# Parental Gender Preference in the Balkans and Scandinavia: Gender Bias or Differential Costs? *

Zurab Abramishvili [†], William Appleman, Sergii Maksymovych [‡]

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### Abstract

There is much research indicating the presence of a parental preference for a particular gender of children. The main objective of this paper is to test between the two main explanations for the existence of such preference, namely differences in the costs of raising sons and daughters versus the gender bias (corresponding to parental utility derived from a child's gender or from characteristics exclusive to that gender). First, we use recent EU-SILC data from several Balkan and Scandinavian countries to confirm that the gender of the firstborn predicts the likelihood of a given family having three children or more — a common measure of parental gender preference. We confirm son preference in certain Balkan countries and daughter preference in Scandinavian countries. Both having a first child of the preferred gender and of the more costly gender can decrease the probability of having three or more children because parents may already be content or may lack sufficient resources, respectively. Next, we use information on household consumption to differentiate the two explanations. We argue that under the differential cost hypothesis, parents of children of the more costly gender should spend more on goods for children and less on household public goods as well as on parental personal consumption. In contrast, having children of the preferred gender should increase spending on household public goods since such families have higher marriage surplus and are more stable. Our evidence corroborates the cost difference explanation in countries exhibiting daughter preference.