Estimating Intergenerational Schooling Effects: A Comparison of Methods

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Abstract

Recent studies that aim to estimate the causal link between the education of parents and their children provide evidence that is far from conclusive. This paper explores why.

There are a number of possible explanations. One is that these studies rely on different data sources, gathered in different countries at different times. Another one is that these studies use different identification strategies. Three identification strategies are currently in use: identical twins; adoptees; and instrumental variables. In this paper we apply each of these three strategies to one particular Swedish data set. The purpose is threefold: (i) explain the disparate evidence in the recent literature; (ii) learn more about the quality of each identification procedure; and (iii) get a better perspective about intergenerational effects of education.

Our findings indicate that the estimated impact of parental education on that of the child in Sweden does depend on identification, which suggests that country and cohort differences do not lie behind the observed disparities.