2-Sided Altruism: Do Intergenerational Transfers Trigger Greater Childbearing In Developing Countries?

Shonel Sen
Dual-Ph.D. Candidate & Research Assistant
Agricultural, Environmental & Regional Economics and Demography
Department of Agricultural Economics, Sociology and Education
The Pennsylvania State University
E-mail: shonelsen@psu.edu

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Shonel Sen, Dual-Ph.D. Candidate in Applied Economics & Demography, Department of Agricultural, Environmental & Regional Economics, The Pennsylvania State University.

INTRODUCTION
- Current world population = 7 billion ➔ 2050 Projections = 9 billion
- AF = B - D + NM
- Population growth deceleration ➔ Fertility Management
- 2 stage game: Step 1: Policy maker; Step 2: Household.

THEORETICAL FRAMEWORK
- Additively separable Brown-Cambridge-Bartfield: Utility function
- Discount Rates and Degrees of Altruism: (θ) (φ) (ε)
- 2 stage game: Step 1: Policy maker; Step 2: Household.
- Model yields monetary transfer of Rs. 35290 per person.
- Concerns: Timing of subsidy; Expensive payoff.

EMPIRICAL ANALYSIS
- Analytical Solutions can be solved from First order Conditions for the 7 unknowns: (Q_y, y, n, w, μ, θ, ε)
- Representative generation length = 20 years (1967; 1987; 2007).
- Data: NSSO’s 4th to 6th Round (1986-2008), World Bank indicators. Cumulative values are discounted by 2007 real interest rate (6.87%).

POLICY EXPERIMENTS
- Different policy scenarios would result in different levels of choice.
  - FERTILITY REDUCTION SUBSIDY
    - Current n=1.37 ➔ TFR=2.7 Vs. Target n=1.05 ➔ TFR=2.1
    - Effect on Budget Constraint: Cost per eligible family is Rs. 39250 per person.
    - Concerns: Need SUBSTITUTE POLICY PORTFOLIO
  - CONDITIONAL CASH TRANSFER TO REDUCE CHILD LABOR
    - Aim: Influx of money ➔ reduce child labor ➔ raise schooling ➔ QQ
    - Effect on Budget Constraint: Cost per eligible family is Rs. 39250 per person.
    - Concerns: Difficulty to sustain

CONCLUSION
- Test impact of other policy instruments (social security benefits)
- Sensitivity analysis for different parameters

FUTURE EXTENSIONS
- Test impact of other policy instruments (social security benefits)
- Sensitivity analysis for different parameters

SELECTED REFERENCES

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