The Effect of Education on the Relationship between Genetics, Early-Life Disadvantages, and Later-Life SES

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KEYWORDS: gene-by-environment, polygenic index, family study, education, socioeconomic status

ABSTRACT:

This paper investigates whether education weakens the relationship between early-life disadvantages and later-life SES. We use three proxies for advantage that we show are independently associated with SES in middle-age. Besides early, favorable family and neighborhood conditions, we argue that the genes a child inherits also represent a source of advantages. Using a regression discontinuity design and data for over 110,000 individuals, we study a compulsory schooling reform in the UK that generated exogenous variation in schooling. While the reform succeeded in reducing educational disparities, it did not weaken the relationship between early-life disadvantages and wages. This implies that advantaged children had higher returns to schooling. We exploit family-based random genetic variation and find no evidence that these higher returns were driven by genetically-influenced individual characteristics such as innate ability or skills.

GRANT SUPPORT:

Research reported in this publication was supported through the Russell Sage Foundation grant 98-16-16, NIA grants K99-AG062787-01, K01AG050811, R21AG060447, RF1AG055654, 3RF1AG055654-01A1S1, and R56AG058726, Open Philanthropy grant 010623-00001, and by the USC Population Research Center.