

Final Exam
Econ 350, Winter 2021
James J. Heckman
Due March 19th, 2021 at 11:59 pm
This draft, March 11, 2021

Answer all the questions below. Exams should be typed using 12-pt Serif fonts (Times New Roman, Garamond, Georgia, etc.), 1-inch margins, double-spacing, and should be no more than 25 pages. Exam material over 25 pages (including appendices) will not be read. The exam will be graded by both the TA and the instructor so that two pairs of eyes will examine your answers. You are asked to synthesize – not regurgitate.

1. Discuss the role of family and family structure in generating inequality and intergenerational immobility. Examine the various ways families affect inequality and social mobility in terms of affecting measurements and in terms of causal mechanisms. Review the credible quantitative evidence.
2. Discuss the importance of market factors in producing inequality and immobility. Give credible quantitative evidence supporting or contesting claims in the literature:
 - (a) Discrimination (both taste-based and informational)
 - (b) Technological change
 - (c) Monopoly and monopsony
 - (d) Nonlinear pricing
 - (e) Systemic racism

3. Becker (1964) asked whether the U.S. had the appropriate level of education. How did he estimate the “appropriate level” and what has been learned since he posed the question? Does the U.S. over- or under-invest in education today? (Synthesize the available evidence.)

4. Is zip code destiny for adult outcomes of the children raised there? Evaluate the evidence on the “power of place” and mechanisms used to interpret the evidence. Define neighborhood effects and peer effects and how they are identified in the “zip code is destiny” literature. How does the literature deal with choice of residence by families?

References

Becker, G. S. (1964). *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education* (1 ed.). Chicago: University of Chicago Press for the National Bureau of Economic Research.