing an optimum design that will estimate the target magnitudes - for example the weights for the price index - in a way that trades off precision against cost. From such a perspective, any variable that is observed prior to the survey and is correlated with the target magnitude is a potential candidate for stratification. However, the more complex the design, the greater are the difficulties of using the data for anything other than the original purpose. Households may be stratified by variables that are endogenous to the processes that economists want to model, and even when this is not the case, the fact that samples are not simple random samples raises questions about the extent to which econometric results can be regarded as nationally representative. If it were to be widely recognized that household surveys have a wide range of important uses, then it would also be recognized that complex designs are dysfunctional, with sometimes quite small gains in precision obtained at the price of large compromises in the usefulness of the surveys. While there exist econometric techniques to correct samples for selectivity, as in Heckman (1976) or Manski and Lerman (1977), it is much better not to have to use them, see also the discussion in Section 2.1 below.

Given that development economists only rarely have control over survey protocols, there are a number of implications of design that should be born in mind when using survey data in econometric applications. I focus on three of the most important: the definition of the household, the measurement of dispersion, and the effects of designs other than simple random surveys.

#### *1.1.4. The definition of the household*

In many societies, people do not live in households that resemble the typical nuclear families of the US or Europe. Extended families, or members of a common lineage, may live in close proximity to one another, and only sometimes share the same cooking pot. The closeness of the group may vary with economic circumstances, with subunits becoming independent in good times and reuniting in adversity, see for example Ainsworth (1992) on fostering in West Africa. Even when there are separate households undertaking separate economic activities, assets may be held at an extended family level, as with the *chia* in Taiwan, [see Liu (1982) or Greenhalgh (1982)]. In many surveys, the decision whether to count multiple units as one or many households is essentially arbitrary, and in Thailand, a change from one to the other between the 1975-1976 and 1980-1981 surveys caused average household size to drop by about one person per household, [Government of Thailand (1977, 1983)]. Even for identical populations, the survey that distinguishes more households

