Comments on:

Countercyclical School Attainment and Intergenerational Mobility

By Andreu Arenas and Clément Malgouyres

Laura Hospido* (Banco de España)

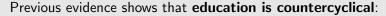
First Annual Workshop of ESCB Research Cluster 2, 16-17 November

* The opinions and analysis are my responsibility and, therefore, do not necessarily coincide with those of the Banco de España or the Eurosystem

Outline

Summary

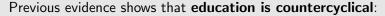
Comments



- □ ↑ schooling for cohorts exposed to adverse conditions
- changes in opportunity costs dominate ability to pay

This paper: how economic conditions at the time of choosing post-compulsory education affect intergenerational mobility

- Educational intergenerational mobility
- Occupational intergenerational mobility



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Data: data from the French Labor Force Survey (1990-2014) on 23 cohorts (born 1965-1988) across 96 provinces

- □ school attainment (post-compulsory and college degrees)
- own and parental occupation (white vs. blue collar)

Identification strategy: regional variation in the unemployment rate at age 16 (and 18) in the individual's province of birth

Results: in bad times there is more intergenerational mobility, that is, less correlation between:

- educational attainment/being white collar, and
- having a white-collar father

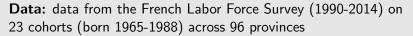
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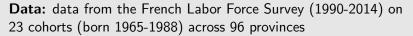


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Comment # 1: Sample selection

The sample used only includes **working** individuals. However, the composition of those at work (either parents or children) also changes with the business cycle.

- scarring effect: cohorts graduating from school in bad times persistently suffer in terms of the likelihood of being employed and earnings
 - The size and persistence of the effect substantially varies across countries, being stronger in economies with more rigid labor market institutions
 - Also, the persistence varies by gender and education
- father's occupation: what is the reference period for that info? if not working, do we know the occupation?

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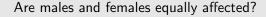
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Comment # 2: Only Father

Why only father's occupation?

- □ Lacuesta, Puente and Villanueva (2014): estimate how changes in the relative wages of unskilled workers affect schooling attainment of males in Spain
 - Although IGM is not their main focus, they document that sons of mothers with low education responded most to the relative increase in low-skill wages
- Adamopoulou and Tanzi (2017): using data on university students in Italy, study how the Great Recession affected drop-out probabilities and they also uncover heterogeneous effects depending on the educational level of the mother

Comment # 3: Gender



- □ Abramitzky and Lavy (2014): document a higher response to incentives to complete upper secondary school among males than among females
- □ Adamopoulou and Tanzi (2017): find a stronger decrease in the drop-out probability for men
- In this paper only a gender dummy is included in the empirical specification. How does the estimate of that dummy look like?

Comment # 4: Unemployment rate

Are results robust to any other business cycle indicator?

Holding post – compulsory education_i =
$$\beta_0 + \beta_1 High \ PB_i + \beta_2 U_{16,i}^{bpl} + \beta_3 \left(High \ PB_i \times U_{16,i}^{bpl} \right) + X_i'\beta_4 + \epsilon_i$$

$$\left(\frac{students}{population}\right)_{pt} = \dots + \beta_2 \frac{unemployed}{employed + unemployed}_{pt} + \dots$$

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Comment # 5: Post-compulsory vs. College



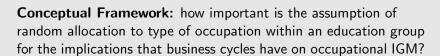
Any explanation for having post-compulsory schooling counter-cyclical but college attainment pro-cyclical?

Adamopoulou and Tanzi (2017): identification based on regional variation in the severity of the Recession measured in terms of:

- □ the change in the youth unemployment rate between 2005-2007 and 2008-2010
 - ⇒ proxy of changes in the opportunity cost of studying
- □ also the change in the adult male unemployment rate
 - ⇒ proxy of changes in the financial situation of the family

Alternative proxies: cost of education, changes in the labor supply of other members of the family

Comment # 6: minor points



Economic variability: how big is the ΔU_{25}^{75} ?

Figures:

- □ Figures 1 & 2: it would be more informative seeing in those pictures a comparison between cohorts in good times and in bad times
- □ Figure A.1: it would be useful to include the evolution of some measure of the business cycle



THANK YOU!

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