Growing inequality in job market risks widening disadvantage gap between children
Parents already in precarious work are more likely to lose jobs

Parents who were already disadvantaged before the pandemic were more likely to have suffered a salary cut or unemployment during the crisis – with potential knock-on effects for their children’s learning, new research from the London School of Economics and Political Science shows.

The report - Labour market shocks during the Covid-19 pandemic: inequalities and child outcomes – published today by the LSE’s Centre for Economic Performance shows what effect a cut in earnings or unemployment had on the time parents spent with their children, and the money spent on supporting learning.

Using data collected in the UK before and during the pandemic, the authors show how it has led to growing inequality. The report shows low-educated parents, those on precarious job contracts without a fixed salary or guaranteed hours and those working in locked-down industries, such as non-essential retail and hospitality, are more likely to have seen their wages fall since the onset of the pandemic.

These shocks have had an immediate intergenerational impact:

- Children whose fathers’ earnings dropped to zero are about 7.5 percentage points less likely to have received additional paid resources (such as tutoring or learning apps) compared to similar children whose fathers did not experience a drop in earnings.

- Fathers whose earnings dropped to zero appear to substitute reduced paid resources with time: their children received about 30 more minutes of help with schoolwork per day.

- By May 2020, fathers whose earnings dropped to zero were less likely to talk about important issues with their children; at the same time, they were also significantly less likely to quarrel with them.

- The report does not find any relationship between mothers’ labour market shocks and time devoted to help with schoolwork or additional paid learning resources. This resonates with evidence that many fathers were pushed into being the main providers of childcare during the pandemic, while mothers had already spent more time with their children.
The report also highlights that parents who lost their jobs in April 2020 experienced a substantial worsening of mental health.

Claudia Hupkau, assistant professor of economics at CUNEF, Madrid, said: “Fathers whose earnings drop to zero are less likely to pay for additional learning resources for their kids. But they do spend more time with them doing homework. While this might potentially offset the negative impact of lower learning resources, it remains unclear how it will affect children’s medium-term learning, especially because parents who lose their earnings also experience a significant mental health deterioration.”

Ingo Isphording, senior research associate at IZA, Bonn, said: “These results have important implications for the economic evaluation of the costs of lockdowns. Through school closures, long-term costs are imposed on students, with learning losses having a negative impact on expected life-long income.”

Stephen Machin, director of CEP, said: “There is mounting evidence that the Covid-19 crisis has had an unequal impact on the employment prospects and earnings of different groups in society. The costs of school closures are also unequally distributed, with children from already disadvantaged households likely to experience larger adverse effects of home schooling. These sources of inequality in labour market experiences and home-schooling environments are interacting, thereby widening already existing gaps in child outcomes by socio-economic status. Such rising inequalities raise longer run concerns of education and labour market scarring of affected cohorts of children, for example in the form of lower subsequent access to higher education once they leave school and on employment, earnings and other economic outcomes at the time they enter the labour market.”

Jenifer Ruiz-Valenzuela, research economist at CEP, said: “The interaction between school closures and parental job losses that cause economic and mental distress is likely to contribute to the expected rising inequality induced by the coronavirus crisis. These costs and rising inequality have to be kept in mind when school closures are considered again as a response to upcoming waves of the pandemic.”

Read the full report here: Labour market shocks during the Covid-19 pandemic: inequalities and child outcomes

Notes to editors

1. The Centre for Economic Performance (CEP) is an independent research centre based at the London School of Economics and Political Science. Its members are from the LSE and a wide range of universities within the UK and around the world.

2. The Centre for Economic Performance is part-funded by the Economic and Social Research Council, part of UK Research and Innovation (UKRI) https://esrc.ukri.org/ https://www.ukri.org/

3. The authors gratefully acknowledge funding from the IZA Collaborative Research Grant.


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