

## Parenting and Inequality

**Faculty Member:** [Fabrizio Zilibotti](#)

### Proposal Description:

The theme of the proposal is the relationship between parenting styles, the economic factors determining or influencing it, and the accumulation of human capital.

**BACKGROUND.** The research project builds on the earlier research summarized in my recent book “Love. Money and Parenting: How Economics Explains the Way We Raise Our Kids,” with Matthias Doepke, published by Princeton University Press in February 2019. The focus of the book is understanding from a positive perspective the evolution of parenting style across countries and over time. The book has an interdisciplinary focus although it emphasizes the perspective of economics. We argue that an economic analysis of incentives can help us understand how many children people have, how much they invest in their upbringing, and what parenting style they choose. We document that in countries with low inequality parents tend to be more permissive, while in countries with high inequality parents are both more authoritarian and more prone to instill in them a drive to achieve ambitious goals. The values transmitted by families turn out to matter for economic success, both at the individual and societal level. We discuss the emergence of parenting gaps and parenting traps in the American society.

While there is no good substitute of reading the book, a good summary can be found in the leading article of the Outlook section published in the Washington Post of February 22, 2019, see <https://www.washingtonpost.com/news/posteverything/wp/2019/02/22/feature/how-economic-inequality-gives-rise-to-hyper-parenting/>.

**PLAN OF WORK.** The focus of the follow-up project is on neighborhoods, peer effects and parenting style. The results of this project will be summarized in two academic papers. This project is coauthored with Francesco Agostinelli (University of Pennsylvania), Matthias Doepke (Northwestern University) and Giuseppe Sorrenti (University of Amsterdam).

Exposure to better neighborhoods has a strong impact on children’s development and future life prospects. To provide an example, Chetty, Hendren and Katz (American Economic Review, 2016) show how moving to a lower-poverty neighborhood improves children’s long-term outcomes, such as college attendance, earnings, and the probability to be a single parent.

In this project, we connect the developing literature about neighborhood effects to the parenting literature by studying the two-way link between neighborhood quality and parenting styles. The aim is to understand the mechanisms that underlie parental decisions of which neighborhood to live in with their children, and how these decisions interact with other parenting choices. This work will complement the vast literature about peer effects by looking at how parents invest in neighborhood quality to foster children’s development and future opportunities.

For the empirical component of this project, we will make use of data from the Panel Study of Income Dynamics (PSID) merged with its supplement, the Children Development Supplement (CDS). The CDS provides extensive data on children and their extended families, which allows us to study the dynamic process of early human and social capital formation. The first CDS study included up to two children per household who were 0 to 12 years old in 1997 (Wave 1997), and followed those children over three waves, ending in 2007-08. The CDS 2014 includes all eligible children in PSID households born since 1997. The CDS dataset constitutes a good starting point for our work as it contains a detailed set of questions about neighborhood choice and quality answered by around 2/3 of the total sample

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(N=3,563) originally drawn as part of the CDS.

The questions we are going to use for the analysis are of the following type:

- How would you rate your neighborhood as a place to raise children?

. Sometimes parents do certain things to make life better to their children. Have you done any of the following primarily because you wanted to make life better for your child(ren)? ...Have you ever moved to a different neighborhood?

A question is of particular interest for our project as in the CDS sample (Wave 1997), which over-represents minorities, around 47% (1,046 out of 2,207) of households answer in an affirmative way to this question. The fact that so many households move to a specific neighborhood specifically to foster their children's development and future opportunities constitutes part of the motivation for considering neighborhood choice as a key parenting decision.

Another question that we plan to address in this research is the interaction between parenting, school (and neighborhood) environment, and peer selection. As we discuss in the book, once children pass into adolescence, the direct influence of parents on their children decreases, whereas influences from peers become more important. As a consequence, a key part of parents' influence at this stage runs through their impact on the peer selection of their children. Part of this intervention takes the form of directly encouraging or discouraging children to associate with specific peers. Our research exploits an empirical setting where such behavior is observable, asks whether the observed behavior can be explained by a rational-choice model of parenting, and discusses policy implications.

This project relies primarily on data from the National Longitudinal Study of Adolescent to Adult Health (Add Health). The original includes about 90,000 students in grades 7–12 in the 1994–1995 school year at 132 representative schools in the United States. The data set includes detailed information on family background, grades, and test scores. Importantly for the proposed research, the data also includes detailed information on student's peers.

### Requisite Skills and Qualifications:

I invite application from students with a strong background in economics and statistics. Skills and interests in data collection and econometric analysis are important. Knowledge of Stata and the ability to merge datasets are essential skills (please dwell on this in the application). Other quantitative skills (e.g., programming skills) are appreciated but are not essential. We expect the students to work in team and assist each other.

**Award:** Vivian Xu

**Tobin Application Link:** [Tobin Application](#)

**Project Type:** Tobin

**Project Year:** 2019

**Term:** Fall 2019

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