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**PPHA 33240: Intergenerational Mobility:
Theory, Methods and Evidence (DRAFT)**

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.

Grading

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 a midterm exam that will be held on the 5th week and will be updated regularly.

Home Assignments

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).

Also, each student is asked to choose **1 paper to master and to write an essay on it**. 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 page 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 discuss, 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.

There will be **2 graded 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. 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.

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 should be submitted in the form of a pdf file (it does not 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 Policies

Academic Integrity: Cheating and plagiarism are serious forms of academic misconduct and may result in a failing grade. All written submissions must be your own original work. As described in the student manual, “Proper acknowledgment of another's ideas, whether by direct quotation or paraphrase, is expected. In particular, if any written or electronic source is consulted and material is used from that source, directly or indirectly, the source should be identified by author, title, and page number, or by website and date accessed. Any doubts about what constitutes ‘use’ should be addressed to the instructor.” Be aware, plagiarism goes beyond copying text word-for-word and can include paraphrasing.

Please see <https://provost.uchicago.edu/handbook/clause/academic-honesty-and-plagiarism>.

Course Materials

All course materials will be in a shared Box folder.

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. 1998. "Equality of opportunity", §1-4 (pp. 1-32). Harvard University Press.

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

*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.

Basu, K. and L. Lopez-Calva. 2011. "Capabilities and Functionings." Handbook of Social Choice and Welfare, K. Arrow, A. Sen, and K. Suzumura, eds. Amsterdam: Elsevier.

Nussbaum, M. 2011. "Creating Capabilities." Cambridge: Harvard University Press.

Roemer, J. 1993. "A Pragmatic Theory of Responsibility for the Egalitarian Planner". Philosophy & Public Affairs 22(2): 146-166.

*Roemer, J. 1998. "Equality of opportunity." Harvard University Press.

Roemer, J., A. Trannoy. 2016. "Equality of Opportunity: Theory and Measurement." Journal of Economic Literature 54(4): 1288-1332.

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

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.

Intergenerational Mobility, International Comparison

Björklund, A., M. Jantti, 1997. "Intergenerational Income Mobility in Sweden Compared to the US." *The American Economic Review*, 87(5): 1009-1018.

Heckman, J., R. Landersó, 2017. "The Scandinavian Fantasy: The Sources of Intergenerational Mobility in Denmark and the US." *Scandinavian Journal of Economics*, 119(1): 178-230.

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* 56(1): 39-51.

- **Neighborhood Effects and Other Types of Segregation**

Becker, G. 1973. "A theory of marriage: Part I." *Journal of Political Economy* 81: 813–846.

Becker, G. 1974. "A theory of marriage: Part II." *Journal of Political Economy* 82 (2 pt. 2): S11–S26.

Benabou, R. 1993. "Workings of a City: Location, Education, and Production." *Quarterly Journal of Economics* 108(3): 619-652.

Benabou, R. 1996. "Heterogeneity, stratification and growth: macroeconomic implications of community structure and school finance." *American Economic Review* 86: 584-609.

Blume, L. and S. Durlauf. 2001. "The Interactions-Based Approach to Socioeconomic Behavior." *Social Dynamics*, ed. S. Durlauf and H. P. Young, Cambridge: MIT Press.

Chetty, R., N. Hendren, L. Katz. 2016. "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment." *American Economic Review* 106(4): 855-902.

Chetty, R., N. Hendren. 2018. "The Impacts of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effects." *Quarterly Journal of Economics*, 133(3): 1107-162.

Cooper, S. 1998. "A Positive Theory of Income Redistribution." *Journal of Economic Growth*, 3(2): 171-195.

Durlauf, S. 1996. "Neighborhood Feedbacks, Endogenous Stratification, and Income Inequality." *Dynamic Disequilibrium Modelling*, ed. W. Barnett, G. Gandolfo, and C. Hillinger, Cambridge: Cambridge University Press.

*Durlauf, S. 2004. "Neighborhood Effects." *Handbook of Regional and Urban Economics*, vol. 4, ed. J. V. Henderson and J.-F. Thisse. Amsterdam: North Holland.

Durlauf, S. and A. Seshadri. 2003. "Is Assortative Matching Efficient?" *Economic Theory* 21: 475-493.

Kremer, M. and E. Maskin. 1995. "Segregation by Skill and the Rise in Inequality." NBER Working Paper 5718.

Ludwig, J., G. Duncan, L. Gennetian, L. Katz, R. Kessler, J. R. Kling, and Lisa Sanbonmatsu. 2013. "Long-Term Neighborhood Effects on Low-Income Families: Evidence from Moving to Opportunity." *American Economic Review* 103(3): 226-31.

*Topa, G., and Y. Zenou. 2015. "Neighborhood and Network Effects." *Handbook of Urban Economics*, vol. 5A, ed. G. Duranton, V. Henderson, W. Strange. Amsterdam: Elsevier.

The Gatsby Curve (Inequality and Mobility)

*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.

*Jackson, M. 2019. "Immobility and Inequality: Network Feedback and Poverty Traps", Chapter 6 in "The Human Network", Pantheon Books.

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.

Ichino, A., L. Karabarbounis, E. Moretti, 2011. "The Political Economy of Intergenerational Income Mobility." *Economic Inquiry*, 49(1): 47-69.

Mayer, S., L. Lopoo, 2008. "Government Spending and Intergenerational Mobility." *Journal of Public Economics* 92: 139-158.

Race

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

*Charles, K. and J. Guryan. 2011. "Studying Discrimination: Fundamental Challenges and Recent Progress." *Annual Review of Economics* 3: 479–511.

*Fryer, R. 2011. "The Importance of Segregation, Discrimination, Peer Dynamics, and Identity in Explaining Trends in the Racial Achievement Gap." *Handbook of Social Economics*, vol. 1. J. Benhabib, A. Bisin, and M. Jackson, eds. Amsterdam: Elsevier.

Heckman, J. 2011. "The American Family in Black and White: A Post-Racial Strategy for Improving Skills to Promote Inequality." *Daedalus* 140:70–89.

*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.

Loury, G., 1977. "A Dynamic Theory of Racial Income Differences." *Women, Minorities, and Employment Discrimination*, ed. P. Wallace and A. Lamond, Lexington, Massachusetts: Lexington Books.

*Neal, D. 2006. "Why Has Black-White Skill Convergence Stopped?" *Handbook of the Economics of Education*, vol. 1. E. Hanushek, S. Machin and L. Woessmann, eds. Amsterdam: Elsevier.

Pager, D. 2003. "The Mark of a Criminal Record." *American Journal of Sociology* 108: 937-975.

Petit, B. and B. Western. 2008. "Mass Imprisonment in the Life Course: Race and Class Inequality in the United States." *American Sociological Review* 69: 151-169.