

Economic Mobility – What's the Problem?

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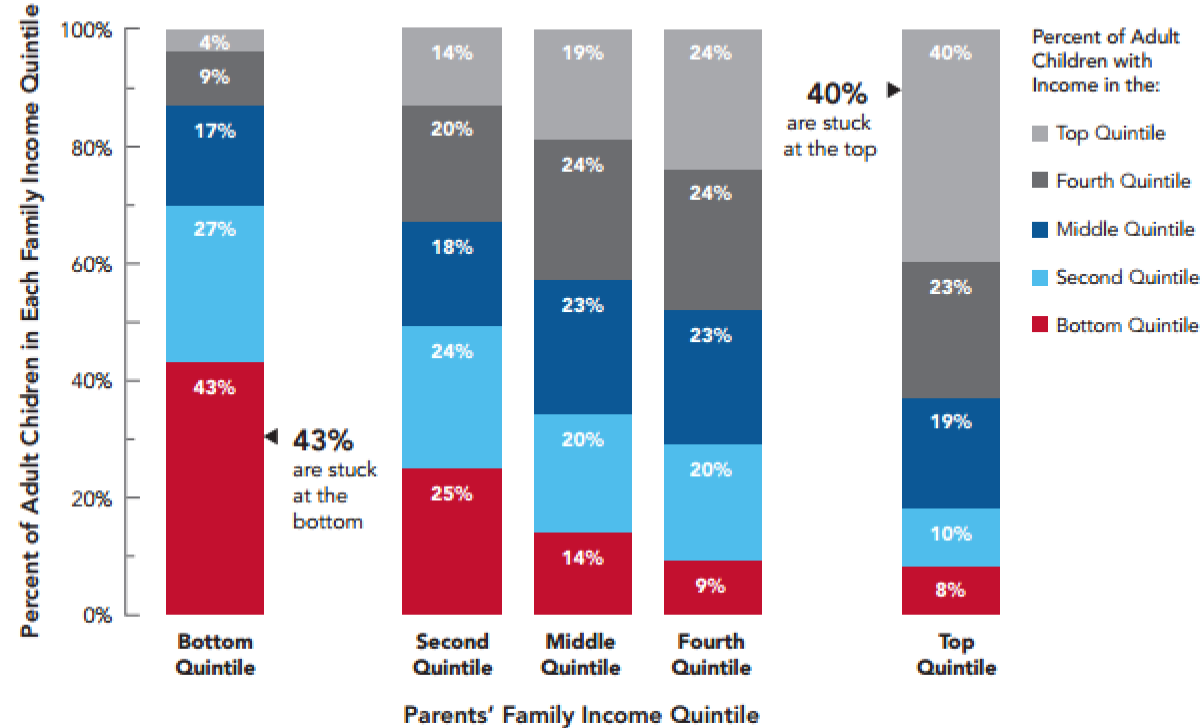
PRESENTATION AT FREE MARKET FORUM, OCTOBER 11, 2016

How Much Mobility Is There?

Pew Economic Mobility Project –
“Pursuing the American Dream:
Economic Mobility Across
Generations”

Figure 3

Americans Raised at the Top and Bottom Are Likely to Stay There as Adults
Chances of moving up or down the family income ladder, by parents' quintile

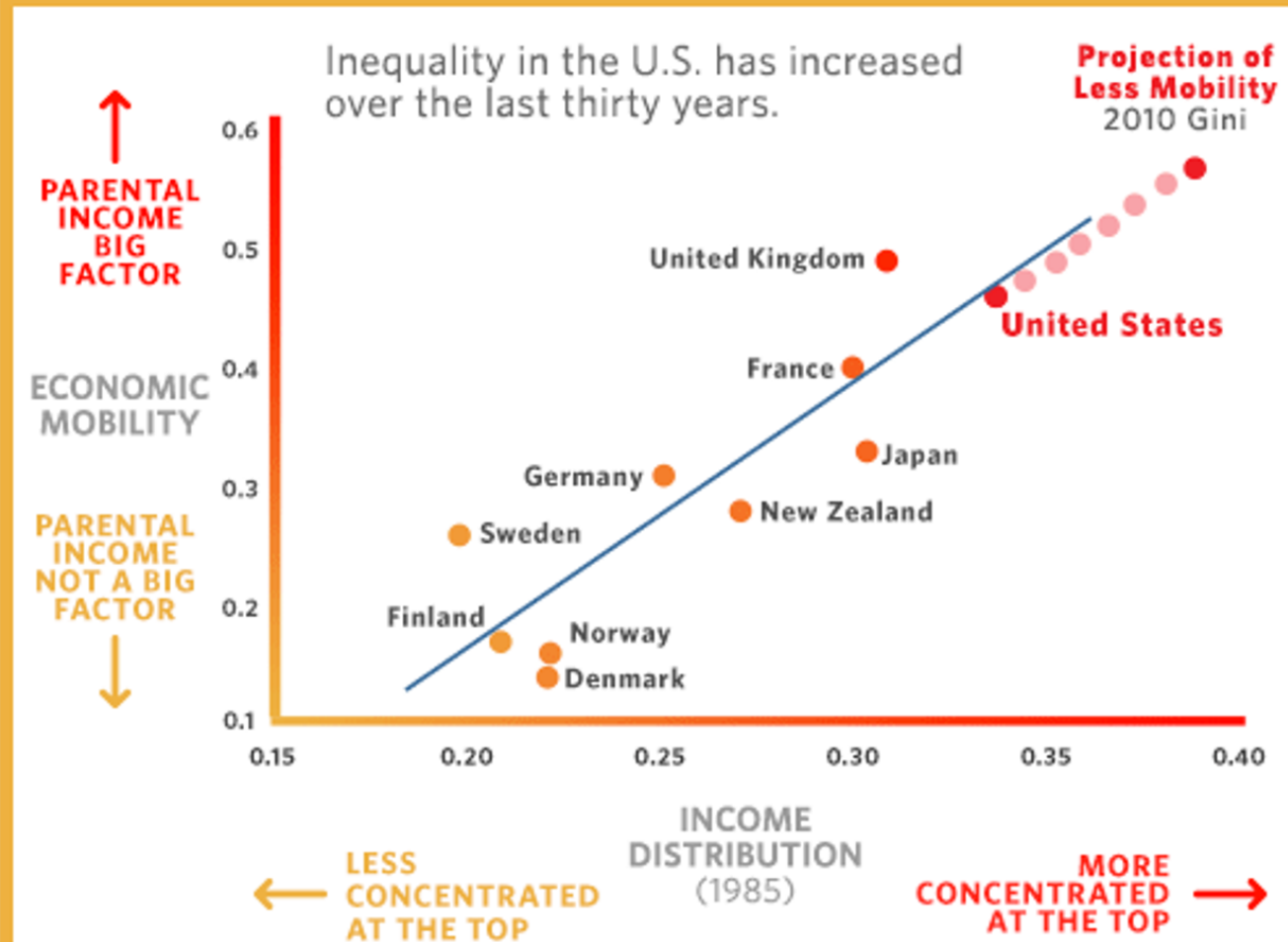


U.S. Mobility Worse Than in Other Countries?

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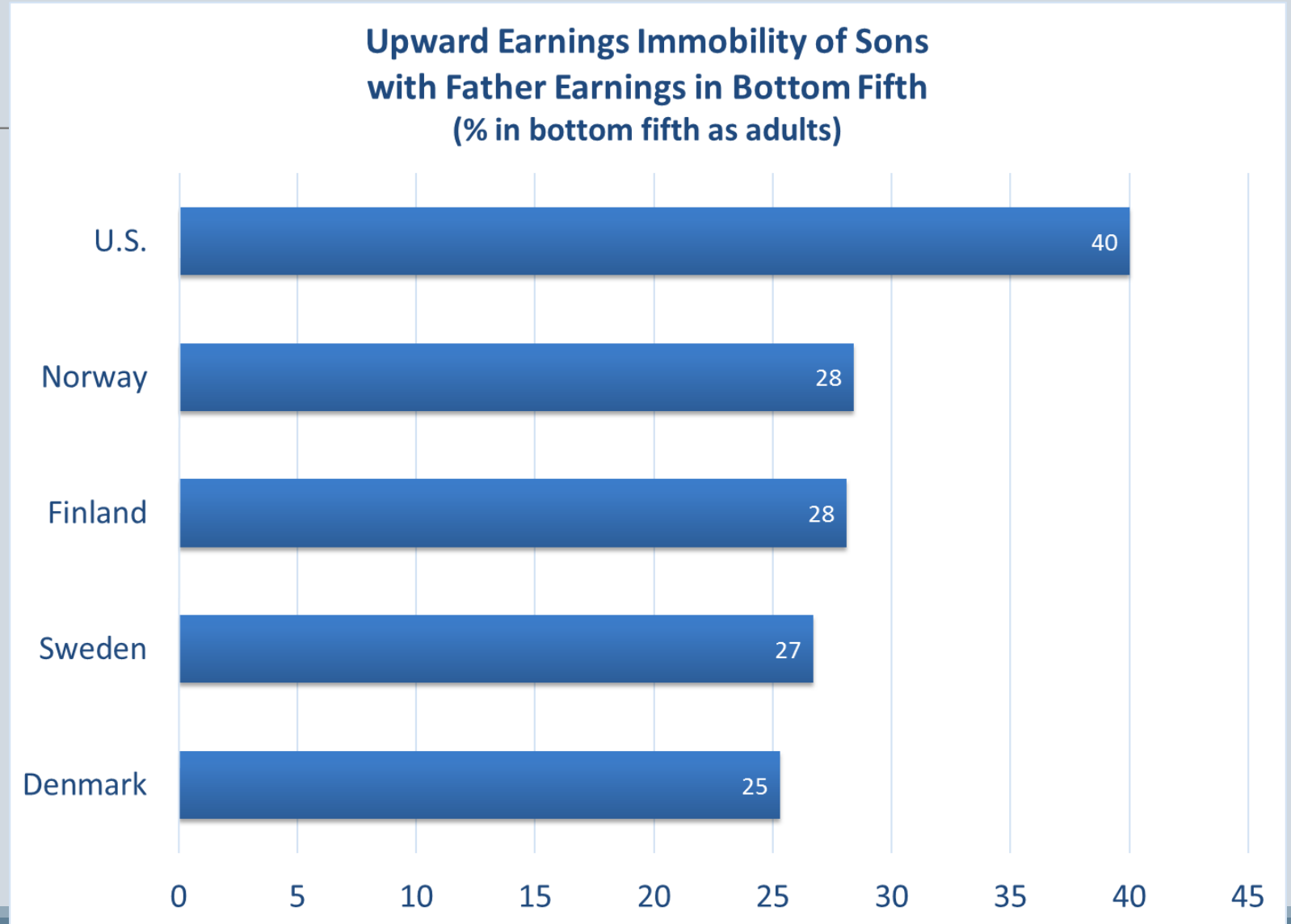
THE GREAT GATSBY CURVE

High Inequality is Associated With Less Economic Mobility



U.S. Mobility Worse Than in Other Countries?

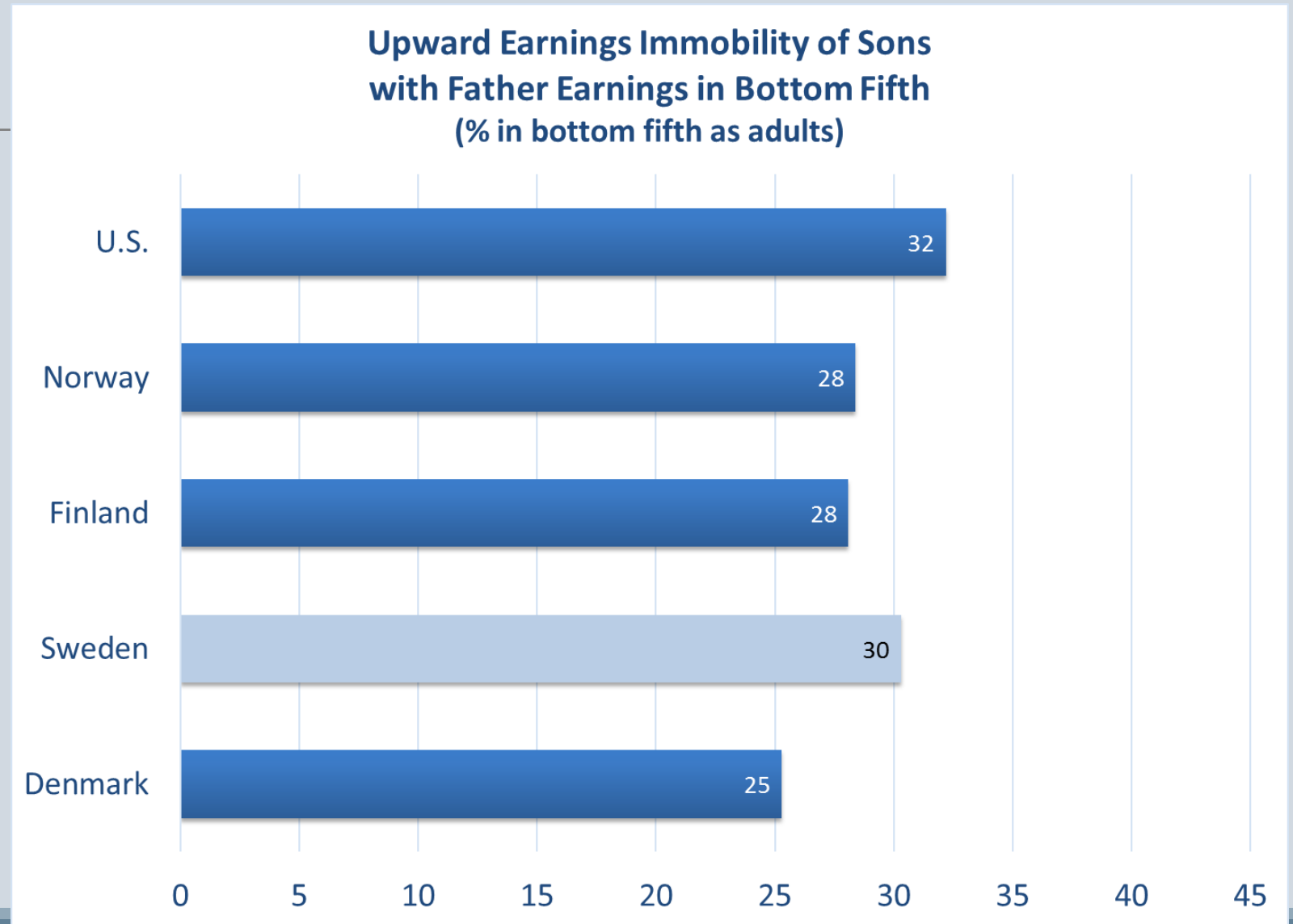
Source:
Jantti et al. (2006)



U.S. Mobility Worse Than in Other Countries?

Sources: Norway,
Finland, & Denmark
from Jantti et al. (2006)

U.S. & Sweden from
Corak, Lindquist, &
Mazumder (2014)



U.S. Mobility Worse Than in the Past?

Earnings & Income Mobility

- Chetty et al. (2014) using IRS data and rank-rank slope find no change
- 10 studies using PSID (mostly looking at men, almost always using IGE or IGC) find no change or small increases in mobility:
 - Reville (1996); Corcoran (2001); Levine and Mazumder (2002); Fertig (2003); Nam (2004); Mayer and Lopoo (2005); Harding, Jencks, Lopoo, and Mayer (2005); Hertz (2007); Lee and Solon (2009); Bloome (2015)
- 3 studies using NLS (looking at men and IGEs) show declines between original and 1979 cohorts:
 - Levine and Mazumder (2002); Levine and Mazumder (2007); Bloome and Western (2011)
- Aaronson and Mazumder (2008) using decennial census data and quasi-IGE find decline

Occupational & Educational Mobility

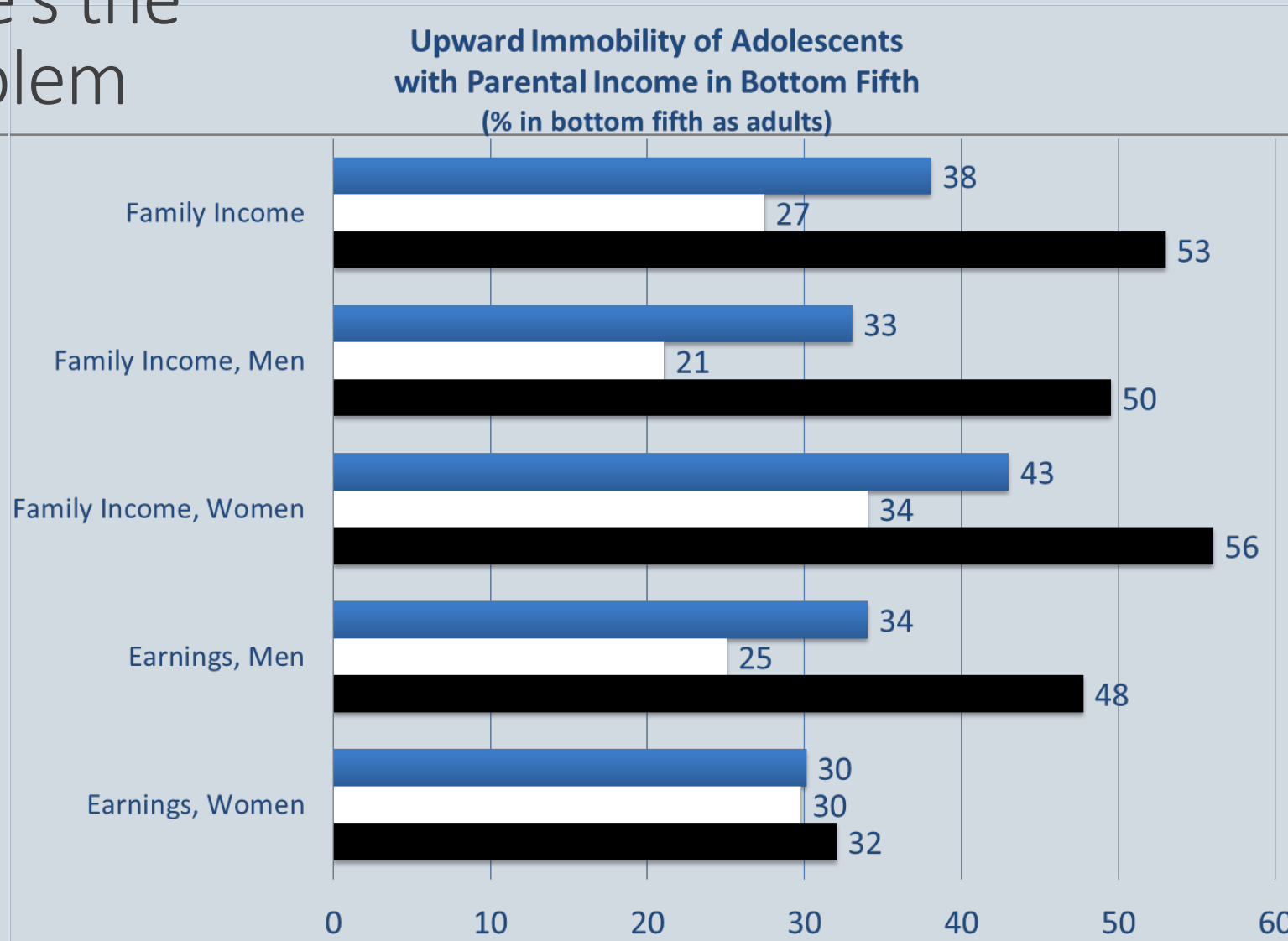
- Occupational mobility

- Beller (2009) finds that “exchange mobility” declined between 1950s and 1970s cohorts; Mitnik, Cumberworth, and Grusky (2013) find recent declines but levels no worse in 2000s than in 1970s
- Research on cross-cohort changes over calendar years shows no decline through first half of 2000s: Hout (1988); Rytina (2000); Jonsson et al. (2011)

- Educational mobility

- Evidence (mixed) suggests small changes in intergenerational association (if any) over time: de Broucker and Underwood (1998); Hertz et al. (2007); Pfeffer (2008); Hout and Janus (2011); Bloome and Western (2011)
- Hilger (2015) finds association between parent income and child education fell between 1930 and 1970, flat or rising after that

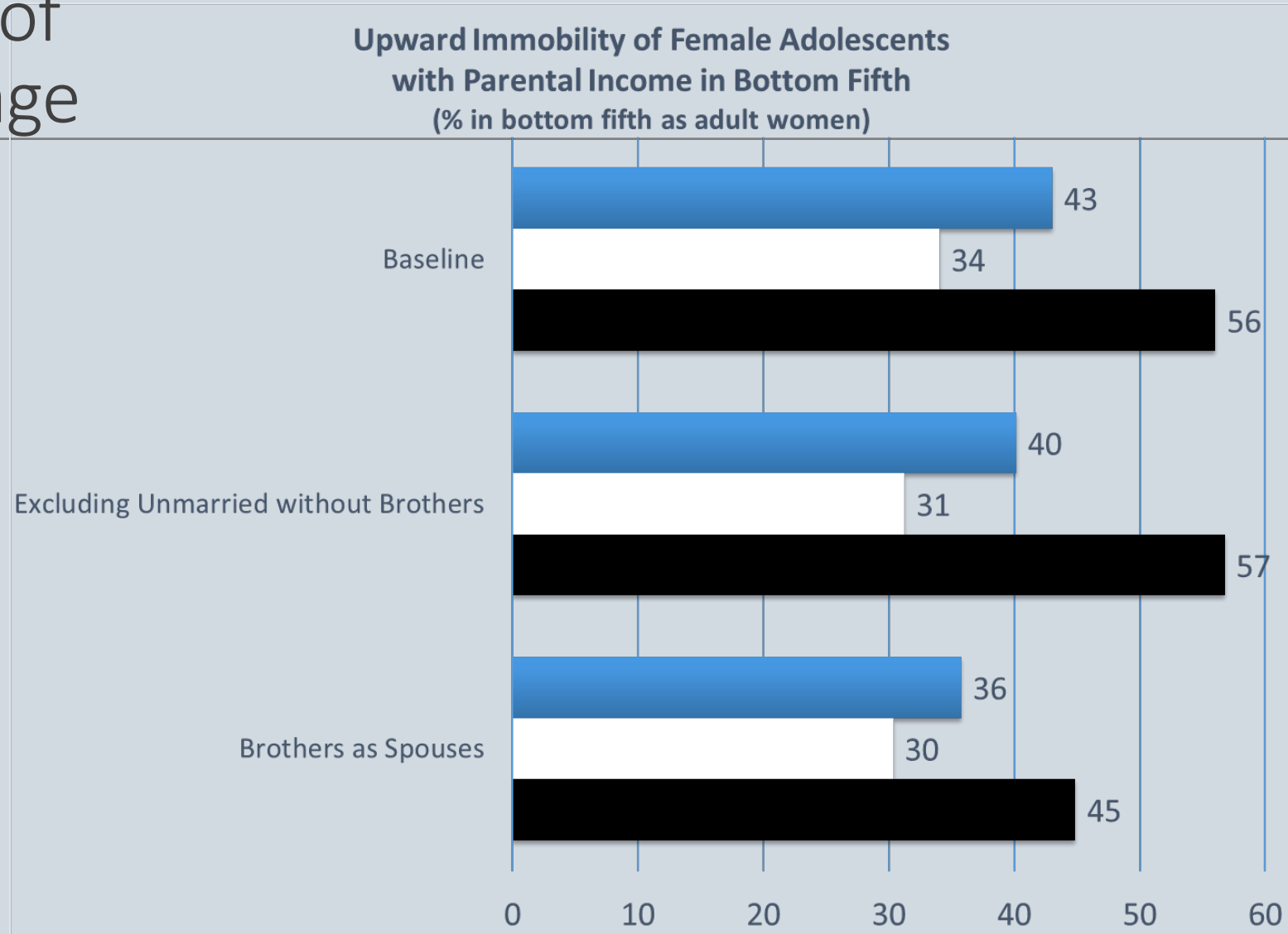
Here's the Problem



■ All Adolescents
■ White
■ Black

Source:
NLSY79 estimates,
Winship
(forthcoming)

Promise and Limits of Marriage



■ All Adolescents
■ White
■ Black

Source:
NLSY79 estimates,
Winship
(forthcoming)

The Challenge of Social Structure

