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Inequality of Opportunity from an EU Perspective: Country of Origin as a Circumstance

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This study conceptualises country of origin as a circumstance in the theoretical framework of the equality of opportunity. We contend that in the debate about the role of circumstances in determining unequal outcomes, country of origin may be thought of as a circumstance outside the control of the individual, and may therefore produce outcomes that are not socially desirable on the international scale.

In the context of the European Union, the equality of opportunity framework can be useful to assess to what extent circumstances determine economic outcomes on a European scale.

Thus, we propose to assess inequality of opportunity on an EU-wide distribution of earnings.

If the inequality of interest is the EU-wide one, when EU population is treated as a single borderless population, the classic circumstances determining labour income such as parental background, gender and migration status may have different effects from country to country while country of origin may be thought of an additional circumstance outside the control of the individual. For the former indeed it is well documented that parental background has a greater role in shaping offspring's income in countries such as UK and IT than in Scandinavian countries; for the latter being born in a particular country in the EU crucially determines the individual likelihood to be in a particular point on the EU distribution.

Against this background, we model a circumstance-determined distribution of individual earnings. This counterfactual distribution where earnings depend on circumstances is estimated with a multilevel model to make them depend on individual factors, such as parental background, gender and country of origin, as well as controlling for their different country-specific effect. In this way we control for the role of country of origin as a further circumstance that shape earnings inequality on the EU scale.

We use the 2011 EU-SILC ad-hoc modules on "Intergenerational transmission of disadvantages" to derive information on parental background, i.e. parents' occupation and education.

The first preliminary results show that in 2011, considering country of origin as a circumstance, 28,3% of inequality in labour earnings in the EU is attributable to circumstances outside the control of individuals. Further analyses are underway to assess how much inequality of opportunity has evolved over time, by applying the model to the 2005 EU-SILC ad-hoc module.