
The response of parental time investments to the child's skills and health

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Abstract

Recent empirical research in family economics has shown the importance of parental investments on human capital development during childhood, but it is still not clear what drives parental investments and, in particular, whether they respond to changes in their child's skills and health. Using the Longitudinal Study of Australian Children we study the behavioural response of parents' time investments to changes in their child's cognitive, socio-emotional skills and health across time. We find that mothers tend to compensate for differences in socio-emotional skills and especially so if they have a low education or if they do not work. On the contrary, mothers with a university degree compensate mainly for differences in cognitive skills. When comparing mothers' and fathers' behaviours, we find that while mothers invest equally in daughters and sons, fathers seem to have a stronger compensating behaviour for sons than for daughters.

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