Inequality of Opportunity in Spain: New Insights from New Data

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What is our paper about?

Modern theories of justice consider Inequality of Opportunity (IO), the part of overall inequality explained by individual circumstances (factors beyond individual's control), as the right concept of unfair inequality. Moreover, recent empirical studies have found that IO harms growth.

Given the big rise in disposable income inequality in Spain during the last decade, how large is IO in Spain?

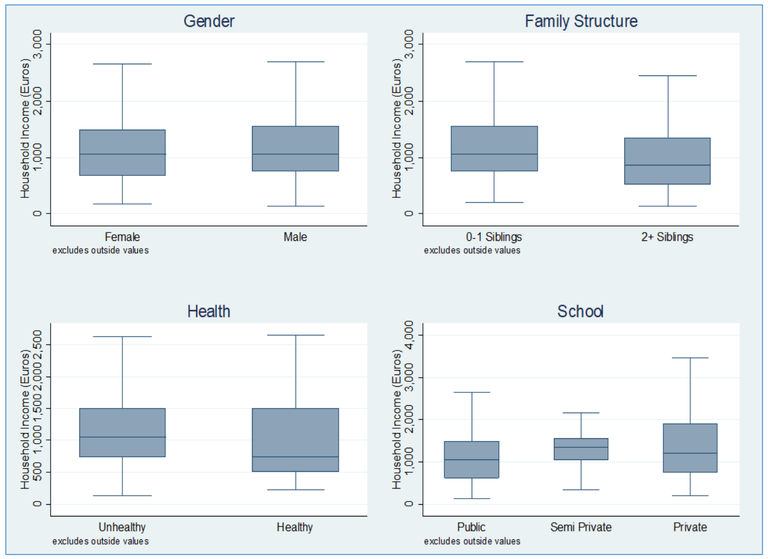
Ok, but… What's new on it?

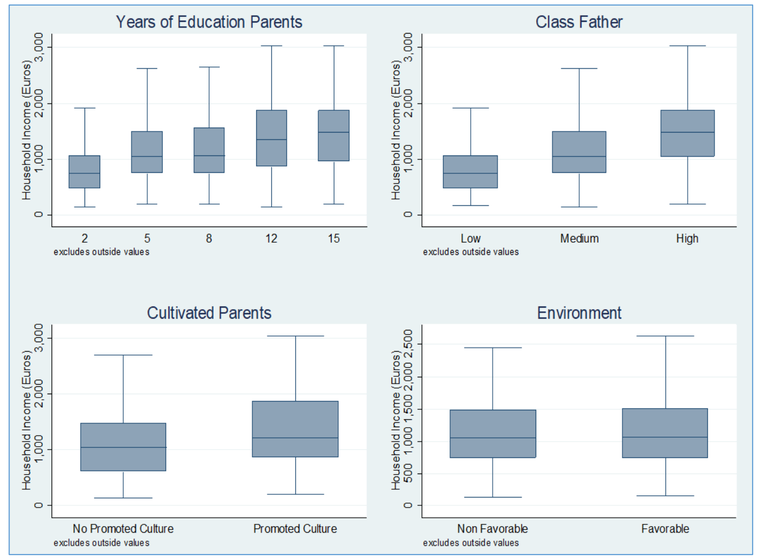
We use an exclusive novel database from the Spanish National Social Research Institute (2017), that includes circumstances that have never been analized in Spain.

In this article:

- We measure Intergenerational Mobility in Education and Occupation (*not in this poster*).
- We also measure IO in Spain with new circumstances.
- Finally, we study two channels of IO transmission: Education and Occupation.

The Data





Results

The share of IO gets up to 44% of overall inequality when measured with the Gini Index. By circumstances, we find that around 90% of IO is explained by parental education and occupation, the type of school attended during childhood, the gender of the household's head and the size of the household.

We also show that a big part of IO is channeled through the occupation and, specially, the level of education of the individual.

For the IO analysis we use the Ferreira-Guignoux parametric ex-ante approach and present absolute and relative indexes with Gini and MLD.

	IO (Gini)		IO (MLD)	
	Absolute	**Relative**	**Absolute**	**Relative**
Index	0.14	44.09%	0.03	17.68%
Standard Deviation	(0.00)	(0.88)	(0.00)	(0.44)
	Shapley Decomposition			
	Relative Contribution		**Relative Contribution**	
Gender	6.22%		3.91%	
Size Family	26.82%		31.96%	
Health Status	1.25%		1.46%	
Parental Education	28.01%		31.52%	
Class of the Father	12.42%		12.68%	
Type of School	14.47%		12.42%	
Cultivated Parents	9.22%		5.61%	
Environment	1.59%		0.44%	

Note: standard deviations are based on 50 bootstrap replications.

Household Income IO results

Our baseline dependent variable is "Household per capita adjusted income". In the araticle we also present results for personal income.

	IO (Gini)		IO (MLD)	
	Absolute	**Relative**	**Absolute**	**Relative**
Index	0.23	75.54%	0.05	32.35%
Standard Deviation	(0.02)	(0.64)	(0.00)	(0.08)
	Shapley Decomposition			
	Relative Contribution		**Relative Contribution**	
Gender	1.19%		0.12%	
Size Family	15.52%		15.19%	
Health Status	0.06%		0.02%	
Parental Education	36.78%		45.07%	
Class of the Father	16.62%		16.74%	
Ownership School	14.24%		12.83%	
Cultivated Parents	11.74%		8.80%	
Environment	3.85%		1.23%	

Note: standard deviations calculated based on 50 bootstrap replications.

IO Channeled through Education

A Shapley Decomposition is used to determine the relative contribution of each circumstance.

	IO (Gini)		IO (MLD)	
	Absolute	**Relative**	**Absolute**	**Relative**
Index	0.18	56.66%	0.03	15.49%
Standard Deviation	(0.01)	(0.35)	(0.00)	(0.19)
	Shapley Decomposition			
	Relative Contribution		**Relative Contribution**	
Gender	8.84%		6.91%	
Size Family	18.20%		19.45%	
Health Status	1.54%		2.25%	
Parental Education	21.06%		19.49%	
Class of the Father	15.55%		19.28%	
Ownership School	21.05%		23.42%	
Cultivated Parents	10.76%		8.37%	
Environment	3.00%		0.83%	

Note: standard deviations calculated based on 50 bootstrap replications.

IO Channeled through Occupation