

Research Statement

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Intergenerational correlations in economic status in the US are high. Boys born to families with income in the bottom quintile of the income distribution have a 42 percent chance of remaining there as adults and only a five percent chance of reaching the top quintile. I study the mechanisms by which parents transmit their economic status to their children. In my research I focus on how the following four aspects of the lives of impoverished families translate into worse outcomes for their children and greater likelihood that they will grow up to be poor: 1) poor families' greater exposure to violence, 2) their worse health, 3) the greater psychological strain or stress they experience, and 4) the lower levels of investments in children made by poor families. While these phenomena may not strike one as an obvious object of economic inquiry, I show in my work that economic concepts can help explain much of what we observe.

Violence

Poor women are much more likely to be the victim of domestic violence than the non-poor. Most of the existing research on domestic violence has been conducted by criminologists and sociologists who have examined domestic violence largely through a socio-cultural lens. In my paper "**The Gender Wage Gap and Domestic Violence**," I examine domestic violence from the perspective of an economic model of bargaining between a woman and her partner. The main result is that increasing a woman's wage relative to her partner's increases her bargaining power and lowers the level of violence by improving her circumstances should she choose to dissolve the relationship. I find that this theory fits the data well: decreases in the gender wage gap are associated with significant reductions in violence against women. These findings suggest that in addition to more equitable redistribution of resources, policies that serve to narrow the male-female wage gap also reduce violence and the costs associated with it, estimated at \$5.8 billion annually.

In related work entitled "**Love, Hate and Murder: Commitment Devices in Violent Relationships**" with Pedro Dal Bó, we incorporate insights from psychology to explain the high degree of cyclicalality that characterizes many violent relationships: women who are the victims of domestic violence often leave and return to their partners multiple times. To explain this we develop a model of time-inconsistent preferences in the context of domestic violence. This time inconsistency generates a demand for commitment. We present supporting evidence that women in violent relationships, who are disproportionately poor, display time-inconsistent preferences by examining their demand for commitment devices. We find that policies which compel the prosecutor to continue with prosecution even if the victim expresses a desire to drop the charges result in an increase in reporting, providing evidence of time inconsistency and demand for commitments. This work shows that incorporating

psychological insights into economic models can help us to understand how public policies help to break the cycle of violence that disproportionately plagues poor households.

I complement the above findings with two empirical analyses of the consequence of higher rates of violence among the poor with respect to child well-being. In “**Poverty, Violence and Health**,” I find that being assaulted while pregnant significantly reduces newborn health which has been linked with worse outcomes later in life including, but not limited to, worse health, lower IQ, less schooling and fewer earnings. In “**Neighborhood Violence and Urban Youth**,” I explore the impact of exposure to neighborhood violence, which is also much higher for the poor, on child outcomes. These results show first, how economic conditions can explain the higher rates of violence experienced by the poor, and second, that exposure to violence has a negative effect on child development. Together these help us to better understand the role of violence as a mechanism behind the intergenerational transmission of poverty.

Health

A number of hypotheses have been put forth to explain why the poor suffer worse health. In my research I focus on two of them. The first is that poor families are in worse health because they lack health insurance (an issue of considerable policy relevance). In the US, poor families are eligible for Medicaid, the publicly provided health insurance program for low-income families. However, not all eligible families enroll which has puzzled those who consider Medicaid a “free” public program. In my paper “**Public Health Insurance, Program Take-up and Child Health**,” I show that there are indirect or opportunity costs of enrolling in a “free” public program that are substantial, especially for immigrant groups and that relatively simple efforts to reduce these costs are very effective. In related work with Janet Currie (“**Networks or Neighborhoods**,”) I find evidence that institutions, including hospitals, may also play an important role in determining which poor women take-up public health insurance. Finally, I find that the consequences of failing to enroll in free public health insurance are great with respect to the health of low income children who, as a result of the lack of insurance, are more likely to be hospitalized for conditions that are preventable.

A second factor or mechanism that can explain why the poor are in worse health is that the poor, by virtue of their lower levels of education on average, are less able to obtain, process and/or act upon medical knowledge. If true, one implication is that advances in medical knowledge will lead to improvements in health among the non-poor (who are more educated) first, followed by eventual improvements among the poor (less educated) as knowledge diffuses. Thus the theory predicts that advances in medical knowledge can lead to an initial increase in health inequality that declines over time as the knowledge diffuses. To examine this empirically, in my paper “**Education, Medical Knowledge and the Evolution of Disparities in Health**” with Laura Stroud, I focus on how the first major advance in medical knowledge regarding the effects of smoking on health affected both the smoking decisions of pregnant women and the health of their newborns – the First Surgeon General Report on Smoking and Health published in 1964. Prior to the report, more and less educated women smoked in roughly equal numbers. After the report, the more educated reduced their smoking immediately in contrast to the less educated who did not. This disparity in the response to advances in medical knowledge continued to increase until 1990 when the smoking of the less educated finally began to converge to that of

the more educated. Consistent with this, education disparities in newborn health followed the same pattern: increasing immediately and eventually declining. These results have important implications for our understanding of how future advances in medical knowledge and technological innovation are likely to affect both health and health disparities over time. Moreover, by focusing on prenatal smoking, our results show how advances in medical knowledge can affect inequality in future generations.

Stress

In a third line of inquiry (“**Maternal Stress and Child Well-Being: Evidence from Siblings**”) I focus on the role of a factor not previously considered by economists to explain why the children of poor mothers have worse outcome: stress. Specifically, in collaboration with a psychologist (Laura Stroud) and social epidemiologist (Stephen Buka) at Brown Medical School, I examine the role of prenatal exposure to stress as a mechanism by which parents affect the economic outcomes of their children for two reasons. First, poverty is associated with greater levels of stress. The poor, on average, report a greater number of stressful events in their lives and researchers have observed higher levels of the biological markers for stress in low socio-economic status adults. Second, recent evidence in neuro-biology based largely on animal experiments suggests that exogenous exposure to stress in-utero negatively affects the cognitive, behavioral and motor development of offspring. Given that cognition and physical health are important determinants of human capital and economic status, greater in-utero exposure to stress among the poor has the potential to explain, in part, the intergenerational persistence of poverty in the US. Indeed we find empirical support for this: siblings who have been exposed to greater stress in-utero have lower childhood IQ and less completed years of schooling than siblings exposed to normal levels of stress in-utero. These results point to an important factor, stress, heretofore not considered by economists, that can explain, in part, why the children of the poor are more likely to grow up to be poor themselves.

Parental Investments

Finally, I explore the relationship between poverty, parental investments in children and child outcomes. In “**The Impact of Child Support on Fertility, Parental Investments and Child Well-being**” with Sara McLanahan, I explore the impact of child support enforcement among poor families on investments in children through an economic lens. We find that increasing child support payments improves child outcomes through two mechanisms. The first, recognized already in the literature, is that it increases the money available for investment in children (these can consist of time and/or maternal investments such as medical inputs, nutrition and schooling). The second derives from a model of economic incentives: when the state increases enforcement of child support and there is no way to monitor whether payments are spent on children or mothers, men have an incentive to father children with women who have a greater propensity to

invest in their children (assuming fathers prefer their payments to go to their children, not their ex-partners).

In more recent work with Flavio Cunha (**“Child Endowments, Parental Investments and the Production of Human Capital”**) we explore how differential parental investments can explain why initially small disparities in child human capital increase over time, resulting in large disparities by late childhood that continue to adulthood. Again, we take an economic lens to the issue, focusing on how the productivity (effectiveness) of parental investments may vary with initial qualities of the child. We find that investments (as measured by parental time and preschool enrollment) in children with higher initial levels of human capital, as measured by cognitive development, are more productive. In other words, an investment in a child with a higher initial level of human capital produces more human capital gains than the same investment in a child with a low initial level of human capital. An economic model would in turn predict that this would create greater incentives to invest in the child with greater initial human capital since the returns to that investment are higher. As such, we show how small differences early in life translate into large differences later in life in part because of incentives for differential parental investment.