

HCEO

Human Capital and Economic Opportunity  
Global Working Group



# Summer School on Socioeconomic Inequality

JULY 15-20 2013

**Organized by HCEO**

James J. Heckman  
Steven N. Durlauf  
Scott Duke Kominers

**Supported by**

Institute for New Economic Thinking  
Becker Friedman Institute for  
Research in Economics

**The University of Chicago**

Charles M. Harper Center  
Room C06  
5807 South Woodlawn Avenue  
Chicago, Illinois 60637

**Human Capital and Economic Opportunity  
Global Working Group**

Funded by the  
Institute for New Economic Thinking  
in collaboration with the  
Becker Friedman Institute for  
Research in Economics



Institute for  
**New Economic Thinking**



## Welcome

Dear Students,

Welcome to the second annual Summer School on Socioeconomic Inequality at the University of Chicago. Our goal is to teach you the tools needed to study inequality, and to communicate a sense of the research frontier in understanding inequality. We also intend for SSSI 2013 to break down barriers between theoretical, econometric, and empirical work.

We thank our funder—The Institute for New Economic Thinking—as well as the Becker Friedman Institute for Research in Economics for their support of the Human Capital and Economic Opportunity Global Working Group.

We are glad you are able to join us for this summer school and we hope you find it a valuable experience.

Best,

James J. Heckman, Steven N. Durlauf, and Scott Duke Kominers

# Program

## Monday, July 15, 2013

9:00–12:00p.m.

### An Overview

James J. Heckman (The University of Chicago)  
Steven N. Durlauf (University of Wisconsin–Madison)

12:30–1:30 p.m.

### Lunch

1:30–3:00 p.m.

### The Life Cycle Evolution of Capabilities, and the Early Evolution of Capabilities I

James J. Heckman (The University of Chicago)

3:00–3:30 p.m.

### Break

3:30–5:30 p.m.

### The Life Cycle Evolution of Capabilities, and the Early Evolution of Capabilities II

James J. Heckman (The University of Chicago)

6:30–7:00 p.m.

### Mandatory Campus Safety Briefing

*East Common Lounge, South Campus Residence Hall*

7:00–8:00 p.m.

### Dinner

*East Common Lounge, South Campus Residence Hall*

## Tuesday, July 16, 2013

9:00–10:30 a.m.

### Family and Inequality I

Pierre-André Chiappori (Columbia University) (by Video Conference)

10:30–11:00 a.m.

### Break

11:00–12:30 p.m.

### Family and Inequality II

Pierre-André Chiappori (Columbia University) (by Video Conference)

12:30–1:30 p.m.

### Lunch

1:30–3:00 p.m.

### Social Networks I

Lawrence Blume (Cornell University; IHS (Vienna); Santa Fe Institute)

3:00–3:30 p.m.

### Break

3:30–5:00 p.m.

### Social Networks II

Lawrence Blume (Cornell University; IHS (Vienna); Santa Fe Institute)

6:30–9:30 p.m.

### HCEO Reception

*Paris Club, 59 West Hubbard, Chicago, IL*

*Transportation provided at 6:00pm from South Campus Residence Hall*

## Wednesday, July 17, 2013

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- 9:00–10:30 a.m.**      **Intergenerational Mobility I**  
Steven N. Durlauf (University of Wisconsin–Madison)
- 
- 10:30–11:00 a.m.**      **Break**
- 
- 11:00–12:30 p.m.**      **Intergenerational Mobility II**  
Steven N. Durlauf (University of Wisconsin–Madison)
- 
- 12:30–1:30 p.m.**      **Lunch**
- 
- 1:30–3:00 p.m.**      **Market Design Approaches to Inequality I**  
Scott Duke Kominers, (Becker Friedman Institute for Research in Economics, The University of Chicago)
- 
- 3:00–3:30 p.m.**      **Break**
- 
- 3:30–5:00 p.m.**      **Market Design Approaches to Inequality II**  
Scott Duke Kominers (Becker Friedman Institute for Research in Economics, The University of Chicago)

## Thursday, July 18, 2013

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- 9:00–10:30 a.m.**      **Capabilities I**  
James Foster (George Washington University)
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- 10:30–11:00 a.m.**      **Break**
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- 11:00–12:30 p.m.**      **Capabilities II**  
James Foster (George Washington University)
- 
- 12:30–1:30 p.m.**      **Lunch**
- 
- 1:30–3:00 p.m.**      **Women’s Rights and Women and Culture I**  
Raquel Fernández (New York University)
- 
- 3:00–3:30 p.m.**      **Break**
- 
- 3:30–5:00 p.m.**      **Women’s Rights and Women and Culture II**  
Raquel Fernández (New York University)

## Friday, July 19, 2013

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**9:00–10:30 a.m.**      **Using Structural Models for Policy Evaluation I**  
Petra Todd (University of Pennsylvania)

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**10:30–11:00 a.m.**      **Break**

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**11:00–12:30 p.m.**      **Using Structural Models for Policy Evaluation II**  
Petra Todd (University of Pennsylvania)

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**12:30–1:30 p.m.**      **Lunch**

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**1:30–3:00 p.m.**      **Wage Determination I**  
Christopher Taber (University of Wisconsin–Madison)

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**3:00–3:30 p.m.**      **Break**

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**3:30–5:00 p.m.**      **Wage Determination II**  
Christopher Taber (University of Wisconsin–Madison)

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**3:30–5:00 p.m.**      **Poster Session I**  
*West Common Room, South Campus Residence Hall*  
*Dinner Provided*

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## Saturday, July 20, 2013

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**9:00–10:30 a.m.**      **Identity and Inequality I**  
Rachel Kranton (Duke University)

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**10:30–11:00 a.m.**      **Break**

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**11:00–12:30 p.m.**      **Identity and Inequality II**  
Rachel Kranton (Duke University)

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**12:30–1:30 p.m.**      **Lunch**

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**1:30–5:00 p.m.**      **Informal Interactions**

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**5:00–7:00 p.m.**      **Break**

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**7:00–9:30 p.m.**      **Poster Session II**  
*West Common Room South Campus Residence Hall*  
*Dinner Provided*

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# Faculty Biographies

## Lawrence Blume

Cornell University, IHS (Vienna), Santa Fe Institute  
Goldwin Smith Professor of Economics and Professor of  
Information Science



Lawrence E. Blume is Goldwin Smith Professor of Economics at Cornell University, a Visiting Research Professor at IHS, and a member of the external faculty at the Santa Fe Institute, where he has served as Co-Director of the Economics Program and on the Institute's steering committee. He teaches and conducts research in general equilibrium theory and game theory and also has research projects on the theory and measurement of behavior in social networks. Along with Steven Durlauf, Blume is one of the general editors of *The New Palgrave Dictionary of Economics*.

Blume received a B.A. in Economics from Washington University and a Ph.D. in Economics from the University of California, Berkeley.

## Pierre-André Chiappori

Columbia University  
E. Rowan and Barbara Steinschneider Professor of Economics



Pierre-André Chiappori is the E. Rowan and Barbara Steinschneider Professor of Economics at Columbia University. He taught in France (Paris 1, EHESS, Ecole Polytechnique, ENSAE) before joining the University of Chicago as Professor of Economics from 1997–2005. He has been a faculty member at Columbia since 2005.

His research focuses on household behavior, risk, insurance and contract theory, general equilibrium and mathematical economics. He has been involved in numerous conferences as organizer or keynote speaker, and has been editor and co-editor of many international economic publications, including the *Journal of Political Economy*, published by the University of Chicago. He is a Fellow of the European Economic Association and of the Econometric Society.

Chiappori is a former student of the Ecole Normale Supérieure. He earned a M.Sc. in Mathematics from University Paris VII in 1975, a D.E.A in Statistics from the University Paris VI in 1976, a D.E.A. in Economics from University Paris I in 1978, and a Ph.D. in Economics from University Paris I in 1981.

## Steven N. Durlauf

University of Wisconsin–Madison  
Vilas Research Professor and Kenneth J. Arrow Professor of  
Economics



Steven N. Durlauf is Vilas Research Professor and Kenneth J. Arrow Professor of Economics at the University of Wisconsin–Madison. He is a Fellow of the Econometric Society, a Fellow of the American Academy of Arts and Sciences, and a Research Associate of the National Bureau of Economic Research. For two years, he served as Program Director for the Economics Program of the Santa Fe Institute.

Durlauf has worked extensively on theoretical and econometric issues involving the analysis of inequality, social determinants of behavior, economic growth and policy evaluation. He was general editor of the most recent edition of the *New Palgrave Dictionary of Economics* and coedited the *Handbook of Economic Growth*.

Durlauf earned a B.A. in Economics from Harvard University in 1980 and a M.Phil., M.A., and Ph.D. in Economics from Yale University in 1986.

## Raquel Fernández

New York University  
Professor of Economics



Raquel Fernández is a Professor in the Department of Economics at NYU. She is also a member of ESOP at the University of Oslo, the NBER, the CEPR, and IZA. She has previously been a tenured professor at the London School of Economics and Boston University and held visiting positions at various institutions around the world. She has served as the Director of the Public Policy Program of the CEPR and has been a Panel Member of the National Science Foundation and a Program Committee Member of the Social Science Research Council. She has also served as Co-Editor of the *Journal of International Economics* and as an Associate Editor of the *Review of Economic Dynamics* and of *Economia*.

Currently she is on the Executive Committee of the Latin American and Caribbean Economic Association and an advisor to the World Bank's WDR on Gender Equality and Development. She is the recipient of several NSF grants, of a Spencer Fellowship from the National Academy of Education, and was awarded a National Fellow at the Hoover Institute and a Visiting Scholar at the Russell Sage Foundation. Her most recent research is primarily in the areas of culture and economics, development and gender issues, inequality, and political economy.

Fernández earned a B.A. in Economics from Princeton University in 1981, and a Ph.D. in Economics from Columbia University in 1988.

## James Foster

*George Washington University*

*Professor of Economics and International Affairs*



James Foster's research is in development and theory, with an emphasis on measurement of poverty, inequality, and wellbeing. Current research includes projects on measuring ultrapoverty, corruption, aspirations, subjective wellbeing, mobility, service delivery, robustness of multidimensional measures, and education quality. Foster is Professor of Economics and International Affairs at the George Washington University. He is also research associate at the Oxford Poverty and Human Development Initiative (OPHI) at Oxford University.

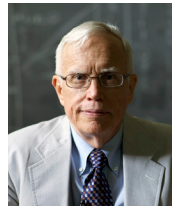
He received an Investigator Award in Health Policy Research from the Robert Wood Johnson Foundation and an honorary doctorate from the University of Hidalgo in Mexico. His income poverty measures (with Greer and Thorbecke) are the standard for measuring and decomposing income poverty; his recent multidimensional poverty methodology (with Alkire) has been adopted by several countries and organizations as an alternative to the traditional income approach.

Foster earned his B.A. in Economics and Mathematics from New College of Florida, and his Ph.D. in Economics from Cornell University.

## James J. Heckman

*The University of Chicago*

*Henry Schultz Distinguished Service Professor of Economics*



James J. Heckman is the Henry Schultz Distinguished Service Professor of Economics at the University of Chicago, where he has served since 1973. In 2000, he won the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel. Heckman directs the Economics Research Center, as well as the Center for Social Program Evaluation at the Harris School of Public Policy Studies. Additionally, he is the Professor of Science and Society in University College Dublin and a Senior Research Fellow at the American Bar Foundation.

His work has been devoted to the development of a scientific basis for economic policy evaluation. He has developed a body of new econometric tools that address these issues. Heckman is actively researching the economics of human development and building theoretical and empirical models of human capacity formation. This work emphasizes the role of the family in producing capacities and the effects of capacities on education, wages, health, crime, and other dimensions of lifetime achievement. He is currently conducting new social experiments on early childhood interventions and reanalyzing extant experiments.

Heckman has published over 300 articles and nine books. He has received numerous awards for his work, including the John Bates Clark Medal in 1983, the Jacob Mincer Award for Lifetime Achievement

in 2005, and the Ulysses Medal from the University College Dublin in 2006. He is also a member of many academic and professional societies, including the National Academy of Sciences, the International Statistical Institute, the American Statistical Association, the Society of Labor Economics, the American Philosophical Society, and the National Academy of Education. Additionally, he has been the recipient of numerous honorary degrees and professorships.

Heckman earned a B.A. in Mathematics from Colorado College in 1965 and a M.A. in 1968 and Ph.D. in 1971 in Economics from Princeton University.

## Scott Duke Kominers

*Becker Friedman Institute for Research in Economics,*

*The University of Chicago*

*Research Scholar*



Scott Duke Kominers is a Research Scholar at the Becker Friedman Institute for Research in Economics at the University of Chicago.

His research focuses on market design, and its interactions with law and computer science. His specific research interests include matching theory, eminent domain, mathematical economics, law and economics, and the economics of market entry. He was organizational chair of the 2011 "Matching and Price Theory" conference at the Milton Friedman Institute. He was awarded the 2010 AMS-MAA-SIAM Frank and Brennie Morgan Prize, and has held fellowships from the National Science Foundation, the Yahoo! Key Scientific Challenges Program, and the John M. Olin Center at Harvard Law School.

Kominers earned an A.B. in Mathematics in 2009, A.M. in Business Economics in 2010, and a Ph.D. in Business Economics in 2011 from Harvard University.

## Rachel Kranton

Duke University

Professor of Economics



Rachel Kranton is a James B. Duke Professor of Economics at Duke University. She studies how institutions and social settings affect economic outcomes. She develops theories of networks and has introduced identity into economic thinking. Her research contributes to many fields, including microeconomics, economic development, and industrial organization.

She has been awarded fellowships at the Russell Sage Foundation in New York and the Institute for Advanced Study in Princeton. She joined Duke's faculty in 2007. Rachel Kranton was awarded a Chaire Blaise Pascal in 2010 and elected Fellow of the Econometric Society in 2012. She wrote *Identity Economics* with George Akerlof, which was in Bloomberg Top 30 Books in 2010, and in the Financial Times Books of the Year list.

Kranton earned a B.A. in Economics and Middle East Studies from the University of Pennsylvania in 1984, a M.P.A. in Economics and Public Affairs from the Woodrow Wilson School at Princeton University in 1988, and a Ph.D. in Economics from the University of California, Berkeley in 1993.

## Christopher Taber

University of Wisconsin–Madison

Professor of Economics



After being at Northwestern University since 1995, Christopher Taber joined the University of Wisconsin–Madison faculty in Fall 2007 as the Richard A. Meese Chair of Applied Econometrics.

His research focuses on the development and implementation of econometric models of skill formation. His work on economics of education includes studies of the effectiveness of Catholic schools and of voucher programs, the importance of borrowing constraints in college-going decisions, and general equilibrium models of the labor market. He also has a methodological side and has worked on non-experimental methods for evaluation. He has been editor-in-chief of the *Journal of Labor Economics* since October 2007.

Taber earned a B.Sc. in 1989, a M.A. in 1991, and a Ph.D. in 1995 in Economics, all from the University of Chicago.

## Petra Todd

University of Pennsylvania

Professor of Economics



Petra E. Todd is the Alfred L. Cass Term Professor in Economics at the University of Pennsylvania. She is a fellow of the Econometric Society and a research associate of the National Bureau for Economic Research, IZA, and of the Population Studies Center at the University of Pennsylvania.

Her main fields of research are labor economics, development economics, and microeconometrics. She has published papers on methodology for evaluating effects of social programs, modeling the determinants of cognitive achievement, testing for discrimination in motor vehicle searches, sources of racial wage disparities, and methods for evaluating and optimally designing conditional cash transfer programs. Many of her papers appear in leading journals, such as the *American Economic Review*, *Econometrica*, *Review of Economic Studies*, *Journal of Political Economy*, and the *Quarterly Journal of Economics*. She is an associate editor for the AER and for the *Journal of Human Capital*.

Todd is currently working on projects related to (i) evaluating the effects of a large-scale randomized school incentive program in Mexican high schools, (ii) assessing the effects of government regulation on the operation of the privatized pension market in Chile, (iii) dynamic modeling of teacher labor supply in Chile under a large-scale school voucher system, and (iv) assessing the effects of recent pension reforms

on labor supply and savings behavior in Chile. Her research is funded by grants from NIH, NSF, and the Spencer foundation. Todd also regularly does consulting projects work for the Population Council, the Inter-American Development Bank, the World Bank, the Department of Labor, and the Mexican and Chilean governments. When not working, she enjoys ballroom dancing and boating in Maryland.

She received her Ph.D. in Economics at the University of Chicago (in 1996) and her B.A. from the University of Virginia.



# About HCEO

The Human Capital and Economic Opportunity Global Working Group (HCEO) was funded by the Institute for New Economic Thinking (INET) to carry out comprehensive and interdisciplinary research on human capital development, its impact on macroeconomic performance and stability, and on personal income and opportunity inequality. The goal of the Working Group is clinical in nature—to increase individual opportunity by increasing the effectiveness of human capital investment world-wide. Since its inception in 2010, the Working Group has grown from a handful of researchers to 350 from universities, institutes, and governments around the world.

James J. Heckman of the University of The Chicago directs the Human Capital and Economic Opportunity Global Working Group. Robert Dugger of ReadyNation and Steven N. Durlauf of the University of Wisconsin–Madison are co-directors. The Working Group is managed by Alison Baulos, Jennifer Pachon, and E. Raluca Rustandi. The Becker Friedman Institute for Research in Economics provides technical infrastructure and support.

The Working Group is organized into six research networks: Early Childhood Interventions; Family Inequality; Health Inequality; Identity and Personality; Inequality: Measurement, Interpretation, and Policy; and Markets. The networks include scholars with skills in a wide range of disciplines, including economics, psychology, political science,

nutrition, health, education, genetics, and philosophy. A key aspect of the Working Group's efforts is to move the world from policies of “redistribution,” which seek to correct the injuries of inequality, to policies of “predistribution” that will equip people from birth with the capacities of character and education that enable productive citizenship.

## **Working Group membership is open to researchers, educators, and policymakers focused on:**

- human development, health and education;
- income inequality and individual well-being and opportunity;
- human capital and economic growth and development;
- education and workforce productivity and competitiveness;
- political science of inequality and human capital investment;
- implications of inequality for macroeconomic performance and market stability;
- program cost-benefit evaluation and microeconomics of human capital development

## **Vision**

The Human Capital and Economic Opportunity Global Working Group is fundamentally different from conventional research networks in the academic world. The Working Group's approach is comprehensive and cross-disciplinary, focused on creating a scientific infrastructure for international research collaboration that unites alternative perspectives, methodologies, and fields to allow for an integrated understanding of socioeconomic failure and success.

## **The Working Group**

- Welcomes the world's leading researchers regardless of research style or focus. We believe that interactions among contrasting research approaches is fruitful.
- Opposes prejudging any research on criteria other than quality.
- Integrates biological, sociological, and psychological perspectives into traditionally economic questions such as labor market success or failure.
- Demonstrates how policy models developed in economics can enrich research in other social science disciplines.
- Fosters the next generation of scholars in an interdisciplinary style of research.
- Treats social science research as an empirical endeavor. We defend the value of formal theory in facilitating the understanding of socioeconomic phenomena. Social science advances when theories are subjected to rigorous testing to allow corroboration or falsification.

## **The Working Group's impact**

- Individual research programs of network members are expanding the scientific frontiers of understanding human wellbeing and equality.
- The annual Summer School on Socioeconomic Inequality and other collaborative activities with existing organizations are creating a global virtual college of researchers on human flourishing.
- A monograph series with Oxford University Press on inequality and human capital development in the 21st century will broadly communicate formal findings.
- The findings from the best science and the results of the best practices are being applied in the two largest populations in the world—China and India.
- HCEO is developing partnerships across the globe to foster new research collaborations.

To help HCEO demonstrate the impact of SSSI activities to our funder, we ask that you share your feedback regarding your experience at this summer school.

**1.** Please list one or two things you learned from SSSI that changed how you will approach your study of economics or inequality.

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**2.** Which lectures did you find most relevant to your work?

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**3.** What was your favorite part of SSSI?

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4. What would you change about SSSI for future years?

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4. Do you have any other thoughts, comments or questions for the organizers?

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*Optional*

Name

E-mail address

**Thank you for your feedback.**

**We look forward to your further collaborations with HCEO**

HCEO  
1126 East 59th Street  
Chicago, Illinois 60637  
Phone: 773.834.1574  
Fax: 773.926.0928  
E-mail: [coordinator.hceo@uchicago.edu](mailto:coordinator.hceo@uchicago.edu)  
Web: [hceconomics.org](http://hceconomics.org)



# Notes



HCEO

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1126 East 59th Street  
Chicago, Illinois 60637

Phone: 773.834.1574

Fax: 773.926.0928

E-mail: [coordinator.hceo@uchicago.edu](mailto:coordinator.hceo@uchicago.edu)

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