Inequality from the Child’s Perspective

Social mobility in Pandemic Times

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“Covid-19 is not the great leveller, it’s the great revealer”

1. **In a medical sense, COVID-19, as highly contagious as it is, can be thought of as the great leveller**
   - no one has immunity, and we face the health risk of this virus with a sense of our common humanity

2. **In a socio-economic sense, it is not as contagious**
   - the jobs some of us hold give us an economic immunity, and we face the economic risk of this virus with a very different sense of our interconnectedness

3. **The big hope is that the COVID-19 economic shock will be temporary**
   - the goal is to freeze the economy until the winds of illness pass by, allowing us to start again where we left off
   - public policy is focused on the challenge of adjustment and rebound

4. **But the socially distanced economy also reveals longstanding inequalities that have been growing wider and wider for decades**
   - inequality has been robbing many of security, prosperity, and dignity for decades, that is what COVID-19 reveals
   - “Countries have in effect become exaggerated versions of themselves.”
The Great Gatsby Curve: higher inequality threatens social mobility. Access to opportunity is the channel through which this threat passes.
The intergenerational cycle of low income in Canada and the United States has something important to do with race and a legacy of disadvantage.
An opportunity-enhancing menu for public policy

in Pandemic times, and any other time

- recognizes three drivers of social mobility that influence the intergenerational transmission of inequality
  1. an “inheritance”
  2. an investment
  3. a payoff
- is explicit about the type of inequality that should be a concern: top, bottom or middle?
- intervenes at the point in the production cycle holding the greatest marginal return: before market, market, post-market
Three inter-related influences on social mobility

- Family
- State
- Market
1. FAMILY: Stress and parenting

Doepke-Zilibotti, Princeton University Press
1. FAMILY: Stress and parenting

Corak (2001) *Journal of Labor Economics*

**Fig. 1.** Divorce rate in Canada: 1981–95 (rate per 100,000 legally married couples).
2. STATE: Progressive public investment


*Figure 2. Effects of Eligibility for Pathways on Earnings*
3. MARKET: The consequences of permanent layoffs


![Graph showing quarterly earnings (1987 dollars) of high-attachment workers separating in quarter 1982:1 and workers staying through quarter 1986:4.](image-url)
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References

COVID-19, inequality, and social mobility


References

Social mobility around the world

two new (and related) sources of information on intergenerational mobility around the world


2. GDIM — “Global Database on Intergenerational Mobility”

These are the data sources for *Fair Chances? Economic Mobility across Generations around the World*

- a report published by the World Bank in May, 2018
References

Social mobility and race in the United States


References

Social mobility and Economic Theory


References

Empirical studies of social mobility


Even more information and sources are available at my course website
