Local Measures of Intergenerational Mobility of: Income, Cognitive, and Noncognitive Skills

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Summary (I)

Much interest in the link between income inequality and intergenerational income mobility (Great Gatsby curve)

Current focus on intergenerational elasticity (IGE) of income

IGE of income can vary across socioeconomic groups

Objectives of the paper:

- Use NLSY data to characterize intergenerational persistence of income across socioeconomic groups
- Investigate intergenerational persistence of skills
- Shed light on what defines a “socioeconomic class”
Summary (II)

Methodology:

- Use varying coefficient model (VCM) to estimate measures of intergenerational mobility of income
- Explicitly allow for parameter heterogeneity in IGE

Main findings [to be revised]:

- IGEs are higher for sons compared to daughters
- Substantial heterogeneity, evidence of nonlinearity
- Heterogeneity in IG transmission of cognitive and noncognitive skills between mothers and children
- IGE for cognitive skills is higher than IGE for income, but IGE for noncognitive skills is lower than IGE for income
The paper investigates a critically important topic and has potential for publication.

Aside from routine editorial work, I’d suggest the following:

More explicitly indicate what exactly distinguishes this paper from the literature. Is it the methodology? Analysis of skill measures? Anything else?

Am not convinced IGE values for cognitive & noncognitive skills, when compared to IGE values for income, tell us much about the role of genetics in IG transmission.

Is there a potential for endogeneity of $Y_{p,i}$ in Eqs. 3.1, 3.2?

To create index $z$, you could also investigate combining characteristics.
Comments and Suggestions (II)

Is it critical to have a one-dimensional index $z$? Why not allow for parameters in Eq. (3.2), etc. to depend on multiple characteristics? Also, how do we know that Eq. (3.2) is linear in $Y_{p,i}$? Perhaps VCM simply “compensates” for misspecification?

Econometric methodology (estimation approach) needs to be described in more detail.

Notation used in decomposition formulas is difficult to follow. Also, unclear why readers would be interested in these decompositions and covariance decomposition.

Are there any interesting policy implications of the results?