

Family, Economics, Genes & Inequality: Deconstructing Correlations between Parents, Children & Siblings

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The outcomes of parents and children are correlated as are the outcomes of siblings. In this series of five lectures I try to unravel what lies behind these correlations for schooling and earnings. I distinguish between the roles of genes, economics, family and society as determinants of these correlations. I also discuss the implications of these correlations for the intergenerational transmission of inequality. Indeed inequality is exacerbated by assortative mating, sibling interaction and the relationship between parents and children.

Much of the debate about what lies behind these correlations has polarized around “nature v nurture”. The “nature” school focuses on genetic communalities within the family that are not subject to outside intervention, whereas the “nurture” school argues against genetic predestination and emphasizes the role of social intervention in shaping the dynamics of inequality. Behavioural geneticists, psychologists, sociologists and recently economists have contributed to this debate.

I review their contributions and summarize the findings of my own research using a large sample of parents, children and siblings in Israel.

The topics are:

1. Measurement: What do the data show? Gender – brothers, sisters, mothers, fathers. Measurement error and attenuation bias. Intergenerational inequality. Intergenerational mobility.
2. Theory: Behavioural Genetics Model. Correlated, endogenous and contextual effects decomposition. Beta and sigma convergence. Assortative mating. Quantity – quality theory of fertility.
3. Hypothesis Testing: Confounding causal effects due to unobserved ability. The identification problem – separating nature and nurture. Quasi experiments – offspring of identical twins – biological and adopted offspring. Natural experiments. Measuring the unmeasurable - ability.
4. Empirical Results for Israel: Estimating earning and learning ability. The schooling of children – causal effect of parents on children. The earnings of children. Sibling interactions in schooling and earnings. The effect of ability on fertility.
5. Social Implications: Does it matter whether grandparents are better-off and educated? How much of intergenerational inequality is genetic? Will the decrease in sibship reduce inequality? Should poor parents be helped to educate their children?

Note that these five topics do not necessarily overlap with the five lectures. Each lecture lasts 90 minutes.