

Economic Mobility in America: A State-of-the-Art Primer

(Part 2: The United States in Comparative Literature)

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Econ 350, Spring 2022

1. Introduction

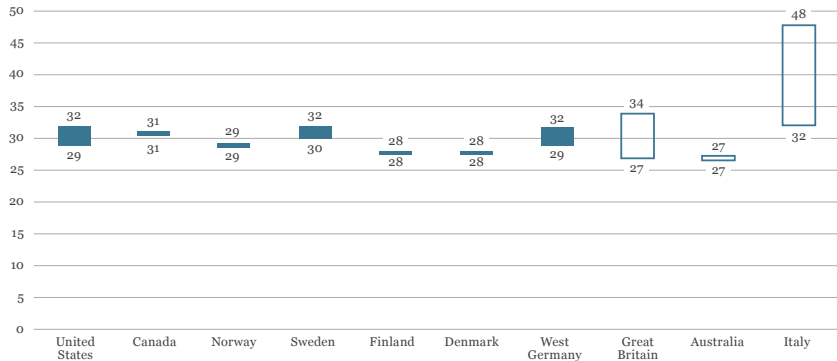
Methodological Issues in Estimating Intergenerational Mobility

2. Relative Economic Mobility

Distributional Measures of Relative Mobility — The Transition Matrix

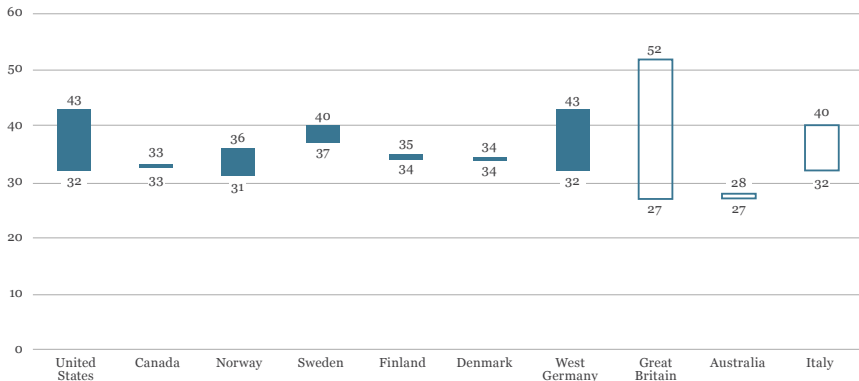
- The conventional wisdom, even among mobility researchers, is that the US has less mobility than other countries.
- Most mobility research compares the earnings of fathers and sons.
- But the review above should dispel the idea that American men have significantly lower relative earnings mobility.
- This conclusion is reinforced below in the section on summary measures of relative mobility, where only small differences of uncertain validity appear.
- Figures 1 and 2 summarize the cross-national evidence on upward male earnings immobility from the bottom and downward immobility from the top.

Figure 1: Summary of Cross-National Differences in Upward Male Earnings Relative Immobility (Percent in Bottom Fifth of Father Earnings Remaining in Bottom Fifth)



Notes: Based on author's review of the literature. Bars indicate the point estimate or range of estimates that best characterize male earnings upward immobility from the bottom fifth. Bars are shown as outlines when the research on a country is inconclusive or of potentially limited comparability. The US estimates are selected from studies that use the methodological decisions most typical of the research from other countries, rather than the best available US estimates. Often, these estimates are from studies that attempt to use harmonized methods and data to compare the US to its peers. The evidence on Germany typically involves West Germany specifically, and the research on the United Kingdom rarely includes Northern Ireland with Great Britain.

Figure 2: Summary of Cross-National Differences in Downward Male Earnings Relative Immobility (Percent in Top Fifth of Father Earnings Remaining in Top Fifth)

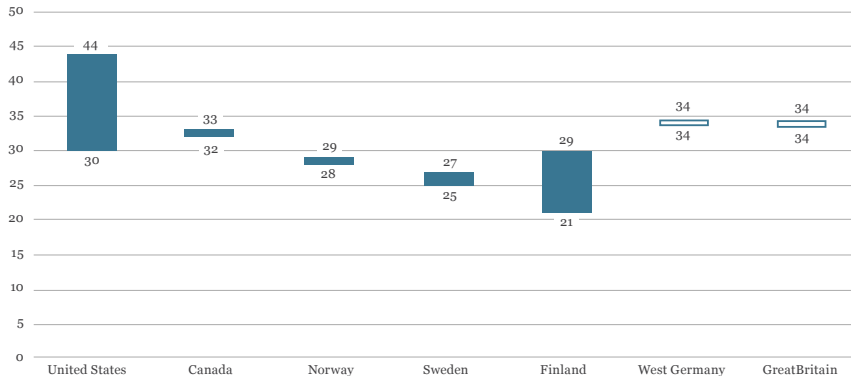


Notes: Based on author's review of the literature. Bars indicate the point estimate or range of estimates that best characterize male earnings upward immobility from the bottom fifth. Bars are shown as outlines when the research on a country is inconclusive or of potentially limited comparability. The US estimates are selected from studies that use the methodological decisions most typical of the research from other countries, rather than the best available US estimates. Often, these estimates are from studies that attempt to use harmonized methods and data to compare the US to its peers. The evidence on Germany typically involves West Germany specifically, and the research on the United Kingdom rarely includes Northern Ireland with Great Britain.

Other Distributional Measures of Relative Mobility

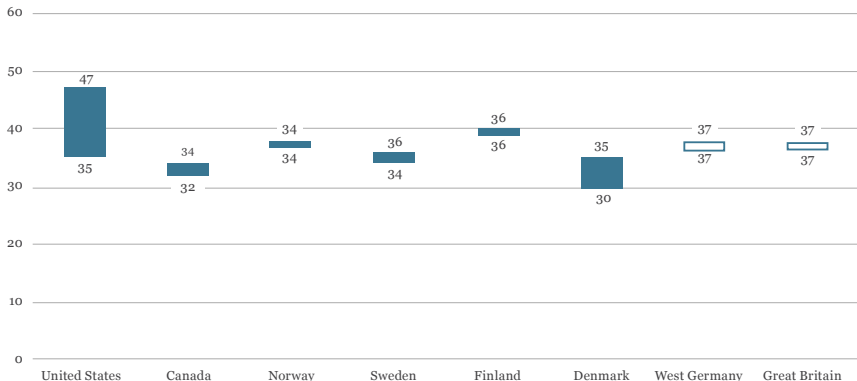
- Figures 3 and 4 summarize the evidence for upward and downward relative mobility when parental family income is compared with sons' earnings, individual income, or family income.
- Since these results are generally similar regardless of which outcome is used for sons, pooling these studies provides a reasonably reliable assessment of how parental family income relates to sons' outcomes.

Figure 3: Summary of Cross-National Differences in Upward Relative Immobility Comparing Parental Family Income to Sons' Outcomes (Percent in Bottom Fifth of Parental Income Remaining in Bottom Fifth)



Notes: Based on author's review of the literature, including studies comparing parental family income to sons' earnings, individual income, and family income. Bars indicate the point estimate or range of estimates that best characterize the upward immobility of sons with respect to their parental family income. Bars are shown as outlines when the research on a country is inconclusive or of potentially limit comparability. The US estimates are selected from studies that use the methodological decisions most typical of the research from other countries, rather than the best available US estimates. Often, these estimates are from studies that attempt to use harmonized methods and data to compare the US to its peers.

Figure 4: Summary of Cross-National Differences in Downward Relative Immobility Comparing Parental Family Income to Sons' Outcomes (Percent in Top Fifth of Parental Income Remaining in Top Fifth)

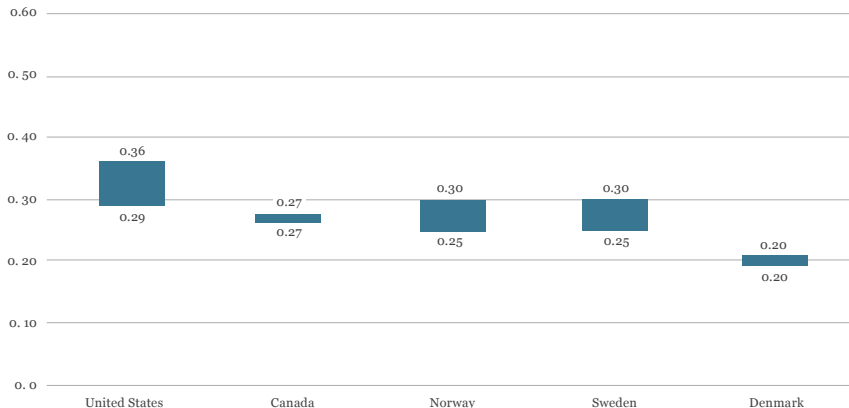


Notes: Based on author's review of the literature, including studies comparing parental family income to sons' earnings, individual income, and family income. Bars indicate the point estimate or range of estimates that best characterize the downward immobility of sons with respect to their parental family income. Bars are shown as outlines when the research on a country is inconclusive or of potentially limited comparability. The US estimates are selected from studies that use the methodological decisions most typical of the research from other countries, rather than the best available US estimates. Often, these estimates are from studies that attempt to use harmonized methods and data to compare the US to its peers.

Summary Measures of Relative Mobility — The Intergenerational Rank Association

- Summarizing the male earnings evidence, the Scandinavian countries and Canada may have somewhat higher mobility than the US.
- But the difference between these countries' IRAs appears no larger than 0.05 or 0.06 when measured similarly.
- That is equivalent to the gap between the richest and poorest children narrowing by an additional five or six percentiles in adulthood.
- Given all the comparability issues discussed in the introduction, strong claims about lower relative mobility in the US are unwarranted, at least when the focus is male earnings.
- Figure 5 summarizes the literature on male earnings IRAs.

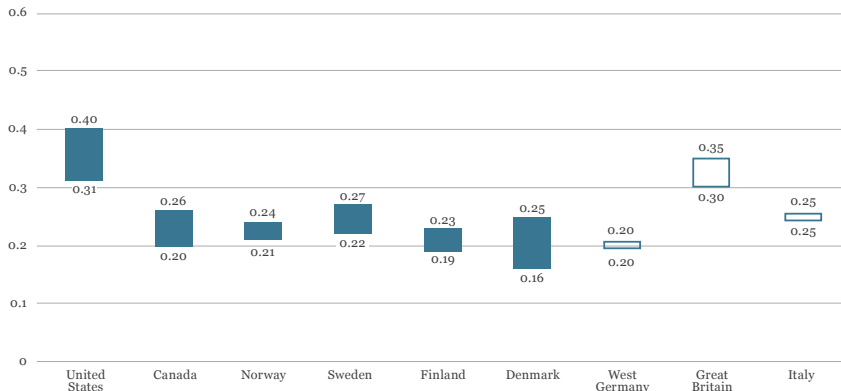
Figure 5: Summary of Cross-National Differences in Relative Male Earnings Mobility (Intergenerational Rank Association)



Notes: Based on author's review of the literature. Bars indicate the point estimate of range of estimates that best characterize male earnings IRA. The US estimates are selected from studies that use the methodological decisions most typical of the research from other countries, rather than the best available US estimates. Often, these estimates are from studies that attempt to use harmonized methods and data to compare the US to its peers.

- Figure 6 summarizes the evidence on IRAs comparing parental family income to the earnings, individual income, or family income of sons.
- Pooling these studies together allows for a reasonably reliable picture to emerge about cross-national differences, particularly given that the results looking at sons' earnings are similar to those looking at sons' family income.

Figure 6: Summary of Cross-National Differences in Relative Mobility Comparing Parental Family Income to Sons' Outcomes (Intergenerational Rank Association)



Notes: Based on author's review of the literature, including studies comparing parental family income to sons' earnings, individual income, and family income. Bars indicate the point estimate or range of estimates that best characterize the IRA comparing parental family income to sons' outcomes. Bars are shown as outlines when the research on a country is inconclusive or of potentially limited comparability. The US estimates are selected from studies that use the methodological decisions most typical of the research from other countries, rather than the best available US estimates. Often, these estimates are from studies that attempt to use harmonized methods and data to compare the US to its peers.

3. Absolute Economic Mobility

Distributional Measures of Absolute Mobility — Surpassing Parental Income

- Table 1 attempts to summarize the cross-national literature on absolute mobility, showing the measures and countries most commonly analyzed.
- The male earnings IGE is the measure most often estimated.
- Table 1 displays the range of IGEs I find in my review as well as the point estimates offered by the leading previous review (Corak, 2016).

Table 1: Cross-National Differences in Summary Measures of Absolute Mobility

Measure	Men's Earnings	Women's Earnings	Family Income
Relative Mobility			
Of those with parents in the bottom fifth, % in bottom fifth as adults	44	30	46
Of those with parents in the top fifth, % in top fifth as adults	50	33	41
Of those with parents in the middle fifth, % below the middle fifth as adults	37	37	34
Of those with parents in the middle fifth, % above the middle fifth as adults	31	42	43
Absolute Mobility			
% with real income higher than their parents' at the same age	60	76	73
Sibling Similarity			
Of those in the bottom fifth with a same-sex sibling, % of siblings in the bottom fifth	35	34	43
Of those in the top fifth with a same-sex sibling, % of siblings in the top fifth	48	32	40

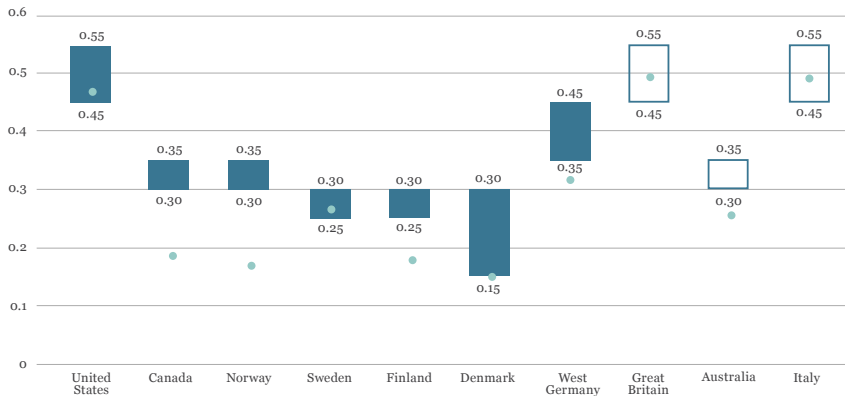
Source: Authors' review of the cross-national literature on intergenerational absolute mobility. The US estimates are selected from studies that use the methodological decisions most typical of the research from other countries, rather than the best available US estimates. Often, these estimates are from studies that attempt to use harmonized methods and data to compare the US to its peers. The evidence on Germany typically involves West Germany specifically, and the research on the United Kingdom rarely includes Northern Ireland with Great Britain.

Other Distributional Measures of Absolute Mobility

Summary Measures of the Persistence of Absolute Economic Inequality — The Intergenerational Elasticity

- Once such estimates are produced, it seems reasonable to think that they will be higher than the estimates reviewed above.
- Nevertheless, in contrast to the male earnings IRA estimates, which are fairly similar across countries, the US has a higher male earnings IGE than Canada, Norway, Sweden, Finland, and Denmark, and there is no reason to think that it has a lower IGE than West Germany, Great Britain, Australia, or Italy.
- In the US, absolute childhood inequalities decline less in percentage terms by adulthood than they do in other nations.
- Figure 7 displays a summary of this evidence.

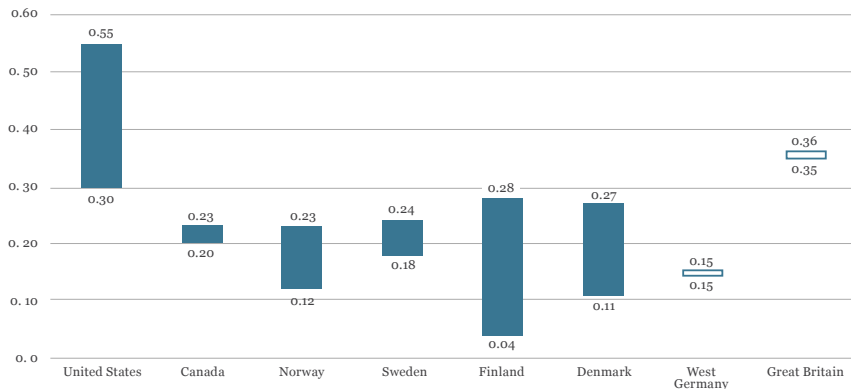
Figure 7: Summary of Cross-National Differences in Absolute Male Earnings Mobility (Intergenerational Elasticity)



Notes: Based on author's review of the literature and Corak (2016). Green dots represent the preferred estimate from Corak's review. Bars indicate the point estimate or range of estimates that best characterize male earnings IGE. The US estimates are selected from studies that use the methodological decisions most typical of the research from other countries, rather than the best available US estimates. Often, these estimates are from studies that attempt to use harmonized methods and data to compare the US to its peers. The evidence on Germany typically involves West Germany specifically, and the research on the United Kingdom rarely includes Northern Ireland with Great Britain.

- Figure 8 summarizes this research comparing fathers' and daughters' earnings. Several of these studies also estimate mother–daughter earnings IGEs, which are substantially lower than father–daughter elasticities.

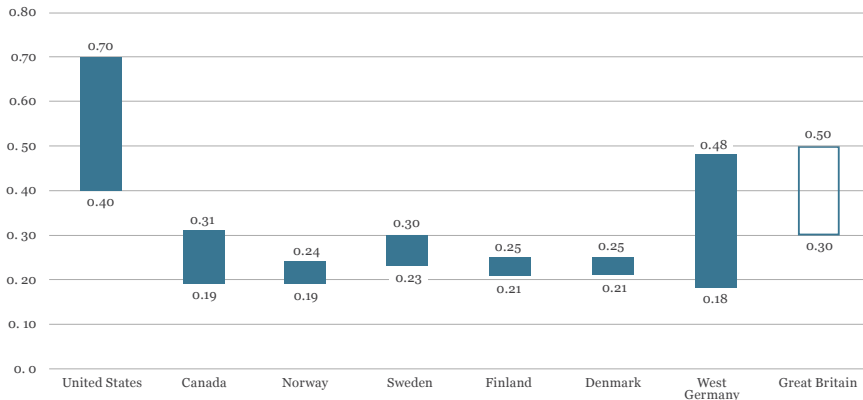
Figure 8: Summary of Cross-National Differences in Absolute Father–Daughter Earnings Mobility (Intergenerational Elasticity)



Notes: Based on author's review of the literature. Bars indicate the point estimate or range of estimates that best characterize the father–daughter earnings IGE. Bars are shown as outlines when the research on a country is inconclusive or of potentially limited comparability. The US estimates are selected from studies that use the methodological decisions most typical of the research from other countries, rather than the best available US estimates. Often, these estimates are from studies that attempt to use harmonized methods and data to compare the US to its peers. The evidence on Germany typically involves West Germany specifically, and the research on the United Kingdom rarely includes Northern Ireland with Great Britain.

- As discussed in the appendix of Part One, the best American studies find family income IGEs of 0.45 to 0.71 when sons and daughters are pooled.
- Estimates comparing family income to child earnings are similar.
- My preferred estimates from Part One range from 0.58 to 0.83.
- Figure 9 summarizes the evidence on family income IGEs, incorporating information from studies on sons, daughters, and pooled children.

Figure 9: Summary of Cross-National Differences in Absolute Family Income Mobility (Intergenerational Elasticity)

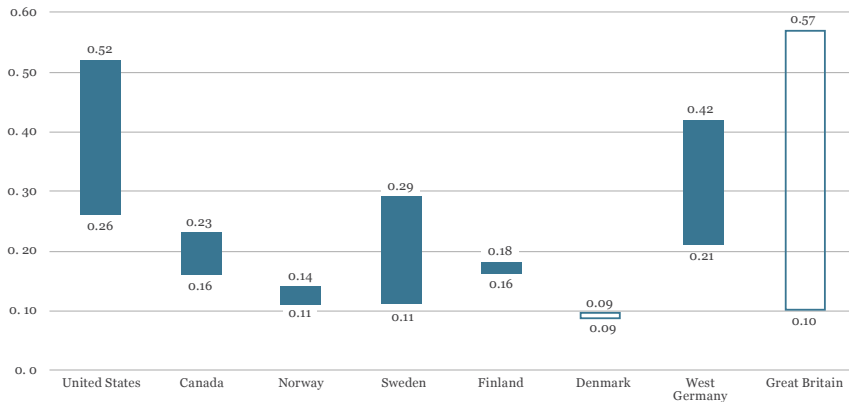


Notes: Based on author's review of the literature. Bars indicate the point estimate or range of estimates that best characterize the father–daughter earnings IGE. Bars are shown as outlines when the research on a country is inconclusive or of potentially limited comparability. The US estimates are selected from studies that use the methodological decisions most typical of the research from other countries, rather than the best available US estimates. Often, these estimates are from studies that attempt to use harmonized methods and data to compare the US to its peers. The evidence on Germany typically involves West Germany specifically, and the research on the United Kingdom rarely includes Northern Ireland with Great Britain.

Summary Measures of the Persistence of Absolute Economic Inequality — The Intergenerational Correlation

- As reviewed in the appendix to Part One of this primer, other American estimates in studies since 2000 range from 0.31 to 0.51 for brother earnings correlations and from 0.14 to 0.36 for sister correlations.
- My preferred estimates produced for Part One ranged from 0.27 to 0.45 for brothers and from 0.22 to 0.46 for sisters.
- The evidence, then, suggests that sibling correlations are higher in the US than in our peer nations, but there is considerable overlap across countries in the generally wide-ranging estimates within countries.
- Figures 11 and 12 summarize the literature on brother and sister correlations, respectively.

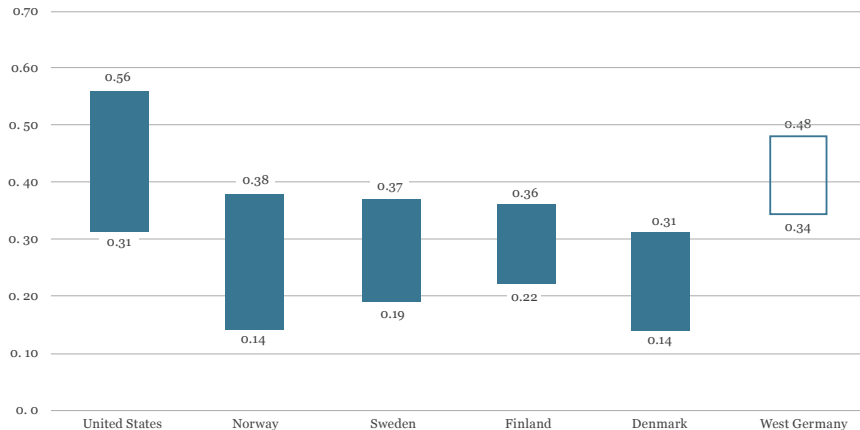
Figure 10: Summary of Cross-National Differences in Absolute Male Earnings Mobility (Intergenerational Correlation)



Notes: Based on author's review of the literature. Bars indicate the point estimate or range of estimates that best characterize the male earnings IGC. Bars are shown as outlines when the research on a country is inconclusive or of potentially limited comparability. The US estimates are selected from studies that use the methodological decisions most typical of the research from other countries, rather than the best available US estimates. Often, these estimates are from studies that attempt to use harmonized methods and data to compare the US to its peers. The evidence on Germany typically involves West Germany specifically, and the research on the United Kingdom rarely includes Northern Ireland with Great Britain.

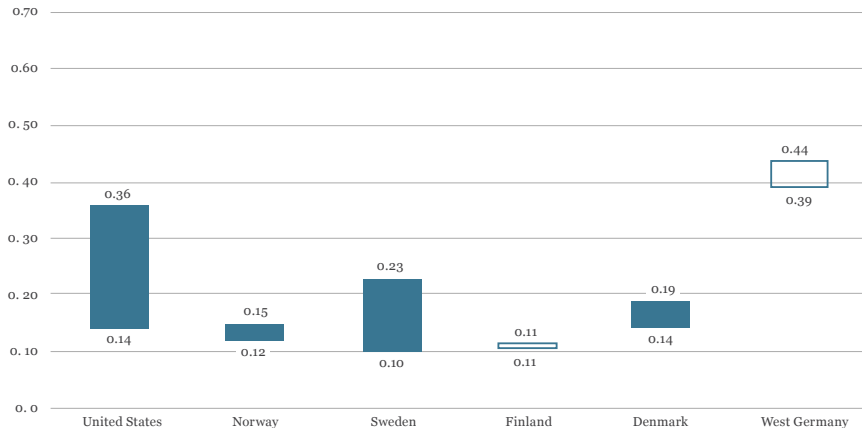
Summary Measures of Sibling Similarity in Terms of Absolute Income — The Sibling Correlation

Figure 11: Summary of Cross-National Differences in Brother Income Similarity (Sibling Correlation)



Notes: Based on author's review of the literature. Bars indicate the point estimate or range of estimates that best characterize the correlation between brother incomes. The literature on sibling correlations is sparser than the literatures on other mobility measures. The evidence on Germany typically involves West Germany specifically.

Figure 12: Summary of Cross-National Differences in Sister Income Similarity (Sibling Correlation)



Notes: Based on author's review of the literature. Bars indicate the point estimate or range of estimates that best characterize the correlation between sister incomes. The literature on sibling correlations is sparser than the literatures on other mobility measures. The evidence on Germany typically involves West Germany specifically.

4. Other Evidence on Cross-National Mobility Differences

5. Conclusion