ABSTRACT

Studies of economic insecurity often neglect children. This dissertation examines the effects of parental economic insecurity on children’s development. In Chapter 2, I investigate the causal relationship between parental economic insecurity and non-cognitive skills of 2 to 5 years olds. I draw data from Statistics Canada National Longitudinal Survey of Children and Youth from 2000 to 2005, and employ individual fixed effects and instrumental variable estimation. I find that when parents worry about money, their children are more likely to be hyperactive and anxious. The effects on children are comparable to a divorce shock. I propose the intergenerational effects are transmitted through direct mirroring of parents’ anxiety, and indirect effects of parenting styles. I demonstrate parents are more likely to use negative parenting styles and less likely to use positive strategies when they worry about money. In Chapter 3, I explore the causal relationship between parental economic insecurity and child weight gain. I use the natural experiment of China State-Owned Enterprise Reform that laid off 34 million workers in the state sector and employ the difference-in-difference methodology with individual fixed effects with panel data from the China Health and Nutrition Survey. Compared to the non-state sector, boys whose parents work for the state sector experience weight gain significantly. The results persist among families that never lost jobs, emphasizing the effects of anticipation of job loss, rather than the actual job loss. Quantile regressions suggest that overweight boys are likely to gain more weight. In Chapter 4, I investigate the effects of large negative income shocks on dietary intakes within Chinese families. I study families with children of sex-mix, and examine the changes in intakes of boys versus girls, fathers versus mothers, and parents versus children. Using the macronutrient daily intake standard, I find that significant carbohydrate intakes and overall energy intakes arise in response to negative income shock. The food allocation is in the order of fathers, sons, daughters and mothers. The results highlight the intra-household inequality in Chinese families.