



# Nature, nurture and socioeconomic policy—What can we learn from molecular genetics?

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## ABSTRACT

Many countries use public resources to compensate individuals with genetic disorders, identified by behaviors/symptoms such as chronic diseases and disabilities. This paper draws attention to molecular genetic research which may provide a new dimension to our understanding of how socioeconomic outcomes are generated. We provide an overview of the recently emerging evidence of gene–environment interaction effects. This literature points out specific areas where policies may compensate groups of individuals carrying genetic risks, without the need to identify anyone's genetic endowments. Moreover, epigenetics studies, which concern heritable changes in gene functions that occur independently of the DNA sequence, have shown that environments may affect heritable traits across generations. It means that policies which neutralize adverse environments may also increase intergenerational mobility, given that genetic and/or environmental risk factors are more common in socially disadvantaged groups.

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## 1. Introduction

Economists have shown an increased interest in quantitative genetics and how genetic endowments covary with earnings, education or human behavior. The hereditary (or nature) components reported for education have been between .45 and .65 and for earnings between .25 and .40 (Behrman and Taubman, 1976, 1989; Taubman, 1976; Plug and Vijverberg, 2003; Björklund et al., 2005, 2006, 2007; Sacerdote, 2002, 2007; Liu and Zeng, 2009) while about .20 of the variation in personal traits such as risk-taking and overconfidence has been explained by heritage (Cesarini et al., 2009a,b, forthcoming). These studies have contributed greatly to the acceptance and understanding that genes play an important role in explaining various outcomes. Methodologically, they

adhere to a tradition which spans over a number of academic fields, where genetic variation is indirectly identified by analyzing intergenerational transmissions in families with adopted children, or by comparing correlations of monozygotic (MZ) twins with those of dizygotic (DZ) twins.

The estimated nature components encompass direct genetic effects (G), interactions between different gene types ( $G \times G$ ) and effects of gene–environment correlations (rGE). The latter means that the nature component includes the effects of genetically induced environments. To see this more clearly, Plomin et al. (1977) proposed three major processes. First, if the genes of parents are correlated with those of the child, there is *passive* rGE—i.e. the genes of the parents influence the parents' behavior and thereby the environment of the child (e.g. intelligent parents raise their children in an intellectual environment). Second, *active* rGE—the genes of individuals influence how they generate their own environments. Third, *evocative* rGE—the genes of individuals influence

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how they are treated by others. Thus, even if one allows for random placement of children, active and evocative rGE generate “endogenous environments”, whereas exogenous environments are those which are not genetically induced (Jencks, 1980).<sup>1</sup>

Further, gene–environment *interaction* effects ( $G \times E$ ) are also included in the nature component. A  $G \times E$  occurs as the genes of the individuals influence the reaction when exposed to a certain environmental factor (whether endogenous or exogenous).<sup>2</sup> The interpretation of heritability estimates in quantitative genetics is thus a subject of debate as it is unclear to what extent they reflect environmental rather than genetic factors.<sup>3</sup> Consequently, in terms of specific policy implications, quantitative genetics is generally silent. However, many governments redistribute resources on the basis of genetic endowments. Medications are subsidized for individuals with chronic diseases, disabled are entitled to extra public resources, dyslexic pupils are offered extra teaching assistance, etc. Individuals could in these cases be said to be identified as carriers of genetic risks through their behaviors/symptoms, and are compensated by environmental improvements in the form of medication, equipment and/or teaching hours.<sup>4</sup> Molecular genetics research may provide additional motivation for such redistributions as it sheds new light on how genes operate by *directly* observing individuals’ genetic variants and their associations with outcomes. Starting with two papers by Caspi et al. (2002, 2003), this literature has uncovered an increasing amount of evidence of  $G \times E$  where the impact of genetic risk has been found related to environments in childhood (pre- or post-natal) or as young adults. Although still tentative, these studies challenge the traditional view of separating between effects of genes and environments. Moreover, epigenetic studies, which concern heritable changes in gene functions that occur independently of the DNA sequence, have shown that environments may affect heritable traits across generations. It means that the influence of even temporary environmental conditions may extend to future generations as environments activate some genes and inhibit others (Mill and Petronis, 2007, 2008; Foley et al., 2009). An early example of epigenetic evidence was provided by Waterland and Jirtle (2003) who showed that by altering the diet of the mother before conception, innate genetic risks for cancer and diabetes disappeared in offspring of mice.

The purpose of this article is to provide an overview of the emerging  $G \times E$  evidence in molecular genetic research, assess identification issues and discuss possible policy implications. For economists and other researchers concerned with how socioeconomic outcomes are generated, the overview and assessment of this branch of literature may serve to increase the understanding of the nature–nurture interplay.<sup>5</sup> Taken at face value, the  $G \times E$  evidence points out environmental risk factors which policy may subdue in order to enhance outcomes of those carrying a genetic risk. These groups may thus be compensated without the need to identify anyone’s genetic endowments. In addition, epigenetic evidence emphasizes the intergenerational effect of environments and under the plausible assumption that individuals in low socioeconomic groups are more often exposed to environmental and/or genetic risk factors, policies implied by the  $G \times E$  evidence would also be likely to raise the intergenerational mobility in societies, or at least upward mobility, by increasing the probability that individuals do better than their parents.<sup>6</sup> Thus, if a detrimental environment has unequal effects, which systematically depend on the genetic heritage of individuals, there is increasing impetus for an egalitarian policy maker to offset the environmental risk.<sup>7</sup>

We fully acknowledge that it is crucial for policy that the  $G \times E$  evidence identifies causal effects and that failed replications may be less likely to be published. Indeed, as our exposition will show, the interpretation of the recent evidence of  $G \times E$  has not reached a consensus view. However, already at this stage, one may argue that genetic and environmental influences are largely intertwined, and that the evidence of  $G \times E$  will continue to grow as knowledge about relevant environmental factors improve (Caspi et al., 2004; Lehn et al., 2007; Asbury et al., 2008; Oliver et al., 2008) and/or as data sources of sufficient detail accumulate (Reiss, 2008; Moffitt et al., 2006, including references p. 8). As molecular genetic research points out areas where active policies have the potential to enhance socioeconomic equality and intergenerational mobility, we believe it should be of interest to social scientists.

In the following section, we present traditional quantitative genetic studies suggesting  $G \times E$ . The main part of the paper is Section 3 which consists of three subsections. We first describe molecular genetic research and the  $G \times E$  evidence presented in Caspi et al. (2002, 2003). The second subsection gives a detailed account of

<sup>1</sup> Passive rGE is not included in Jenck’s definition of endogenous environments, since only the portion of the environment caused by the child’s genotype is considered in his definition.

<sup>2</sup>  $G \times E$  has been addressed within the traditional framework of quantitative genetics (Turkheimer et al., 2003; Björklund et al., 2006), we briefly discuss these studies in Section 2.

<sup>3</sup> From a number of different perspectives, authors have made critical assessments of heritability estimates based on traditional models (e.g. Goldberger, 1979; Jencks, 1980; Scarr and Weinberg, 1994; Stoolmiller, 1999; Smith et al., 2000; Case et al., 2000, 2001; Dickens and Flynn, 2001; Joseph, 2002; Rutter and Silberg, 2002; Horwitz et al., 2003; Richardson and Norgate, 2006; Heckman, 2007, 2008; Cunha and Heckman, 2009).

<sup>4</sup> Market solutions may of course also compensate genetic differences, e.g. we buy glasses to improve poor eyesight (Goldberger, 1979).

<sup>5</sup> None of the economic papers on quantitative genetics mentioned in the beginning refer to the recent molecular genetic research. In their analysis of the origins of inequality, Cunha and Heckman (2009, p. 330) acknowledge the  $G \times E$  literature but they do not discuss the evidence or its implications.

<sup>6</sup> See discussions in Bhattacharaya and Mazumder (2009), Bratsberg et al. (2007) and Jäntti et al. (2006). It does not hold in general that a reduced variation in offspring income variation also reduces the parent–offspring income correlation. However, based on evidence from the Nordic countries, the UK and the US, Jäntti et al. (2006) conclude that “increases in overall mobility would most likely occur from interventions designed to increase the mobility of the very poorest”.

<sup>7</sup> To be precise, the  $G \times E$  evidence implies that inequality is reduced across “genetic groups” if individuals carrying a genetic risk benefit more from an improved E than individuals without genetic risk.

identification issues regarding these two studies while the third goes through other published evidence of  $G \times E$  in order to demonstrate the range of topics covered by this literature. Section 4 presents evidence from epigenetic research and Section 5 broadly summarizes the potential implications of the research presented.

## 2. Gene–environment interactions in traditional models

Quantitative genetic studies based on twins or adoptees have found heritability to explain a substantial part of the variation in e.g. income, education, IQ and most behavioral traits. Since the ambition of quantitative genetics has been to establish the importance of the genetic variation, the articles explicitly addressing the interplay between genes and environments are in comparison very few and they generally do not make a distinction between exogenous and endogenous environments, i.e. between rGE and  $G \times E$ .<sup>8</sup>

Turkheimer et al. (2003) suggested that the genetic component of the variation in IQ was higher in groups with high socioeconomic status (SES). Using a twin design, and splitting their sample in two halves, estimates of heritability were .10 if SES was low and .72 if SES was high. Similar findings had already been reported by Rowe et al. (1999), when controlling for parents' level of education, Guo and Stearns (2002) when controlling for parental unemployment and, more recently, Harden et al. (2007) when considering parental income. On adoption data, Sacerdote (2007) divided foster families into three types and found environmental influences to be strongest in large families where parents had low educational achievements. Thus, all these results indicate that poor socioeconomic background is associated with a stronger environmental impact, but it is not entirely clear what the findings imply. A common interpretation has been that genes associated with ability may be suppressed by poor learning environments. A key question, and a potentially important contribution of molecular genetics, would then be to more exactly identify the environmental risk factors.

Björklund et al. (2006) used a different approach to detect  $G \times E$ . As part of their analysis of intergenerational correlation in schooling between parents and their children, they included interaction variables between adoptive parents' and biological parents' schooling to reflect the children's environmental and genetic factors. In alternative specifications, they used earnings, income or university attendance in similar fashion. They found that the interaction variables were associated with significant and positive coefficients except for fathers' schooling or fathers' university attendance, suggesting that the importance of environmental factors may vary across some distribution of genetic endowments.

More specific evidence of  $G \times E$  was reported in Cadoret et al. (1996) and Kendler et al. (1995, 1999). These partly contributed to the formulation of the hypotheses tested in

the seminal work by Caspi et al. (2002, 2003). Cadoret et al. (1996) analyzed conduct disturbances among adoptees in Iowa. The measure of genetic risk was based on information about antisocial personality disorder in biological parents, and the environmental risk was measured by indicators on antisocial behavior of the rearing parents. The negative environment had no effect on the child's conduct disturbance if there was no biological risk factor involved, but the effect was significant if both conditions applied. Kendler et al. (1995) studied the incidence of major depressions within the framework of the twin model. Stressful life events among MZ and DZ twins were considered as the environmental risk factor, whereas the genetic risk was measured by the incidence of depressive behavior in the co-twin. The findings indicated that given a stressful life event had occurred, the genetic risk altered the probability for depression. Kendler et al. (1999) went one step further by making a distinction between exogenous stressful life events and "personal and network related events", potentially influenced by genetic factors (rGE). They found support for a causal relationship between stressful life events and the onset of depression, but also reported that individuals predisposed for depressive states self-select into high-risk environments.

## 3. Molecular genetic research

In this section, we discuss molecular genetics research, where genetic variants are directly observable. Section 3.1 contains a background and a description of the studies by Caspi et al. (2002, 2003). In Section 3.2, we provide an account of the literature devoted to scrutinize identification issues in these two studies, encompassing re-analyses with different data sets and several meta-analyses. In Section 3.3, we summarize other potentially policy relevant  $G \times E$  evidence, primarily related to home environments and adolescent behavior, but abstain from a discussion on identification.

### 3.1. Molecular genetics and the initial $G \times E$ evidence

Molecular genetics is dominated by research where genetic variants are singled out, often derived from experimental evidence on animals, in order to test hypotheses of a statistical association with some personality trait or disease.<sup>9</sup> Since 2005, so-called genome-wide association studies (GWAS) have made it possible to examine hundreds of thousands of genetic variants and their associations with individual traits (Pearson and Manolio, 2008 provide an introduction to GWAS, see also the webpage of the National Human Genome Research Institute). A number of different diseases have been linked to genetic variants but, as pointed out by Hirschhorn (2009) and Goldstein (2009), the estimated associations have in general been tiny.<sup>10</sup> Given that traditional studies

<sup>8</sup> For a more critical and detailed discussion on this topic, see Benjamin et al. (2007). For further references on  $G \times E$  evidence within the traditional framework, see e.g. Rutter and Silberg (2002), Moffitt et al. (2006) and McGue (2008).

<sup>9</sup> Economists are also active in this area, Knafo et al. (2007), Dreber et al. (2009), Israel et al. (2009), Kuhnén and Chiao (2009), McDermott et al. (2009) and Roe et al. (2009).

<sup>10</sup> For a GWAS on educational achievement, see Beauchamp et al. (2009).

frequently have indicated heritability estimates in excess of .60 for height, IQ and hyperactivity disorders (ADHD), geneticists have been surprised that identified gene associations, including accumulated effects of multiple genes, only explain about 3% of the variation in a trait such as height (Weedon et al., 2008; McEvoy and Visscher, 2009), and even less of the variation in IQ scores (Butcher et al., 2008; Meaburn et al., 2008) and in ADHD (Franke et al., 2009; Wallis et al., 2008; Thapar and Stergiakouli, 2008). Several hypotheses have been put forward to explain the weakness of the findings. It may be that outcomes are affected by a large number of gene types in combination, and that these combinations need to be identified, or that the important genetic variants for a particular behavior or disease are rare, making it necessary with very large samples for statistical power.

Meanwhile, researchers with access to detailed data on genes and environments have explored hypotheses based on the idea that outcomes are influenced by genes, but only conditional on some environmental factor. The reported results have had a profound impact on the field.<sup>11</sup> Caspi et al. (2002) showed that antisocial behavior in adulthood, such as criminal activity, was associated with the interaction of childhood maltreatment and a low prevalence of a specific gene variant, but not separately by the gene, whereas Caspi et al. (2003) found depressions to be associated with interactions between a specific gene type and earlier stressful life events.

Caspi et al. (2002, 2003) were the first molecular genetic studies to establish gene–environment interaction effects on human behavior. This team of researchers followed (and still follows) 1037 individuals from the city of Dunedin, New Zealand, born between April 1972 and March 1973. Child–parent data have been collected every second year until aged 15 and then at age 18, 21, 26 and at age 32, when the sample still displayed 96% retention. The longitudinal data contains details on both environmental and genetic factors. The point of departure in Caspi et al. (2002) was the hypothesis of a connection between child abuse and later antisocial behavior. Focusing on males, followed from age 3 to 26, they explored variation in maltreatment experiences between age 3 and 11. No maltreatment was reported for 64%, “probable” maltreatment for 28% and “severe” maltreatment for 8%. Their outcomes included five different measures of antisocial behavior; adolescent conduct disorders, convictions of violent crimes, disposition towards violence assessed at age 26, symptoms of antisocial personality disorder at age 26 and a composite index measure of the four. Using an additive model, the composite index of antisocial behavior was not significantly associated with the candidate gene variant ( $n = 442$ ,  $p$ -value .89).<sup>12</sup> In the  $G \times E$  literature, this is a common way to rudimentarily check if the environ-

mental risk factor is exogenous, rather than caused by the genes of the individuals (rGE), which also could imply that the detected  $G \times E$  in fact is a gene–gene interaction ( $G \times G$ ). When including an interaction variable between genetic risk and maltreatment, a significant association with each measure of antisocial behavior was detected, including the composite index.

If one gives the results in Caspi et al. (2002) a causal interpretation, any policy that would diminish child maltreatment would also decrease the overall prevalence of antisocial behavior and/or criminal activities, but it would benefit carriers of the genetic risk more strongly. Thus, a permanent decrease in child maltreatment would also decrease the difference in antisocial behavior across “genetic groups” in both present and future generations. In this perspective, it may well be that efforts devoted to reduce child abuse are undersized.<sup>13</sup> The intergenerational policy implication is strengthened by extensive evidence from epigenetic research which will be discussed separately in Section 4.

Caspi et al. (2003) studied the incidence of stressful life events and its association with depression, showing that a genetic variant had a moderating impact on the relation. Stressful life events (SLEs) between ages 21 and 26 were assessed with life-history calendars, and included 14 types of events such as job loss, financial stress, health stressors, marital problems and marital loss. In the Dunedin sample, 30% experienced no SLE, 25% one event, 20% two events, 11% three events and 15% four events or more. The genetic risk was not significantly associated with SLEs ( $p$ -value .59). Depressive symptoms in the past year were assessed at age 26 through structured interviews. Again, there was no significant difference in the occurrence of depressive symptoms across the gene type, but an interaction variable between SLE and the genetic variation was significantly linked with depressive symptoms.

A causal interpretation of this result does not necessarily have a meaningful interpretation for policy as the SLEs encompass a number of different events. Instead, several hypotheses are left for future research to explore, e.g. that structural changes following economic shocks may have costly long-term consequences if the adverse consequences of job loss and/or financial stress partly depend on genetic endowments. Policy issues aside, a major contribution of Caspi et al. (2003) is the large literature it has generated committed to assess the quality of the  $G \times E$  evidence.

### 3.2. Assessments of the $G \times E$ evidence

The first study to replicate the result in Caspi et al. (2002) was Foley et al. (2004) who analyzed the incidence of conduct disorder for a sample of Virginia twins (514 males). Their definition of maltreatment in childhood was based on detailed information from interviews conducted

<sup>11</sup> Google Scholar indicates that Caspi et al. (2002, 2003) are cited more than 4000 times.

<sup>12</sup> More precisely, the gene type in question is a functional polymorphism in the gene encoding the neurotransmitter-metabolizing enzyme MAOA. However, we will consistently avoid biological definitions as our interest is primarily to discuss overall implications for social policy rather than gene-specific aspects.

<sup>13</sup> Corporal punishment of children is illegal in 23 countries. Durrant and Janson (2005) claim that physical abuse in Swedish families did decrease following the legislation in 1979, and infer increased education and a normative impact of the law as two probable causes.



by trained field workers, and then classified as violence between parents, parental neglect or inconsistent parental discipline. Several studies have followed, but a weakness is that the cells of carriers with both genetic risk and environmental risk are typically very small, below 20 individuals. A meta-analysis by Taylor and Kim-Cohen (2007) reviews the results from published articles and report that the  $G \times E$  prediction “holds up across eight different studies with samples that range in mean age from 7 to 32”. Their analysis included two non-replications. Haberstick et al. (2005) was based on interviews of 774 males but they were “self-nominated” (volunteers) and included only four individuals convicted of any violent offence. Huizinga et al. (2006) was the other non-replication, based on self-report questionnaires from a sample of 277 males. We return to this study and other issues of identification below.<sup>14</sup>

The topic studied in Caspi et al. (2003), the relation between SLEs and depressive states, has a long history in the psychiatric literature. A very large number of studies have attempted to replicate their results. Uher and McGuffin (2008) review 17 published works, including three non-replications. They explore the design of all studies in terms of statistical approaches, type of samples studied, the definitions of environmental risk and outcome measures, and assess whether genes influence the probability of environmental risk. A statistical property when estimating interaction effects in regressions is that the results are sensitive to scaling and susceptible to generate false significant as well as false insignificant estimates. In Caspi et al. (2002, 2003), robustness checks where the E factors were represented by several types of indicators with different scaling properties supported the original hypotheses.

Uher and McGuffin (2008) devote particular attention to the three non-supportive studies of Caspi et al. (2003), which they note also reported weaker direct associations between SLE and the onset of depression. As possible explanations, they infer data collection methods and the age composition of the samples. Structured interviews have been judged as more reliable to accurately assess SLEs (Brown and Harris, 1978; Paykel, 1997; McQuaid et al., 2000) as self-report questionnaires tend to over-report adverse events by including trivial occurrences (Gorman, 1993; Dohrenwend, 2006) and under-report events which are important for the onset of depression (Duggal et al., 2000; Monroe, 2008). The less costly self-reported measures of SLEs may as a consequence lead to systematic measurement errors when analysing  $G \times E$  evidence (Monroe and Reid, 2008; Brown and Harris, 2008). Five studies based on structured interviews replicated the findings, whereas the non-replications were all based on self-report questionnaires (as was Huizinga et al., 2006, the non-replication of Caspi et al., 2002). Concerning the age of the samples studied, the  $G \times E$  evidence may not hold for older age groups as SLEs have a naturally weaker association with

depression among elderly. Depressive states tend to occur and the strongest link with SLE concerns the first depressive episode (Meltzer, 1989).

The  $G \times E$  evidence could be driven by a gene–gene interaction ( $G \times G$ ) rather than  $G \times E$ . One argument against this is that the hypothesized genetic risks are derived from experimental like evidence on animals, which do not include genetic interactions (references are provided in Caspi et al., 2002, 2003; Uher and McGuffin, 2008). Also, Caspi et al. (2003) found the  $G \times E$  interaction to be unrelated to depression reported at age 18 or age 21, i.e. in periods preceding the SLE. In other words, if  $G \times G$  is a confounding factor, it is likely to work through the SLE. The same is implied by the insignificant correlation between gene type and the occurrence of SLE. Caspi et al. (2002) also show that none of the E factors in that study (the measures of child maltreatment) correlate significantly with the candidate G factor. However, to be able to completely exclude the  $G \times G$  hypothesis, one would need a randomly distributed environmental risk, but the  $G \times E$  evidence presented so far in molecular genetics does not include any such randomly assigned events.

Two recent meta-analyses conducted by Risch et al. (2009) and Munafò et al. (2009) seriously question the  $G \times E$  evidence reported in Caspi et al. (2003) since both studies fail to replicate a significant association with depression. Risch et al. (2009) was based on accumulated data sets obtained by collecting data from 14 earlier studies while Munafò et al. (2009) used summary statistics from five studies. Moreover, the authors of both articles point out that many studies making claims of replications are not justified since they are not consistent with Caspi et al. (2003) in how they use statistical interactions of continuous and/or categorical variables and in whether they use additive linear regression models or logistic models. Munafò et al. (2009) suggest that the relatively large number of replications reflects that results are sensitive to such seemingly minor differences between studies, but also that researchers may be prone to data mining and scientific journals disposed towards publication bias (Ioannidis, 2005).

In a comment to the two meta-analyses, Uher and McGuffin (2010) extend their original review to 34 studies, encompassing those included in Risch et al. (2009) and Munafò et al. (2009). The review comprises nine non-replications in total (they do not consider different types of statistical interactions). Again, they note that the studies using objective indicators and/or structured interviews to assess the occurrence of SLEs are strongly associated with replications of the  $G \times E$  findings. None of these 15 studies failed to replicate the results of Caspi et al. (2003), whereas all non-replications are based on self-report questionnaires (half of these are non-replications). Of the 14 studies included in Risch et al. (2009), 11 are based on self-report questionnaires (seven non-replications).<sup>15</sup> Similarly in Munafò et al. (2009), four of the five studies included are based on self-report questionnaires (one non-replication). Uher and McGuffin (2010) conclude that the two meta-

<sup>14</sup> One study, Young et al. (2006), was excluded from their analysis as it was based on a clinical sample of individuals in treatment for conduct problems.

<sup>15</sup> Nine of the studies were based on structured interviews to assess depressive states, but not the SLE.

analyses represent a biased synthesis of the existing evidence since self-report questionnaires are flawed by systematic measurement errors. Unfortunately, neither Risch et al. (2009) nor Munafò et al. (2009) discuss the literature on the assessment of SLE referred to above. To conclude this section, there is still no unanimously accepted evidence confirming or rejecting the results in Caspi et al. (2002, 2003).

### 3.3. Other topics covered by $G \times E$ evidence

We now turn to other examples of  $G \times E$  evidence associated with factors potentially shaping individuals' socioeconomic outcomes in adult life. The environmental factors mainly concern children's pre- and post-natal environments or behavioral traits of adolescents or young adults. As in the preceding section, one should be cautious about giving the reported results a causal interpretation, especially since most of the evidence has not been subject to the same scrutiny as Caspi et al. (2002, 2003) and since there has been no studies where the environment has been randomly assigned.

An often studied outcome associated with pre-natal environment is the incidence of hyperactivity disorders ADHD. This is a highly policy relevant area of research as ADHD is estimated to affect more than 5% of the world's school aged children (Polanczyk et al., 2007). On a sample of 161 children, aged from 6 months up to 5 years, Kahn et al. (2003) showed that a specific gene type increased the risk of ADHD if the mother had been smoking during pregnancy. Replications of the result include Neuman et al. (2007) who used a larger sample, consisting of 1494 male and female twins aged 7–19. Becker et al. (2008) confirmed the finding for 146 males, where data allowed controlling for post-natal smoke exposure and psychosocial adversity, but not for females ( $n = 159$ ). Brookes et al. (2006) did not replicate the finding but instead found ADHD linked to pre-natal alcohol use which exacerbated the genetic risk. The studies first of all suggest that there may be more to gain from policies affecting home environments than previously thought. Second, efforts towards keeping pregnant women away from drinking and/or smoking could also decrease differences in behaviors if they compensate for genetic risks associated with conduct disorders.

Post-natal environmental factors further stress the importance of home environments. Epidemiologists have recognized that genetically transferable diseases clustered in families most often also depend on environmental risk factors.<sup>16</sup> Asthma is related to specific genes but the risks increase for children exposed to tobacco smoke early in life (Bouzigon et al., 2008) and decrease for children who attend day care during the first year (Hoffjan et al., 2005). Returning to behavioral traits, we already discussed a potential relation between child maltreatment and antisocial beha-

vior. Additional results in Caspi et al. (2003) reported that child maltreatment as E factor (instead of SLE) generated significant  $G \times E$  for the incidence of depression. Also mentioned above was that molecular genetic researchers have struggled to find a direct genetic link to IQ score. Caspi et al. (2007) used the fact that breastfeeding of children has been known to predict IQ scores later in life (Anderson et al., 1999; Mortensen et al., 2002). Controlling for intrauterine growth, social class and maternal cognitive ability, they found breastfeeding was significantly related to IQ, as was the interaction term between their candidate gene type and breastfeeding. The gene by itself was not significantly associated with IQ or any of the covariates. Besides their Dunedin sample ( $n = 858$ ), they confirmed their findings by studying a British sample of same-sex twins drawn from a 1994 to 1995 birth register ( $n = 1772$ ).<sup>17</sup> However, importantly, breastfeeding enhances IQ of those with a favorable genetic variant. Thus, a policy increasing breastfeeding to improve IQ overall could increase inequality across "genetic groups" if breastfeeding increases equally across socio-economic groups but the gene type is more common in affluent families.

There are relatively scattered examples of detected  $G \times E$  evidence related to adolescent or young adult behavior. Shanahan et al. (2008) explored a genetic variant which has been associated with dysfunctional schooling. Among individuals with this gene type, they found a lower probability of engaging in tertiary level education, but the genetic risk was compensated by environments where parents had high socioeconomic status, were highly involved in school and the school itself was of high quality. Caspi et al. (2005) examined cannabis use in adolescence, which is considered to be a weak risk factor for developing various psychotic symptoms such as schizophrenia. They found a genetic variant which was related to a significantly higher likelihood of psychotic symptoms following cannabis use in adolescence, whereas another gene type was associated with no relation between cannabis use and psychotic symptoms. Guo et al. (2008) found an association between the number of sexual partners and a specific gene type, which did not hold in school environments where a high proportion started having sex early. Settle et al. (2008) found that for individuals with a specific gene variation, the number of friendships in adolescence was significantly associated with a liberal political ideology. The relation did not hold for individuals who did not have the specified genetic makeup.<sup>18</sup>

Other studies on adolescents or young adults have used definitions of  $G \times E$  comparable to those used in Caspi et al. (2003), but altered the depressive state outcome to instead focus on criminal behavior, alcohol and drug use (Reif et al., 2007; Covault et al., 2006; Nilsson et al., 2005; Kaufman et al., 2007). The results imply a complex set of effects of  $G \times E$  for which Uher and McGuffin (2008) suggest three

<sup>16</sup> For example, exposure to smoking increases the risk for lung-cancer but the effect is moderated by gene types (Amos et al., 2008; Hung et al., 2008; Thorgeirsson et al., 2008). Other fields include bacterial infections (malaria, streptococci), cardiovascular disease and type 2 diabetes, for references, including replications, see Moffitt et al. (2006, p. 8).

<sup>17</sup> From the Environmental Risk Longitudinal Twin Study.

<sup>18</sup> The result lends some support to a controversial study by Alford et al. (2005) who, with a traditional twin study, found quite specific political preferences (on e.g. nuclear power, censorship, abortion laws) were determined by genetic heritage. See Charney (2008) for a discussion.

possible interpretations. It may be (1) that the same  $G \times E$  has several separate effects, or (2) that the same  $G \times E$  contributes to several outcomes along the same causal pathway (depression leads to substance use, which leads to criminality), or (3) that there is some intermediate outcome which is connected in a causal link between gene type and several different outcomes. These remarks do not question the inherent policy issue of the  $G \times E$  evidence, i.e. that the identification of environmental risk factors may enable policies to improve these environments, and thereby in particular assist carriers of genetic risk.

#### 4. Epigenetics

Epigenetics concern heritable information outside the DNA sequence (the Greek prefix *epi* means “on” or “over”). Although DNA sequences remain unchanged, it has been shown that environmental factors may cause genes to “behave” differently, by activating some genes and deactivating others. The term used is that they modify gene expression, and that such epigenetic modifications are heritable.<sup>19</sup> Consequently, monozygotic twins differ significantly in their gene expressions already when they are 5 years old (Mill et al., 2006) and the differences increase with age, and/or if they have a history of non-shared environments (Fraga et al., 2005; Oates et al., 2006). The implications of these studies include that heritable traits are not entirely “random” variants of the ancestors, but partly adapted to the environment.

Human longevity makes it difficult to collect historical data on behaviors and/or environments across generations. The epigenetic hypothesis is therefore easier to study on animals with short life-spans. Waterland and Jirtle (2003) studied agouti mice. Its name stems from a particular gene, the agouti gene, a variant of which makes it prone to cancer and diabetes. By altering the diet of the mother just before conception, certain genes were switched off. The offspring was no longer susceptible to cancer or diabetes and lived much longer, and their different physical traits (color and size) and lower disease risks were passed on to the next generation. Similarly, Bertram et al. (2008) found that under-nutrition of pregnant guinea pigs affected the risk for cardiovascular disease across two generations. Evidence on animals outside gestation include Champagne et al. (2006) who reported from experiments on rats that increased grooming behavior of the mother altered gene expression and induced a similar behavior in female offspring. This behavior was transmitted across generations. Recent evidence in Nätt et al. (2009) indicates that trained abilities may also be transmitted to the offspring. They found that chickens who were exposed to unpredictable food access adapted their strategies to better survive, and their offspring showed similar foraging behavior. The epigenetic evidence suggests that events in childhood or in utero may work jointly with genetic factors to affect adult life. However, interestingly, Weaver et al. (2004, 2006) showed on rats that

epigenetic changes arising due to childhood events, and which explained stable differences in adults, could be reversed by medications.

For humans, the famine during the winter of 1944–1945 in the Netherlands has been explored to study the effects of variation in nutrition during pregnancy. It has been shown that the famine had detrimental health effects for the children and grandchildren of those mothers who were exposed (Painter et al., 2005; Lumey et al., 2007).<sup>20</sup> Moreover, the hypothesis that a pregnant mother's diet also affected inherited traits is supported by Heijmans et al. (2008) who show evidence of epigenetic effects on those pre-natally exposed to the famine compared with their unexposed same-sex siblings. With a slightly different hypothesis in mind, Kaati et al. (2002) studied the occurrence of food shortage in northern Sweden by going through records of harvests and food prices during the 19th century. They were especially interested in food supplies during children's so-called “slow growth period” (SGP) which occurs at age 8–10 for girls and 9–12 for boys. It turned out that individuals experiencing food shortages in the SGP, had descendants with lower risks of mortality from cardiovascular disease and diabetes (i.e. a period of fasting decreased descendants' risks). Pembrey et al. (2006) analyzed the effect of smoking during the SGP by exploring UK data from the Avon Longitudinal Study of Parents and Children, consisting of interviews with parents of newborn 1991–1992. Of the 5000 fathers who had said they were smokers, 166 of them had stated they were regular smokers already during the SGP. They found that the sons of these fathers had higher body mass index as 9 year olds. Among the hypotheses to explain these findings, epigenetics is a major candidate but, of course, the evidence from studies of animals is more compelling.

The epigenetic findings have also stimulated proposals of hypotheses with extremely long time perspectives. Jasienka (2009) argues that epigenetic effects of slavery in the 18th and the 19th century partly explain the lower average birth weight among African-Americans in the US. Wells (2010) coins the term “metabolic ghetto” as an environment where systematic exploitation of a population takes place, inferring the Dutch winter famine as an example. In a mould similar to that of Jasienka (2009), he uses the term to discuss long-term consequences of imperialism, which forced many non-European populations into a cumulative exposure to chronic malnutrition. He also argues that there are analogous implications of socioeconomic marginalization today as an environmental risk factor may be transmitted to future generations.

#### 5. Concluding discussion

The emerging molecular genetic evidence on gene–environment interactions ( $G \times E$ ) as well as epigenetic findings makes it important to think about its applicability. Until now, public resources support individuals with

<sup>19</sup> The development of a fetus illustrates one example of changing gene expression. A fertilized egg takes new shapes, developing many cell types (venes, muscles, etc.) as it continues to divide through a process where some genes are activated while others are not.

<sup>20</sup> A quasi-experimental set-up is also used by Almond and Mazumder (2009) who study the effects of under nutrition in gestation due to the Ramadan and find adverse effects on children's learning abilities.

genetic disorders which are identified through symptoms/behaviors such as learning disabilities and/or chronic diseases. We argue that if the current  $G \times E$  evidence stands the test of time, it points out areas of policy where subdued adverse environments may enhance the relative prospects of individuals carrying genetic risks, without the need to identify anyone's genetic endowments. Epigenetic evidence also implies possible long-term effects on future unborn generations as it has shown that genes and environments work jointly to construct our heritable traits. In addition, such policies are also likely to increase social mobility if environmental and/or genetic risk factors are more prevalent in poor socioeconomic groups. The policy examples we have discussed include ways to decrease child maltreatment (leading to antisocial behavior, including criminal activities), to decrease smoking and/or drinking among pregnant women (reducing the incidence of ADHD) and/or to increase mothers' breastfeeding of children (enhancing IQ).<sup>21</sup> Thus, a broadly brushed picture of the overall findings suggests that health policies aimed at improving maternal, foetal and infant health may generate substantial benefits for several successive generations. However, for any policy, an important reservation is that the  $G \times E$  findings must reflect causal effects, but convincing evidence has so far not been presented and the understanding of the most often replicated result has therefore not yet settled into a consensus view.

For economists concerned with how socioeconomic outcomes are generated, co-operation with geneticists is an interesting path. Economists, with their long tradition of analyzing and exploiting exogenous shifts in the environment, can make important contributions to combine exogenous shifts in the environment with genetic information in order to identify causal  $G \times E$  effects. Several authors provide guidelines for  $G \times E$  research (Hunter, 2005; Moffitt et al., 2006; North and Martin, 2008; Uher and McGuffin, 2008). Major caveats include that  $G \times E$  may develop in several stages, requiring longitudinal data, and that variations in environments are measured quite crudely compared with genetic variations. This suggests that relatively small samples, with more accurate (and expensive) measures of E, may be preferred to larger data sets. Simulations of measurement errors in Wong et al. (2003) indicate that if correlations with some true value of E increase from .4 to .7 it corresponds to a 20-fold increase in sample size needed to detect effects with similar precision. Of course, whether researchers uncover a direct genetic effect, a  $G \times E$  or no effect depends on the variation in E and G. If a genetic variant influences an outcome only conditional on an E factor, it will emerge as a direct effect if E is very common or no effect if E is very rare, i.e. in order to detect  $G \times E$ , sufficient variation in E is required. Usually, however, environments vary greatly and even MZ twins who share the same class-room environment have been found to

perceive it very differently (Asbury et al., 2008). Also, as traditional studies based on twins or adopted children have found genetic endowments to co-vary with most diseases, mental disorders and behavioral traits, it seems likely that the sensitivity to environmental factors would also partly depend on the genes.

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<sup>21</sup> Many of the suggested policies are in line with the literature proffering early interventions to improve child development and promote equity (Doyle et al., 2009 and references therein).



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