Love, Money & Parenting
HOW ECONOMICS EXPLAINS THE WAY WE RAISE OUR KIDS
Matthias Doepke & Fabrizio Zilibotti
Gary Becker
The Economics of Parenting

• Applying the economic mindset:
  
  ➢ Parents love their children and want them to do well
  
  ➢ Aim to equip children with the skills, values, and attitudes that will lead to success
  
  ➢ Constrained by limited money, time, knowledge, and the economic environment
  
• Argue that this perspective explains a lot about parenting
What the Book Doesn’t Do

• No Judgement and Parenting Advice!

➢ Our view: (Most) parents know what they are doing

➢ Just try to understand why they are doing it
What Turns Out to Matter Most

- Macroeconomic inequality/
  return to education

- Social and occupational mobility
The History of Parenting

• Early Days: Authoritarian parenting, including corporal punishment

• The Bible: “He who spares the rod hates his son, but he who loves him is careful to discipline him” (Proverbs 13:24)

• Plumb (1975): "of two hundred counsels of advice on child-rearing prior to 1770, only three failed to recommend that fathers beat their children"
Large Changes in 20\textsuperscript{th} and 21\textsuperscript{st} Centuries

• 1960s and 1970s: Permissive parenting, anti-authoritarian wave
Large Changes in 20\textsuperscript{th} and 21\textsuperscript{st} Centuries

- 1960s and 1970s: Permissive parenting, anti-authoritarian wave
- 1980s to present: More intensive parenting, “helicopter parents,” “tiger moms”

Here are some things my daughters, Sophia and Louisa, were never allowed to do: attend a sleepover; have a playdate; ... get any grade less than an A; not be the No. 1 student in every subject except gym and drama; play any instrument other than the piano or violin; not play the piano or violin.
In 2012, the average US couple spent eight and a half hours per week on *playing, reading, talking to their children, and helping them with homework*. Up by a factor of 3.5 relative to 1976.
The Economics Behind Changed Parenting

The Stakes (Inequality/Return to Education)

The Stakeholders:
- Authoritarian
  - Early days
- Authoritative
  - >1990
- Permissive
  - 1960s-70s

Children’s Independence (Occupational Mobility)
Inequality and Parenting across Countries

- Imagination
- Independence
- Hard Work

[Graphs showing the relationship between income inequality (Gini coefficient) and parenting values across countries.]
Inequality and Parenting across Countries

Imagination

Independence

Hard Work

Parents Praising Imagination (%) vs. Income Inequality (Gini Coefficient)

Parents Praising Independence (%) vs. Income Inequality (Gini Coefficient)

Parents Praising Hard Work (%) vs. Income Inequality (Gini Coefficient)
Inequality and Parenting over Time
Downsides to Intensive Parenting?
The Parenting Gap

- Rising inequality leads to unequal parenting:
  - Low-income parents less able to afford expensive child care, schools, and extra-curriculars
  - Low-income parents less able to buy services to free up time for child care
  - Residential segregation increases inequality in school quality and peer groups
Parenting Gaps: Time Spent with Children

2012: More Educated Parents spend 1 hour per day more on child-adult contact!
In 1975, the gap was only 10 minutes
Parenting Gaps: Money Spent on Children
Parenting Gaps: Approval of Spanking
Parenting Gaps: Dispersion of Achievement within Schools

There are large gaps between white children and their black and Hispanic classmates. The gaps are largest in places with large economic disparities.
Worries and Opportunities

• On current economic trends, parenting gap will keep growing
  ➢ Social mobility and equality of opportunity at risk

• But also: parenting gap can be shrunk by changing constraints that parents respond to!
  ➢ Learn from countries where parenting gaps are low today
Policies that Matter for the Parenting Gap

- Early childhood education
- Support for families with children
- Tracking and testing in schools, school funding
- Vocational training
- College admissions
- Taxation
What Else is in the Book?

- Religiosity and parenting
- Boys versus girls
- The role of child labor
- How many kids to have?
- Parenting in a class-based society
- The education system across countries
- The future of parenting
- ...
Thank you!