Checchi, D., & Van de Werfhorst, H. (2018). Policies, skills and earnings: How educational

inequality affects earnings inequality. *Socio-Economic Review,* *16*(1), 1-24. doi: 10.1093/ser/mxw008

In this article, Daniele Checchi and Herman G. Van de Werfhorst delve into the analysis of the relationship between earnings inequality and educational factors, with educational attainment serving as the quantity of schooling and skill measure through test scores serving as the quality of schooling. Two conflicting models are referenced throughout the article: social closure theory and neo-classical, or functionalist, theory. The social closure model works under the belief that advantaged groups work to maintain their advantages through influence of formal (licensing and credentials) and informal (one’s cultural background affects how they fit into their occupation) norms/regulations in society. The most significant argument offered from the social closure perspective is that inequalities in the quantity of education received is more significant than inequalities in skill. In the neo-classical/functionalist model, it is argued that there is a positive correlation between cognitive skill inequality and earnings inequality. Earnings are rewarded by education status under the assumption that education directly correlates to an individual’s skill level. Through two separate samples and studies (IMS-ECHP-SILC and educational reforms and PISA-PIAAC), Checchi and Werfhorst illustrate the relationship between educational inequality and earnings inequality; drawing the conclusion that inequality in the quality of education affects earnings inequality. Ultimately, the authors propose that the solution to the current distributions lies in policy. They argue that policymakers concerned with the inequality of the income gap should focus on education policies in order to close both gaps.

Daniele Checchi received his PhD from the University of Siena in 1987 and is currently part of the Department of Economics at the University of Milan in Milan, Italy. He studies research pertaining to education economics and the labor market and he has been published in a handful of economic journals. Herman G. Van de Werfhorst received his PhD from the University of Nijmegan in 2001 and currently teaches for the Department of Sociology at the University of Amsterdam. He also serves on a prestigious Dutch governmental advisory board on matters pertaining to education. Werfhorst studies research related to the sociology of education, the labor market, and social stratification. Werfhorst’s email is included in the article for correspondence. Checchi and Werfhorst present and validate arguments and research from two conflicting perspectives, the neo-classical/functionalist theory and the closure theory. This provides for the audience a nonbiased, objective perspective on the relationships discussed in the article.

As aforementioned, Checchi and Werfhorst propose that the solution to the inequalities in education and income comes from policymakers at the top. This strategy has both its strengths and weaknesses. For one, the solution has traction because education and money are closely related; therefore, policies pertaining to income and education are closely related as well. This solution would be difficult or even impossible in the event that one might find difficulty in lobbying or finding an aligning representative to fight for any related educational policies. Another fault is that there is no estimation of definite efficiency or effectiveness in the authors’ suggested approach; while policy would no doubt reduce the inequalities in dispersion of the identified factors (education and income), there is no way to know how quickly societies would experience results and a reduction of inequalities.

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