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PRESENTATION

The Centre was founded in March 2000 and is now in its third year of activity. Over the past year, the network of participating universities has expanded to include Torino, Firenze, Modena, Verona, Pisa and Roma II, as well as the most recently established unit in Bari. Child is pleased to welcome new members Giuseppe Celi, Maria Concetta Chiuri, Giuseppe De Arcangelis, Giovanni Ferri, Ernesto Longobardi and Vito Perugine, who have been particularly active in research on irregular migration, income taxation and income inequality.

Child members have continued several different research projects. The Torino unit participated in the second year of "The Rationale of Motherhood Choice" project financed by the European Commission and which involves teams from five countries (France, Belgium, the Netherlands, Greece and Italy). The first report prepared for the Commission has been published and can be downloaded from the website:

ftp://ftp.cordis.lu/pub/citizens/docs/motherhood_choices_2003.pdf

Daniela Vuri (Child Firenze) received a nine-month grant from the Italian Ministry of welfare for her research on "Temporary Contracts and Women's Employment" coordinated by the University of Ancona.

Giovanni Ferri, Giuseppe De Arcangelis and Maria Concetta Chiuri (Child Bari) will be involved until 2004 in a network program financed by the EU called "Economic and Political Re-integration in an Enlarged EU: Implications for Regional Stability". For this purpose they are conducting a field survey on illegal migration in Italy.

Child members have also been particularly active in organising and participating in international conferences. The ESPE (European Society of Population Economics) Conference held in New York from 13 to 15 June 2003 was organized by associate Christopher Flinn. This annual conference represents an important occasion for Child members to meet and discuss new research projects.

Another important conference was organised in June in Alghero, Italy, by the Fondazione Rodolfo De Benedetti and Child on "European Women at Work". The Child team made up by Daniela Del Boca (coordinator), Rolf Aaberge, Ugo Colombino, John Ermisch, Marco Francesconi, Silvia Pasqua and Steinar Strøm, prepared a report called "Labour Market Participation of Women and Fertility: the Effect of Social Policies". The report will be published as part of a book, but can already be downloaded from the website: http://www.frdbo.org/images/custom/paper_delboca.pdf

Most leading Italian newspapers and magazines published articles covering the conference,

underlining the relevance of the conference theme to both policy makers and entrepreneurs.

In July, Franco Peracchi (Child Roma, Tor Vergata) organised the third "Villa Mondragone Workshop in Economic Theory and Econometrics". This workshop offers a selected group of young researchers the opportunity to receive intense feedback on their work from more experienced economists.

Also in July, in collaboration with CESifo, Alessandro Cigno (Child Firenze) organised a workshop in Venice on "Taxation and the Family". In addition to Alessandro Cigno, other keynote speakers were Pierre Pestieau, Ray Rees (both Child associates) and Robert Pollak.

Finally, we will soon be inaugurating a new page on our website dedicated to relevant publications by Child members and associates. This page will also provide information on the special issue of *Labour* (volume 17, n. 2) which was dedicated to retirement decisions and pension systems and which included articles by Ugo Colombino and Franco Peracchi, editor of the special issue.

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Parental Employment and Children's Welfare

John Ermisch and Marco Francesconi

In the last twenty years many industrialised countries have witnessed a huge rise in employment among women in general and mothers in particular. This trend has been accompanied by growing public concerns with regard to better pay conditions and equal opportunities for men and women, favourable taxation for dual-earner couples, maternal and paternal leave programmes, childcare service availability, and, only more recently, family-friendly working arrangements. Surprisingly, this broad set of public policy initiatives does not target children directly. Of course, better pay conditions or higher-quality childcare services or longer and more generous parental leaves will not only affect working parents but eventually will also have a positive impact on children's lives. However, the desirability of public policies that facilitate mothers' and father's labour market involvement should be evaluated also, and perhaps quite considerably, in relation to the effects that parental paid work has on children.

In this study we reviewed the small but growing body of research concerned with the effects that childhood parental employment has on children's outcomes drawing from our own contributions and other contributions across the social sciences, and especially economics, sociology, demography and psychology. Since the measurement of those effects must be put in the context of other family influences on children's outcomes, we also considered whether such outcomes are associated with childhood family income, experience of life in a single-parent household during childhood, and with other aspects of family background, such as parents' education.

Our study suggests that parental employment during childhood has both short-term and long-term consequences on children's wellbeing. The short-term effects of increased early maternal employment operate through "worse" socioemotional adjustment and cognitive outcomes, which are measured when children are aged

between 4 and 12. The long-term effects have their strongest manifestation on lower educational attainments for children who are in their late teens and early twenties. But there is also evidence of worse labour market performance, and higher unemployment and early childbearing risks. Such negative effects are less severe for children of better-educated mothers. Thus, growing up in a family in which the mother chooses to work appears to have some adverse consequences on children's welfare, suggesting a negative effect of the loss of maternal childcare time.

The effects of paternal employment are far more modest. This does not mean that fathers have no role in shaping their children's welfare. Many acknowledge that fathers' economic contributions represent a key resource for children's development. Fathers' financial contributions provide wholesome food, adequate shelter in safe neighbourhoods, commodities (such as books, computers, and private lessons) that facilitate children's academic success, and support for college attendance. In addition, positive father involvement and strong emotional ties between fathers and children contribute to children's development, wellbeing and attainment, while in the case of nonresident fathers in single-mother families, payment of child support, feelings of closeness and authoritative parenting are positively associated with a number of measures of children's welfare.

Other parental decisions, which can shape children's outcomes, are at work. For example, closely related to employment, we have family income. There is evidence that children in poor or low-income households tend to have lower educational and labour market attainments than children from more affluent families. Therefore, if stronger labour market involvement means higher family income, children's life chances may be unaffected by the decision of both parents to work. They may even be enhanced if the income effect dominates. Another important process is given by the structure of the family in which children are brought up. Growing up in a single-parent or step-parent family (or experiencing a

parental separation or divorce) has a negative effect on several child outcomes, measured either in early childhood or later in life. With lone parenthood and divorce becoming more widespread and with the attempt in many countries of moving low-income families from welfare to work, it is hard to see how children of single parents (who are generally poor) will get on. The higher family income that their parents' employment is meant to provide must in fact compensate them for both the lack of parental time and the absence of one of the two biological parents. Unless single parents are in relatively high-pay jobs, this double goal may be difficult to be achieved.

It must be said that there are several other factors that could affect children's wellbeing in even more fundamental ways than childhood parental employment patterns (or family income or family structure) do. Among them, we have for example parents' personality and emotional stability, parenting practices, the quality of home care that children receive from their parents, and the type of friends and networks with which children are involved while growing up. These factors are likely to form the basis for the long-term influence of family background that best explains the observed relationship between child outcomes and parental behaviour. We must also say that most of our results were found for high-income countries (especially the United States and Great Britain), so they should be interpreted with care and cannot be straightforwardly generalised to other countries and cultures. It is possible that in other contexts or low-income countries, increased labour force participation and employment of mothers lead to better child outcomes. All these long-term and context-specific factors are difficult to measure and our understanding of the processes that link them to children's wellbeing is just at its initial stages.

Crisis in the Countries of Origin and Illegal Immigration into Italy

Maria Concetta Chiuri, Giuseppe De Arcangelis and Giovanni Ferri

Since the 1990s, Italy, once the “land of voyagers, saints and emigrants”, had become the main gateway into the European Union (EU) for illegal immigrants. (see SOPEMI, 2001). But little is known yet about this phenomenon: there is only scant information available on legal immigrants and almost none at all about illegal ones. A forthcoming CHILD working paper (Chiuri M.C., G. De Arcangelis and G. Ferri, Crisis in the countries of origin and illegal migration into Italy, CHILD /2003) contributes to the empirical literature on individual and household decisions to emigrate from developing countries to advanced economies. Considering both push factors and pull factors, it focuses on economic, financial and political crises as determinants of migratory flows to Italy (to Europe).

The literature generally divides the factors determining immigration into two main groups: ‘pull’ (or demand-side) factors and ‘push’ (or supply-side) factors. Among the former, the recent literature has stressed institutional features and policies implemented in the host country as well as other factors which determine the costs and expected benefits of immigration. These include the presence of social networks, transport costs, language and religion contiguities and the regulation of the labour market, which if too rigid may foster the growth of the black-market economy. Among push factors, the literature since Harris and Todaro’s (1970) influential study, has emphasised wage differentials between the host country and the home country. However, in the specific case of illegal immigration into Europe, political and financial crises, social conflict and famine in the countries of origin may be of major importance.

So far, empirical research on these aspects has concentrated on immigration into the United States (especially illegal immigration from Mexico, see Hanson and Spilimbergo, 1999). This is probably because the United States have historically been the main receiver of immigrants, attracted to that country by high wages. Yet European immigration differs from that of the USA for various reasons (see Coppel, Dumont and Visco, 2001): net flows into the EU grew during the 1980s, peaking in the 1990s owing to wars and ethnic conflicts. These specific historical events, together with tighter controls at European borders, have reduced the flow of legal immigrants and increased the flow of illegal ones. Therefore, for historical and geo-political reasons,

immigrants into the EU have demographic characteristics and expectations that differ substantially from those of immigrants into the United States. Moreover, to a certain extent, European immigration may be temporary in nature.

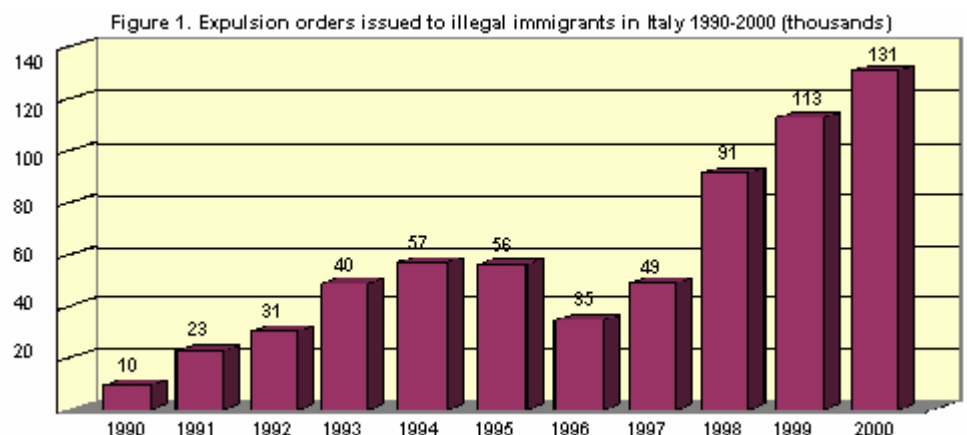
Our study analyses the trend over time and by country of origin of illegal immigration as approximated by the number of expulsion orders issued by the Italian authorities –amounting to 130,791 in 2000- certainly providing an underestimation of the phenomenon given that only a tiny fraction of the illegal immigrants entering Italy are apprehended. We examine illegal immigrants rather than legal ones for two reasons: firstly because the majority of immigrants entering Italy are only in transit towards destinations in other EU countries; secondly because consideration of illegal rather than legal immigrants purges the analysis of the distortions that would otherwise arise from the amnesties granted in the past decade. Analysis is conducted over the period 1990-2000, which comprises various crises that have erupted in the Mediterranean basin (e.g. in the area inhabited by the Kurdish people) and in the Balkans (e.g. the conflicts in the former Yugoslavia or the crises in Albania).

The data on immigration are supplemented with variables relating to the main features of the countries of origin, including: (i) a proxy for expected future earnings based on net per-capita national income as reported by the World Bank’s World Development Indicators; (ii) an exponential function of geographical distance from Italy as a proxy for the costs of migration; (iii) the legal (male) immigrants resident in Italy at the beginning of period and reported in the ISTAT yearbook (2000) by country of origin, as an approximation of the pre-existence of social networks; (iv) two dichotomous variables indicating religious and language contiguities with those

prevailing in western Europe. After introducing the control variables for push and pull factors, our empirical analysis assessed whether and to what extent crises in the country of origin associate with an increase in the number of expulsion orders issued - and, as a consequence, in the migratory flows - pertaining to that specific country. We use the numerical composite indicator of political, financial and economic risk as classified by the ICRG Risk Rating system that allows country risk comparability for a large number of country. Finally, in order to control for the changes in the tightening of border controls occurred over time we condition the expulsion orders by country of origin on the total expulsion orders issued per year.

Empirical results obtained confirm that crises in home countries significantly amplify illegal immigration into (or through) Italy. According to our econometric estimates, crises associate with a considerable increase in the share of illegal immigrants entering Italy from a crisis - hit countries. For example, when a country moves from what the ICRG Risk Rating System calls a situation of ‘moderate risk’ to one of ‘very high risk’, as Albania did in 1990-92, its share increases by around one percentage point. In other words, own data for 2000 a crisis of that type in Albania would increase the number of expulsion orders vis-à-vis Albanians by around 1000 units per year, implying a much larger impact on the ‘true’ number of illegal immigrants from Albania, given the mentioned under-estimation intrinsic in our proxy.

Thus, our results suggest future policy directions for Italy - Europe. Specifically, by comparing the economic consequences of intervention (preventing mass immigration before it begins) and non-intervention, our analysis highlights the implicit effects of the various policy choices the European Union will need to take should further crises occur in neighbouring countries.



Aversion to inequality and political vote: Is there a relationship?

V. Atella and F. Perali

It is often recognized that changes in a society's level inequality affects voting behavior. The relationship between inequality and voting behavior is not so immediate especially if we think at the recent upheavals of the Italian political arena which took place in a period of relative stability of the indexes of inequality and poverty. What it seems to be important in affecting voting behavior is the voters' perception of the changes in welfare conditions and in the threshold level of tolerance towards social inequity. This is the hypothesis investigated by Atella, Coggins and Perali (CHILD Working Paper - 03/2003) who estimated Italy's degree of aversion towards inequality and its relationship with casting a voting preference either for the right or left wing coalitions that dominated the Italian political scene in the late 1980s and early 1990s. The authors implement a "virtual" voting scheme for compiling individuals' equity preferences into a social choice using the majority rule within a *laboratory experiment*.

Elections represent a spontaneous mechanism through which civil societies express their choices. The voting outcome *per se* may not be an accurate representation of societies political preferences when the abstention is high. This does not imply that those who do not exert their right to vote do not have preferences for a political area. Further, the vote may be either manipulated or cast in a strategic way. The "virtual" voting mechanism that has been designed within our laboratory experiment to

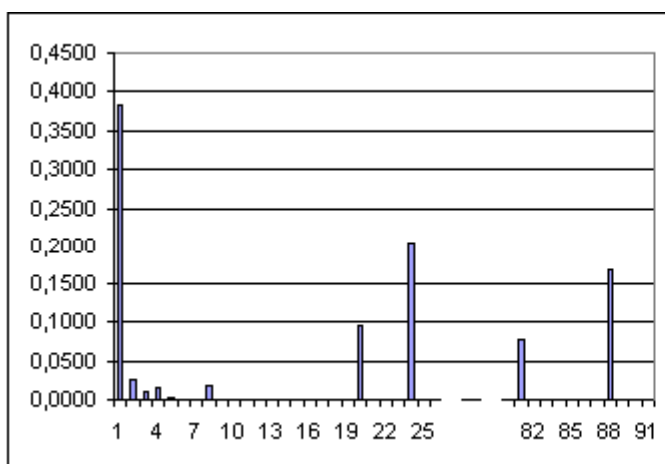
estimate the degree of aversion to inequality in Italy avoids these difficulties because it is non-manipulable and does not allow for strategic behaviour. In our lab simulation all households of the sample "vote." The experiment based on data representing the changes in standard of living during the period 1985-1996, supposes that a *super partes* social observer, personified by a benevolent computer, knows the individual levels of welfare of the Italian households as deduced from the ISTAT Italian expenditure survey of about 32,000 households per year.

The social observer has the objective of choosing the solution maximizing society's welfare. In the lab experiment, the benevolent computer programmed by the social observer finds the welfare maximizing prices corresponding to a competitive equilibrium. The policy space represented by the solution prices is affected by the economic situation and, therefore, by society's degree of aversion to inequality. Given the knowledge of the welfare maximizing prices associated with different degrees of society's aversion to inequality, the social observer communicates the set of prices to each household. Households then choose the set of prices maximizing their own welfare thus revealing their own preferences between a party with a higher tolerance towards inequality, such as the Right party, and a party with a lower threshold such as the Left. The majority rule gives the elections' winner, that is, society's degree of aversion to inequality. As

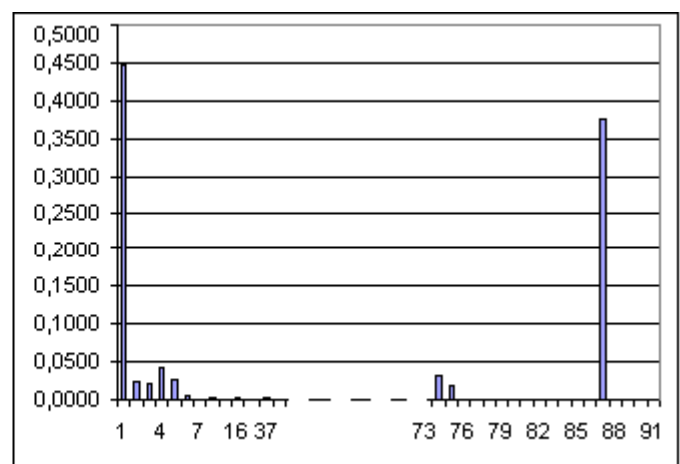
inspection of Graph 1 and 2 reveals, the simulated votes have a bimodal distribution: the left pole gives higher weight to equality, the right pole gives less weight to equality. This result lends support to the fact that in 1996 the bipartisan aggregation was coherent with the distribution of Italian parties. As it is reasonable to expect, rich people care less about equity. The level of income affects the casting of the vote, but also other socio-demographic factors are relevant. Equity matters substantially also for those who have a higher level of education, an employed wife, lone mothers, and families composed by elderly members.

Further, society is less worried about inequality when the household's level of confidence about the performance of the Italian economy is high. It is not surprising that the most evident changes in the distribution of votes for equity are found in correspondence of marked political fractures -- as in Graph 1 referring to the situation in 1993, a year of severe economic recession accompanied by radical changes in the political arena -- or after the policy reversal which led to anticipated elections -- as depicted in Graph 2 describing the outcome of the "virtual" vote based on the economic situation in 1996. This evidence shows that the perception of a change in living conditions significantly affect the outcome of elections even when the measured level of inequality is stable.

Year 1993 - The left coalition gains consensus



Year 1996 - The right coalition gains consensus



Working Papers 2003

CHILD 12/2003	The Dynamics of Repeat Migration: a Markov Chain Analysis A. Constant and K. F. Zimmermann
CHILD 11/2003	About the Right Weights of the Social Welfare Function when Needs Differ. A. Trannoy
CHILD 10/2003	A Stochastic Model for the Utility of Income J. K. Dagsvik, S. Strøm and Z. Jia
CHILD 09/2003	An Economic Model of Child Custody M. Francesconi and A. Muthoo
CHILD 08/2003	Intergenerational Transfers and Demographic Transition K. Blackburn and G. P. Cipriani
CHILD 07/2003	Estimation of the Sharing Rule between Adults and Children and Related Equivalence Scales within a Collective Consumption Framework C. Arias, V. Atella, R. Castagnini and F. Perali
CHILD 06/2003	Drug Consumption and Intra-Household Distribution of Resources: The Case of Qat in an African Society S. Borelli and F. Perali
CHILD 05/2003	The Political Economy of Intergenerational Cooperation A. Cigno
CHILD 04/2003	Retirement in Non-Cooperative and Cooperative Families E. Hernæs, Z. Jia and S. Strøm
CHILD 03/2003	Aversion to inequality in Italy and its determinants V. Atella, J. Coggins and F. Perali
CHILD 02/2003	Maternal Employment, Migration, and Child Development H. Liu, T. Mroz, W. Van der Klaauw
CHILD 01/2003	Macroeconomic Effects of Sectoral Shocks in Germany, the U.K. and, the U.S.: A VAR-GARCH-M Approach G. Pelloni and W. Polasek

Conferences 2003

October 2003, 17 - 18	"Women Wages and Work" Ramon Areces Meeting Alicante, Spain
July 2003, 23 - 27	Conference on Taxation and the Family, CESifo workshops in Economics Alessandro Cigno, Pierre Pestieau and Ray Rees (organizers) San Servolo, Venice.
June 2003, 21	Conference on "European Women at Work" Fondazione Rodolfo DeBenedetti Alghero, Chiostro di San Francesco
June 2003, 13 - 15	Annual Congress of ESPE Christopher Flinn (organizer) NYU (NYC).
May 2003, 28 - 29	Convegno CIRSDE: Che "genere" di conciliazione? Famiglia, Lavoro e Genere: equilibri e squilibri Manuela Naldini and Maria Laura di Tommaso (organizers) Sala Lauree di Scienze Politiche, Via verdi 25 Turin.
May 2003, 12 - 14	EEFS Conference "European Integration: Real and Financial Aspects" Gianluigi Pellone (organizer) Università degli Studi di Bologna.

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Seminars 2003

June 2003, 04	Seymour Spilerman (Columbia University) "Parental wealth and living standards: findings from Israel and Chile" Department of Economics, Via Po 53 Turin
May 2003, 22	Lorenzo Cappellari (Università del Piemonte Orientale) "The effects of high school choices on academic performance and early labour market outcomes" Department of Economics, Via Po 53 Turin
May 2003, 12	CHILD & Istituto Universitario Europeo , John Ermisch (Essex University) "The effect of parents employment on children's educational attainment" (with Marco Francesconi), Dipartimento di Studi sullo Stato, Via S.Caterina d'Alessandria 3 Firenze
April 2003, 04	Maristella Botticini (Boston University) "From Farmers to Merchants: A Human Capital Interpretation of Jewish Economic History" Sala Lauree di Scienze Politiche, Via verdi 25 Turin
April 2003, 02	Alessandro Cigno (Università di Firenze) "The political economy of intergenerational cooperation" Scienze Economiche, Via Curtatone 1 Florence
March 2003, 10	Francesco Billari (Bocconi) "The emergence of lowest-low fertility rates in Europe" Via Plana 10, aula L, Turin
February 2003, 21	Tindara Addabbo (University of Modena) "Labour supply and child care" Department of Economics, Via Po 53 Turin