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Ignorance Of Inequality, Working Moms, And Public Defecation

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IN THE
PAPERS

Every Monday, the [National Bureau of Economic Research](#), a nonprofit organization made up of some of North America's most respected economists, releases its latest batch of working papers. The papers aren't peer-reviewed, so their conclusions are preliminary (and occasionally flat-out wrong). But they offer an early peek into some of the research that will shape economic thinking in the years ahead. Here are a few of this week's most interesting papers.

Title: [“Misperceiving Inequality”](#)

Authors: Vladimir Gimpelson, Daniel Treisman

What they found: Most people don't know how rich or poor they are relative to others.

Why it matters: The view of inequality and politics held by many economists and political scientists goes something like this: Citizens observe inequality in their country, and this knowledge then affects politics, whether through demands for redistribution policies or, in the extreme, revolution. But what if most people are ignorant about inequality? Drawing on numerous studies and polls, this paper finds most people are not able to identify the level of inequality in their country. For example, using data from the International Social Survey Program, which covered more than 40 (mostly developed) countries in 2009, the authors show that most citizens could not correctly identify a diagram showing how income is distributed in their country. Only 24 percent to 29 percent could pick it out correctly. In predicting the political reaction to inequality, the authors find what matters far more is *perceived* levels of inequality.

Key quote: “If the experts cannot assess inequality accurately, it strains credulity to suppose the man in the street can gauge it intuitively. And the difficulty of measuring the actual income distribution does not affect our second point: that perceptions of inequality — whether or not they are accurate — do correlate with political preferences.”

Data they used: International Social Survey Program survey, among other cross-national surveys.

Title: [“Mothers' Employment and Children's Educational Gender Gap”](#)

Authors: Xiaodong Fan, Hanming Fang, Simen Markussen

What they found: As more mothers enter the workforce, women's college completion rates improve more than men's. That is because girls get a boost from their moms working, while boys regress.

Why it matters: Since 1950, the percentage of married women working in the U.S. has risen from 20 percent to 70 percent. During this same span of time, the educational gender gap — approximated by the college completion rate for men minus the one for women — went from positive to negative, meaning that women now have better educational outcomes than men. This paper shows how these two trends are related. Drawing on an administrative data set of the entire population of Norway, the authors find a “gender-asymmetric” effect from married mothers entering the workforce. Their model controls for the outcomes of children within families — essentially comparing a mother’s daughter to her son. Daughters of working moms get a statistically significant positive boost to their chances of graduating from college. In a separate analysis of U.S. state-level data, the researchers show that in states with more mothers working, the greater the education gap is between girls and boys in the next generation.

Key quote: “We argue that the asymmetry comes from both the production channel and the role model channel. If the mother’s time input has higher marginal productivity in her son’s education production, then a reduction in mother’s time input as a result of increased employment has more detrimental effect on her son’s educational achievement. ... On the other hand, a working mother provides a positive role model toward working for her daughter directly, which may increase the daughter’s perceived expected return of schooling.”

Data they used: Norwegian Registry, covering all children born in Norway between 1967 and 1993; Current Population Survey from the U.S. Census Bureau.

Title: “[Neighborhood Sanitation and Infant Mortality](#)”

Authors: Michael Geruso, Dean Spears

What they found: Public sanitation in the developing world has a major impact on infant mortality. If families relocate to an area where 10 percent fewer people defecate openly, nearly three more infants out of 1,000 survive.

Why it matters: What’s responsible for the dramatic increase in human life expectancy? Improvements in nutrition, medicine and disease-prevention are all important factors. But perhaps the biggest factor is improved public sanitation. Roughly 1 billion people defecate in the open. Most who do so live in the developing world, where poor sanitation results in greater infant mortality. This paper studies the benefits of public toilets and latrines that accrue even to those who don’t use them — what economists call an [externality](#). To isolate the externality of better sanitation, the researchers exploited a statistical quirk: In India, Hindus are 25 percent more likely to defecate openly than are Muslims. And Muslims have lower infant mortality rates (about 1.1 more infants per 100 survive). But the positive externality is significant: Hindus living in predominantly Muslim areas are less exposed to open defecation, regardless of their sanitation habits. The authors found that if the fraction of one’s neighbors defecating openly were reduced by 10 percentage points, overall infant mortality would decline 2.7 to 2.9 infants out of 1,000.

Key quote: “These effects are large. In the context of our data, the difference between a locality where all residents defecate in the open and a locality where no one does so is associated with about the same infant mortality reduction as the difference between the bottom and top quintiles of (own) wealth.”

Data they used: National Family Health Survey of India: 1992/1993, 1998/1999, and 2005/2006.



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