This series provides a reading list of the most recent research in the area of inequality and poverty reduction. The purpose of this monthly note is to globally disseminate relevant work among academics, practitioners and civil society. To subscribe please: nip.bulletin@gmail.com. Editor: Maximo Rossi: maximo.rossi@gmail.com.

The Employment of Mothers: Recent Developments and their Determinants in East and West Germany
By Barbara Hanel, Regina T. Riphahn

We apply German Mikrozensus data for the period 1996 to 2004 to investigate the employment status of mothers. Specifically, we ask whether there are behavioral differences between mothers in East and West Germany, whether these differences disappear over time, and whether there are differences in the developments for high vs. low and medium skilled females. We find substantial differences in the employment behavior of East and West German mothers. German family policy sets incentives particularly for low income mothers not to return to the labor market after birth. East German mothers' employment outcomes matches that expected based on these policy incentives: over time East German mothers with low earnings potentials appear to adopt West German low employment patterns.

The Intergenerational Transmission of Cognitive and Non-Cognitive Skills During Adolescence and Young Adulthood
By Silke Anger

This study examines cognitive and non-cognitive skills and their transmission from parents to children as one potential candidate to explain the intergenerational link of socio-economic status. Using representative data from the German Socio-Economic Panel Study, we contrast the impact of parental cognitive abilities (fluid intelligence, crystallized intelligence) and personality traits (Big Five, locus of control) on their adolescent and young adult children's traits with the effects of
parental background and childhood environment. While for both age groups intelligence and personal traits were found to be transmitted from parents to their children, there are large discrepancies with respect to the age group and the type of skill. The intergenerational transmission effect was found to be relatively small for adolescent children, with correlations between 0.12 and 0.24, whereas the parent-child correlation in the sample of adult children was between 0.19 and 0.27 for non-cognitive skills, and up to 0.56 for cognitive skills. Thus, the skill gradient increases with the age of the child. Furthermore, the skill transmission effects are virtually unchanged by controlling for childhood environment or parental education, suggesting that the socio-economic status of the family does not play a mediating role in the intergenerational transmission of intelligence and personality traits. The finding that non-cognitive skills are not as strongly transmitted as cognitive skills, suggests that there is more room for external (non-parental) influences in the formation of personal traits. Hence, it is more promising for policy makers to focus on shaping children’s non-cognitive skills to promote intergenerational mobility. Intergenerational correlations of cognitive skills in Germany are roughly the same or slightly stronger than those found by previous studies for other countries with different institutional settings. Intergenerational correlations of non-cognitive skills revealed for Germany seem to be considerably higher than the ones found for the U.S. Hence, skill transmission does not seem to be able to explain cross-country differences in socio-economic mobility.

On the Origins of Gender Roles: Women and the Plough

By ALBERTO F. ALESINA, PAOLA GIULIANO and NATHAN NUNN.

This paper seeks to better understand the historical origins of current differences in norms and beliefs about the appropriate role of women in society. We test the hypothesis that traditional agricultural practices influenced the historical gender division of labor and the evolution and persistence of gender norms. We find that, consistent with existing hypotheses, the descendants of societies that traditionally practiced plough agriculture, today have lower rates of female participation in the workplace, in politics, and in entrepreneurial activities, as well as a greater prevalence of attitudes favoring gender inequality. We identify the causal impact of traditional plough use by exploiting variation in the historical geo-climatic suitability of the environment for growing crops that differentially benefited from the adoption of the plough. Our IV estimates, based on this variation, support the findings from OLS. To isolate the importance of cultural transmission as a mechanism, we examine female labor force participation of second-generation immigrants living within the US.
Assessing the Long-term Effects of Conditional Cash Transfers on Human Capital: Evidence from Colombia

By Javier E. Baez, Adriana Camacho

Conditional Cash Transfers (CCT) are programs under which poor families get a stipend provided they keep their children in school and take them for health checks. While there is significant evidence showing that they have positive impacts on school participation, little is known about their long-term impacts on human capital. In this paper we investigate whether cohorts of children from poor households that benefited up to nine years from Familias en Acción, a CCT in Colombia, attained more school and performed better in academic tests at the end of high school. Identification of program impacts is derived from two different strategies using matching techniques with household surveys, and regression discontinuity design using census of the poor and administrative records of the program. We show that, on average, participant children are 4 to 8 percentage points more likely than nonparticipant children to finish high school, particularly girls and beneficiaries in rural areas! . Regarding long-term impact on tests scores, the analysis shows that program recipients who graduate from high school seem to perform at the same level as equally poor non-recipient graduates, even after correcting for possible selection bias when low-performing students enter school in the treatment group. Even though the positive impacts on high school graduation may improve the employment and earning prospects of participants, the lack of positive effects on the test scores raises the need to further explore policy actions to couple CCT’s objective of increasing human capital with enhanced learning.

The distribution of employees’ labour earnings in the European Union: Data, concepts and first results

By Andrea Brandolini, Alfonso Rosolia and Roberto Torrini

This paper studies the distribution of labour earnings among employees within the EU using data from Wave 2007-1 of the Community Statistics on Income and Living Conditions (EUSILC). The review of available information and the comparisons with external sources show that the EUSILC data are not exempt from problems, particularly in some countries, yet can be fruitfully used to study the distribution of earnings in the EU; they also allow researchers to assess the sensitivity of results to various concepts of labour earnings. The ranking of countries by median full-time equivalent monthly gross earnings shows Eastern European nations at the bottom and Luxembourg at the top; earnings differences are sizeable, both across and within countries. Taking the euro area and the EU-25 (excluding Malta, for which data are unavailable) as a whole, inequality is higher when earnings are measured in euro at market rates rather than at purchasing power parities. The wage distribution is wider in the EU-25 than in the euro area, which is not surprising given that the former includes the poorer Eastern European countries that...
Schooling is Associated Not Only with Long-Run Wages, but Also with Wage Risks and Disability Risks: The Pakistani Experience

By Asma Hyder and Jere R. Behrman

Many studies document significantly positive associations between schooling attainment and wages in developing countries. But when individuals enter occupations subsequent to completing their schooling, they not only face an expected work-life path of wages, but a number of other occupational characteristics, including wage risks and disability risks, for which there may be compensating wage differentials. This study examines the relations between schooling on one hand and mean wages and these two types of risks on the other hand, based on 77,685 individuals from the wage-earning population as recorded in six Labor Force Surveys of Pakistan. The results suggest that schooling is positively associated with mean total wages and wage rates, but has different associations with these two types of risks: Disability risks decline as schooling increases but wage risks, and even more, wage rate risks increase as schooling increases. The schooling-wage risks relation, but not the schooling-disability risks relation, is consistent with there being compensating differentials.

Social Assistance and Birth Outcomes: Evidence from the Uruguayan Panes

By Veronica Amarante, Marco Manacorda, Edward Miguel and Andrea Vigorito

This paper estimates the impact of a large temporary poverty relief program, Uruguay's PANES, on birth outcomes. Using program administrative data and longitudinal vital statistics, a significant and precisely estimated reduction in the fraction of low-weight newborns (less than 2,500 g) on the order of 10 to 20 percent was found to be a result of treatment. The cash (and in-kind) transfer components of the program were considered to drive the results, suggesting that unrestricted social assistance has the potential to positively affect birth outcomes, most likely through improved nutrition. Assuming that all the effect of the program was through the transfer, an elasticity of low birthweight with respect to welfare transfers on the order of around 0.330 can be inferred.
Are Self-Employed Really Happier than Employees?: An Approach Modelling Adaptation and Anticipation Effects to Self-Employment and General Job Changes

By Dominik Hanglberger and Joachim Merz

Empirical analyses using cross-sectional and panel data found significantly higher levels of job satisfaction for self-employed than for employees. We argue that those estimates in previous studies might be biased by neglecting anticipation and adaptation effects. For testing we specify several models accounting for anticipation and adaptation to self-employment and job changes. Based on data from the German Socio-Economic Panel Survey (SOEP) we find that becoming self-employed is associated with large negative anticipation effects. In contrast to recent literature we find no specific long term effect of self-employment on job satisfaction. Accounting for anticipation and adaptation to job changes in general, which includes changes between employee jobs, reduces the effect of self-employment on job satisfaction by 70%. When controlling for anticipation and adaptation to job changes, we find no further anticipation effect of self-employment and a weak positive but not significant effect of self-employment on job satisfaction for three years. Thus adaptation wipes out higher satisfaction within the first three years being self-employed. According to our results previous studies at least overestimated possible positive effects of self-employment on job satisfaction.

Job Loss in the Great Recession: Historical Perspective from the Displaced Workers Survey, 1984-2010

By Henry S. Farber

The Great Recession from December 2007 to June 2009 is associated with a dramatic weakening of the labor market from which the labor market is now only slowly recovering. The unemployment rate remains stubbornly high and durations of unemployment are unprecedentedly long. I use data from the Displaced Workers Survey (DWS) from 1984-2010 to investigate the incidence and consequences of job loss from 1981-2009. In particular, the January 2010 DWS, which captures job loss during the 2007-2009 period, provides a window through which to examine the experience of job losers in the Great Recession and to compare their experience to that of earlier job losers. These data show a record high rate of job loss, with almost one in six workers reporting having lost a job in the 2007-2009 period. The consequences of job loss are also very serious during this period with very low rates of reemployment, difficulty finding full-time employment, and substantial earnings losses.
Multimedia

Web link for this reading

CESifo Internet Lecture
The Economics of Marriage (3 lectures)
Shoshana Grossbard

News

Web link for this reading

NEP-LTV Blog: Discussion about the latest research in Unemployment, Inequality & Poverty
http://nepltv.wordpress.com/

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