

Economic Mobility Beliefs and Parental Investment: Experimental Evidence

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Abstract

Economic theory predicts that parents invest more in children when expected returns are higher. The authors test whether beliefs about societal economic mobility affect these expectations and subsequent investment decisions. In a between-subjects experiment with 997 U.S. parents, they randomly assigned participants to view information emphasizing either upward or downward economic mobility. Parents in the upward mobility condition reported higher perceived returns on investment and exhibited greater investment behavior: they allocated 16% more time to a child-focused task and reported 12% higher willingness to pay for educational resources. With regard to time investments, treatment effects on the decision to invest (extensive margin) were null, while effects on investment intensity (intensive margin) were significant. Results did not vary by parental income or education.

1. Introduction

Parental investments in children—time spent reading, helping with homework, and money spent on tutoring and enrichment—have substantial implications for child development and long-run outcomes (Attanasio et al., 2022; Cunha and Heckman, 2007). Economic models of the family conceptualize these investments as strategic decisions influenced by expected returns: parents invest more when they believe investments will translate into children's future success (Becker and Tomes, 1979). A growing empirical literature supports this framework, demonstrating that parents respond to information about their children's academic potential (Dizon-Ross, 2019) and about the productivity of specific investments (Boneva and Rauh, 2018; Cunha et al., 2022) with greater investments in children's skill development.

Less understood is whether beliefs about *societal* economic conditions—specifically, perceptions of economic mobility—affect parental investment decisions. This question has gained urgency as American faith in upward mobility has declined sharply: only 27% of adults now believe that hard work leads to getting ahead, down from 50% in 2010 (ABC News/Ipsos, 2024). If parents perceive that the economic ladder is difficult to climb regardless of effort, they may view investments in their children's human capital as less likely to pay off.

We present causal evidence on this question from a randomized experiment with 997 U.S. parents. We manipulated beliefs about economic mobility by randomly assigning parents to view information emphasizing either upward or downward mobility trends, then measured perceived returns on investment and actual investment behavior. This design enables identification of the causal effect of mobility beliefs on parental decisions, addressing a gap in the literature that has relied primarily on correlational evidence.

Our work contributes to several literatures. First, we extend research on parental belief updating (Bergman, 2021; Barrera-Osorio et al., 2020; Cunha, Elo, and Culhane, 2022; Dizon-Ross, 2019) by showing that beliefs about macroeconomic opportunity structures—not just beliefs about one's own child—affect investment decisions. Second, we provide experimental evidence relevant to debates about whether declining mobility beliefs contribute to underinvestment in human capital (Alesina et al., 2018; Doepke and Zilibotti, 2019; Silverman et al., 2024; Wen & Witteveen, 2021). Third, we contribute to research on how information interventions affect decision-making among parents and educators (Barrera-Osorio et al., 2020; Bergman, 2021; Bresciani et al., 2025; Dizon-Ross, 2019).

2. Experimental design

2.1. Sample

We recruited 997 U.S. parents of children aged 5-17 through Prolific Academic, stratifying recruitment by income quintile to ensure socioeconomic diversity. The sample was 60% female, 72% White, 15% Black, 6% Hispanic, and 7% other races/ethnicities. Fifty-two percent held at least a bachelor's degree. Mean household income fell in the \$90,001-\$100,000 range. Children averaged 11.8 years of age.

2.2. Manipulation

Parents were randomly assigned to view a one-minute video presenting information about economic mobility in the United States. In the *upward mobility condition* (n=502), the video stated that "Today, Americans live in an era of upward economic mobility" and presented statistics indicating that more than 78 million Americans are expected to move up the economic ladder, with half of children born between 2005 and 2017 expected to earn more than their parents. In the *downward mobility condition* (n=495), parallel information was presented with opposite valence. Both videos used identical visual formats and cited the U.S. Census Bureau and Brookings Institution as sources. A pilot study (N=101) indicated that the downward condition produced responses similar to a no-information control (see Silverman et al., 2024 for details), so we omitted the passive control to maximize statistical power.

2.3. Outcome measures

Perceived returns on investment. Parents rated expected returns on hypothetical investments using 0-10 scales (0="child will fare much worse economically than me"; 10="much better"). We assessed returns for time investments (10 and 50 minutes daily of activities such as reading together and helping with homework) and money investments (\$100 and \$1,000 annually for tutoring and enrichment).

Investment behavior. We measured revealed preferences using two approaches. First, we offered parents access to evidence-based parenting resources in exchange for completing an optional questionnaire about their child (approximately 3 minutes). We recorded (a) whether parents opted in (extensive margin) and (b) time spent on the questionnaire conditional on opting in (intensive margin). Second, we elicited willingness to pay (WTP) for a year-long subscription to an educational newsletter using a descending price list (\$24, \$12, \$6, or custom amount).

3. Results

3.1. Manipulation check

The manipulation successfully shifted mobility beliefs. Participants in the upward condition reported stronger beliefs that upward mobility is possible (M=5.88 vs. 5.54 on a 7-point scale; $t(995)=4.00$, $p<.001$, $d=0.25$) and weaker beliefs that downward mobility is likely (M=5.66 vs. 6.01; $t(995)=3.88$, $p<.001$, $d=0.25$). Effects on beliefs about one's own child were larger: parents in the upward condition were substantially more likely to expect their child to experience upward mobility ($d=0.69$) and less likely to expect downward mobility ($d=0.67$).

3.2. Treatment effects

Table 1 presents treatment effects on perceived returns and investment behavior. Panel A shows that parents in the upward mobility condition perceived significantly higher returns on all investment types. Effect sizes ranged from 0.22 to 0.28 standard deviations, with standardized regression coefficients (controlling for demographic covariates) between $\beta=0.25$ and $\beta=0.29$.

Panel B reports effects on investment behavior. The extensive margin—whether parents chose to complete the optional questionnaire—showed no treatment effect: 64% opted in under both conditions ($\beta=0.00$, $p=.95$). However, the intensive margin showed significant effects. Among parents who opted in, those in the upward condition spent 16% more time on the questionnaire (97.6 vs. 84.1 seconds; $\beta=0.27$, $p=.006$). Parents in the upward condition also reported 12% higher WTP for the educational newsletter (\$14.30 vs. \$12.76; $\beta=0.17$, $p=.007$).

The pattern of results—treatment affects both perceived returns and investment intensity—is consistent with returns expectations as a channel through which mobility beliefs influence behavior, though we note that our design does not permit definitive causal mediation claims.

3.3. Heterogeneity by socioeconomic status

We examined whether treatment effects differed by parental education (bachelor's degree or higher vs. less) and household income (above vs. below median). Chow tests revealed no significant heterogeneity in effects on perceived returns (all $p>.58$) or time spent ($p=.18$). For WTP, effects were concentrated among parents without bachelor's degrees ($\beta=0.41$, $p<.001$) compared to more educated parents ($\beta=-0.04$, $p=.66$).

4. Discussion

This experiment provides causal evidence that beliefs about economic mobility affect parental investment decisions. A brief informational treatment shifted both perceived returns and investment behavior, with effects concentrated on the intensive rather than extensive margin. The null effect on opt-in rates paired with significant effects on time spent suggests that mobility beliefs influence how much parents invest conditional on choosing to invest, rather than the initial decision itself. This distinction has implications for policy: interventions targeting mobility beliefs may affect the depth of parental engagement more than participation rates.

Our findings complement prior work showing that mobility beliefs affect young people's investments in their own human capital (Browman et al., 2017). We extend this to parental investments in children and, notably, find effects that do not vary significantly by parental socioeconomic status—contrasting with Browman et al.'s finding that effects were concentrated among lower-SES youth. This difference may reflect distinct psychological processes governing self-investment versus investment in one's children.

Several limitations warrant discussion. First, our design compares upward to downward mobility framing; without a passive control in the main experiment, we cannot determine whether upward information increases investment from baseline, downward information decreases it, or both. Second, we measured short-term responses in an online setting; whether effects persist or translate to real-world parenting behavior remains untested. Third, our sample overrepresented White, college-educated parents relative to the U.S. population, limiting generalizability. Fourth, WTP is a stated preference measure, not a revealed preference.

Despite these limitations, our results suggest that macroeconomic narratives about opportunity may have downstream consequences for household decisions about children's human capital development. In an era of declining faith in the American Dream, understanding how mobility beliefs shape family investment decisions is increasingly important for both research and policy.

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Table 1

Treatment effects of upward (vs. downward) mobility condition on perceived returns and investment behavior.

| | Upward | Downward | | |
|---|---------------|-----------------|--------------------------------|----------|
| | M (SD) | M (SD) | β (SE) | p |
| Panel A: Perceived Returns on Investment | | | | |
| Money ROI: \$100/year | 7.13 (1.98) | 6.64 (1.97) | 0.26 (0.06) | <.001*** |
| Money ROI: \$1,000/year | 8.38 (1.84) | 7.97 (1.84) | 0.25 (0.06) | <.001*** |
| Time ROI: 10 min/day | 7.42 (1.97) | 6.91 (1.87) | 0.29 (0.07) | <.001*** |
| Time ROI: 50 min/day | 8.71 (1.78) | 8.20 (1.82) | 0.29 (0.06) | <.001*** |
| Panel B: Investment Behavior | | | | |
| Opt-in rate (%) | 64% | 64% | 0.00 (0.06) | .95 |
| Time spent (seconds) ^a | 97.57 (72.46) | 84.14 (48.18) | 0.27 (0.10) | .006*** |
| WTP: Newsletter (\$) | 14.30 (10.06) | 12.76 (10.26) | 0.17 (0.06) | .007*** |

Notes: N=997 except where noted. ROI = return on investment. WTP = willingness to pay. Standardized β coefficients from OLS regressions controlling for parent gender, race/ethnicity, number of children, child age, and child gender. Robust standard errors in parentheses. ^a Conditional on opt-in (n=611).

*** p<.01, ** p<.05, * p<.1.

Data availability

Data and replication code are available at

https://osf.io/mvdw5/?view_only=a4f3e53016ed499d8a7882757766831d

The upward mobility condition may be viewed at:

<https://www.youtube.com/watch?v=muMaWTadhYg&t=39s>. The downward mobility condition

may be viewed at: <https://www.youtube.com/watch?v=id18dSsNz9o>.

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