

The role of childhood health for the intergenerational transmission of human capital: Evidence from administrative data

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Abstract: We use unique administrative German data to examine the role of childhood health for the intergenerational transmission of human capital. Specifically, we estimate the extent to which a comprehensive list of health conditions diagnosed by government physicians can account for developmental gaps between the children of college educated parents and those of less educated parents. In total, health conditions explain 18% to 29% of the gap in cognitive ability, based on estimations with different specifications of sibling fixed effects models. Thus, we conclude that family conditions are important in overcoming the negative effects of health conditions on child development. Furthermore, policies aimed at reducing disparities in child achievement and socioeconomic inequalities later in life should also focus on improving the health of disadvantaged children.