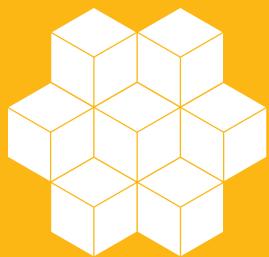


Highlights
10.2014



HUMAN CAPITAL AND
ECONOMIC OPPORTUNITY
GLOBAL WORKING GROUP



hceconomics.org

TABLE OF CONTENTS

The Human Capital and Economic Opportunity Global Working Group is a research program of the Institute for New Economic Thinking and an initiative of the Center for the Economics of Human Development and the Becker Friedman Institute for Research in Economics

Institute for
New Economic Thinking



CENTER FOR THE ECONOMICS
OF HUMAN DEVELOPMENT
THE UNIVERSITY OF CHICAGO

 BECKER FRIEDMAN INSTITUTE
FOR RESEARCH IN ECONOMICS
THE UNIVERSITY OF CHICAGO

About HCEO	2
Our Vision	
Upcoming and Featured Events	4
Building Synergies Across Disciplines	
Summer Schools	8
Creating New Economic Thinking in the Next Generation of Scholars	
Notable Member Awards	12
Leadership and Network Structure	14
Members	16
HCEO's Interdisciplinary Composition	
Social Impact "Pay-For-Success" Finance	18
PKSE Bonds	
Activities in China	20
Inequality Research Across the Globe	22
Working Papers Series	24
Amplifying Research	26
Website and Social Media Metrics	
HCEO in the News	28
Expanding the Worldview of Inequality	

ABOUT HCEO

Our Vision

Founded in 2010, the Human Capital and Economic Opportunity Global Working Group (HCEO) is a collaboration of over 400 researchers, educators and policy makers focused on human capital development and its impact on opportunity inequality. HCEO's unique approach enables collaboration among scholars with varying disciplines, approaches, perspectives, and fields. This means the integration of biological, sociological, and psychological perspectives into traditionally economic questions. The result is innovative thinking and approaches to inequality and human capital development research.

ABOUT US

HCEO is led by nobel laureate James J. Heckman, the Henry Schultz Distinguished Service Professor of Economics at the University of Chicago; Steven N. Durlauf, the Vilas Research Professor and Kenneth J. Arrow Professor of Economics at the University of Wisconsin-Madison; and Robert H. Dugger, the co-founder of ReadyNation and Hanover Provident Capital.



The organization focuses its efforts through six research networks that focus on the most pressing issues within human capital development and inequality: Early Childhood Interventions; Family Inequality; Health Inequality; Identity and Personality; Inequality: Measurement, Interpretation and Policy; and Markets. These networks help to produce one-of-a-kind conferences, research programs, publications and education that highlight findings from the best science and the application of best practices. Through its networks and their resulting research, HCEO plays a vital role in understanding and addressing opportunity inequality around the world

A UNIQUE APPROACH

- ❖ Welcomes all researchers regardless of approach, school of thought, or discipline
- ❖ Networks are self-managed and self-governed vs. driven by a singular organizational agenda
- ❖ Supports and generates research without expectation of predetermined outcomes
- ❖ Extends network membership well beyond economics to biological, sociological, and psychological perspectives
- ❖ Encourages debate, discussion, and exchanges that result in better research outcomes



IMPACT

- ❖ Multidisciplinary networks result in new approaches to research and its application
- ❖ Relationships with governments and policy makers put best practices into action
- ❖ We have influenced numerous research studies and governmental policies
- ❖ Findings are being applied in the two largest populations in the world—China and India

WE PLAY A VITAL ROLE

- ❖ Income and opportunity inequality is a global and growing problem
- ❖ Governments, private think tanks, and others each look at only a portion of the total problem in hopes of finding a lasting solution
- ❖ Only HCEO integrates biological, sociological, and psychological perspectives into traditionally economic questions addressed by multidisciplinary teams of experts
- ❖ Our research approach treats social science research as an empirical endeavor, resulting in rigorously tested public policy directions and solutions
- ❖ Our research provides insights and directions on how to best foster human flourishing and improve economic productivity



UPCOMING & FEATURED EVENTS

Building Synergies Across Disciplines

HCEO achieves its mission through workshops, conferences, webinars, cross-institutional visits, and annual summer schools. Since its inception in January 2011, HCEO has held 47 events. HCEO events have attracted over 1200 participants, with an average of 57 participants per event. Here we list our upcoming events and highlight five past events. More details, including videos and other related materials, can be found on our website at hceconomics.org.

UPCOMING EVENTS

FALL 2014

September 11-12 Inequality: Measurement, Interpretation, and Policy Joint Conference with the Brookings Institution on Mobility and Justice, Washington DC

This conference, which will be held at the Brookings Institution, will bring together the academic and policy communities to explore the ethical implications of new developments in the understanding of social mobility. For example, the discovery that early childhood investments have long term effects on personality traits calls into question the meaning of responsibility for adult choices as well as the appropriate role of the state and parents in influencing children. Four themes will be explored at this meeting: (1) opportunity, mobility and liberty, (2) failing families and parenting, (3) culture, identity and values, and (4) cultivation of character. The conference will lead to a book for HCEO's Oxford series on inequality.

October 17-18 Inequality: Measurement, Interpretation, and Policy and Identity and Personality Conference, Identity and Inequality, Chicago

This conference will examine the implications of new research on identity for understanding inequality. Identity theories, as pioneered by George Akerlof and Rachel Kranton, are based on the idea that many individual choices do not maximize utility, as is conventionally argued in economics, but rather are made to fulfill an individual's conception of the person he or she is, or wishes to be. This perspective has important implications for many aspects of inequality, including attitudes towards education, inter-ethnic interactions, and the nature of social norms. This conference will lead to a book which will appear in HCEO's Oxford series on inequality.

October 20 Identity and Personality Conference, The Effects of Poverty and Socioeconomic Status on Identity and Inequality, Chicago

This conference will examine the effects of poverty and socioeconomic inequality on individuals. How does socioeconomic status affect not just cognitive development, but also the development of personality, identity, preferences and beliefs? What kind of effects does poverty have on individuals' skills and traits that could constrain their future economic mobility? To answer these questions, the conference will bring together economists, sociologists, and psychologists.

November 4-5 Inequality: Measurement, Interpretation, and Policy Conference, Social Mobility, Chicago

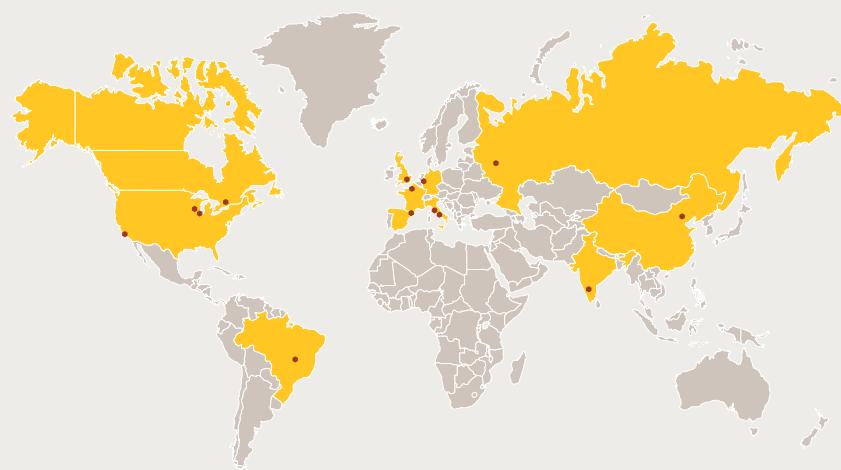
This conference will feature presentations of original research by leading experts on intergenerational mobility. A large body of recent research has documented the high level of persistence of socioeconomic status across generations throughout the world. This conference will both assess the state of this evidence and consider the mechanisms underlying observed levels of persistence. Papers will be commissioned which, subject to refereeing, will appear as a special issue of the Scandinavian Journal of Economics.

~~~~~ WINTER 2015

December 15 Markets Conference, Human Capital and Economic Inequality, Chicago

This event will present high quality work on human capital and inequality. The proceedings of the conference will be published as a special issue on Human Capital and Economic Inequality of Review of Economic Dynamics (RED), a top journal which focuses on dynamic and quantitative economics papers, both from a macro and a micro perspective.

EVENT LOCATIONS



Legend

~~~~~  
Event Location  
Event in Country  
~~~~~

46

Events in

11

Countries

HIGHLIGHTED PAST EVENTS

September 16 2011 ♦ Health Inequality Conference, Gene x Environment, Chicago | co-sponsored by the National Opinion Research Center and the National Institutes on Aging

This conference explored potential synergies between the biological and medical sciences, together with recent advances in genetic analysis and rigorous statistical modeling. It advanced network members' understanding of: the mechanisms through which genetic endowments and early life conditions affect the evolution of health across the lifecourse; the importance of selection effects in estimating the causal role of social and biological factors relevant to health and aging; and the nature of the selection effects, their evolution across the lifecourse, and the mechanisms through which they operate.



April 20-21 2012 ♦ Early Childhood Interventions Conference, Investing in Early Childhood: A Global Perspective on the Interplay between Family and Interventions, Chicago | co-sponsored by the Chicago Initiative for Economic Development and Early Childhood

The conference brought together economists, psychologists, and child development specialists to discuss the effectiveness of early childhood interventions across the world. Presentations ranged from methodological discussions of how to study and evaluate different interventions to discussions

of the strength of the evidence required to measure the effectiveness of early childhood interventions. The conference gave renowned academics and policymakers an opportunity to reflect upon what we know, what we do not know, and what we need to work on in the next few years to advance the knowledge of what works in early childhood.



June 4-6 2012 ♦ Markets Conference, Financing Human Capital, Credit Constraints, and Market Frictions, Chicago | co-sponsored by the Federal Reserve Bank of Chicago

This conference focused on developing new models of credit for human capital when there is uncertainty. Participants discussed the application of these models to data as well as the related data requirements. The event reached a broad audience through presentations aimed at various levels of expertise. Participants particularly valued the networking opportunities and potential for future collaborations.



May 24 2013 ♦ Identity and Personality Conference, Personality and Identity Formation in Childhood and Adolescence, Chicago

This conference launched a new effort to study individual skills and traits, beyond traditional intelligence, that are critical to educational attainment and life outcomes. The event brought together scholars from a wide range of disciplines, including psychology, neuroscience, and economics. The conference leaders and participants identified critical areas of common interest, with the goal of further research and collaboration. In addition to informal networking, the workshop featured several formal presentations on issues pertaining to personality change, belief formation, and decision-making during childhood, adolescence, and young adulthood.



June 18-20 2013 ♦ Family Inequality Workshop, Family Economics, Barcelona, Spain | co-sponsored by Markets, Organizations and Votes in Economics and the Center for Economic Analysis of Risk

The workshop brought together researchers from European and American institutions to share insights on family economics, including how households form, consume, and work together. Papers presented at the three-day workshop addressed issues from how educated women's fortunes on the marriage market have shifted to the extent that governments should subsidize childcare. In addition to the sessions sponsored by MOVE and HCEO, CEAR presented several special sessions on how households manage risk, or how household

formation can function as insurance against risk. By focusing on how families make decisions, especially including cases where opinions within the family may differ across parties, the Barcelona workshop demonstrated that the family is every bit as much of an economic entity as the firm, and that quantitative modeling and empirical analysis can be used to understand how this economic entity functions and help policymakers choose the right tools to maximize welfare within constraints.



April 18-19 2014 ♦ Inequality: Measurement, Interpretation, and Policy Conference, Behavior and Genetics, Chicago

This meeting brought together researchers from a range of disciplines who have been exploring the role of genetic influences on socioeconomic outcomes. The approaches taken to incorporating genes into social science models differ widely. First, the conference provided a forum in which alternative frameworks were discussed and critically evaluated. Second, the meeting triggered extended interactions and even future collaboration. Third, the meeting helped focus future genetics-related initiatives by HCEO, which continues to pursue the study of inequality and social mobility.



SUMMER SCHOOLS

New Economic Thinking for the Next Generation

HCEO is committed to honoring INET's mission to create new economic thinking. All HCEO programming engages interdisciplinary groups of graduate students. Further, a series at Chicago provides pilot grants, opportunities to give workshop talks, and offers one-week visits to allow for building a broader network to advise thesis research.

SUMMER SCHOOL ON SOCIOECONOMIC INEQUALITY 2012 AND 2013, CHICAGO

HCEO held its first annual Summer School on Socioeconomic Inequality at the University of Chicago from July 9-15, 2012 under the direction of James J. Heckman and Steven N. Durlauf, and its second from July 15-20, 2013, under the direction of Steven N. Durlauf, James J. Heckman, and Scott Duke Kominers. The summer schools brought together over forty doctoral students from across the globe and provided state-of-the-art overviews of different aspects of the study of inequality.



"I was exposed [to] a very interesting space of ideas, mentality and ways of thinking[...]Interactions with other students were also very interesting. There is now even an idea of possible future collaboration between SSSI participants on labor inequality across countries.**"**

- Alexandros Theloudis, *University College London*

SUMMER SCHOOL ON SOCIOECONOMIC INEQUALITY 2013 AND 2014, BEIJING

HCEO and the China Center for Economic Research (CCER) of Peking University offered the first Beijing Summer School on Socioeconomic Inequality from June 17-23, 2013. Professors Steven N. Durlauf and Yaohui Zhao (CCER) co-directed the summer school. This summer school provided state-of-the-art overviews of different aspects of the study of inequality with a specific focus on China. It provided an intensive one-week experience that taught the tools needed to study inequality and communicated a sense of the research frontier in under-

standing inequality. The school brought together scholars who specialize in China, as well as general methodologists, in order to promote interactions and potential collaborations. HCEO offered a second Beijing Summer School on Socioeconomic Inequality from June 30-July 4, 2014.

"I am studying the main economic situation of migrants, and SSSI made me start to take social networks into consideration when exploring the discrimination towards migrants.**"**

- Xun Chen, *Southwestern University of Finance and Economics*



SUMMER SCHOOL ON SOCIAL ECONOMICS 2014, CAMBRIDGE

The 2014 Cambridge Summer School in Social Economics, held by the Cambridge INET institute with the collaboration of HCEO, welcomed more than 55 participants coming from 29 different universities and 10 different countries. The intensive 5-day summer school revolved around a series of six lecture blocks led by world leading authorities in social economics. These lectures provided participants with a clear sense of the research frontier and introduced them to the tools and methods needed to study questions of crucial interest in this field. Particular attention was given in this introduction to

the bridging of gaps between theoretical, empirical and experimental work. The summer school also provided participants with many opportunities to discuss their own research and engage directly with speakers and fellow participants.

"[My favorite part of the summer school was] speaking with the presenters about research. This part was phenomenal and much better than some other summer schools I've participated in in the past. I think partly this is a result of inviting speakers that are so open to discussing with and getting to know students.**"**

- Matt Leister, *University of California, Berkeley*



HCEO EMERGING SCHOLARS INITIATIVE

Inspired by INET's Young Scholars Initiative, HCEO has started the Emerging Scholars Initiative. Part of HCEO's vision is to ensure that the next generation of scholars takes full advantage of the interdisciplinary research that HCEO is developing today. In addition, one of HCEO's core principles is a commitment to rigorous empirical research. Therefore, we seek to impart HCEO's values to our emerging scholars through collaborations with senior members. Specifically, the Emerging Scholars program builds relationships between talented graduate students and senior members of HCEO to facilitate collaboration on research projects. Emerging Scholars may visit a senior member's home institution and present research findings at a public workshop. In addition to formal programming, HCEO targets younger, diverse, and global audience members through our YouTube channel. It features videos from our events, including HCEO's Summer Schools on Socioeconomic Inequality. This content allows students from around the world to learn about cutting edge methods of researching inequality from HCEO's uniquely interdisciplinary perspective.

HCEO has engaged top summer school attendees and graduate students of HCEO members by inviting them to join the Junior Members cohort. Junior Members play a key role in writing digests of HCEO events that are accessible to lay audiences, as well as distributing meaningful and engaging work through social media channels. Accordingly, travel to HCEO and co-sponsored events is underwritten. To ensure success, the exact agenda of the Junior Member program is set by the Junior Members themselves, guided by the HCEO directors and network leaders.

Here we feature three emerging scholars who are benefiting from and engaging with HCEO.

Catriona Logue

University College Dublin

Junior Member, Early Childhood Interventions

Catriona Logue is a Ph.D. candidate at the School of Economics, University College Dublin (UCD). Her main research interests are applied economics, microeconomics, and the economics of education. The focus of her Ph.D. is on the econometric methods employed to evaluate the "Preparing for Life" program (PFL), an Irish early childhood intervention. Her recent work "Measuring Investment in Human Capital Formation: An Experimental Analysis of Early Life Outcomes" (Doyle et al. 2013), used permutation testing methods and a stepdown procedure to examine the impact of investment between utero to 18 months of age on a range of parental and child outcomes. Catriona received a B.A. in Computer Science from Trinity College Dublin in 2006. After spending two years working as a computer programmer for a private company, she completed her M.A. in Economics at UCD in 2009.



Corinne Low

Columbia University

Junior Member, Family Inequality



Corinne Low is a Ph.D. candidate in economics at Columbia University. She studies issues of human capital and intra-household allocation in the U.S., Zambia, and Kenya. Her research brings together applied microeconomic theory with lab and field experiments to understand the determinants of who gets how much across gender and age lines. Her dissertation focuses on the impact of time-limited fertility on women's educational investments and marriage market outcomes in the U.S., using a bi-dimensional matching model that includes "reproductive capital" as an asset on the marriage market, and estimating the size of its impact through an online experiment. Her other recent work explores the role of communication skills in determining household allocations and bargaining outcomes, through an ongoing field experiment in Zambia and a new lab experiment in the U.S.. Low is a 2008 National Science Foundation Graduate Research Fellow, and a 2012 Program on Negotiation Graduate Research Fellow. Low received a B.A. with high distinction in Economics from Duke University. After participating in SSSI Chicago 2012, she has been actively engaged in HCEO activities and presented her current research, "Communication Skills, Intergenerational Investment, and Girls' Education in Zambia" to HCEO members and University of Chicago doctoral students (March 18, 2013).

Peter Q. Blair

University of Pennsylvania

Attendee, Segregation: Measurement, Causes, Effects Conference

Peter Blair is currently a Ph.D. candidate in applied economics at the Wharton School of the University of Pennsylvania. His current research on inequality focuses on residential segregation in the U.S. residential market. Previously, he earned an associate degree in Physics and Economics at the College of the Bahamas and went on to attend Duke University, where he graduated in May 2006 with a B.S. degree in Physics and Mathematics (with a minor in Economics and French). He traces his knack for math back to his childhood in Nassau, Bahamas, where he worked at his family's fruit and vegetable stand. He won the Graduate Prize Fellowship at Harvard University and the \$100,000 All Bahamas Merit Scholarship, and was the first African-American student from Duke to win The Barry Goldwater Scholarship. Peter participated in the "Segregation: Measurement, Cause, and Effects" conference of the Inequality: Measurement, Interpretation, and Policy network (February 2, 2013).



NOTABLE MEMBER AWARDS

The Nobel Committee, the Econometrics Foundation, and the MacArthur Foundation honored five members of the Human Capital and Economic Opportunity Global Working Group with one Nobel Prize, one Frisch Medal, and two MacArthur Fellowships in 2013 and 2014. In its announcement, the MacArthur Foundation described this year's class as "...an extraordinary group of individuals who collectively reflect the breadth and depth of American creativity...[whose] stories should inspire each of us to consider our own potential to contribute our talents for the betterment of humankind."

Angela Duckworth
University of Pennsylvania
Network Leader, Identity and Personality



Angela Duckworth, a founding member of HCEO and current leader of the IP Network, was awarded a 2013 MacArthur Fellowship. She is Associate Professor of Psychology at the University of Pennsylvania. Her research centers on self-control (the ability to regulate emotions, thoughts, and feelings in the service of valued goals) and grit (perseverance and sustained interest in long-term goals). In prospective, longitudinal studies, she documents the relationships among self-control, grit, and intelligence and their prediction of academic and professional achievement. Most recently, she has become interested in the intersection of personality psychology and economics, two fields which share research questions and whose distinct methodological and conceptual advances can benefit one another.

Susan Murphy

University of Michigan

Member, Early Childhood Interventions; Inequality: Measurement, Interpretation, Policy



Susan Murphy, a member of both the ECI and MIP Networks, was awarded a 2013 MacArthur Fellowship. She is the H.E. Robbins Professor of Statistics, Professor of Psychiatry, and Research Professor at the Institute for Social Research, University of Michigan. Her current primary interest is in causal inference and multi-stage decisions called dynamic treatment regimes. She has developed the Sequential Multiple Assignment Randomized Trial (SMART) as a means for learning how best to dynamically adapt treatment to each individual's response over time. Using SMART, clinicians assess and modify patients' treatments during the trial, an approach with potential applications in the treatment of a range of chronic diseases that involve therapies that are regularly reconsidered and replaced as the disease progresses. She is now engaged in developing algorithms and statistical methods that can be used to inform adaptive interventions that are delivered via mobile devices.

Lars Peter Hansen

The University of Chicago

Member, Markets



Becker Friedman Institute Director and HCEO Markets member Lars Peter Hansen has been awarded the 2013 Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel. Hansen shares this prize with Eugene F. Fama of Chicago Booth and Robert J. Shiller of Yale University for their empirical analysis of asset prices. Hansen developed a statistical method for testing rational theories of asset prices, which in conjunction with the work of Fama and Shiller has laid the foundation for the current understanding of asset prices.

Flavio Cunha

University of Pennsylvania

Network Leader, Family Inequality

James J. Heckman
The University of Chicago
Director



James Heckman, HCEO's co-director, along with his co-authors Flavio Cunha, leader of the FI Network, and Susanne M. Schennach, have been awarded the Econometric Society's Frisch Medal for their 2010 paper entitled "Estimating the Technology of Cognitive and Noncognitive Skill Formation", published in *Econometrica* in May 2010. The Econometric Society awards the Frisch Medal every two years for an applied article (empirical or theoretical) published in *Econometrica* during the past five years. The article was selected from a pool of 86 papers in 25 issues of *Econometrica* published between March 2010 and March 2014. The award will be presented at the European summer meeting of the Econometric Society in Toulouse, France.



LEADERSHIP & NETWORKS

EARLY CHILDHOOD INTERVENTIONS

The Early Childhood Interventions Network (ECI) investigates the early origins of inequality and its lifetime consequences.

Network Leaders: James J. Heckman | Mary Young



FAMILY INEQUALITY

The Family Inequality Network (FI) focuses on the interactions among family members to understand the well-being of children and their parents.

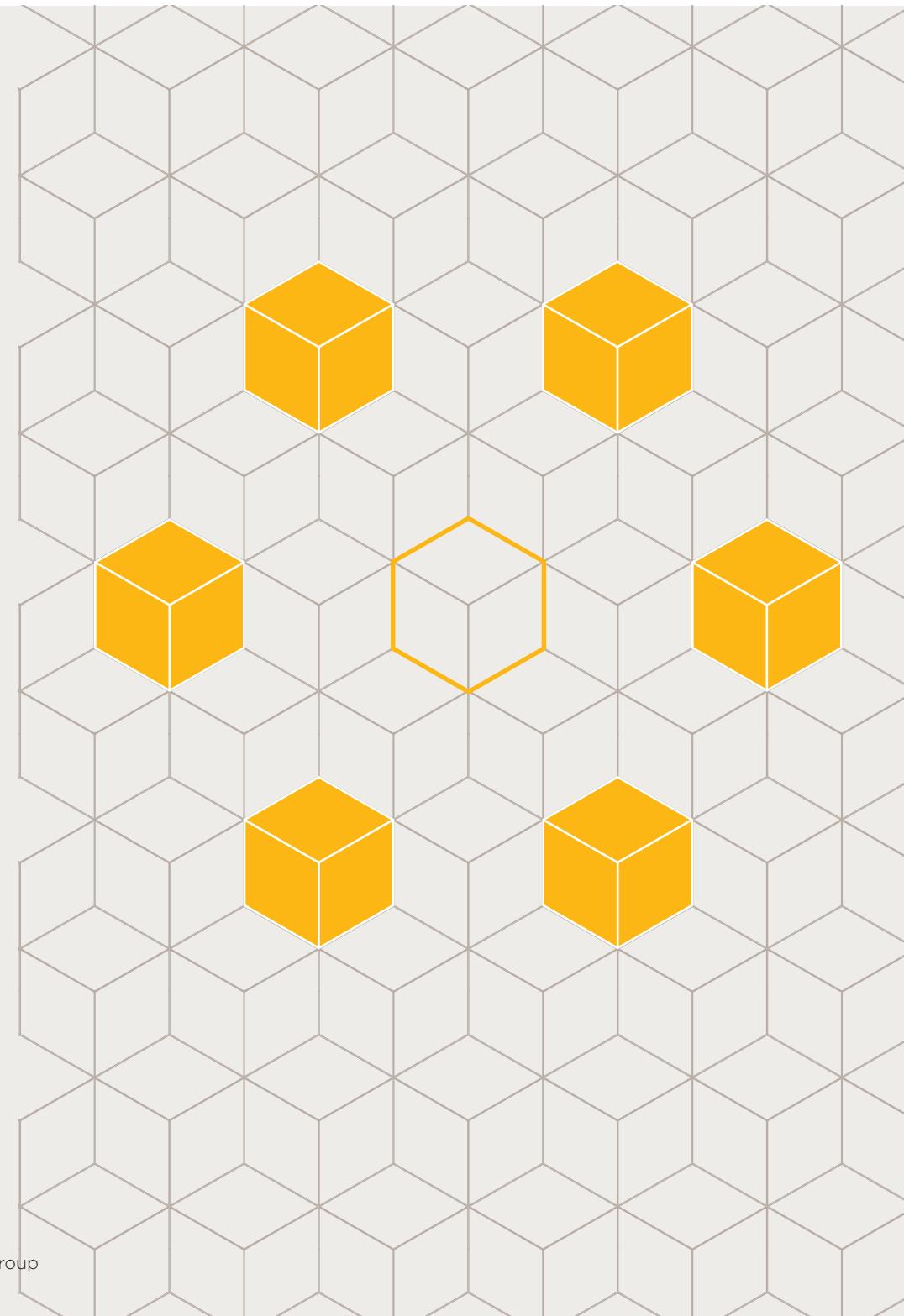
Network Leaders: Pierre-André Chiappori | Marco Cosconati | Flavio Cunha



HEALTH INEQUALITY

The Health Inequality Network (HI) unifies several disciplines into a comprehensive framework for understanding health disparities over the lifecycle.

Network Leaders: Gabriella Conti | Burton Singer



IDENTITY AND PERSONALITY

The Identity and Personality Network (IP) studies the reciprocal relationship between individual differences and economic, social, and health outcomes.

Network Leaders: Angela Duckworth | Armin Falk | Joseph Kable | Rachel Kranton



INEQUALITY: MEASUREMENT, INTERPRETATION, & POLICY

The Inequality: Measurement, Interpretation, and Policy Network (MIP) studies policies designed to reduce inequality and boost individual flourishing.

Network Leaders: Robert H. Dugger | Steven N. Durlauf | Scott Duke Kominers | Richard V. Reeves



MARKETS

The Markets Network (M) investigates human capital financing over the lifecycle.

Network Leaders: Aloisio Araujo | Dean Corbae | Lance Lochner | Mariacristina De Nardi



MEMBERS

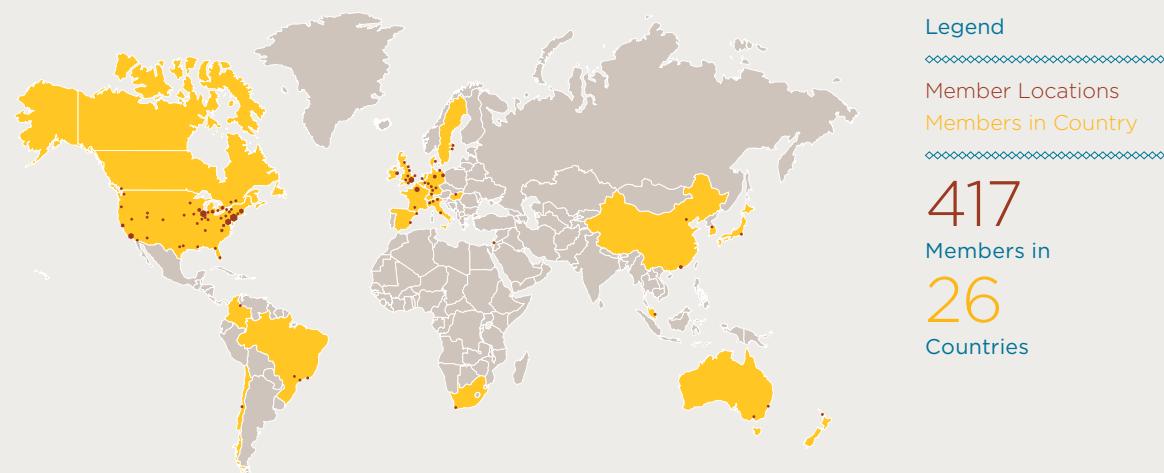
HCEO's Interdisciplinary Composition

HCEO currently consists of 420 members from institutions around the world. We connect experts across disciplines to advance innovative thinking and approaches to inequality and human capital development research designed to improve individual opportunity worldwide.

HCEO'S INTERNATIONAL REACH

HCEO members work in 26 different countries across the globe. The diversity of perspectives offered by an international membership helps to reinforce HCEO's mission to integrate not only disparate academic approaches to the problems of inequality and development, but also the distinct facets of those problems displayed in different countries.

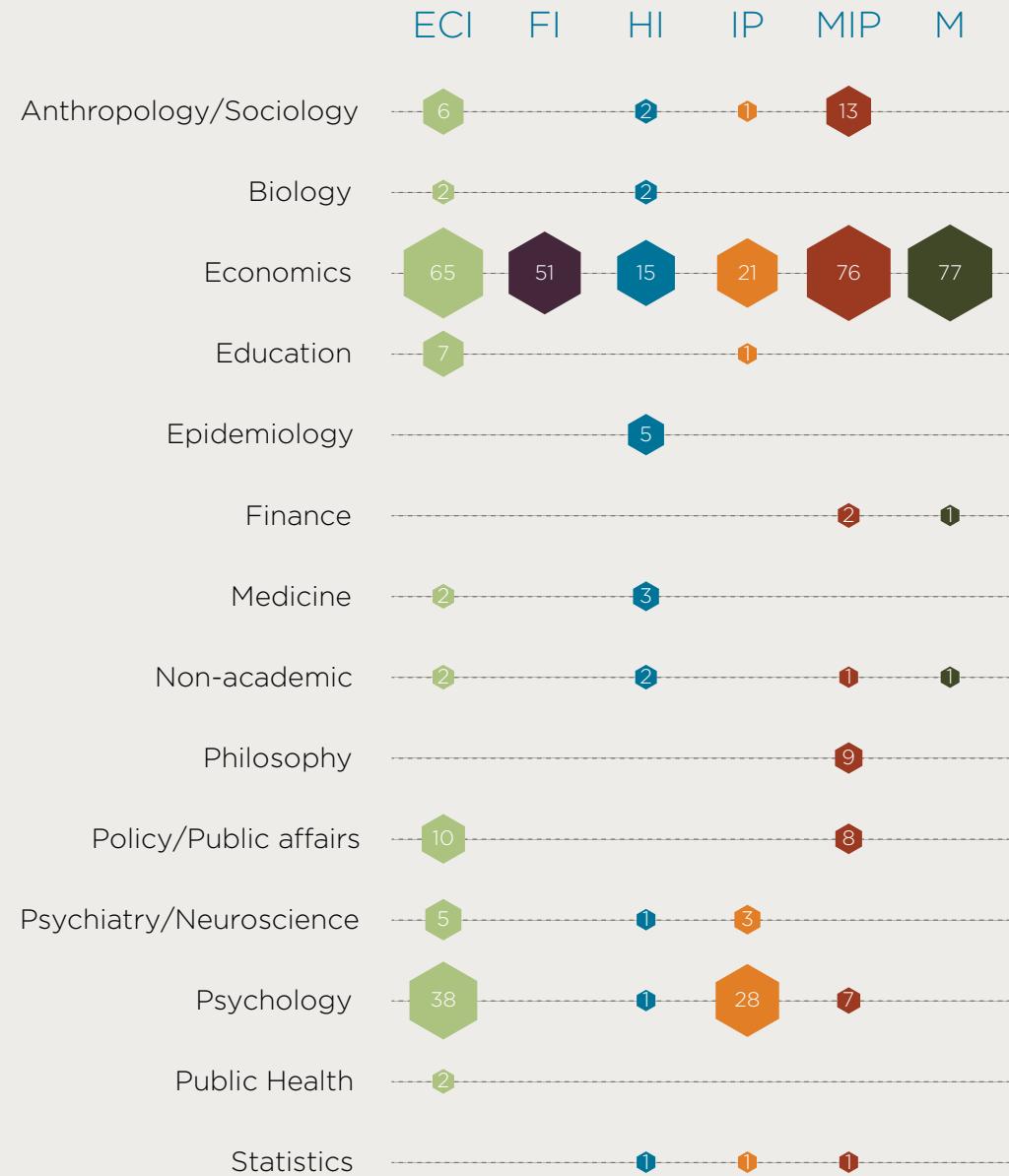
HCEO MEMBERS



HCEO'S INTERDISCIPLINARY COMPOSITION

Although the majority of our members are economists, we also claim members from psychology, health sciences, anthropology, and philosophy among our number. Membership in HCEO is by invitation from the network leaders who select those researchers, educators, and policymakers who are dedicated to the scientific principles of HCEO, and who embrace the opportunities HCEO provides to break down boundaries between disciplines.

NUMBER OF MEMBERS BY DISCIPLINE BY NETWORK



SOCIAL IMPACT “PAY-FOR-SUCCESS”

PKSE Bonds

For the past two years, HCEO partner ReadyNation has been pioneering the exploration of early childhood Pay for Success (PFS) contracts. These funding vehicles harvest working capital from public, philanthropic and private sector sources to finance investments in social interventions and to engage leaders to develop the skills and partnerships needed to make the PFS models of funding early education a reality. One especially promising PFS approach, the “Spend for Pre-K to Reduce Special-Ed Cost” (PKSE) model, offers a sustainable way to fund early education initiatives by harnessing government savings on remedial education. Key ReadyNation projects that have helped further its goals include:

HCEO WEBINAR SERIES

HCEO and ReadyNation host a joint series of webinars about Pay for Success. Most recently, these webinars discussed the Salt Lake City Pre-K Project and the feasibility of utilizing PFS to finance an expansion of South Carolina’s home visiting program.

READY2GO DATABASE

In January 2014, ReadyNation launched the Ready2Go Database, a collection of national, state and local early childhood initiatives with significant business involvement. Ready2Go provides diverse examples of early childhood projects that suit a variety of business circumstances and preferences, to engage business leaders with hands-on projects with immediate results.

PUBLICIZING BUSINESS SUPPORT FOR EARLY EDUCATION

In May 2013, ReadyNation released an open letter to President Obama and the 113th Congress expressing the support of over 360 business leaders and companies for significant early education initiatives. This was followed up by a statement signed by 35 current and former senior executives and published in Politico on September 17, 2013.

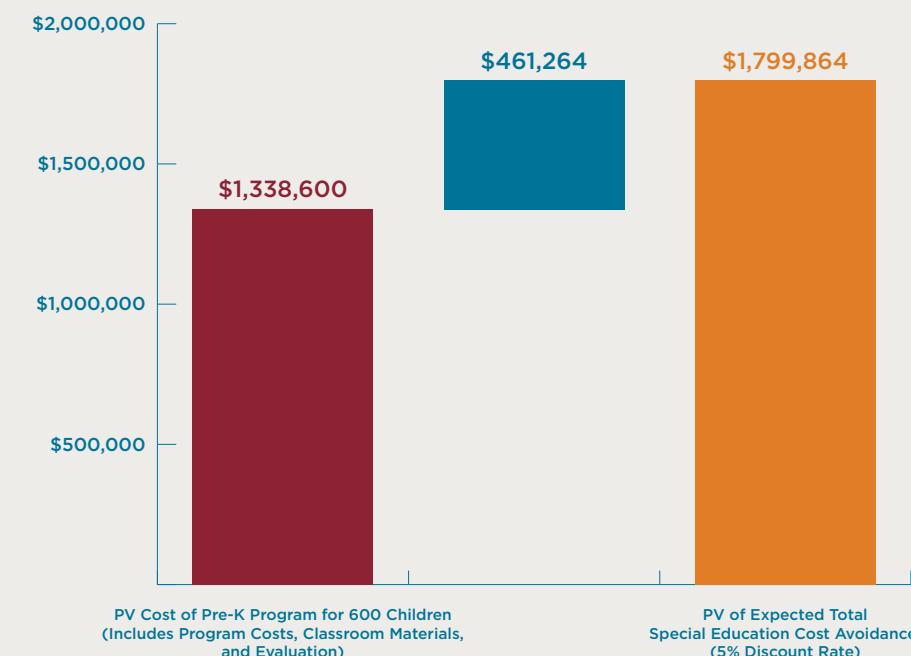
CONFERENCE OF THE EARLY CHILDHOOD SOCIAL IMPACT PERFORMANCE ADVISORS

On March 27-28, 2013 ReadyNation gathered leaders from several critical sectors together in Charlotte, North Carolina for a conference aimed at informing and training decision-makers on why and how to create early childhood PFS and Social Impact Bonds contracts. The conference attendees were provided with an up-to-date look at the research as well as organizational and contractual mechanisms involved in conceptualizing and developing these innovative financing tools.

NATIONAL BUSINESS LEADER SUMMIT ON EARLY CHILDHOOD INVESTMENT

On September 22-23, 2013 ReadyNation, along with the Georgia Early Education Alliance for Ready Students, gathered more than 230 business and civic leaders together in Atlanta, Georgia. This event attracted and equipped new business champions. The conference revealed countless stories about states and countries that are making huge strides in early care and education policies, highlighting the important role that business has played and should play in promoting high quality, effective early care and education strategies.

Expected Amount of Special Ed. Cost Avoidance Covers Expected Cost of Pre-K Program



ACTIVITIES IN CHINA

Findings from the best science and results from best practices are being applied in the largest population in the world—that of China. HCEO is creating collaborations to broaden, deepen, and apply research on inequality in order to address growing inequality in constructive ways. We are establishing links with scholars across the globe who study China. We have held, and will hold, events and projects which examine inequality in China.

CHINAREACH

HCEO is leading a collaborative effort to design, implement, and study an intervention in rural China for upwards of 100,000 children ages 6 – 30 months. These children will be sampled from the population of 60 million “left behind” children, living in the country’s 699 most impoverished counties, whose parents have left the home to work in urban areas. While migrants may be able to provide more financial resources for their children, the quality of



SUMMER SCHOOL ON SOCIOECONOMIC INEQUALITY IN CHINA: 2013 AND 2014

A Summer School on Socioeconomic Inequality in China, June 2013, co-sponsored with the China Center for Economic Research, provided intensive one-week training to equip 36 graduate students in China with the tools needed to study both the measurement and origins of poverty and inequality, as well as the design and evaluation of policies to alleviate it. Western- and China-based scholars gave an overview of the research frontier in understanding inequality, with a special emphasis on China. Graduate students came from multiple disciplines

care given by relatives may not be sufficient. This research will also conduct an impact evaluation of the National Nutritional Improvement Program which will be the first independent, third-party impact evaluation proposed for a national program in China. Accordingly, this project has three aims: (1) to assess the impact of the program, (2) to evaluate the additional effects of an enriched caregiving intervention to train and educate parents, and (3) to quantify the benefits and costs of the intervention. It promises to build local capacity in impact evaluations and to improve accountability in China's social programs. Partners on the project are CDRF and Center for Social Research at Peking University.

and varying institutions across China. HCEO held its second Beijing Summer School on Socioeconomic Inequality from June 30-July 4, 2014, at the University of Chicago Center in Beijing.



ASIAN FAMILY IN TRANSITION

HCEO and the Becker Friedman Institute for Research in Economics are co-sponsoring a series of seminars to study the Asian Family in Transition, alternating between Chicago and Beijing. Events will examine, for example:

- ◆ Marriage and Divorce: to understand rapid growth in female migration through marriage from less-developed countries (China, Philippines, Thailand) to more-developed countries (Japan, Korea, Taiwan)
- ◆ Fertility and Son Preference: what policies can do to counter low fertility rates in many Asian countries
- ◆ Aging Population and Changing Family Life: the role of social welfare systems in changing the traditional family structure.

CONFERENCE ON THE STUDY OF INEQUALITY IN CHINA

A conference on the study of inequality in China, held on June 17th, 2013, and co-sponsored with the University of Chicago Center in Beijing, brought together Asian and Western scholars who study China, both empirical and theoretical, to discuss the extent, roots, and impact of China's inequalities. Seventy individuals were in attendance, including scholars, business leaders, policymakers, and graduate students. Speakers presented a clear picture of China's current economic inequalities by focusing on the long-term trends of income and wage inequality over the past three decades. Scholars emphasized the prominent roles of education, nutrition, and health investment in young children as root causes of inequalities in China. Also discussed were: the long-term impact of inequalities embodied in intergenerational mobility; local governments' efforts to combat income inequality have proven unsuccessful due to a lack of bottom-up accountability and fiscal autonomy. At the event's conclusion, speakers and participants agreed that the government should invest in early child development through education, health, and nutrition, as well as in secondary vocational training to prepare workers for future working opportunities.



INEQUALITY RESEARCH ACROSS THE GLOBE

HCEO members are actively engaged in projects across the globe which aim to reduce inequality. The knowledge created in the design and analysis of these programs is at the core of HCEO's mission. HCEO offers its members a global platform to amplify their research, including: multiple distribution channels to disseminate the results of their research; a working paper series; events that provide opportunities to discuss progress or obstacles with experts in other fields; and sharing lessons with young scholars or other scholars, so that they can be applied to other projects.

5 FEATURED INTERVENTIONS

1. Chile

Petra Todd

Member, Early Childhood Interventions; Markets

Professor Petra Todd has studied the effects of school reform in Chile, which adopted a nationwide school voucher program along with school decentralization reforms in 1981.

Using panel data, she used a dynamic model of school attendance and work decisions. Her simulations show that (1) the voucher reform significantly increased the demand for private subsidized schools and decreased the demand for both public and nonsubsidized private schools, (2) high school (grades 9–12) graduation rates increased by 3.6 percentage points and the percentage completing at least two years of college increased by 2.6 percentage points, (3) individuals from poor and non-poor backgrounds on average experienced similar schooling attainment gains, and (4) the reform modestly reduced earnings inequality.



Sophie Naudeau is extending research on the success of early childhood development programs to Mozambique, creating the first randomized evaluation of a preschool intervention in a rural African setting. In a country where enrollment in preschool is very low and developmental delays very common among poor rural children, those who attended preschool were 24% more likely to be enrolled in primary school and showed significant improvement in cognitive and problem-solving abilities, fine motor skills, and

2. Malawi

Jere Behrman

Member, Early Childhood Interventions; Health Inequality

Jere Behrman, with colleagues Hans-Peter Kohler and Susan Watkins, has conducted a longitudinal study on demographic, socioeconomic, and health conditions in Malawi to research HIV risks and prevention policies.



This data has been used to document (1) the influence of social networks on HIV-related behaviors, (2) HIV prevention strategies in rural high-HIV prevalence contexts, (3) life-course transitions and HIV infection risks, (4) acceptability and consequences of HIV testing and counseling, and (5) health and well-being across the life-course of individuals facing multiple challenges resulting from high disease burdens and widespread poverty whether or not they, themselves, have been infected with HIV/AIDS.

3. Mozambique

Sophie Naudeau

Member, Early Childhood Interventions



Sophie Naudeau is extending research on the success of early childhood development programs to Mozambique, creating the first randomized evaluation of a preschool intervention in a rural African setting. In a country where enrollment in preschool is very low and developmental delays very common among poor rural children, those who attended preschool were 24% more likely to be enrolled in primary school and showed significant improvement in cognitive and problem-solving abilities, fine motor skills, and

socioemotional and behavioral outcomes, along with improved parental caregiving knowledge and practices. Based on the findings of this research, the Government of Mozambique is now scaling up early childhood programs in 600 vulnerable communities across five provinces of Mozambique.

4. Sweden

Randi Hjalmarsson

Member, Inequality: Measurement, Interpretation and Policy



Randi Hjalmarsson and her colleagues are conducting research exploiting a Swedish education reform, which increased mandatory schooling from seven to nine years, to explore the effect of additional schooling on conviction and incarceration rates. Their findings suggest that one additional year of schooling decreases the likelihood of conviction by 6.7% and the likelihood of incarceration by 15.5% for males; however, there is no evidence of a significant causal effect for fe-

males. Hjalmarsson and her colleagues continue to explore the policy implications of these findings.

5. Thailand

Robert Townsend

Member, Markets

Robert Townsend and colleagues have been conducting household finance surveys in Thailand for more than a decade. Working with HCEO member and Family Inequality Network Co-Leader Pierre-André Chiappori, Krislert Samphantharak, and Sam Schulhofer-Wohl, he has used panel data on household consumption to directly estimate households' risk



preferences. Together, the collaborators have found substantial, statistically significant heterogeneity in estimated risk preferences. Their policy conclusions include the fact that although the average household would benefit from eliminating village-level risk, less-risk-averse households who are paid to absorb that risk would be worse off.

HCEO MEMBER INTERVENTIONS



Legend

- Member Interventions in Country
- Featured Interventions

WORKING PAPER SERIES

Begun in 2011, our working paper series now has 100 papers featuring the cutting-edge new research of HCEO's members. The series is indexed in REPEc, a recognized research tool used by social sciences throughout the world.

ACCESS STATISTICS

File Downloads	Abstract Views
September 2014	September 2014
92	212
Past 3 months	Past 3 months
281	601
Past 12 months	Past 12 months
2,037	3,581
Total	Total
4,724	8,949

TOP 5 WORKING PAPERS

2014-017: The Housing and Educational Consequences of the School Choice Provisions of NCLB: Evidence from Charlotte, NC

Stephen Billings, Eric Brunner, and Stephen Ross

We examine the housing market, residential mobility, and academic performance changes that occur soon after a school fails to achieve Adequate Yearly Progress (AYP) (for the second time) in the Charlotte, NC school district. Charlotte is a school district with substantial opportunities for school choice and a number of oversubscribed, high quality schools. To comply with the 2002 No Child Left

Behind (NCLB) Act, students within the attendance zone of Title 1 schools that fail to meet AYP are given an advantage in the lotteries for oversubscribed schools. That advantage may create an incentive for households with strong preferences for school choice and/or school quality to move into the attendance zones of failing schools in order to improve their likelihood of being admitted into high performing, oversubscribed schools. Consistent with that notion, we find that housing prices and the incomes of new home-buyers rise in the highest quality neighborhoods within attendance zones of failing schools in comparison to trends in nearby neighborhoods just outside of the attendance zone. We also find that residential mobility decreases while the probability of attending a non-assigned traditional school or magnet school increases in these high quality neighborhoods. Further analysis reveals that the effect of failing designation on non-assigned school attendance is driven largely by the school choice decisions of new residents who are most likely to exploit the school choice advantages offered by a second failure to achieve AYP.

2014-014: Bayesian Exploratory Factor Analysis

Gabriella Conti, Sylvia Frühwirth-Schnatter, James J. Heckman and Rémi Piatek

This paper develops and applies a Bayesian approach to Exploratory Factor Analysis that improves on ad hoc classical approaches. Our framework relies on dedicated factor models and simultaneously determines the number of factors, the allocation of each measurement to a unique factor, and the corresponding factor loadings. Classical identification criteria are applied and integrated into our Bayesian procedure to generate models that are stable and clearly interpretable. A Monte Carlo study confirms the validity of the approach. The method is used to produce interpretable low dimensional aggregates from a high dimensional set of psychological measurements.

2013-019: Fostering and Measuring Skills: Interventions That Improve Character and Cognition

James J. Heckman and Tim Kautz

In this paper we document the main features of the distributions of wages, earnings, consumption and wealth in Japan since the early 1980s using four main data sources: the Basic Survey on Wage Structure (BSWS), the Family Income and Expenditure Survey (FIES), the National Survey of Family Income and Expenditure (NSFIE) and the Japanese Panel Survey of Consumers (JPSC). We present an empirical analysis of inequality that specifically considers the path from individual wages and earnings, to household earnings, after-tax income, and finally consumption. We find that household earnings inequality rose substantially over this period. Inequality in disposable income and in consumption also rose over this period but to a lesser extent, suggesting taxes and transfers as well as insurance channels available to households help to insulate household consumption from shocks to wages. We find the same pattern in inequality trends when we look over the life cycle of households as we do over time in the economy. Additionally we find that there are notable differences in the inequality trends for wages and hours between men and women over this period.

2014-013: Parenting with Style: Altruism and Paternalism in Intergenerational Preference Transmission

Matthias Doepke and Fabrizio Zilibotti

We develop a theory of intergenerational preference transmission that rationalizes the choice between parenting styles. Parents maximize an objective function that combines Beckerian altruism and paternalism towards children. They can affect their children's choices via two channels: either by influencing children's preferences or by imposing direct

restrictions on their choice sets. Different parenting styles (authoritarian, authoritative, permissive) emerge as equilibrium outcomes, and are affected both by parental preferences and by the socioeconomic environment. The theory is consistent with the decline of authoritarian parenting in industrialized countries, and with the greater prevalence of permissive parenting in countries characterized by low inequality.

2013-011: Wage, Income and Consumption Inequality in Japan, 1981-2008: from Boom to Lost Decades

Jeremy Lise, Nao Sudo, Michio Suzuki, Ken Yamada and Tomoaki Yamada

In this paper we document the main features of the distributions of wages, earnings, consumption and wealth in Japan since the early 1980s using four main data sources: the Basic Survey on Wage Structure (BSWS), the Family Income and Expenditure Survey (FIES), the National Survey of Family Income and Expenditure (NSFIE) and the Japanese Panel Survey of Consumers (JPSC). We present an empirical analysis of inequality that specifically considers the path from individual wages and earnings, to household earnings, after-tax income, and finally consumption. We find that household earnings inequality rose substantially over this period. Inequality in disposable income and in consumption also rose over this period but to a lesser extent, suggesting taxes and transfers as well as insurance channels available to households help to insulate household consumption from shocks to wages. We find the same pattern in inequality trends when we look over the life cycle of households as we do over time in the economy. Additionally we find that there are notable differences in the inequality trends for wages and hours between men and women over this period.

AMPLIFYING RESEARCH

Website and Social Media Metrics

HCEO disseminates the work of its members through four new media channels: hceconomics.org, YouTube, Facebook, and Twitter.

HCECONOMICS.ORG AS A GLOBAL RESOURCE

The new HCEO website went live on November 14, 2013. This site has been completely redesigned from top to bottom to be easier to update and maintain, but more importantly to share the work of HCEO with a larger audience. The old site received 52,473 page views in 2013, and the new site has received 36,927 page views since launch.

Top 5 Traffic Sources

Source	Pageviews
google	91,534
direct	47,403
ineteconomics.org	4,990
economics.uchicago.edu	4,812
search.uchicago.edu	2,767

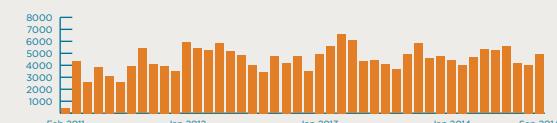
HCECONOMICS.ORG GLOBAL REACH



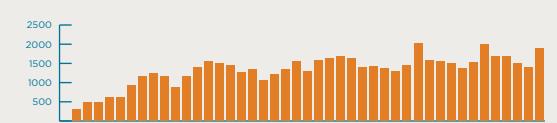
Visits by Top 10 Countries

Country	Pageviews
United States	122,027
United Kingdom	8,964
Canada	6,576
Germany	4,107
Italy	3,868
China	3,053
France	2,653
Spain	2,351
Sweden	1,732
Japan	1,645

Pageviews: 200,730 since Feb 2011



Unique Visitors: 1,295/mo. since Feb 2011



HCEO RESEARCH ON SOCIAL MEDIA

In addition to the website, HCEO maintains active YouTube, Twitter, and Facebook feeds and uses them to disseminate the work of HCEO members. HCEO's YouTube views, Facebook likes, and Twitter followers continue to grow.

Twitter reach: 7,562/wk. since Jun 2014



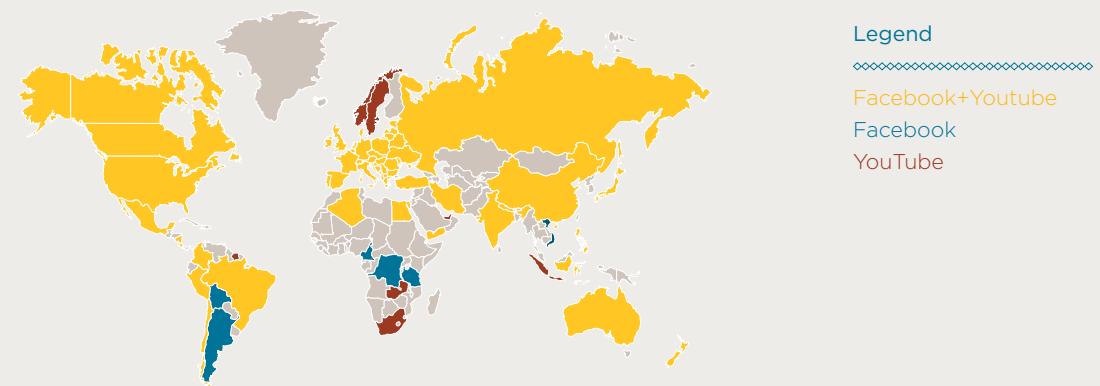
Facebook Likes: 351 since Jan 2013



Top 5 Countries: YouTube

Country	Min. Watched
United States	41,156
United Kingdom	5,427
Canada	4,957
Germany	2,323
Australia	2,682

HCEO SOCIAL MEDIA GLOBAL REACH



HCEO IN THE NEWS

Expanding the Worldview of Inequality

Capital in the Twenty-First Century

Steven N. Durlauf

April 16, 2014



Last April 16th, HCEO co-director Steven Durlauf and other leading economists commented on Thomas Piketty's new book Capital in the Twenty-First Century. In this landmark work, Piketty argues that the main driver of inequality—the tendency of returns on capital to exceed the rate of economic growth—threatens to generate extreme inequalities that stir discontent and undermine democratic values. Durlauf argues that although the book is original and the empirical work underlying it is exceptional, there are some unresolved issues raised by the book. Durlauf claims that the mechanism underlying returns to labor and capital presented in the book needs to be more fully analyzed. In addition, the book raises questions about justice and ethics that should be addressed.

Rumors and Social Networks

Rachel Kranton

March 25, 2014



Why do people spread rumors? In a recent paper, HCEO member Rachel Kranton and her co-authors study the transmission of possibly false information by rational, truth-seeking agents. When one agent learns a piece of true information, he or she can choose to send a true or false message to his or her social network, and other agents in the network then decide whether or not to transmit it further. The paper shows that social networks can filter information by preventing it from reaching biased agents within the network, and can consequently convey incorrect messages that may influence a group decision.

Evidence-based Debates on Teacher Quality

Eric A. Hanushek

Educationnext, March 24, 2014



In "Boosting Teacher Effectiveness," HCEO member Eric A. Hanushek argues that it has become increasingly important to incorporate evidence on teacher performance in education policy discussions. However, he notes that current teacher incentives such as performance bonuses have not been very effective in improving student academic outcomes. The key to the future, he argues, is to validate and replicate experimental programs that ensure teaching quality and back them up with strong research and evaluation.

How E-ZPass Lanes Could Make Premature Births Less Common

Janet Currie

CityLab, The Atlantic, April 29, 2014



A new study by HCEO member Janet Currie and Reed Walker looked at the health effects of an E-ZPass tolling program installed in New Jersey and Pennsylvania. They found that among the 30,000 births to mothers living within two kilometers of a toll plaza, 255 premature births and 275 low-birth-weight births were avoided because of the reduction in the air pollution. The researchers estimated savings of between \$9.8 and \$13 million. This study also highlights how this system helps prevent many health implications in the future for premature born babies like cerebral palsy, intellectual disabilities, vision problems, and hearing loss.

The Hungry and Forgotten

Lu Mai

The Economist, June 14, 2014



HCEO member Lu Mai's work on malnutrition in rural China was featured in a recent article in The Economist. The article explores a divide between China's rural and urban populations when it comes to early childhood nutrition. As Dr. Lu notes, "[rural children] are far behind compared with urban children." A 2012 study found that anemia rates amongst three- to five-year-olds in Shaanxi province were close to 18%, which is more than twice the average for poor rural areas nationwide. Indeed, Mr. Lu believes that children in rural areas show only 20% of the memory retention of their urban counterparts and 40-60% of their language abilities and cognition. Most importantly, he argues that nutritional supplements can help. With assistance from HCEO Co-Director James J. Heckman, Dr. Lu's charity will begin a pilot of an early parenting program, akin to Head Start, in 50 villages.

Skills, education, and the rise of earnings inequality among the "other 99 percent"

David Autor

Science Magazine, May 23, 2014



In a recent paper, HCEO member David Autor examines the dramatic growth in the wage premium associated with higher education and cognitive ability. He documents how supply and demand for skills shapes inequality. Autor concludes the paper by highlighting the constructive role of public policy in fostering the development of skills and in preserving economic mobility.

Vague Hopes and Active Aspirations

Richard Reeves

Character and Opportunity Series, Brookings, April 15, 2014



Teenagers from different socio-economic backgrounds share similar vague hopes in pursuing secondary education and getting a good job. However, HCEO's MIP co-leader Richard Reeves and Kimberly Howard explain that differences in motivation and active aspirations may be limiting the social mobility of those from poorer backgrounds.

Vanderbilt Professor Touts Alternate Way to Finance College

Miguel Palacios

The Tennessean, April 15, 2014



For more than a decade, HCEO member Miguel Palacios has advocated for replacing the current federal loan system with income shared agreements (ISAs). Through this system, students agree to pay a percentage of their income after graduating from college for a set period of time. This reduces student risk by transferring it to the investor, who in turn can address this risk by investing in multiple ISAs.



