

# Comments on:

## Countercyclical School Attainment and Intergenerational Mobility

**By Andreu Arenas and Clément Malgouyres**

Laura Hospido\* (Banco de España)

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\* 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



Previous evidence shows that **education is countercyclical**:

- ↑ 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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# The Cycle of School Attainment & IGM



**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

More occupationally mobile due to changes in school attainment.

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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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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



Are males and females equally affected?

- **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?

$$\text{Holding post - compulsory education}_i = \beta_0 + \beta_1 \text{High PB}_i + \beta_2 U_{16,i}^{bpl} + \beta_3 \left( \text{High PB}_i \times U_{16,i}^{bpl} \right) + X_i' \beta_4 + \epsilon_i$$

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

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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



**Conceptual Framework:** how important is the assumption of random allocation to type of occupation within an education group for the implications that business cycles have on occupational IGM?

**Economic variability:** how big is the  $\Delta U_{25}^{75}$ ?

### 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!**

**[laura.hospido@bde.es](mailto:laura.hospido@bde.es)**