

Tim Phillips [00:00:00]:

Today on VoxTalks Economics, can parents pass on the gift of patience? Welcome to VoxTalks Economics from the Center for Economic Policy Research. My name is Tim Phillips. Every week we bring you the best new research in economics. So remember, subscribe, follow us on Instagram as well. If you are a parent, you probably want your children to be patient, to work hard, be able to save for the future. But can children learn these traits from their parents? Recent research into parents and their adolescent children in Italy helps us to understand the relationship between parents and children's patience, their propensity to save, and the conscientiousness. Daniela Del Boca of the University of Turin and Collegio Carlo Alberto was one of the researchers. Daniela, welcome to VoxTalks Economics.

Daniela Del Boca [00:01:08]:

Thank you very much for the invitation. I'm delighted to be here.

Tim Phillips [00:01:12]:

Why are patience and propensity to save and conscientiousness, those three attributes that I listed at the beginning, why are they important for individuals?

Daniela Del Boca [00:01:23]:

They're very important economically for individuals, because patience especially affects the way in which individuals can be rational about their economic decisions, give up something today for something bigger tomorrow, and so they're more rational about their investment. And propensity to save, of course, affects the saving behavior and conscientiousness affects the quality of work that you can do, and doing that you can increase your wage, you can have a better productivity at work. So be more appreciated in your workplace.

Tim Phillips [00:01:58]:

And if we look at this in the aggregate, is having a population that is patient, has a propensity to save and conscientious, is that good for the economy as a whole?

Daniela Del Boca [00:02:11]:

Certainly good. And in fact, if we look at these variables across countries, we see that the country where these variables appear to be more frequent among individuals that certainly have a growing economy, and because it affects the productivity of the whole economy of the whole country.

Tim Phillips [00:02:31]:

And the fact that you say that there are some countries where we see more of this than others, that seems to imply to me that this is something we learn rather than something we're born with.

Daniela Del Boca [00:02:44]:

That's certainly true. Maybe there is something that I don't know because I'm an economist, but I read that there are some genetic predispositions that come from your family background. But

certainly they can be learned, and they can be learned very early, from early childhood. Even in economics, there is a large literature now that shows mainly Hackman and coauthors' seminal work what they did on human capital, and they show that the age between zero and three are the crucial age because they're the age in which the brain is more malleable, and they can learn more quickly and in a way that stay with you for a long time. So it's very important to make investment in the early childhood.

[Voiceover] [00:03:36]:

What sort of parent are you, and what difference does that make? Fabrizio Zilibotti tells us about his book on what economists have discovered are the best ways to raise our children, in the episode Love, Money and Parenting from March 2019.

Tim Phillips [00:04:04]:

So your research that we're going to talk about today, that's based on Italian families. Now, I remember when I was studying economics, there were quite a few Italian students in my class. They tended to have lived in their parents houses for longer than I did, or were assuming that they would go back to live with their parents when they finished studying. Is this statistically true about Italy? Does it increase the influence of Italian parents over their children's attitudes?

Daniela Del Boca [00:04:35]:

Yeah, certainly is true. The Eurostat and ISTAT data show that 67% of children, of adult children between the age of 18 to 34 still live with their parents. Why? In other countries, they are less than half. And in other country, like northern Europe, Denmark or Sweden is like 15%, 10%. So that's a very big difference. And that certainly has a very strong impact on the communication, how interactive, how frequent is the interaction, and how deep is the interaction between parents and children. And could explain why, if we compare our research with other research done on patience, for example, which was one of the variables that people study more with other countries, we see that our correlation is stronger between parents and patience and children. Patience is much stronger.

Tim Phillips [00:05:35]:

And so in this work, you're trying to capture that transmission of patience and conscientiousness and that propensity to save from the parents to teenage children. This isn't something that you can observe directly. So where do you find the data that means you can study this?

Daniela Del Boca [00:05:54]:

We collected a survey jointly with the Museum of Savings, which is a cultural institute dedicated to promote financial literacy in Italy. And the company who did it was called CSA Research, and they have used a telepanel to do that. So it's representative of the Italian economy, Italian population. They collected data on 311 households and 380 cohabiting children.

Tim Phillips [00:06:24]:

What sort of questions can you use in a survey that will capture traits like this?

Daniela Del Boca [00:06:30]:

For example, for patience, which was our most important variable, is the question related to the intertemporal discount rate of children and parents. The same question was done for children and parents. Would you rather receive €20 today or 40 in six months? And the answer will have been today. It's the same. Prefer double in six months. And similar was done for the parents, just that the amount was different was 50 and 100 hundred. So we use a dummy variable equal to one, which was our indicator of patience to indicate a low discount rate. So if the individual preferred to wait for six months.

Tim Phillips [00:07:13]:

I see you've chosen adolescents in this. I understand you can't really do a survey on children between zero and three, like we were discussing before. But why particularly choose, I think children over the age of 14.

Daniela Del Boca [00:07:27]:

There is another large literature, mainly sociological, but now it started also economically, that shows that the age of 11, 12 that start. But in our case it was 14 to 20. In that age, in that cohort there are children stop being passive agents, but they become active agents so they can invest in their human capital, that they can make decision. I want to do the homework. I don't want to do the homework. I don't want to go to school. I want to study or not. And also there is another large literature in sociology, mainly Steinberg, that shows that in those years there is another phase, like the one of early childhood, of very strong brain malleability. So the brain is more capable to receive and maintain the information. So it's an important time of the life.

Tim Phillips [00:08:24]:

We have covered the transmission of values and traits from parents to children. A couple of times on VoxTalks. And I remember that some other research has looked into the styles of parenting and how that works and sorting parents into different types. Is that a route that you went with this?

Daniela Del Boca [00:08:45]:

That's an important literature, quite recent in the last ten years. One of the main studies, Zilibotti and Doepke. And they try to distinguish between authoritarian, authoritative and permissive. We don't have this because the survey we have was collected by, as I said, the Museum of Savings. So was more interested financial literacy. But in a way, our result that shows that parental behavior, like sharing information with children, puts them in the same ground, indicated that this is similar to a more permissive behavior in which you respect your children. You don't tell them what to do, you show them what to do, you show what you do as a role model. So there is some link that we can establish.

Tim Phillips [00:09:36]:

And so, in general, how strong is that correlation between the parents patience and the

children's patience?

Daniela Del Boca [00:09:42]:

The correlation we found is much stronger than in other studies. And that could be because it's an Italian sample. From another question that we collected was, for example, how many times during the day you talk to your children? Most people say ten times. So super high. And that showed why the correlation is so much higher for research.

Tim Phillips [00:10:08]:

And this sharing behavior that you look for, does that increase the correlation?

Daniela Del Boca [00:10:13]:

That increases the correlation when we talk about patience for the other variable, much less. So the correlation between parents and children, characteristic attitude that we describe is very strong. But if we add the sharing behavior, the sharing behavior impacts mostly patience, because I think the reason is that patience is the most related to the financial information that the parent can share. You can teach more than other preferences.

Tim Phillips [00:10:47]:

Now we're talking about the relationship between parental patience and the child's patience. Can we talk about a causal relationship here? The parent's patience is causing the child's patience. I would imagine it might be a little bit difficult because they share a lot of other environmental variables. They're of the same social class, for example. These are the normal sorts of things we test for.

Daniela Del Boca [00:11:14]:

Oh, yes, you're totally right. With that data set, we cannot say where is the direction of the causality, because it's a cross section. So we don't have information on before, we don't have information that motivates the causality. So we just can talk about correlation and significant impact, but not causal.

Tim Phillips [00:11:36]:

Is that correlation there as well for the other two variables that we're talking about, I know you consider them not to be quite as important, but the conscientiousness, the propensity to save is there a relationship there?

Daniela Del Boca [00:11:49]:

The correlation between the variables parent and children is statistically strong, and not as much as patience, but it is. What is not significant is the impact of sharing the information. So let's say what we call parental behavior, parental style, affects only patience. And that's what we're saying, probably because patience is the one that you can influence more with financial information. So if I tell my children every day how much I save or how much I do, what I buy, what I do, certainly they become more informed about rational way to think about these things.

Tim Phillips [00:12:36]:

So, Daniela, is there any lesson here for parents on how optimally they should be bringing up their children?

Daniela Del Boca [00:12:44]:

We have only those results, so it's not a general result. But certainly I think that as we relate our sharing information behavior to the other parental style, you can say that parents who just talk good, or parents who play good, there is a big difference. So if I inform my children of what I do, basically I share with them my own ground and is a more pervasive parental style. So I think that a sharing oriented educational approach seems to be improving the patience of the children.

Tim Phillips [00:13:22]:

And policymakers are understandably wary about getting into this business of telling parents how to bring up their children. But something like financial literacy is a huge advantage if it can be passed on. Are there any policy lessons here that might encourage more of what we would consider to be good behaviors in children?

Daniela Del Boca [00:13:48]:

There is a literature that actually we contribute to that are more related to programs, and we did a randomized control trial a couple of years ago and also one year ago using still Italian data, and we promote parenting courses to improve their knowledge of being a good parent. But in a very strict sense, spending more time with the children and spending more quality time with the children. Play with the children, try to understand what the children are doing and how they can improve their cognitive and noncognitive outcomes. These research shows that these courses are really well received and they have quite an important impact on children and parents and their interaction and time spent together. And time is a crucial variable for children and parents when they grow up.

Tim Phillips [00:14:43]:

For everyone that's listening to this with teenage children, good luck. We hope that you all have patient children. It's good for them. Daniela, thank you very much.

Daniela Del Boca [00:14:53]:

Thank you.

Tim Phillips [00:15:02]:

The paper is called Intergenerational Transmission of Preferences and Parental Behaviours, and the authors are Flavia Coda Moscarola, Daniela Del Boca and Giovanna Paladino.

[Voiceover] [00:15:19]:

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