

New Economic School Research Centre

"Family endowments and demographic and labor market outcomes"

Research Proposal for 2008-2009 Academic Year

Project Director:

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A demographic crisis expressed by the low fertility and high mortality rates is a characteristic feature of the Russian development in the latest decades. The demand for policy interventions to reverse the unfavorable demographic trends calls for a better understanding of the determinants and consequences of demographic processes and outcomes. The latter is to be studied within family/household context since family decisions on resource allocation across family members affect health and educational outcomes, thus shaping life-time earning profiles of family members. Intra-family transfers of money, time and services are likely to affect marriage and fertility decisions. Moreover, effects of targeted welfare programs have been shown to depend on relationships across and within households, while effects of macro policies are shaped in large by intergenerational family linkages. Costs of welfare policies supporting children depend on how fertility and marriage decisions respond to economic incentives, and these, in turn, are also affected by intra and inter family transfers of various forms.

The main idea of the project is to study how family endowments, including intra-family monetary and non-monetary transfers, affect demographic outcomes, labor market behaviour and income position of households. The precise topics to be investigated will depend on the preferences of students. We allow for the possibility of both a theoretical and an empirical work.

The empirical topics could cover questions such as the role of families in altering income distribution and wealth across generations; investment into family relations as a form of social capital; investment in children and family transfers as a saving device; income and educational mobility in the society; fertility decisions and role of intra-family transfers of money, goods and services; determinants of morbidity and mortality.

Data drawn from the Russian Longitudinal Monitoring Survey (RLMS) (Rounds 5-14) matched with GGS (Gender and Generation Study) survey data are suggested to be used for the empirical papers.

- *Intra-household distribution, role of families in altering income distribution and wealth across generations.* Do parents reinforce or compensate for differences in endowments of health across children?
- *Social capital, investment in children and intra-family transfers as a saving device.* The lack of reliable financial saving instruments is likely to have affected household saving decisions, and the forms of saving decisions in particular. Investment into children health and education, as well as the intra family transfers could serve a substitute for more traditional saving instruments when financial markets are underdeveloped.
- *Financial transfers across households, transfers of time and services across households and poverty.*

- *Income and educational mobility in the society.* Intergenerational correlations of schooling attainment is 0.3-0.4 in a number of countries, and even higher is the intergenerational correlation of earnings. There is little evidence on how transition has affected income and educational mobility.
- *Fertility decisions, role of intra-family transfers of time and services.*
- *Determinants of morbidity, the role of health care systems.*

Suggested reading list:

Alderman, Harold, Behrman, Jere R., Lavy, Victor and Menon, Rekha (1997) "Child Nutrition, Child Health, and School Enrollment: A Longitudinal Analysis". *World Bank Policy Research Working Paper* No. 1700

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Behrman, Jere R. and Mark R. Rosenzweig (2006) "Parental Wealth and Adult Children's Welfare in Marriage" *The Review of Economics and Statistics*

Behrman, Jere R., Robert A. Pollak and Paul Taubman (1986) "Do Parents Favor Boys?" *International Economic Review*, Vol. 27, No. 1, pp. 33-54

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Browning, M, and P. A. Chiappori (1998) "Efficient Intra-Household Allocations: A General Characterization and Empirical Tests" *Econometrica*, Vol. 66, No.6, pp. 1241-1278

Ejrnaes, Mette, Claus C. Portner. (2004) "Birth Order and the Intrahousehold Allocation of Time and Education" *Review of Economics and Statistics* 86:4, 1008-1019

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- Hayashi, Fumio (1995) "Is the Japanese Extended Family Altruistically Linked? A Test Based on Engel Curves" *The Journal of Political Economy*, Vol. 103, No. 3, pp. 661-674
- Hotz, V.Jozeph, Jacob Alex Klerman and Robert J. Willis (1997) "The Economics of Fertility in Developed countries: A Survey" In: *Handbook of Population and Family Economics*, edited by M.R.Rosenzweig and O.Stark
- Jere R. Behrman (1997) "Intrahousehold Distribution and the Family " in *Handbook of Population and Family Economics*, edited by M.R.Rosenzweig and O.Stark
- Mark M. Pitt, Mark R. Rosenzweig and Md. Nazmul Hassan (1990) "Productivity, Health, and Inequality in the Intrahousehold Distribution of Food in Low-Income Countries" *The American Economic Review*, Vol. 80, pp. 1139-1156
- Moav, Omer (2005) "Cheap Children and the Persistence of Poverty" *The Economic Journal* 115:500, 88-110
- Nishimura, Kazuo, Lakshmi K. Raut. (2007) "School Choice and the Intergenerational Poverty Trap" *Review of Development Economics* 11:2, 412-420
- Sickles, Robin C., and Paul Taubman (1997) "Mortality and Morbidity among Adults and the Elderly" In: *Handbook of Population and Family Economics*, edited by M.R.Rosenzweig and O.Stark
- Stark, Oded (1999) *Altruism and Beyond: An Economic Analysis of Transfers and Exchanges within Families and Groups* – Cambridge: Cambridge University Press
- Tournemaine, Frederic (2007) "Social Aspirations and Choice of Fertility: Why Can Status Motive Reduce Per-Capita Growth?" *Journal of Population Economics* 21:1, 49-66
- Wolpin, Kenneth I. (1997) "Determinants and Consequences of the Mortality and Health of Infants and Children" In: *Handbook of Population and Family Economics*, edited by M.R.Rosenzweig and O.Stark