

**More human capital and less
inequality or less inequality and
more human capital?**

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The canonical view (1)

More human capital inequality  less (income)

In general and even more so today

- SBTC and polarization

The canonical view (2)

Two transmission mechanisms

- more human capital and fewer rents at the top
- more human capital and upskilling at the bottom

The connection with *ex ante* equality of opportunity

- levelling the playing field among individuals during their period of formation so that all those with relevant potential will eventually be admissible to pools of candidates competing for position (Roemer, 1998)
 - effects both at the bottom and at the top

The thesis

Importance of human capital

- to reduce some inequalities (cfr. in-work poverty)
- and also
 - to bring about other social benefits
 - in itself

But

- the many complications in the relationship

Limits in the relationship more human capital and less inequality (1)

The weight of **within inequality** (Franzini)

Between inequality and

- mismatches between trends in wages and changes in labor demand (Mishel *et al.* 2015)
- differences between countries

Limits in the relationship more human capital less inequality (2)

The irrelevance of education for the top 1%

Is the **demand for human capital** really increasing?

- risks of trade-offs between equality of opportunity and tertiary education

The importance of labor market institutions and employment policies

The importance of the opposite relationship: from less inequality to more human capital (1)

Against the current rethoric according to which “what matters is EO not income equality” some data

- (Andersen and Wagner, 2012; Chetty and Hendren, 2015)
- correlation between better school/ income mobility and low inequality

The importance of the opposite relationship: from less inequality to more human capital (2)

And some plausible conjectures (with some data, Duncan, Murnane, 2011): the weight of

- enrichment expenditure
- residential segregation (correlation with increasing inequality)
 - lower quality, peer effects (SAT Social gradient Brookings)
- changes in relative prices
- asymmetries in political voice (Bartels, 2014)
 - the top 20%, inequality and

The importance of the opposite relationship: from less inequality to more human capital (3)

- asymmetries in political voice (Bartels, 2014)
 - why the disinterest of the rich?
 - the problem of Tocqueville
 - inequality and the risk of zero sum mobility (Alba, 2012)
- Sisyphus fatigue for social policies

Conclusions (1)

Still many questions, to be explored

- le at which level does inequality become dangerous,
- yet.....

Conclusions (2)

Godthorpe (2012)

“attempts at increasing *equality of opportunity*... would seem unlikely to be effective, whether made through educational policy or otherwise unless the class-linked *inequality of conditions* on which class mobility regimes are founded are themselves significantly reduced...”

Conclusions (3)

And overall,

- whether we consider the relationship from human capital to inequality or we extend to considering the relationship from inequality to human capital, the nexuses appear much more complicated than they are typically portrayed.