

Compulsory Term Paper ECON3150/4150 – Spring 2018

There is an extensive theoretical literature about the trade-off between child quality and quantity, dating back to the models of Becker and Lewis (1973) and Becker and Tomes (1976). The idea behind these theoretical models is that if parents have more children, investing a certain amount in per-child quality, for example their education, is more expensive, than if they have fewer children. When there is an increase in the number of children, the total cost of investing a certain amount per child becomes higher and for a given budget constraint parents will lower the investment in per-child quality. This reasoning predicts that there is a negative effect of the number of children in a family on the educational attainment of these children.

A negative relationship between family size and educational achievements is however not necessarily proof of a negative effect of the number of children. The number of children is a choice variable of the parents and it might be that certain characteristics of parents, such as their preferences, their abilities or their educational attainments, affect both the number of children as well as the educational attainments of those children.

In this term paper you are going to investigate the following research question:

What is the causal effect of family size on children's years of completed schooling?

This research question can be addressed by using the data set WLSfamily.dta. The data set can be downloaded from the course website site and the document WLSfamily.pdf gives more information about the data set and the variables contained in the data set.

The term paper should consist of the following sections:

- Introduction
- Empirical approach
- Data
- Results
- Conclusion
- References
- Appendix with Stata code & output

The term paper should be at most 10 pages including tables and figures (but excluding the Stata code and output). It is no problem if the paper is shorter than 10 pages, since the quality (and not the quantity) of the content of the term paper will determine your grade.

Important dates

- 29 January 2018– Hand-out of term paper
- 23 March 2018 – Hand-in of term paper on Fronter
- 13 April 2018 – Notification of grade (pass/fail)
- 23 April 2018 – Hand-in of improved term paper for those who failed
- 4 May 2018– Everyone is informed about final grade for term paper

References

Becker, G.S., & Lewis, H.G. (1973). On the interaction between the quantity and quality of children. *Journal of Political Economy*, 81 (2), S279-S288.

Becker, G.S., & Tomes, N. (1976). Child endowments and the quantity and quality of children. *Journal of Political Economy*, 84 (4), S143-S162.

Herd, Pamela, Deborah Carr, and Carol Roan. (2014). "Cohort Profile: Wisconsin Longitudinal Study (WLS)." *International Journal of Epidemiology* 43:34-41 PMID: PMC3937969