

# The IFS Deaton Review: Early Childhood Inequalities

## Introduction and background

In 2019, the Institute for Fiscal Studies launched the 5 year Deaton Review of Inequalities, chaired by Nobel Laureate Professor Sir Angus Deaton. The Review is building a comprehensive picture of what causes inequalities in society and what we can do about them. A large team of experts has been looking at a range of policy areas from taxes and benefits to trade policy, education, the labour market, competition, and regulation. This most recent chapter in the Review explores the scale and impact of early childhood inequalities. It documents the key facts about socio-economic differences in children's development and the environments they grow up in, and the importance of their early experiences in shaping later life. The authors draw on longitudinal data following birth cohorts of children at regular intervals. The two main sources for the analysis are the Millennium Cohort Study (MCS), which follows people born in around the year 2000, and the British Cohort Study, which follows a group of people born in 1970, and which therefore contains detailed information not only on their childhoods but also on their adult lives to date.

## Key findings

### Introduction

- Early childhood is a critical period for laying healthy foundations for subsequent cognitive, social, emotional and physical development, and functioning, which in turn play key roles in shaping people's economic, social and health trajectories.
- The past 3 decades have seen a rise in public awareness about the importance of early childhood, alongside large increases in public spending on education and care services for the under-5s across many countries. However, inequalities remain stubbornly persistent despite some fluctuations over the past two decades. The COVID-19 pandemic has been a further setback.
- His study does not observe what would have happened to early inequalities in the absence of the reforms and investments. We should critically examine what UK policy has achieved over the past 3 decades and whether it is heading in the right direction.

### Cognition and socio-emotional development

- This section examines inequalities in cognitive and socio-emotional development at age 3 in the Millennium Cohort Study (MCS). It focusses on the likelihood of children from different demographic groups being in the top 20 per cent of cognitive development or bottom 20 per cent of socioemotional problems. The Bracken School Readiness and British Ability Scales Naming Vocabulary assessments were used to measure cognition, and the parent reported Strengths and Difficulties Questionnaire (SDQ) to measure socio-emotional and behavioural difficulties.
- A higher-than-expected percentage (22%) of females score in the top quintile of the distribution of cognitive ability, while a lower-than-expected percentage (18%) of boys do. Females also have lower socio-emotional difficulties at this age than males. This aligns with previous evidence that females tend to outscore males in cognitive development.

- Children from ethnic minorities score significantly lower in both cognitive and socio-emotional domains. Differences in cognition are stark, with 21 per cent of white 3-year-olds scoring in the top quintile of cognitive ability, compared with just 15 per cent of black and 6 per cent of Pakistani and Bangladeshi children. Whilst the differences across ethnic groups in socio-emotional development are less pronounced for black and Indian children, showing negligible differences in the likelihood of being in the lowest quintile of social and emotional problems compared with white children, parents of children from Pakistani and Bangladeshi backgrounds are much more likely to report socio-emotional difficulties (see below).
- Previous research has shown that differences in academic attainment relative to white children decrease and even reverse as children progress through the education system. Similarly, differences in the assessment of socio-emotional problems may be the result of differences in interpretation and reporting by parents. For instance, if ethnic minority parents on average have different attitudes to discipline and respond to survey scales differently, this could generate inequalities in measured socio-emotional problems.
- Many of the early differences between ethnic groups persist, even after controlling for their environments.
- The average cognitive scores of children whose mothers have low educational qualifications (GCSEs or lower) are significantly lower than those of children whose mothers have a university degree, and their socio-emotional difficulties are higher, by a similar magnitude.
- This pattern is also observed with family income: 32 per cent of children with parents in the top income quintile have cognitive scores in the top 20 per cent of the distribution, while only 10 per cent of children in the bottom income quintile do so. The pattern for socio-emotional difficulties is broadly similar.
- Children in two-parent households, who tend to face lower levels of poverty, score higher on cognitive



measures than those in one-parent households. They are also reported to have much lower levels of socio-emotional difficulties.

- Children whose mothers have high levels of psychological distress score significantly lower on cognitive tests at age 3. The gap in early development is particularly stark for socio-emotional development, with just 7 per cent of children with a mother experiencing high psychological distress scoring in the bottom 20 per cent of emotional difficulties (i.e., being relatively unstressed). It should, however, be borne in mind that this area is maternal-reported, and mothers with higher levels of psychological distress are likely to overstate children's difficulties compared with those with lower levels.
- Amongst children in the lowest quintile of cognitive development, 31 per cent are in the highest quintile of socio-emotional problems compared with just 14 per cent in the lowest quintile.
- There are links between geography and cognitive development which are highlighted in the Early Years Foundation Stage Profile, an assessment of 5-year-olds carried out towards the end of their reception year in primary school. In the South East, around 82 per cent of children are reaching at least the expected level of development, compared with around 76 per cent of children in the North West.

### Inequalities in early childhood environments

- Around 60 per cent of white parents read daily to their child, but the frequencies for ethnic minorities, particularly those from black and Pakistani or Bangladeshi backgrounds, are much lower at just over 30 per cent each. The extent of daily reading is also strongly correlated with maternal education and family income, with differences in frequency of around 30 percentage points observed across the highest and lowest groups.
- Looking at the prevalence of mothers with high psychological distress with a child aged 3, the disadvantage faced by Bangladeshi and Pakistani children is further reflected here, with 8 per cent of their mothers suffering from high psychological distress compared with 3 per cent of white mothers. Differences by maternal education and across the income distribution are also significant, at 8 per cent for the poorest compared with 1 per cent for the richest. Mothers in one-parent households are also more than twice as likely as those in two-parent households to report high distress (7% versus 3%).
- There are higher levels of reported closeness and lower levels of conflict with daughters than with sons; lower closeness and higher conflict among Pakistani and Bangladeshi families; and higher closeness and lower conflict for higher levels of family income and maternal education.

### Links between environment and development

- This section poses the key question 'What is the relative importance of inequalities in these variables for inequalities in early development?'
- A child's educational environment explains a dominating 9 per cent of the total variation in cognitive development. There are 3 other groups of variables that each explain another 3–5% of the variation: child characteristics, aspects of the child's emotional environment and aspects of the child's material

environment. It is therefore a combination of structural and behavioural influences that influences early cognitive skill formation.

- By contrast, looking at socio-emotional development, the most dominant factor is the child's emotional environment, which explains 35 per cent of the variation in child socio-emotional and behavioural difficulties, or over three-quarters of the overall variation explained by the model. The next-biggest contributors are aspects of the child's educational environment, accounting for 4 per cent of the variation, and material environment, accounting for just 2 per cent.
- There are strong differences by income in cognitive and socio-emotional development of children at age 3. This 'income gradient' is almost entirely explained by differences in early environments. Policies aiming at improving the income of the poorest and socio-economic inequalities at source, and interventions targeting inequalities in children's early childhood environments, need to be combined and delivered together. More research is needed to determine the optimal balance.
- While living in a one-parent household is negatively associated with cognitive and socio-emotional development in the raw data, this association only remains significant for cognitive development once we control for the vast array of environmental differences between two-parent and one-parent households.
- The above mentioned significant gender gap in both cognitive and socio-emotional development at age 3 is slightly smaller than in the raw data, indicating that some of the gap in these skills and difficulties is linked to gender differences in parenting practices.

### Policy appraisal

- In recent years, there has been a relative shift away from spending on the most disadvantaged families and towards families in work. Much policy has focused on children aged 2+, despite evidence of the first three years, starting from conception, being a crucial developmental period.
- Real-terms cuts in benefits through measures such as the 2 child limit and the reduction in the overall benefit cap have led to increases in relative child poverty.
- A lack of progress in reducing early inequalities may not mean that early years policies aimed at supporting families with young children have been ineffective in reducing inequality – they may have prevented further increases in inequality.
- Evidence from this chapter suggests that policies need to tackle inequalities in income and/or inequalities in the home environment, at an earlier age. A joined-up approach embedding early childhood intervention as part of a system of family support which tackles the multiple sources of environmental inequalities is likely to be most effective. The new focus on Family Hubs shows promise.
- The authors recommend an early years policy built on 3 pillars: a welfare state supporting sufficient income and a housing policy that ensures secure housing and reduces social segregation; high-quality mental healthcare, with a stronger focus on detection and treatment among mothers and fathers in this period of infancy; and strong support for families including in early parenting to foster the development of strong attachment and parent-child relationships.

The full document can be downloaded from:

<https://ifs.org.uk/inequality/themes/early-childhood-development/>