

Research and Teaching Statement

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Longer version can be found [here](#)

I am an applied microeconomist whose research agenda focuses on investigating interactions between family decisions and the policy environment. The broad goal of this agenda is to shed light on the importance of the economics of the family for the design of government programs – a perspective that is critical to inform optimal policy design, and that may have important consequences for family wellbeing. I focus on three areas:

- I. Family behavior and government policy:** The first part of my research agenda investigates how family structure and behavior are shaped by, and influence the optimality of, government policy.
- II. Family behavior and family wellbeing:** The second part of my research agenda aims to more directly investigate the implications of family structure and behavior for family wellbeing, and to use these findings to inform optimal policy design.
- III. Family behavior and informal institutions:** The third part of my research agenda investigates interactions between family behavior and the policy environment in the absence of well-functioning formal institutions.

I employ diverse methods, depending on what the research question requires. I use large-scale data coupled with natural experiment designs to identify causal effects, drawing on a wide range of statistical techniques such as linear regressions, non-parametric approaches including bunching designs, and machine learning. Theory guides my research questions, empirical analysis, and agenda.

Taken together, the broad insight that emerges from my research is that – even in developed countries with generous social insurance and broad social safety nets – intra-family interactions are of first-order importance both for family wellbeing and for the design of optimal government policy. Intra-family interactions may supersede or mute responses to incentives put in place by government programs; further, depending on the setting, successful government programs may either seek to mimic key aspects of intra-family interactions, or strive to decrease reliance on the family.

- I. FAMILY BEHAVIOR AND GOVERNMENT POLICY.** The first part of my research agenda investigates how family structure and behavior are shaped by, and influence the optimality of, government policy.
 - a. Interactions between family behavior and social insurance:** A rich body of theoretical and empirical work in family economics, building on Becker (1973), sheds light on the complexity and richness of intra-household interactions. Yet theoretical models of optimal design of government programs typically model households as single decision-makers; in a similar vein, empirical analyses of the impact of government programs on households typically do not trace these responses back to intra-family optimization. In “[Social Insurance and the Marriage Market](#),” (*Accepted, JPE*), I bring the perspective of family economics into the study of a ubiquitous feature of many government programs: the link between benefit eligibility and marital status. I model couples’ behavior in all stages of the marriage market – matching, cohabitation, marriage, and divorce – and show, in the context of survivors insurance, that this linkage has far-reaching and interconnected effects across all four behavioral margins. This highlights a policy trade-off between insuring widows with little labor force participation and generating economically important marriage market distortions. Further, while previous research on marital responses to social insurance and taxation largely focuses on benefits that are realized immediately or in the near future (see, e.g., Alm et al., 1999; Bitler et al., 2006), this paper’s findings underscore that marriage market behavior constitutes an important *long-term* financial planning mechanism.

In "[Take-up, Drop-out, and Spending in ACA Marketplaces](#)," joint with Rebecca Diamond, Michael Dickstein, and Timothy McQuade, we bring the perspective of the family into the study of interactions between private and publicly provided health insurance. While theoretical models of health insurance demand typically model individual behavior, we show that family-level factors – such as household income, Medicaid eligibility, or implicit informal insurance in the absence of formal insurance – are important in understanding attrition from private insurance, both into social insurance and out of (any) coverage. Our findings also contribute to the literature addressing a chief concern in the design of social insurance – how to reach “the right” beneficiaries. While this literature has largely focused on take-up (see, e.g., Currie, 2006; Finkelstein and Notowidigdo, 2018), our results suggest that campaigns to improve use of social insurance may be more efficient when they jointly target take-up and attrition.

b. Interactions between family behavior and other government programs: In ongoing work, "[When Dad Stays Home: Paternity Leave and Maternal Health](#)," joint with Maya Rossin-Slater, we examine whether government policies that add constraints to households’ choice sets may improve welfare – although inconsistent with standard household models – through general equilibrium effects on take-up that help households solve a coordination problem. Specifically, in a setting where increased paternity leave plays a critical role in maternal postpartum recovery and raises household welfare, we show that simply making leave available is not sufficient to induce take-up; instead, the regulator needs to restrict households’ set of permissible choices. While incompatible with intra-household optimization when considering each household in isolation, such “restriction policies” may, by inducing large increases in take-up, accomplish a general reduction in leave-associated stigma.

II. FAMILY BEHAVIOR AND FAMILY WELLBEING. The second part of my research agenda aims to more directly investigate the implications of family structure and behavior for family wellbeing, and to use these findings to inform optimal policy design.

a. The extended family and close social circle: While extensive research on the household focuses on the nuclear family (Becker, 1973; Chiappori, 1992; Lundberg and Pollak, 1993), less is known about the economic significance of other members of the broader family network, particularly in well-developed institutional settings where members of the extended family often do not live in the same household and therefore cannot be observed in household-level datasets. In "[The Roots of Inequality and the Value of Intra-Family Expertise](#)," an NIH-funded study (co-PI NIA R21AG052833, NIH 5UL1TR001085) joint with Yiqun Chen and Maria Polyakova, we exploit Sweden’s admissions lotteries into medical school to show that having a medical professional in the extended family increases longevity and health capital at all ages. These effects do not appear to stem from preferential treatment, but from intra-family transmission of health-related information that increases preventive investments. Thus, even in a setting with universal access to essentially free government-provided health insurance, intra-family interaction – in this case, transmission of health-related information – has a first-order impact on health. These findings suggest that the benefits accruing to medical professionals’ family members may be scalable through information provision policies that mimic intra-family information transmission. What’s more, as we find that the effects of information are larger among the poor, such policies have the potential to close a meaningful share of the health-income gradient (see, e.g., Lleras-Muney, 2018). These findings contribute to earlier work documenting intra-family spillovers of education (see, e.g., Currie and Moretti, 2003; Kuziemko, 2014) by considering a precise type of education – a medical degree – and by analyzing the implications of such spillovers for public policies to combat inequality.

Further, in "[Family Ruptures, Stress, and the Mental Health of the Next Generation](#)," (*AER*, 2018), joint with Maya Rossin-Slater, we show that children of mothers who experienced a death in the extended family during their pregnancy are more likely to be diagnosed with anxiety, depression, and attention deficit hyperactivity disorder later in life. The findings suggest that greater stress exposure among the poor may partially explain the intergenerational persistence of poverty (Currie, 2011; Aizer and Currie, 2014), and that programs that ease the lives of pregnant women could help their children live healthier and more economically productive lives.

Beyond the family, my research also documents that other members of an individual's close social circle play important economic roles, including teachers in childhood and long-term co-workers in adulthood. In "[The Long-Term Consequences of Teacher Discretion in Grading of High-Stakes Tests](#)", joint with Rebecca Diamond, we examine the importance of teachers, focusing on their inclination to award some pupils a "grade bump" and the impact of this on children's long-term outcomes. In "[The Limits of Career Concerns in Federalism: Evidence from China](#)," (*JEEA*, 2016), joint with Ekaterina Zhuravskaya, we study the impact of long-term co-worker relationships on governance decisions, focusing on a particular set of powerful individuals – Chinese provincial leaders.

b. The impact of father presence in the household: The study "[When Dad Stays Home...](#)" (discussed above) suggests that a father's decision to stay home post-childbirth to help care for a newborn child could play a critical part in maternal postpartum recovery and health. In ongoing related work joint with Maya Rossin-Slater and Miriam Wüst, "[The Effects of Joint Custody for Parents on the Margin: Evidence from Randomly-Assigned Judges](#)," we study the impact on child wellbeing of another commonly implemented policy that aims to promote father involvement in children's lives – joint legal custody as a default in custody battles – exploiting a judge randomization design.

III. FAMILY BEHAVIOR AND INFORMAL INSTITUTIONS. The third part of my research agenda investigates interactions between family behavior and the policy environment in the absence of well-functioning formal institutions.

a. The family as a source of informal finance: When well-developed financial markets are lacking, the family often provides both risk finance and consumption insurance. While many theories of informal finance advocate contracts that mimic or harness the power of social relations, in "[Financing from Family and Friends](#)," (*RFS*, 2016), joint with Samuel Lee, we show that such contracts may stifle investment. Instead, successful policies to encourage risk taking include contractual innovations that *decrease* family exposure to risky investment, as well as the development of social insurance.

b. The marriage market and the formal and informal markets for sex: Many models of the household emphasize the central role of reproduction, and children have been described as the most important 'products' of the family (Browning, Chiappori, Weiss, 2011). In this sense, the marriage market has been characterized as a market for 'reproductive sex,' and contrasted with the prostitution market, which trades in 'non-reproductive sex.' In "[Human Trafficking and Regulating Prostitution](#)," joint with Samuel Lee, we analyze optimal regulation in settings where the marriage market equilibrium depends on the legal system's treatment of the market for sex. In addition, we have written a handbook chapter, "[Violence and Entry in the Market for Sex: Implications for Prostitution Law](#)," that studies the influence of prostitution laws on violence encountered by prostitutes *inside* the market for sex.

IV. TEACHING. I teach two classes at Stanford. The first is Econ 243, part of the second-year PhD sequence in public economics. The second is Econ 300, a research seminar for our third-year PhD students. I have also co-organized the public seminar (Econ 341) for the last four years.

Econ 243 begins with an overview of the rationales for social insurance and then rigorously covers Social Security, health insurance, unemployment insurance, parental insurance such as paid family leave, as well as targeting of social insurance. My syllabus for Econ 243 places an emphasis on research that focuses on household interactions with the social insurance system. Throughout, the course covers empirical and theoretical work, aiming to give students a broad overview of the field and to bring them to the research frontier. During my first two years at Stanford, I taught 243 on my own; for the last two years, I have co-taught it with Professor Rebecca Diamond, who focuses her part of the course on topics in urban economics.

Econ 300 is a seminar designed to help third-year PhD students advance from the "course-taking phase" to the "research production stage" of the PhD program, and focuses on oral presentation skills as well as the development of a research paper. I currently co-teach it with Professor Liran Einav.

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Refereed Publications

1. “Social Insurance and the Marriage Market,” *Journal of Political Economy*, Accepted.
2. “Family Ruptures, Stress, and the Mental Health of the Next Generation,” with Maya Rossin-Slater. *American Economic Review*, 108(4-5): 1214-52, April 2018.
3. “Attention Manipulation and Information Overload: Barriers to Consumer Protection,” *Behavioral Public Policy*, 2(1), 78-106, 2018.
4. “Financing from Family and Friends,” with Samuel Lee. *Review of Financial Studies*, 29(9): 2341–2386, September 2016.
5. “The Limits of Career Concerns in Federalism: Evidence from China,” with Ekaterina Zhuravskaya. *Journal of the European Economics Association*, 14(2): 338–374, April 2016.

Book Chapters

6. “Violence and Entry in the Market for Sex: Implications for Prostitution Law,” with Samuel Lee. In *The Oxford Handbook of the Economics of Prostitution* (Ed: Scott Cunningham and Manisha Shah), Oxford University Press, 2016.

Working Papers

7. “The Roots of Health Inequality and the Value of Intra-Family Expertise,” with Yiqun Chen and Maria Polyakova, October 2018.
Draft is available at: <https://web.stanford.edu/~perssonp/FamilyDoctors.pdf>
8. “Take-Up, Drop-Out, and Spending in ACA Marketplaces,” with Rebecca Diamond, Michael Dickstein, and Timothy McQuade, August 2018.
9. “Human Trafficking and Regulating Prostitution,” with Samuel Lee, August 2018.
[Submitted.]
10. “The Long-term Consequences of Teacher Discretion in Grading of High-stakes Tests,” with Rebecca Diamond, October 2017.

Selected Work-in-progress

11. “When Dad Stays Home: Paternity Leave and Maternal Health,” with Maya Rossin-Slater.
Draft is available at: <https://web.stanford.edu/~perssonp/DaddyMonths.pdf>
12. “The Effects of Joint Custody for Parents on the Margin: Evidence from Randomly-Assigned Judges,” with Maya Rossin-Slater and Miriam Wüst.

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