

Summary

Intellectual merit: Theoretical models of investment in children are plentiful in labour, household, and development economics, macroeconomics, and growth. Until recently, studies of child development were confined to the developmental psychology literature. Our first project builds on our recent work in progress that rigorously constructs an estimable model of household behaviour and investment in children which enables us to study the interplay between household preferences and resources and child development. Our new work will add more developmental stages to the model as well as incorporating factors of production external to the home environment. In our second project, we improve existing research on the effects of school environments on child outcomes by incorporating and analysing new types of data not previously employed. In particular, we add new information to ISFOL and ISTAT data and we build a new data set by matching INVALSI data with child care information at the county level. This allows us to take into account the endogeneity of parents' and school characteristics on child outcomes. In the third project we analyze the impact of family structure on home-leaving decisions, a neglected link in the literature examining the effects of family structure on such a child outcome as living arrangement. In the fourth project, we look at an extremely important and innovative outcome for the large number of children without homes, which is whether they are adopted, using a potential adoptees data set.

Policy impacts: Each of the projects has several potentially important policy implications. Knowing the impacts of public investments in children at early ages is clearly important in designing effective schooling programs, as is how parents can aid or defeat public policy intentions by adjusting their own "private" investments. A fully-developed behavioral model of how parents, and children, respond to public programs can be used to design mechanisms to most efficiently obtain desired education outcomes. It is also critical to understand the factors behind the home-leaving decision, particularly for the Italian case in which children live longer with their parents and postpone important economic and demographic decisions. Finally a crucial outcome for child welfare is whether they belong to a family. Studying the regulation of the adoption market is important for understanding and predicting the impact of regulations on adoption outcomes.