

Inequality, Neighborhood and Parenting Styles

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Proposal Description:

The overarching theme of the proposal is the relationship between parenting styles, the economic factors determining or influencing it, and the accumulation of human capital. This is a large proposal comprising two related parts.

The first part is about neighborhood and parenting style. The results of this part of the proposal will be summarized in an academic paper. This project is coauthored with Matthias Doepke (Northwestern University) and Giuseppe Sorrecti (University of Zurich).

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. By using the conceptual framework developed by Doepke and Zilibotti (Econometrica, forthcoming), we aim 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 (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?

The second 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. In further steps of the project, we plan to match the CDS data with two other important information sources. First, we plan to match the CDS dataset with the restricted geographical data provided – upon the acceptance of a research project – by the PSID. Once we gather this information, the next step will consist of adding to our data set additional information on neighborhood characteristics using information contained in the U.S. Census data.

The second part is about a book project with Matthias Doepke. The book is already in progress: a contract was signed with Princeton University Press and we have worked on it for ca. one year. The focus is understanding from a positive

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perspective the evolution of parenting style across countries and over time. The book has an interdisciplinary focus although it emphasizes the perspective of economics. The book is academic in the sense that it is in large part about research, but also intended for a broad audience. It should be of interest across the social sciences, and the audience should include academics, researchers, policy makers, education professionals and general readers, especially intellectually curious parents from a wide range of backgrounds. The paper also emphasizes an international perspective rather than focusing on a single country, which should further broaden the appeal.

The focus of the book is how incentives shape what parents do. 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 believe that the main determinant of the differences across industrialized countries is income inequality, not income levels. The return to schooling – an important determinant of income inequality – is a key feature. 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.

Parenting practices do not differ only across countries. We also consider paradigm shifts over time such as the secular persistence of an authoritarian parenting style including generous dispensing of corporal punishment, the emergence of a permissive parenting culture in the 1960s and 1970s, and the subsequent rise of intensive parenting style (helicopter parents, tiger parents, etc.). It consider contextually economic and social transformations, such as the demographic transition of falling fertility rates that led to the rise of the modern nuclear family.

The book comprises an introduction and ten chapters:

- 1) The Economics of Parenting Style
- 2) The Rise of the Helicopter Parent
- 3) Parenting Styles Across Countries
- 4) Inequality, Parenting Style, and Poverty Traps
- 5) From stick to carrot – The history of parenting styles
- 6) Boys versus Girls: Gender and Parenting
- 7) Explaining the Most Basic Choices about Children – How Many to Have, and Whether to Make Them Work
- 8) The Industrial Revolution: Aristocratic vs. Middle-Class Values
- 9) The Organization of the School System
- 10) Conclusion

The book draws on a variety of data sources (World Value Survey, Time Use Surveys, NLSY, PSID, PISA, BHPS, etc.) and is very intensive in the use of research assistants, oth in the data collection and in editorial tasks.

Requisite Skills and Qualifications:

This proposal is targeted to students with a diverse pool of skills. For the first part, we mainly need an econ/stats student with skills in data collection and basic econometric analysis. Knowledge of Stata and ability to merge datasets are important for one of the three positions. The second part is more interdisciplinary. Ideally we would like to have two students with a broad knowledge basis in social sciences (economics, sociology, child psychology, modern history). Language and editorial skills are also useful. The book project also requires some data work, so some knowledge of statistics an econometrics is also advisable for one of the two candidates. We expect the students to work in team and assist each other.

Award: Elaine Lou '19

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Tobin Application Link: [Tobin Application](#)

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