THE RELATIONSHIP BETWEEN CHILD HEALTH, DEVELOPMENTAL GAPS, AND PARENTAL EDUCATION: EVIDENCE FROM ADMINISTRATIVE DATA

Martin Salm
Center, Tilburg University

Daniel Schunk
Johannes Gutenberg University Mainz
and University of Zurich

Abstract
We use administrative German data to examine the role of physical and mental health conditions in explaining developmental gaps between children whose parents have different educational levels. Specifically, we employ sibling fixed effect models to estimate the effect of a comprehensive list of childhood health conditions – diagnosed by government physicians – on the cognitive and verbal ability of pre-school children. We also apply decomposition methods to examine the extent to which gaps in child development can be attributed to child health conditions. While most physical health conditions have small and insignificant effects, mental health conditions, in particular hyperactivity, have a large and significant effect on development. Mental health conditions account for 14% to 36% of the gap in cognitive ability and for 23% to 24% of that in verbal ability. Thus, policies aimed at reducing disparities in child development and socioeconomic inequalities later in life should focus more on the early diagnosis and effective treatment of mental health conditions. (JEL: J13, I20, I12)

E-mail: m.salm@uvt.nl (Salm); mail@daniel-schunk.de (Schunk)