

The Schooling Decision:

Intergenerational Conflict,
Family Preferences, and Moral Hazard
in the Brazilian *Favelas*

joint with Leonardo Bursztyn (UCLA)

in *Journal of Political Economy*

The Questions

Who makes the schooling decision in poor households? Parent or child?

What determines when the parent has control of the decision?

The Experiment

Poor Families in Urban Brazil with adolescent child
Currently paid to send their child to school
We offer to let them alter this transfer program.

89%

<p>R\$120 Conditional on Child's Attendance</p>	<p>R\$120 Guaranteed</p>
---	------------------------------

The “Don’t Tell” Treatment

For whom are they demanding the commitment?

Same as Baseline except children not told of parent’s decisions.

R\$120 Conditional on Child’s Attendance	R\$120 Guaranteed
--	----------------------

62%

81%

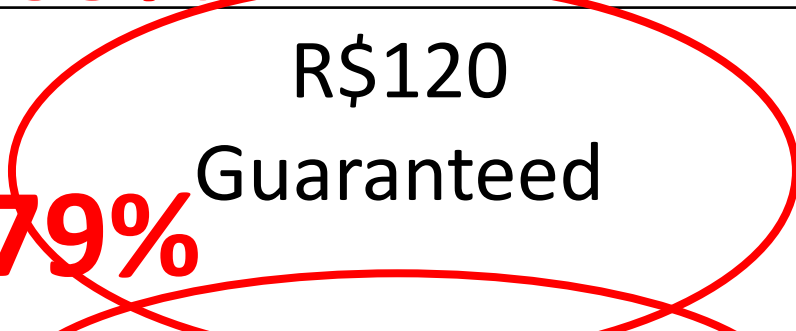


The SMS Treatment

Why can they not control their children?

Same as Baseline except parents offered SMS service ex ante

R\$120 Conditional on Child's Attendance	69% R\$120 Guaranteed 79%
--	--



What to take away?

For this population...

Parents want their kids in school.

It's the kids that want to skip / drop-out.

Parents believe they can control their kids with sufficient monitoring