

Influencing the Preferences of Children through Legal Impacts on Parenting Style

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The overriding theme of the conference honoring Bob Cooter and his work is the question whether law and policy can change people's preferences. The conventional "law and economics" answer is "no." People have preferences that are fixed. What changes in law and policy do is to change how people behave by altering the costs and benefits people face in pursuit of their preferences. Put simply, the assumption of the "law and economics" model is that people respond to financial incentives by changing how they act, not what they want. So, to take a simple example, imagine two people at the same starting point, both wanting to drive separately to visit a mutual friend. Their preference to get there promptly and safely is common to both of them, but how they act in pursuit of that goal may well differ. Moreover, government can alter how they drive to their friend's by making changes such as putting in a freeway, or adding a new lane to the road, or installing lots of new traffic signals or stop signs along one route. The two people may have driven different routes previously, and they may alter their driving strategy in response to the policy changes government has adopted and may still decide that different routes are better for them. But they do not change their desire to see their friend in a prompt and safe manner. In this Article I offer a counterexample — an instance in which changes in law and policy can not only alter the behavior of some with fixed preferences, but also can impact the preferences of others. My example is about changes in society that can alter parenting style (of those parents with a fixed preference to have their children succeed) and can also change the underlying preferences that those children have as to how their lives should play out.

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INTRODUCTION

Matthias Doepke and Fabrizio Zilibotti are economics professors at Northwestern and Yale Universities respectively, and they have recently published a book “Love, Money and Parenting: How Economics Explains the Way We Raise Our Kids.”¹ Doepke and Zilibotti are both Europeans married to European women, now all living in the United States.

They see much more “helicopter parenting” around them than they recall experiencing as children themselves. Unsurprisingly, as economists they decided that economic incentives probably explain this change in parenting style and set out to gather available data. The book analyzes data from the U.S. and Europe over time.

Their core claim is that as income inequality grows, parental effort to shape their children’s future also increases. The underlying analysis reflects that standard “law and economics” model: income inequality raises the stakes of developing human capital; and with more at stake, a significant share of parents respond to the economic incentives by becoming more intrusive parents.

Doepke and Zilibotti make their case in a convincing way. So my goal here is to follow up on the implications of their analysis. What they do not consider in the book is how this shift in parenting style could alter the preferences of children. I argue that if, through law and policy, nations were to sharply reduce inequality among adults this could well play out in children having an increased role in pursuing their own preferences as to how they want to live their lives.

To make my claim, I assume that income equality promotes permissive parenting by lessening the need to steer children into certain directions. Doepke and Zilibotti plausibly show this in the book: that parents can afford to be more relaxed when there are plentiful opportunities — without having to excel in education or extracurricular activities — for children to enjoy a comfortable middle-class life.

I also accept the premise — that children can better explore their preferences in a permissive parenting environment — as a derivative of the data provided in the book. The data supports that parenting styles play a role in shaping what the children should prefer and what they cannot prefer. Out of the three parenting styles discussed in the book, permissive parenting seems to be the least intrusive in dictating children’s preferences.

My central claim is the following: if governments can lower income inequality, the causal effect of permissive parenting should promote children’s ability to shape and further their preferences. In other words, the sharply

1 MATTHIAS DOEPKE & FABRIZIO ZILIBOTTI, *LOVE, MONEY & PARENTING* (2019).

increased income inequality in today's society has indirectly curtailed the ability of many children to embrace and act upon their own preferences.

BACKGROUND

Doepke and Zilibotti argue that there are three acceptable forms of parenting (and two unacceptable forms). These acceptable parenting styles they label Authoritarian, Authoritative, and Permissive.² Neglectful parenting is only unacceptable when it is sufficiently neglectful to warrant calling in child protective services, such as when children fail to receive even minimal nutrition, medical care, shelter, etc. and are suffering from that neglect.³ Abusive parenting is unacceptable where child protective services should intervene to protect children from serious physical mistreatment.⁴ But in between these two extremes are three fundamentally different parenting styles.

The authors assume that all parents who deploy one of the three acceptable forms of parenting love their children and care about their children's future lives. Hence the authors assume that, at a deep level, the preferences of parents in each of these categories are similar. But, the authors argue, parents have different visions of what it means to be a good parent to their children given the household's situation in the society.⁵

The three types of parenting that the authors set out draw on the work of UC Berkeley psychologist Diana Baumrind.⁶ In her model, *authoritarian* parents seek to shape their children's behavior and attitudes based on clear parental beliefs (often faith-based) as to what is right and wrong. Children are to obey their parents unquestioningly, and if need be parents are to use force (corporal punishment, etc.) to curb the child's behavior if it deviates from the proper path. Hard work and traditional social structure are generally valued by these parents as leading to better life outcomes, values, and conduct that children are taught not to question. Rules set down by these parents need not be explained and they surely are not to be questioned; they are simply to be obeyed. Some authoritarian parents can seem harsh to outsiders, but others

2 *Id.* at 24.

3 *Id.* at 28.

4 *Id.* at 25.

5 *Id.* at 34 (“We maintain that parents’ decisions are driven by objectives that center on concern for their children and by their views on the pros and cons of different parenting strategies in helping them achieve these.”).

6 Diana Baumrind, *Effects of Authoritative Parental Control on Child Behavior*, 37 *CHILD DEV.* 887 (1966); Diana Baumrind, *Child Care Practices Antecedent Three Patterns of Preschool*, 75 *GENETIC PSYCHOL. MONOGRAPH* 43 (1967).

seem very affectionate. Regardless, what they have in common is a clear belief about what children should believe and want and how they should behave. Molding the children of authoritarian parents can occur in various ways — perhaps influenced by how readily and reliably the children accept direction, perhaps influenced by how the parents themselves were raised or other role models they observe.

Permissive parents, in sharp contrast, generally allow children to make their own choices and value the independence that children are permitted to exercise. To be sure, certain risks are too great and even the permissive parent will step in to protect the child from serious harm (i.e., even permissive parents realize that kids need some limits). But otherwise, the child is encouraged to follow his or her own preferences and the parents do not seek to shape those preferences apart from the value of autonomy. Permissive parents can be very engaged with their children, or not, but the common theme is their wish to support the child's choices and not to be judgmental.

Doepke and Zilibotti see these two types of parenting as “polar opposites” and in between they place the *authoritative* parents.⁷ These parents do not force their views on their children, but they decidedly have views as to what is better for their child — often shaped by features of the child's personality and talents. These parents try hard to influence their children's preferences but not with physical threats or demands or all-encompassing rules. Rather, they reason with their children, explain the rules that they do press on the children, and try to convince the children that parental love and wisdom will help their children to follow the path that the parents think is best. Doepke and Zilibotti confess that they both see themselves in this category, but their main goal is not to try to convince the reader that this form of parenting is best (although that outlook often peeks through). They cite studies that find that children with authoritative parents score better than other children on self-esteem and subjective wellbeing, are less likely to be depressed, do better in school, have better health, and are less likely to engage in highly risky conduct like smoking, doing drugs, or engaging in fights.⁸ But then they concede that children of permissive parents in Sweden, for example, also do better on these measures. Indeed, they realize that correlation may have nothing to do with causation here, as authoritative parenting may be highly related to some other attribute that actually causes the positive outcomes that studies reveal.⁹

7 DOEPKE & ZILIBOTTI, *supra* note 1, at 30 (“The authoritative parenting style occupies a middle ground.”).

8 *Id.* at 31.

9 *Id.* at 32.

Of course, in the real world, each of Baumrind's three categories is not reflective of a single consistent manner of parenting. Not only might some authoritative and some authoritarian parents be better than other parents are at the style they have adopted, but also there surely are a range of quite different sets of behavior and beliefs by these types of parents that get lumped together as being in one or the other category. Nor is it always obvious into which category any set of parents should be placed. For example, is the Chinese-American Tiger Mom epitomized by Amy Chua's book about raising her daughters to be viewed as an authoritarian style (she did put a rebellious daughter out in the cold for what others would find a dangerously long time)? Or is her form of helicopter parenting just at the edge of authoritative parenting — as it seems hard to believe that a Yale Law Professor and her Yale Law Professor husband would not engage their children in discussion about why the parents think X or Y is best. Indeed, even permissive parenting is not a single way to act but captures a general outlook that covers up what can well be considerable differences among families, perhaps because of differing beliefs as to what are simply too risky choices to allow children to pursue on their own.

Furthermore, some parents may well be inconsistent in their child-raising style — authoritarian for some things, authoritative for many things, and surprisingly permissive for a few things. And, maybe parents raise different children of theirs in different ways, being inconsistent in the style they display for one reason or another. Maybe girls are much more closely regulated than boys in some homes. Maybe younger children are given much more slack. Or maybe it is the opposite. Furthermore, some parents might change the way they parent as they observe how their children are developing and how effective their parenting style seems to be working over time. Nonetheless, simplifying the ways of parenting into these three types helps make the argument clearer and the data presented surprisingly (to me) fits pretty well with these three types.

Doepke and Zilibotti are centrally interested in exploring *why* parents choose one of the three styles presented. They assume that parents actually make a choice among them and do so with what they see as the best interests of their children in mind.¹⁰ To the question of why parents make one choice or the other, Doepke and Zilibotti's answer, like good economists, is that this turns on the incentives — the costs and benefits — of each of the parenting styles in the society (or sub-society) where the parents find themselves upon

10 *Id.* at 85 (“We will argue that the economics of parenting is, in fact, remarkably successful at predicting how parents behave in different countries around the globe.”).

becoming parents (or deciding to become parents).¹¹ Put differently, they reject the idea that parents are genetically or culturally thrust into one of the three types of parenting and unable to opt for another. They also reject the possibility that parents view children as resources to be exploited for the parents' own pleasures and base their parenting style on what most furthers the overall preferences of the parents. No, they assume that parents want to be good guardians of their children and, generally speaking, act in what might be viewed as a fiduciary manner — just disagreeing about how to best serve that goal.

It is important to keep in mind that in making the choices they see parents making, Doepke and Zilibotti are not saying that parents seek to maximize the immediate happiness of their children, but rather their long-term interests. And in doing that, they see parents as balancing altruism with paternalism.¹² Paternalism involves being more intrusive, as most clearly reflected in authoritarian parenting but also through the exercise of soft power in authoritative parenting. Altruism — giving in to the child's wishes — well epitomizes permissive parenting. But Doepke and Zilibotti realize that within each of the three models there can be some of each.¹³ My sense is that Doepke and Zilibotti see altruism as more short-run oriented and paternalism as more long-run oriented, but surely one can be more paternalistic (or less) with respect to what will be best for the child both for now and for later. The authors seem to ignore the possibility that some parents are not aware of making any deliberate choice as to how to parent. They also seem to assume that having chosen one approach, parents will be consistent and at least somewhat effective — which may not be the case. Moreover, they seem to assume that in two-parent families, the parents mutually agree on a parenting style — seemingly ignoring the possibility of ongoing squabbles among the parents that could lead to inconsistent messaging to children. Parents of minor children often divorce, and this can lead to conflicts between them, including over how to parent in divided families; this too seems ignored. Nonetheless, for my purposes their approach fits the basic law and economics model: parents have fixed preferences as to what they

11 *Id.* at 124 (“We also consider a number of additional variables that should matter for the incentive to engage in intensive parenting. Returns to education affect the choice of parenting style in the direction predicted by our theory: higher returns to education make parents less permissive. Similarly, everything else (including pretax inequality) being equal, parents are more relaxed (i.e., permissive) in countries with more progressive taxation and more generous safety nets.”).

12 *Id.* at 38.

13 *Id.* at 39.

want for their children and they change how they carry out their parenting task as changes occur in the outside world.

To deal with country-specific variance such as cultural influences, Doepke and Zilibotti took advantage of multiple surveys available from each country they analyzed. For example, they derived the probability of a hypothetical Swedish parent with average characteristics (age, education, etc.) to be permissive, authoritative or authoritarian based on the inequality measure in 1996. They then measured the *change* in the probability of this hypothetical Swedish parent to be permissive, authoritative or authoritarian based on the level of inequality measured in the United States in 2011. The switch from a permissive to an authoritative parenting style was statistically significant. The drop in the fraction of permissive parents was almost identical to the actual difference in the fraction of permissive parents between Sweden and the United States.¹⁴

They are not claiming that increased inequality in society fully determines how parents raise their children. After all, they find that across many nations there continue to be parents in each of their three camps. Rather, their more modest claim is that as inequality grows (and the stakes for children increase), a significant share of parents move away from permissive parenting towards authoritative parenting.¹⁵

Again, what is important to me for our purposes is not that Doepke and Zilibotti assume that parental preferences are fixed, but that they assume that how parents exercise their power as parents is impacted by economic considerations, and as a result, how children's ability to exercise their preferences is altered. When, in the not too distant past, a large share of children could readily obtain decent paying jobs and become successful middleclass/working class adults themselves, there was much less at stake in how children were prepared for college (if they attended at all) and where they attended. Where I grew up, in a working class/middleclass community in the suburbs of Cleveland, Ohio, I believe that about half of the 500 graduates from my high school in my year (1960) went on to college and probably fewer than 10 attended out of state (including some football players who were recruited to Purdue in nearby Indiana). But the half who did not go to college were in no way viewed as failures. The boys were able to gain employment in unionized

14 *Id.* at 111-12.

15 *Id.* at 123 (“Here we find at least some role for cultural factors, such as the antipermissive tendency of parents in Catholic France and Spain and the great importance that Japanese culture attaches to independence. Nevertheless, the general pattern fits with our economic theory: high inequality and a high return to education foster an intensive parenting style.”).

blue-collar jobs or in sales and the like. Many of the girls quickly married (often to their high school sweethearts) and promptly had families, as the age of marriage for women then was dramatically lower than it is today. It seems fair to assume that most of my classmates wound up earning more than their parents did, but probably a few became wealthy. Many who went on to college became teachers or school administrators or occasionally college professors at local schools around Ohio. There was probably little envy at high school reunions, apart perhaps with respect to the number of children and later grandchildren whose photos could be shared around. To be sure, a few of us went to universities out of state and then went on to professional schools, but we were largely outside the loop. In any event, parents who were not authoritarian were probably largely permissive, and we boys took that liberty to involve ourselves in sports and sometimes music, but not because we or our parents thought this would help us get into a better college or a better job, but because it was fun.

In the 60 years since then, things have changed. According to the data assembled by Doepke and Zilibotti, more parents in the U.S. with “more than high school” education are spending more time parenting and doing so by trying to shape what their children do and think via authoritative parenting methods.¹⁶ Of course, not all parents are like this and many remain committed to authoritarian and permissive parenting models. But in the U.S. and some European nations, authoritative parenting is much more popular.¹⁷

16 *Id.* at 68 (Doepke and Zilibotti reference a graph that tracks a sharp rise of income inequality in the United States from 1974 to 2014.); *id.* at 71 (Doepke and Zilibotti reference another graph that tracks the involvement of college-educated mothers in childcare corresponding to the rise of college premium. College premium is defined as “the ratio of the earnings of workers with a college degree relative to those without”); *id.* at 130 (“the differences in the time spent on child-rearing do not arise because women with more education are more likely to be homemakers. In fact, the opposite is true: on average, more-educated women both work more hours for pay and spend more time on childcare.”).

17 *Id.* at 130 (“between the years of 2003 and 2006, mothers with a completed college education (bachelor’s degree) in the United States spent on average four hours more on childcare per week compared to mothers with only a high school education . . . the observation of a gap in child-rearing time that corresponds to education level is not restricted to the United States. The economists Jonathan Guryan, Erik Hurst, and Melissa Kearney document that highly educated mothers spend more time on childcare than mothers with less education in fourteen different industrialized countries.”).

Doepke and Zilibotti claim this is because of what some call our “winner take all” society, or the now widespread aspiration of both some baby boomers and their children (now parents themselves) to launch their children into an orbit where they have the best chance of becoming the top 10% of whatever they pursue, especially with regard to income and wealth.¹⁸

It also seems clear that the communications network of today makes more and more children aware of these differences and the material (and power) advantages that come from being at the top. In the United States, social media use is almost ubiquitous among today’s teens: 97% of 13 to 17 year olds use at least one of seven major online platforms.¹⁹ While about 81% of the same age group say that social media “makes them feel more connected to what’s going on in their friends’ lives,” 43% of them feel pressure to only post content on social media that “makes them look good to others.”²⁰ When asked what topics they post about on social media, roughly half of teens say they post about their accomplishments.²¹ The reason why most of today’s teens choose to post about their accomplishments on social media is beyond the scope of this Article. But today’s teens seem to utilize their accomplishments in a way that resembles the value of success encouraged by authoritative parenting in the United States.

When I was growing up, there was a suburb very nearby named Shaker Heights where lots of rich people lived (and where non-whites, Jews, and even Catholics for decades had been unable to own homes). Shaker Heights had a reputation as having a superb school system and actually sent a fair share of high school grads in my year to Ivy League schools. But when I was in high school, I didn’t know anyone who lived in Shaker Heights, had never been in a wealthy person’s home, and was intimidated from even driving through Shaker Heights once I got my driving license at 16. Parents there might well have been engaged in all sorts of helicopter parenting, although I trust it was much easier to get into Harvard or Yale or Princeton than it is today (at

18 *Id.* at 131 (“One way to measure success and social mobility is to look at children’s educational achievement . . . if both parents have little education, the probability of upward mobility is the highest with authoritative parenting, which increases the probability of success by 13 percentage points relative to uninvolved parenting.”).

19 Monica Anderson & Jingjing Jiang, *Teens, Social Media & Technology*, PEW RESEARCH CENTER (May 31, 2018), <https://www.pewresearch.org/internet/2018/05/31/teens-social-media-technology-2018/>.

20 Monica Anderson & Jingjing Jiang, *Teens’ Social Media Habits and Experiences*, PEW RESEARCH CENTER (Nov. 28, 2018), <https://www.pewresearch.org/internet/2018/11/28/teens-social-media-habits-and-experiences/>.

21 *Id.*

least if you came from the right sort of family). But those of us two suburbs away were oblivious to all of this. In my high school, no grad went to an Ivy League college, even those with 4.0 GPAs and high test scores. For the vast middle class, there was no such aspiration. Ohio State was thought plenty good enough, or stay at home and attend Western Reserve, or go to one of the many good small liberal arts colleges around the state (Kenyon or Oberlin, for example), or even one of the lesser-status public universities (Kent State or Bowling Green, for example). Just going to college was special enough and those with college aspirations could get into most of these fairly readily. Indeed, this relatively easy access remains the case to a substantial degree. It is just that today there are maybe 50 super high-status colleges that an army of high school students are trying to get into for the status, social networking, and maybe even educational value they provide.

The recent “Varsity Blues” scandal reflects this to some degree. If we assume that the parents who were paying bribes to have others fake sports talents, to take SAT or ACT tests for their kids, or otherwise cheating to get their kids into specific schools were doing so to benefit the children, we see this sort of parental intrusion into their children’s futures to an enormous degree. (In fact, I am not altogether sure that the bribe-paying parents were only “doing it for the kids” since I suspect that many of them hoped to trade on the social cache that they as parents would obtain by having their kids enrolled in hot schools. But I put this aside. I also put aside the thought that these bribe-paying parents were cheapskates, trying to engineer access to a particular college by spending, say, \$250K in bribes, when they could have above board got their child accepted with a \$5 million donation.)

But of course, most ambitious parents are not cheating. They are just engaging in heavy competition through their children. It can start very early with jockeying for access to preschool and daycare placements, molding their children so they can get accepted at a desirable elementary school, and then — often with private tutoring and all sorts of paid-for out of school experiences — helping their children to vie for the high school that will later send them on to a top college.

According to Doepke and Zilibotti, the reason why so many more parents behave this way than in the past is that their children’s future success depends much more today on taking advantage of a highly stratified education system.²²

22 *Id.* at 132 (“Two families with the same household income, one choosing an intensive parenting style and one choosing a nonintensive parenting style, the children of the former family are more likely to climb up the social ladder. The same is true for parents of the same race and education.”); *id.* at 118 (“The return to education may be among reasons why French and Spanish parents are

Like typical law and economics analysts, they say that parents sensibly respond to these financial incentives by being far more intrusive in their children's lives than were their parents in their lives (although getting to be tenured professors at world-class universities is something that Doepke and Zilibotti seem to have achieved without such helicoptering). But, as they see it, it is all a matter of the odds, and if you love your child and want your child to succeed later in life, there is a reason in today's highly unequal society to try to give your child the best odds you can.

When I was growing up, a lot of boys my age lived on my street (in a neighborhood of modest homes mostly built in the 1950s). The fathers of my buddies had these sorts of jobs — plumber, bus driver, electrician, milkman, druggist, and truck driver/salesman. My dad was different in that he was an executive of a small business, but not an owner. We all knew at some level that there were wealthier families in the Cleveland area and some of the houses in our junior high and high school district were nicer than those on our street, but we had no sense of how the well-off really lived. And I doubt that we were envious. The boys on my block mostly did go to college (we were from Jewish families, a small minority group in my high school), and went on to work as a childhood dentist, a pharmacist, a social worker, a manager in a mortgage lending business, and a truck driver/aluminum siding seller (like his father). So far as I can tell, none of these men and none of their children wound up as top 10%ers. But most seem largely happy with their lives that they shaped with little specific direction or help from their parents.

I do not know what it is like to be in high school today where I then lived. The community is still middle/working class and so maybe many things are similar to what they were more than 60 years ago (although my high school is racially diverse today, having been all white when I went there). But one thing that is clearly different is that everyone (or at least most people) is both far more aware of income and wealth inequalities and far more aware of what money can buy you. Through social media, magazines, and the like, we are bombarded with photos of the rich and famous — their homes, yachts, entourages, bling, designer clothes and furnishings, exclusive parties, and so on. And we realize that this is not just a tiny fraction of America but a considerable share — business execs, successful doctors and lawyers, celebrity performers, sports stars, and more. Irrespective of our own class consciousness (whether it is accurate or not), the visibility of income inequality and its associated consequences is much more noticeable than 60 years ago. And so, if Doepke

pushier than parents in other European countries with lower stakes in education, such as the Scandinavian countries or Italy, a country that shares many cultural similarities with France and Spain.”).

and Zilibotti's data are accepted, a lot more parents in my old neighborhood now engage in authoritative parenting than did parents back then. (It could also be that the growth in authoritative parenting has come disproportionately through the parenting of professionals who may be acutely attuned to potential benefits of pushing their children in certain ways.)

MY POINT

Now we get to my point of this Article. Suppose someone like Senator Elizabeth Warren were to become President (most unlikely in my view but stay with me) and suppose (perhaps even more unlikely) she is able to dramatically reverse the degree of income and wealth inequality we have in the U.S. today (via her wealth tax, her estate tax, and other taxes and limits on high-level earnings). Actually, while these redistributive policies could pound down the huge wealth and power advantages of those at the very top, it seems to me that there would still be a considerable slice of Americans at the top who would be much richer than the average. So, what we would also need is a substantial boost in the living standards of the vast middle (and Warren has some ideas about how to do that too). This is what it would take for people to feel that much less is at stake in where you go to school, where you live, what sort of job you aspire to, etc. In other words, we would need to have those in the middle of our country feeling good about themselves, their family lives, their work, and so on. This is not unimaginable. After all, in Norway, Denmark, Sweden and Finland, for example, there are some very rich people but most people are in that huge middle and feeling reasonably good (or so the studies suggest). Suppose we somehow achieved that.

How might we do that? One possibility would be for all of society to embrace for a couple of generations the so-called Green New Deal, or more broadly the adoption of the idea that a more fulfilling life can be achieved with less. The latter is advocated by those who favor no growth or slow growth in GDP, partly as a necessity to confront the risk of climate change and partly to promote a devaluation of owning and consuming more things. This apparently growing attitude of some of today's young adults reflects the outlook that "things" are not what mainly matters. It also reflects the outlook that getting ahead of others in the "winner take all" competitive world we live in is not necessarily the pathway to a happy and satisfying life. Moving the economy in that direction would be difficult and the redistribution of basic goods and services towards the less well-off would surely be difficult (our seeming helplessness in the face of homelessness attests to this). But suppose it did.

What I want to emphasize is how this changed state of affairs, were it magically realized through sharply altered government law and policy and changed social norms across a couple of generations, could significantly impact the lives of children.

Doepke and Zilibotti seem oblivious to the preferences of children. But surely children have them, and my point is that in a much less unequal society there is reason to believe, from Doepke and Zilibotti's historical and cross-nation data, that more parents might turn to permissive parenting instead of authoritative parenting. To be sure, it is possible that there is a one-way ratchet from permissive to authoritative parenting that parents, reflecting on their own upbringing, might be unwilling to give up even if much less were at stake as to how they parent. That is, it is possible that what Doepke and Zilibotti observe as a shift based on sharply increased inequality would not be reversed even if the United States were to achieve a more financially equal society. But I put this possibility aside and assume that Doepke and Zilibotti are right. If so, much less inequality would result in a shift back to more permissive parenting.

And now we get to my central claim: by changing the financial incentives as to what sort of parents people are, law may alter the preferences of children. Let me try to be clearer about this.

Why do children want what they want? Anyone who has multiple children or siblings or grandchildren knows that most children are different from each other in many ways. So, even if children's preferences are importantly shaped by their genes, it has to be more than that. They develop their unique personalities by their interactions with those around them and the conditions of the world they experience.

Successful authoritative parents can play a large role in the shaping of their children's preferences. The data from the Program for International Student Assessment (PISA) and the National Longitudinal Survey of Youth (NLSY97) surveys support this: the children of authoritative parents are more likely to pursue academic achievements and less likely to engage in risky behaviors.²³ It is not always easy to do that, and perhaps the apparently large growth of depressed and somewhat dysfunctional students at elite universities that Richard Scheffler and others have documented is one of the results. The idea here is that parents helicopter successfully to get their children into top schools, but some of the children have not fully bought into the competitive race they are now part of and react in distressing ways. Still, large numbers do embrace the elite competitive world and go on to graduate from professional schools

23 *Id.* at 83.

or attain other advanced degrees, leading to much higher lifetime earnings and positions of status and power.

And authoritarian parents also shape their children's preferences by prohibiting some opportunities for children to pursue what they desire. Doepke and Zilibotti make this point salient when they analyze the limited choices that girls face in countries that have not fully incentivized the development of human capital.²⁴

Permissive parents, by contrast, try to create room for their children to shape their own preferences. Of course, permissive parents indirectly show a preference for personal autonomy even for children. And permissive parents are likely modeling their own preferences and values for their own children to observe. But if these categories of parenting are really different, it is in the permissive family that children are allowed to make more choices, mistakes, and learn from friends and others. Children given more autonomy can take more risks, if they choose to. In a way the authoritative parent is especially risk averse: do not let your child turn down Stanford even if the child would be inclined to pick Occidental, or Pomona or Reed instead — for reasons, even fuzzy reasons, that make one of these perfectly good choices appeal to the child. Press your child to continue with music lessons where the child shows some talent, even if the child wants to trade piano for hip-hop dance lessons or martial arts lessons. Arrange for your high school child to have an internship in the summer with a prominent political figure even if the child wants instead to work in a flower shop.

Children are immature and often make what they would later concede are mistaken choices about what they want. But in the permissive family the parents are less hovering over those choices and more willing to let the young find their own way. In short, under the Doepke and Zilibotti model, parents are more likely to be less paternalistic if they think that mistakes children may make have less serious lifelong consequences. This in turn frees up children to shape their own lives in a way that may not be possible under the authoritative or authoritarian style of parenting.

And so now we see the basic point I am making. By promoting (or tolerating) income inequality in society, government (and law) creates incentives that parents respond to out of love for their children. This is the core law and economics vision. Parents have preferences with respect to their children and they act on those preferences in different ways depending on the social circumstances in which they find themselves. But by sharply reducing inequality,

24 *Id.* at 213 (“The expansion of women’s rights can therefore be understood as a shift in emphasis from the privileges of men to the needs of children, driven by the rising importance of human capital and education in the economy.”).

government not only influences how parents decide to parent but also indirectly impacts the lives of children whose ability to shape and further their own preferences is a product of how they are raised.

Hence, in my scenario a sharp reduction of inequality in society would not only alter the way that parents raise their children, but would also give children much more autonomy to figure out what their own preferences are and act on them. This is not government intruding to get children to want X or Y, but it would be government indirectly (and perhaps inadvertently) intruding to get children to decide for themselves if they want X or Y or Z and doing so by altering how they are parented. In this way government can impact what children want by giving them more flexibility to decide for themselves what they want rather than bowing to what their parents want them to prefer via authoritative parenting. If this insight is correct, we see not only how changing economic incentives as to how to parents can alter parental conduct, but more importantly we see how children's preferences as to how to shape their own lives can play a larger role than they can today.

Notice that it matters not whether the stakes children face nowadays are necessarily related to materialistic goals. By disincentivizing authoritative parenting through progressive taxation, expansive social safety nets, or other policies discussed in the book, children also gain autonomy to pursue nonmaterialistic preferences. If Doepke and Zilibotti are right, the sharply increased income inequality in today's society has indirectly curtailed the ability of many children to embrace and act upon their own preferences.

In conclusion, I repeat that I am not challenging the assumption that, as the stakes change for children, parents who want what's best for them may well change how they raise those children — the traditional law and economics insight. What I am pointing out is that as parenting style changes this can impact the preferences children adopt for themselves. I am not arguing that this is necessarily better for children and/or society, but only that it can happen. Just how children's preferences are created in a world in which children have more autonomy to make that happen is left for another day.

