

Aleksandra Lukina
lukina@uchicago.edu
Fall 2020

**PPHA 33240: Intergenerational Mobility:
Theoretical and Empirical Overview
(Adjusted for Fully Remote Instruction)**

The gap between top income percentiles and bottom income percentiles has increased in many countries, including the US, over the last decades. Income distribution is placed back at the center of economics and has become a prominent part of media and policy discussions. Empirical findings suggest that there exists a positive correlation between inequality and immobility. To provide deeper insight in mechanisms underlying the latter phenomenon, the course covers theories of persistent inequality and intergenerational mobility. Students in this course will learn about the fundamental theories of distributive justice, theory of measures of mobility and persistence, empirical evidence on intergenerational mobility, theories of intergenerational mobility.

This course is designed to provide a theoretical and empirical overview of issues involved in the study of intergenerational mobility. The course will have four themes: 1) distributive justice and inequality, 2) theory of measures of mobility and persistence, 3) evidence on mobility, 4) theories of mobility.

Remote Communication

The course **will include both asynchronous and synchronous content** scheduled within our original time slot (Mondays and Wednesdays, 10:50 AM - 12:10 PM, Central Time). However, please do not worry if you have some technical or any other problems and cannot join an online session we have. All synchronous content will be recorded and available for students any time within the fall quarter. Nevertheless, I highly encourage you to join virtual meetings in Zoom if you are able to do that.

Remote education is a great challenge for all of us. There will be a variety of ways I can adapt the course to the online environment to best achieve the course objectives. There are no doubts all of us will need to do a lot of learning-by-doing. Please feel free to share any ideas that can make our collaboration better. In this challenging situation the following remote collaboration plan serves as a benchmark, and then we will make some adjustments depending on how our communication goes during the first several weeks.

Current remote collaboration plan:

1. **Canvas** will be used for announcements, assignments, quizzes and discussions. Canvas is the authoritative location for class announcements, and students should check it regularly.
2. Synchronous instruction will be delivered via **Zoom** video conferences. I will be sharing my screen so you will be able to see my presentation and, if you wish, me at the same time. You will be able to “raise” your hand virtually and ask your questions in a parallel chat. Depending on the question, I will try to answer it immediately in the video conference or later in personal/public conversation.
3. All video recordings (of both synchronous and asynchronous instruction) and other course materials will be located in 2 shared **Box** folders. (Canvas has 2.1 GB limit, and it is not enough for all our purposes.) One folder will contain videos that you will be able to preview but cannot download. The other folder will contain all the other materials (presentations, papers etc.) which you will be able to download and save on your PC. The only thing needed to obtain access to these folders is accepting invitations you will receive from me by email.
4. **Exams** will be performed in the following way: I post them as assignments on Canvas by time X. Students should post answers by time Y. X and Y will be announced sufficiently in advance. (In case you do not post your answers by time Y there is no way I can check whether you had some technical issues or you cheat. Thus, the only thing I can do is to rely on your academic integrity.) Most likely students will be given 24 hours for both midterm and final exams (students will be allowed to use notes and course materials).

5. **“Office” hours:** I will be willing to answer any questions you have via email on Mondays, Tuesdays and Wednesdays. If you have an urgent question please send me an email with the subject “URGENT!”, and I will reply as soon as possible. If email correspondence is not enough to answer your questions, I will be available for video conferences or chats in Zoom 5:30PM - 6:30PM, Central time, on Wednesdays. If you want to “meet” me in Zoom, please send me an email in advance.

Note that the University has developed specific **policies** and procedures **regarding the use of video/audio recordings**: these policies are explicitly described in the University’s [student manual](#). In particular, by attending course sessions, students acknowledge that:

- i. They will not: (i) record, share, or disseminate University of Chicago course sessions, videos, transcripts, audio, or chats; (ii) retain such materials after the end of the course; or (iii) use such materials for any purpose other than in connection with participation in the course.
- ii. They will not share links to University of Chicago course sessions with any persons not authorized to be in the course session. Sharing course materials with persons authorized to be in the relevant course is permitted. Syllabi, handouts, slides, and other documents may be shared at the discretion of the instructor.
- iii. Course recordings, content, and materials may be covered by copyrights held by the University, the instructor, or third parties. Any unauthorized use of such recordings or course materials may violate such copyrights.
- iv. Any violation of this policy will be referred to the Area Dean of Students.

Course Format

Asynchronous video instructions will cover most of the course **lecture material**. I expect students to work on these videos (please do not watch them as a TV). Each video will be complemented by questions for self-control (you will not need to submit the answers). Please make notes, make sure you know how to answer the questions for self-control and ask questions if something is unclear. There are

many ways to do the latter: you may write a comment right in Box next to the video; you may ask your questions in a live meeting or you may send me an email.

To stimulate students to watch videos and to work on them regularly there will be **a graded quiz each week** (except the first one). Each quiz will cover Monday and Wednesday lectures and will be available on Canvas from Wednesday until Sunday, so that there is some flexibility.

Frequency of live meetings depends on a number of questions you have and your participation (we may have 1 Zoom meeting per 2 weeks or we may meet every week, we shall see how it goes).

There will be **2 home assignments** in the form of problems and practical questions (dates they are due on depend on the speed of our moving through the course).

There will be **2 discussions on Canvas** which are assumed to be the virtual analogue of the “reading group” format. Students will be asked to read a specific paper (the same one for everybody), and then discussion of this paper will be opened on Canvas website for 10 days. It is supposed to be “fight in comments”. You can start with pointing out advantages and disadvantages of the paper discussed and then reply to each other’s comments etc. I will take part in this discussion too. Depending on your activity, you may get from 1 to 15 points for each discussion. Please start participating in each discussion within first several days it is open, so that you have enough time to interact with each other. Leaving your own comments without interaction with the others will not be enough for getting the maximal credit. The graded discussions on Canvas may be followed by live discussions in Zoom if students are interested in doing so.

Also, each student is asked to choose **1 paper to master and to write an essay on it**. This is due on **November 30**. The choice of a paper is up to a student (this paper must be an original research paper in the area of intergenerational mobility). You are very welcome to use references from the papers that are on the reading list. Please do NOT choose the papers from the reading list itself. Your essay is supposed to be a 3-5 pages summary and critical evaluation of the paper chosen (the latter is important, please do not submit simple retelling). If several students

accidentally (not likely though) choose the same paper to master, there will be nothing wrong about it once students' essays are crucially different. Therefore, you do not need to check what papers other students choose. You also may ask me to choose a paper for you (just send me an email and mention what topic you are interested in).

Students are also expected to do the assigned readings. Other readings mentioned in the syllabus or in my presentations are optional (I would be happy if you take a look at them, but this is completely up to you). I do **not** expect students to remember every word and every fact from the assigned readings and to understand all technical details (many of the readings are technically hard, please skip a technical part). The aim is to form an overall impression and to get the main narrative.

All assignments (home assignments and exams) should be submitted in the form of a pdf file (it doesn't matter how it is created: the point is to avoid all the disadvantages associated with handwriting) via Canvas or email. The answers to homework and exam questions have to be thoroughly justified. Exceptions for missed assignments will not be granted beyond those granted by university policy, e.g., health issues, and in this case all appropriate procedures must be followed.

Course Materials

All course materials will be in one of the shared Box folders.

Grading

Home assignments, participation in Canvas discussions and graded quizzes: 40%.

Midterm (the **5th** week): 30%.

Final (the **10th** week): 30%.

All the points students get in the course will be curved according to the Harris grading policy. The first summary of students results (median, min and max) will

be published on Canvas after the midterm exam and will be updated regularly since then.

Assigned Readings

Weeks 1 and 2 (Income inequality: short overview of possible explanations):

Atkinson, A., F. Bourguignon. 2000. "Income Distribution and Economics" Handbook of Income Distribution. Vol. 1, Introduction. A. Atkinson and F. Bourguignon, eds. Amsterdam: Elsevier.

Week 3 (Theories of distributive justice):

Sen, A. 2000. "Social Justice and Distribution of Income." Handbook of Income Distribution, Vol. 1, Ch. 1. A. Atkinson and F. Bourguignon, eds. Amsterdam: Elsevier.

Arrow, K. 1973. "Some Ordinalist-Utilitarian Notes on Rawl's Theory of Justice". Journal of Philosophy 70: 245-263.

Week 4 (For discussion on Canvas):

Roemer, J. "A Pragmatic Theory of Responsibility for the Egalitarian Planner". Philosophy & Public Affairs, Vol. 22, No. 2 (Spring, 1993), pp. 146-166.

Week 5 (Measuring intergenerational mobility):

Jantti, M. and S. Jenkins, 2014. "Income Mobility", section 10.3. Handbook of Income Distribution vol. 2, A. Atkinson and F. Bourguignon, eds. Amsterdam: Elsevier.

Week 6:

Evidence on intergenerational mobility: Chetty, R., N. Hendren, P. Kline, and E. Saez. 2014. "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States." Quarterly Journal of Economics 129: 1553-1623.

For discussion on Canvas: Alesina, A., S. Stantcheva, and E. Teso. 2018. "Intergenerational Mobility and Preferences for Redistribution." American Economic Review 108(2): 521-554.

Week 7 (Family human capital formation):

Becker, G. and N. Tomes. 1979. "An Equilibrium Theory of the Distribution of Income and Intergenerational Mobility." *Journal of Political Economy* 87: 1153-1189.

Heckman, J. and S. Mosso. 2014. "The Economics of Human Development and Social Mobility." *Annual Review of Economics* 6: 689-733.

Week 8:

Students may use this time for working on essays.

Week 9:

Corak, M. 2013. "Income Inequality, Equality of Opportunity, and Intergenerational Mobility." *Journal of Economic Perspectives* 27: 79-102.

All Readings (priority readings are denoted by *)

Income inequality: short overview of possible explanations

*Atkinson A.B., Bourguignon F. 2000. "Introduction: Income Distribution and Economics" *Handbook of Income Distribution*. A. Atkinson and F. Bourguignon, eds. Amsterdam: Elsevier.

Theories of Distributive Justice

*Sen A. 2000. "Social Justice and Distribution of Income." *Handbook of Income Distribution*. A. Atkinson and F. Bourguignon, eds. Amsterdam: Elsevier.

*Arrow, K. 1973. "Some Ordinalist-Utilitarian Notes on Rawl's Theory of Justice". *Journal of Philosophy* 70: 245-263.

Arnesen, R. 2013. Egalitarianism. *Stanford Encyclopedia of Philosophy*.

Arnesen, R. 2013. Equality of Opportunity. *Stanford Encyclopedia of Philosophy*.

Measuring Intergenerational Mobility

*Jantti, M. and S. Jenkins, 2014. "Income Mobility" section 10.3. *Handbook of Income Distribution* vol. 2, A. Atkinson and F. Bourguignon, eds. Amsterdam: Elsevier.

*Torche, F. 2015. "Analyses of Intergenerational Mobility: An Interdisciplinary Review." *Annals of the AAPSS* 657: 37-62.

Torche, F. and A. Corvalan. 2016. "Estimating Intergenerational Mobility with Grouped Data: A Critique of the The Son Also Rises." *Sociological Methods & Research* 1-25.

Shorrocks, A. 1978. "The Measurement of Mobility." *Econometrica* 46 (5): 1013-1024.

Durlauf, S., A. Kourtellos and C. M. Tan. 2016. "Status Traps." *Journal of Business and Economic Statistics* 35: 265-287.

Intergenerational Mobility: Evidence

*Jantti, M. and S. Jenkins, 2014. "Income Mobility" section 10.5. *Handbook of Income Distribution* vol. 2, A. Atkinson and F. Bourguignon, eds. Amsterdam: Elsevier.

*Chetty, R., N. Hendren, P. Kline, and E. Saez. 2014. "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States." *Quarterly Journal of Economics* 129: 1553-1623.

Chetty, R., D. Grusky, M. Hell, N. Hendren, R. Manduca, and J. Narang. 2017. "The Fading American Dream: Trends in Absolute Income Mobility since 1940." *Science* 356: 398-406.

Mazumder, B. 2005. "Fortunate Sons: New Estimates of Intergenerational Mobility in the United States Using Social Security Earnings Data." *Review of Economics and Statistics* 87: 235-255.

Breen, R. and J. Jonsson. 2005. "Inequality of Opportunity in Comparative Perspective: Recent Research on Educational Attainment and Social Mobility." *Annual Review of Sociology* 31: 223-243.

Collins, W. and M. Wanamaker. 2017. "Up from Slavery? African American Intergenerational Economic Mobility Since 1880." NBER Working Paper no. 23395.

Theories of Intergenerational Mobility

*Piketty T. 2000. "Theories of Persistent Inequality and Intergenerational Mobility." Handbook of Income Distribution. A. Atkinson and F. Bourguignon, eds. Amsterdam: Elsevier.

- **Family human capital formation/education**

*Becker, G. and N. Tomes. 1979. "An Equilibrium Theory of the Distribution of Income and Intergenerational Mobility." Journal of Political Economy 87: 1153-1189.

Loury, G. 1981. "Intergenerational Transfers and the Distribution of Earnings." Econometrica 49: 843-867.

*Heckman, J. and S. Mosso. 2014. "The Economics of Human Development and Social Mobility." Annual Review of Economics 6: 689-733.

Cunha, F., and J. J. Heckman. 2007. "The Technology of Skill Formation." American Economic Review 97: 31-47.

Becker, G., S. Kominers, K. Murphy, and J. Spenkuch. 2015. "A Theory of Intergenerational Income Mobility." MPRA Paper No. 66334.

Solon, G. 2004. "A Model of Intergenerational Mobility Variation over Time and Place," Generational Income Mobility in North America and Europe, M. Corak, ed. Cambridge: Cambridge University Press.

- **The Inheritance of Inequality**

*Bowles, S. and H. Gintis. 2002. "The Inheritance of Inequality." Journal of Economic Perspectives 16: 3-30.

Bowles, S. and V. I. Nelson, 1974. "The "Inheritance of IQ" and the Intergenerational Reproduction of Economic Inequality". The Review of Economics and Statistics, Vol. 56, No. 1: 39-51.

The Gatsby Curve

*Corak, M. 2013. "Income Inequality, Equality of Opportunity, and Intergenerational Mobility." *Journal of Economic Perspectives* 27: 79-102.

Durlauf, S. and A. Seshadri. 2018. "Understanding the Great Gatsby Curve." *Macroeconomics Annual* forthcoming.

Political Economy

*Alesina, A., S. Stantcheva, and E. Teso. 2017. "Intergenerational Mobility and Preferences for Redistribution." NBER Working Paper no. 23027.

Benabou, R. 2000. "Unequal Societies: Income Distribution and the Social Contract." *American Economic Review* 90: 96-129.

*Lee, W. and J. Roemer. 2006. "Race and Redistribution in the United States: A Solution to the Problem of American Exceptionalism," *Journal of Public Economics* 90: 1027-1052.