



Department of Economics
UNIVERSITY OF WISCONSIN-MADISON

Economics matters



News for Alumni and Friends of the Economics Department

Spring 2023



*Women in Economics Members Explored
the Limitless World of Economics During
a Career Development Trip to Chicago*

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Letter from the Chair

Welcome to spring in the Department of Economics! As I write this, we are in the midst of recruiting season in our department. We hired eight new faculty last year, and thanks in large part to the generosity of our alumni, we plan to hire additional faculty this year.

We are interviewing four candidates for senior positions and 13 for junior tenure track positions, and we plan to invite more to interview for teaching faculty positions. I am extremely proud of the quality of teaching and research we have established in the economics department here at UW-Madison, and I am excited to welcome excellent new members to our team.

Read about our 8th floor remodel in this issue – the renovation brought much-needed space to our growing department.

In many ways the COVID epidemic seems part of the distant past. Classes are back to normal, our offices are filled with faculty and staff once again, and campus is very much alive.

One aspect of our program that took a bit longer to come back to normal is our master's program, which relies heavily on international visitors. Student immigration to the U.S., particularly from China, has fallen nationwide, yet our program appears to be an exception. While applications were down the last couple of years, they have increased substantially this year. We look forward to a large and energetic class of master's students in the fall.

I am in my second semester as department chair, and I have adjusted to my new role. This job is a pleasure thanks to our wonderful students, fac-



ulty, and staff. In particular, I would like to highlight the inspiring dedication the staff and faculty have to our students.

I have always enjoyed opportunities to meet alumni, including a recent reception in New York, which you can read more about in this issue. We look forward to bringing back similar alumni receptions across the U.S. in future months. Your dedication to the department is allowing us to build on these networking opportunities, as well as continue our excellence in teaching and research. Thank you for your support of the department.

On, Wisconsin!

A handwritten signature in dark ink, appearing to read "Chris Taber".

Christopher Taber
Chair, Department of Economics
Walker Family Distinguished Chair
James J. Heckman Professor

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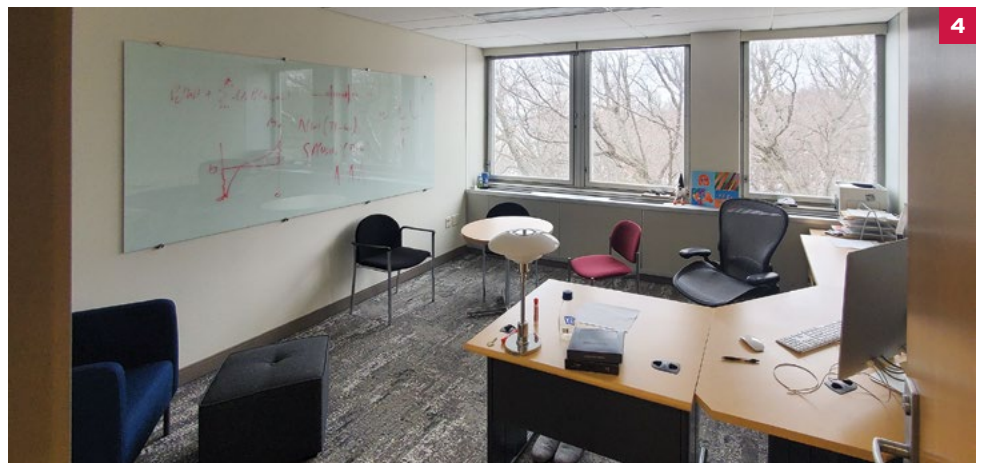
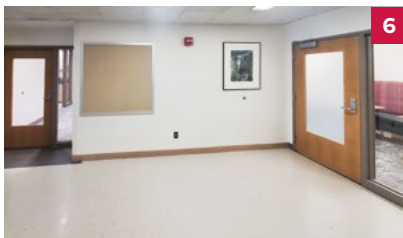
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On the cover: Funding from the alumni network was instrumental in providing the members of Women in Economics with the opportunity to connect with economics professionals during their recent trip to Chicago.



The Social Sciences Building 8th Floor Remodel is Complete

The new space, which occupies the area formerly used by the Social Science Reference Library, offers an additional 2,600 square feet of space for the Department of Economics, with faculty offices, a TA resource room, and PhD and TA offices. Check out the newly renovated space through these photos.



Clockwise from top left: 1) A complete faculty kitchen and eating area allow for faculty to gather and share ideas during lunch. 2) A new TA resource room allows for collaboration. 3) The hallways to access the faculty offices include sound-absorbing panels. 4) Faculty offices are spacious and include a view of the beautiful area surrounding the Social Sciences building. 5) Offices for graduate students are accessible directly from the TA resource room. 6) The newly remodeled faculty space is accessible via the secured door on the left. The TA resource room and grad student offices are accessible through the door on the right. This photo is taken exiting the elevators on the 8th floor.

"While talent is broadly distributed across America, economic opportunity is not."

—**Ananth Seshadri**, Professor, Mary Sue & Mike Shannon Distinguished Chair



Moving Up

Ananth Seshadri explores the factors that determine social and economic mobility.

BY AARON R. CONKLIN

Ananth Seshadri spends much of his time studying the economic and social factors that allow—or prevent—a richer, fuller life for each succeeding generation.

"If America has a civic religion, it is that every child should have the same economic opportunity and have an equal chance at the American Dream," says Seshadri, Professor, Mary Sue & Mike Shannon Distinguished Chair.

But it only takes a quick scan of the news headlines to realize that the reality is far different from the dream. Over the past four decades, significantly fewer people have achieved a higher standard of living than their parents did in previous generations. According to a 2019 study, only 44 percent of millennials (children born between 1981 and 1996) were in jobs with higher pay than their parents when both were age 30, while 49 percent had positions with a lower salary.

"While talent is broadly distributed across America, economic opportunity is not," Seshadri notes. To economists, economic opportunity is a dynamic concept that includes how resources accumulated by one generation are translated into the next one.

While location clearly plays a role—it's easier to move up in a thriving city than in an economically depressed one—there are also several other factors at play. Over the past decade, Seshadri has been among the leading researchers trying to understand what has changed, by examining the connection between parents' education and financial success and the social mobility of their children.

"What I am trying to do is to disentangle the causal effect of a mother's education and earnings on her children's education," Seshadri explains. "In the age-old literature, they used to call it nature versus nurture—the advantages you were born with as

opposed to what you learn. If you hold fixed the child's education, what can you say about the child's possible earnings, conditional on the mother's education? The answer to this question helps isolate the significance of being raised by educated parents."

From a public policy standpoint, it is a critical question to answer. If the correlation between generations is largely causal—your parents are well-off and educated, and therefore, so are you—then it's possible that policy initiatives could have a significant and long-lasting impact on social mobility. If that's not the case, such policies would have far less impact.

One of the causal factors identified by Seshadri's research is called "parental spillover"—the idea that a parent's human capital—the available time and ability they have to teach and interact with their children—has a significant effect in determining how talented those children will grow up to be. Not surprisingly, that concept is tied to the parent's economic standing. If the parents are working constantly and struggling to make ends meet, they're less likely to have time and energy to invest in their children's human capital.

"Conditional on measures of

innate ability, the correlation between parental income and children's educational attainment is larger now than it was decades ago," says Seshadri. This means that children are more likely to do better if their parents are doing well right now.

Where might social policy make a difference? Seshadri's research indicates that the opportunity for greatest impact comes in early childhood. Shifting education subsidies to the period when children are ages 0–5, instead of waiting until they're college-age, appears to have the largest effect on the next generation's social mobility.

"Learning earlier affects the ability to learn later," he explains. "Small differences early on could generate large differences later in life, which are then transmitted into future generations."

More recently, Seshadri has turned his attention to identifying and exploring some of the factors that impact the timing of children, as well as how many children parents end up having—which is proving to also affect social mobility.

Unintentional pregnancies tend to be more prevalent among low-income adults. Seshadri's research reveals that unintended children are likely to have worse future outcomes because their parents are likely to be more financially constrained, and the family structure is likely to be less stable.

"These two facts combined generate a poverty trap that significantly reduces social mobility," Seshadri says. "In fact, the unintended fertility rate is the strongest predictor of intergenerational mobility among all traditional measures, including residential segregation, inequality, and social capital."

Seshadri and his co-researcher looked at the rates of unintended pregnancy in each state, finding that states with higher rates also have lower rates of intergenerational mobility.

"Ensuring equal access to family planning and contraceptives would help to reduce this gap and boost mobility across generations," he says.

Students Explore Econ at Work in Chicago

BY SOPHIA PORTNOFF

On January 14, 14 members of Women in Economics (one of five economics undergrad student organizations) made their way to Chicago for the club's first networking trip. The three-day trip was guided by Madison Hartup and Sophia Portnoff from the Economics Undergraduate Advising Office.

The first stop for the group was the University of Chicago Harris School of Public Policy, where the students attended an economics graduate lecture. Women in Economics members also toured the historic University of Chicago campus, which was led by current students (one was a fellow UW–Madison alumnus!). The day wrapped up with a panel of esteemed professionals answering various questions about different career paths and sharing their experience and knowledge with the students.

The next day began with a stop at the Starbucks Reserve Roastery, followed by a visit to Bain & Company, a global management consulting firm, where the group spoke to employees and UW–Madison alumni about consulting. The students received a tour of the office and asked questions about the industry. The second stop of the day took place at the Federal Reserve Bank of Chicago, where the students attended an economic forecast about the upcoming year and a Q&A panel that included research assistants and well-established economists in their fields. The day concluded with a trip to Chicago's infamous Bean (Cloud Gate) and a dinner at an Italian Village restaurant downtown. Over dinner, the students reflected on their visit.

The last day of the trip concluded at consulting firm Coherent Economics, where the group learned about litigation consulting and spoke to a panel of executives and research analysts. The students learned about the intricate experiences of working with litigation and antitrust cases.

After three days of exploring and networking in Chicago, the Women in Economics group headed back to Madison, filled with countless memories and valuable knowledge. Tapasya Nangpal, Women in Economics president, summed it up by saying, "The most uplifting thing to see was everyone sharing their accomplishments and resumes with pride."



The student organization Women In Economics visited several Chicago companies on the club's first career development trip.

2022 Honor Roll

Loyal friends of Economics make it possible for the department to provide a world-class education and carry out cutting-edge research. Through endowed faculty positions, graduate fellowships, need- and merit-based scholarships, and Annual Fund gifts, donors make educational excellence a reality and help Economics to sustain its consistent ranking among the best departments in the country. Thank you for your gifts!

Carillon Society members enjoy these benefits:

- Special invitations to Economics events and lectures
- *Equilibrium* magazine, a student-run journal
- A yearly investor's report on the Economics Annual Fund

For more information about the Carillon Society, please contact Elizabeth Foste in the Department of Economics at foste@wisc.edu.

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Economics Alumni Receptions Coming to a City Near You

The Department of Economics is excited to restart summer alumni receptions in cities across the U.S.! In February the undergraduate student club Federal Reserve Challenge coordinated an economics alumni reception in New York City. Starting this summer, the department will partner with alumni across the country to help coordinate logistics for events from coast to coast. These events will bring together alumni and current students participating in internships in the area. If you are interested in working with the department to plan an event in your city, please email Elizabeth Foste at foste@wisc.edu. Check our website in May (econ.wisc.edu) to see a complete list of cities and dates. Go Badgers!



Members of the econ student organization Federal Reserve Challenge recently met with UW-Madison econ alumni in New York City.