

# **Inequality in human development when, how and its consequences.**

Orazio P. Attanasio

Yale, IFS & NBER

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# Outline

1. Introduction
2. Different dimensions of human development
3. Inequality in certain skills has increased
4. Intergenerational transmission on inequality
5. Policies
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  - Remuneration in the labour market has changed in many dimensions:
    - returns to different types of skills.
  - Access to many other aspects of well being ;
  - Intergenerational transmission of inequality and poverty.



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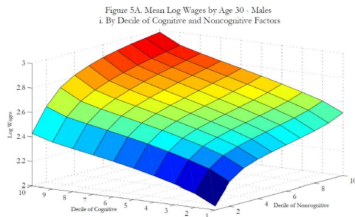
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- There are also measurement and data availability problems;
- I will provide some examples of evidence of the importance of different types of skills.

# Returns to different skills

- Heckman et al (2006) show that **cognitive and non-cognitive skills** are important determinants of wages, for both males and females.
- This is true even after controlling for education attainment.
- There might be interactions between different skills.



Heckman, Stixrud and Urzua (2006); NLSY data

# Returns to different skills

- BCS data , Papageorge, Ronda and Zhen (2019)

**Table 6:** LABOR MARKET OUTCOMES

	Log Hourly Wages				Log Hours Worked			
	Males		Females		Males		Females	
	[1]	[2]	[1]	[2]	[1]	[2]	[1]	[2]
Externalizing Behavior	0.055 (0.018)	0.064 (0.017)	0.023 (0.024)	0.013 (0.020)	0.012 (0.008)	0.015 (0.008)	0.047 (0.024)	0.047 (0.025)
Internalizing Behavior	-0.099 (0.020)	-0.096 (0.018)	-0.043 (0.027)	-0.021 (0.022)	-0.014 (0.010)	-0.018 (0.009)	-0.023 (0.027)	-0.020 (0.026)
Cognition	0.106 (0.011)	0.025 (0.011)	0.163 (0.015)	0.044 (0.013)	-0.015 (0.005)	-0.007 (0.006)	0.078 (0.016)	0.021 (0.017)
Educational Attainment	( )	(X)	( )	(X)	( )	(X)	( )	(X)



## Returns to different skills

- Attanasio, Blundell, Conti and Mason (2019), similarly use BCS data (British individuals born in 1970)
- We find that internalizing and externalizing skills at age 11 have an impact on earning at age 42 even after controlling for cognitive abilities at age 11.

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  - An anchor is necessary: adult outcomes?

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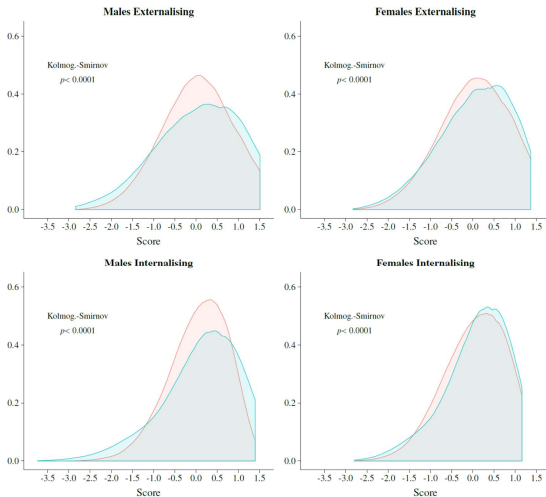
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- I will focus on socio-emotional skills, identified with two factors:
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- I will focus on socio-emotional skills, identified with two factors:
  - internalising skills
  - externalising skills
- Attanasio, Blundell, Conti and Mason (2019) show that means of these factors are not easily comparable across cohorts ;
- We can, however, compare variances.

# Inequality in socio-emotional skills: a cohort comparison

- BCS and MCS data, Attanasio, Blundell, Conti and Mason (2019)



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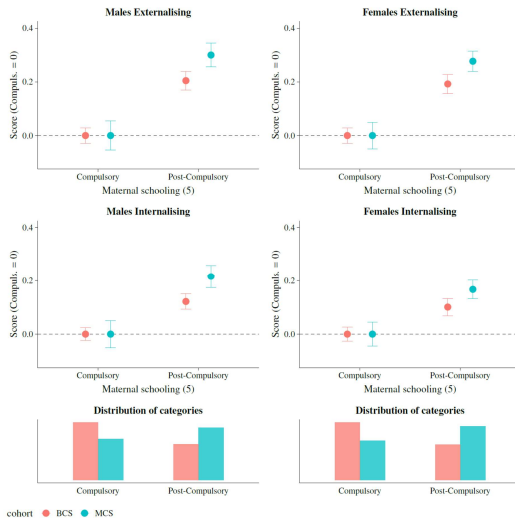


Figure 2: Skill inequality by mother's education



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# Inequalities in skills start early: the intergenerational transmission of inequality

- There is growing evidence that what happens in the early years matters.
  - It matters for the process of skill accumulation (dynamic complementarities);
  - It matters because it has long term consequences;
- The early years are malleable and therefore relevant for policy.

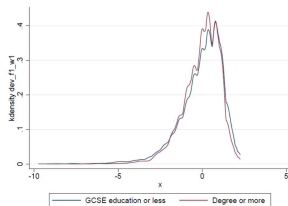
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- The early years are malleable and therefore relevant for policy.
- Parenting has a key influence on human development:
  - economic shocks and inequalities have relevance for parenting.

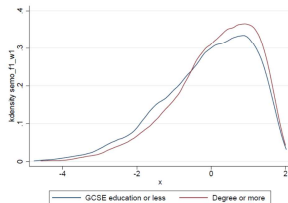
# Gaps emerge early: revidence from the MCS at 9 months

Figure 2: Distribution of Underlying factors in wave 1 by Mother Education

(a) Development



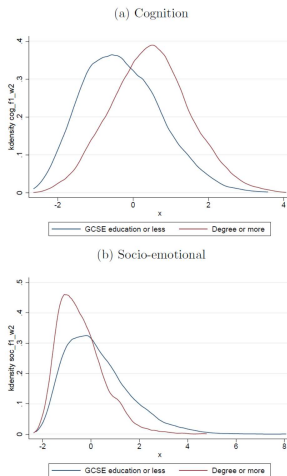
(b) Adaptability



Goodman et al (2019) : MCS data on developmental factors at 9 months

# Gaps emerge early: revidence from the MCS at 3 years

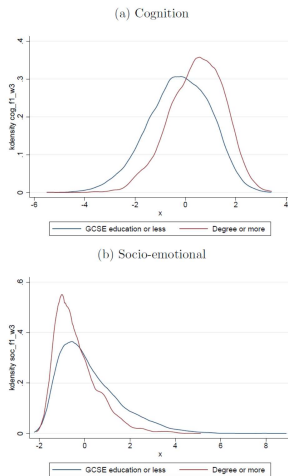
Figure 4: Distribution of factors in wave 2 by Mother Education



Goddman et al (2019). MCS data at 3 years.

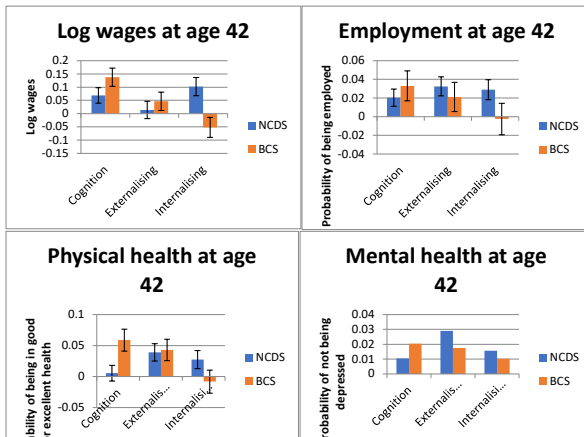
# Gaps emerge early: revidence from the MCS at 5 years

Figure 6: Distribution of factors in wave 3 by Mother Education



Goodman et al (2019) . MCS data at 5 years.

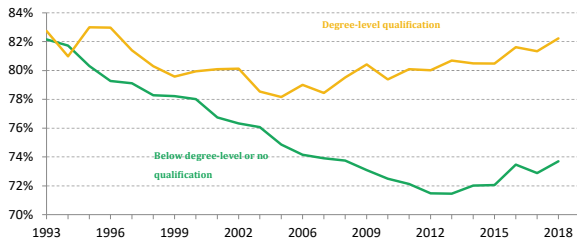
..and have long run effects



BCS (1970) and NCDS (1958) data

# Families are changing

Share of 40- to 45-year-olds who are married or cohabiting by education, 1993–2018



(source: Joyce and Xu, 2019, IFS WP). It excludes people in full time education

There are also **stark differences by income**: at the top of the wage distribution the share of people living in couples increased 1994-2015, but declined by up to 20% among people in the bottom fifth of wages (Blundell et al. 2018).



# What happens to parents matter for children outcomes

- Adverse economic circumstances can play a big role on child development:
  - Affecting parenting
  - Affecting children directly
- A recent paper by Jackson, Kiernan and McLanahan (2017) show this for the US and the UK.
- They identify different trajectories for families using factor analysis and relate them to childn outcomes.

# Family trajectories and child development

TABLE 5  
OLS Regressions of Age 5 Cognitive Development on Maternal Education  
and Family Circumstances, MCS

Naming Vocabulary Z-Score (N = 14,562)		
O-levels	.386* (.02)	.341* (.02)
A-levels	.570* (.03)	.480* (.03)
Higher education	.798* (.03)	.635* (.03)
Income trajectories		
Consistently low income		-.285* (.02)
Always medium income		-.177* (.02)
Family structure trajectories		
Always without biological (bio) father		-.101* (.02)
Transitions away from bio father		-.125* (.02)
Transitions to bio father		-.121* (.03)
Depression trajectories		
Consistently depressed		-.082* (.03)
Intercept	-.740* (.05)	-.326* (.06)

NOTE: Robust standard errors in parentheses. Controls included.

\* $p < .01$  (two-tailed test).

Jackson Kiernan and McLanahan (2017) evidence: UK

# Family trajectories and child development

TABLE 4  
OLS Regressions of Age 5 Cognitive Development on Maternal Education and Family Circumstances, FFS

	PPVT Z-Score	
HS	.186° (.05)	.133° (.04)
Some college	.560° (.05)	.421° (.06)
College or more	.760° (.08)	.477° (.08)
Income trajectories		
Consistently low income		-.488° (.06)
Decreasing income		-.247° (.06)
Increasing income		-.232° (.08)
Family structure trajectories		
Always without biological (bio) father		.015 (.05)
Transitions away from bio father		-.015 (.05)
Transitions to bio father		.023 (.06)
Depression trajectories		
Consistently depressed		-.034 (.05)
Intercept	.771° (.09)	.396° (.00)

NOTE: Robust standard errors in parentheses. Controls included.

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- This evidence is important because it shows that various types of shocks (economic and otherwise) have direct and indirect effects across generations.
- Avoiding the intergenerational transmission of inequality is important and can be achieved with a variety of interventions.
  - A recent report by the IFS discusses the important effects that the **UK program Sure Start** can have.
  - Orla Doyle (2019) evidence on the impacts of the **Preparing for Life intervention in Dublin** is impressive.
  - **Perry Preschool and the Abecedarian** interventions in the US
  - **Head Start in the US**.

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  - look at the parenting correlates of early years development.
  - discuss scope for policy options
    - early year interventions;
    - education;
    - integration.