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

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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.

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