Intergenerational Effects of Early Childhood Shocks on Human Capital: Evidence from Ethiopia

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Abstract

This paper investigates the intergenerational effects of maternal early childhood shocks on the human capital outcomes of their children. I exploit the 1983-1985 Ethiopian famine as an exogenous source of variation to study the effects of exposure to severe shocks during developmental plasticity on cognitive, non-cognitive and health capabilities of children of mothers who were exposed to the shocks in early childhood. Using data that track children from early childhood through adolescence, I estimate the effects of maternal early childhood shock over their children’s life cycle. I find that the famine has a lasting effect on the children of mothers who suffered the famine in their first three years of life. Maternal early childhood famine exposure reduces their children’s height-for-age z-score, schooling, locus of control and self-esteem. These effects are persistent and worsen from age one through early adolescence. The main inter-generational transmission channel of the shock is children’s maternal human capital endowment. Mothers who suffered the famine in early childhood are shorter and have less schooling. I also find a critical maternal shock duration threshold of three months. These findings point to ineffectiveness of remediation once the damage is done to mothers as young girls. The policy implication is that girls under the age of three with high likelihood of crossing the critical famine duration threshold should be targeted for health and nutritional interventions.

Key words: Intergenerational shocks, Famine, Human capital, Fetal origins hypothesis, Ethiopia

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