

Michele Giannola

University College London

Labor Public Economics Prospectus – September 8, 2020

Intra-household Allocations, Fertility and Inequality

Please find below the abstract of the paper:

This paper studies intra-household inequality in child human capital. I document that up to 50 percent of overall inequality in educational attainment can be explained by within household variation, and that intra-household inequality increases with family size because of a large decline in the human capital of children at the bottom of the distribution. I develop a theoretical framework to understand the sources of intra-household inequality in child outcomes. I derive empirically testable predictions for parental allocations and fertility choices, and test them combining experimental and observational data from India. To generate intra-household inequality, parental preferences play a key role. However, identifying preferences using observational data is challenging because choices may be consistent with alternative specifications of preferences and beliefs. Moreover, various kinds of frictions might prevent parents from selecting their preferred choices. To overcome these identification challenges, I design and implement a lab-in-the-field experiment that allows me to separately identify preferences and beliefs, and study how constraints affect choices. I find that parents display a low aversion for inequality in child outcomes. Resources are also important, as credit-constrained parents select more unequal allocations. I then show that families adjust their fertility in response to child endowments. The findings suggest that early levels of human capital have a key role in driving inequality both within and between households.