The Decline in Intergenerational Mobility After 1980
(Extract)

by Jonathan M.V. Davis, Bhashkar Mazumder

James J. Heckman

THE UNIVERSITY OF
CHICAGO

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Table 2. Intergenerational Mobility in the 1948-1953 and 1961-1964 Cohorts

Child Family Income Measured Around:	Pooled Age 41 or Age 29		Daughter Links Age 41		Son Links Age 29	
	Rank-Rank	IGE	Rank-Rank	IGE	Rank-Rank	IGE
1948-1953 Cohorts	0.25	0.28	0.29	0.34	0.21	0.19
(NLS66)	(0.02)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
1961-1964 Cohorts	0.36	0.45	0.34	0.47	0.38	0.42
(NLSY79)	(0.02)	(0.02)	(0.03)	(0.04)	(0.02)	(0.03)
Change	0.11	0.17	0.05	0.13	0.17	0.23
	(0.03)	(0.03)	(0.04)	(0.05)	(0.04)	(0.04)
H_0: Estimates Equal, p=	0.00	0.00	0.19	0.01	0.00	0.00
NLS66 Pairs	2454	2454	1208	1208	1246	1246
NLSY79 Pairs	3907	3907	1828	1828	2079	2079

Notes: Columns 1 and 2 of show estimates of the rank-rank slope and the IGE using all parent-child pairs in the NLS66 and NLSY79, respectively. Columns 3 and 4 and 5 and 6 show analogous estimate using only parentdaughter and parent-son pairs, respectively. Family income is measured at different ages depending on whether a daughter or son is linked to his or her parent. Daughters are about 41 when their family income is measured. Sons are about 29. Daughters in the NLS66 were born between 1949 and 1953 and sons in the NLS66 were born between 1948 and 1952. Robust standard errors, clustered by household, in parentheses.

Figure 3. Trends in Intergenerational Mobility by Birth Year
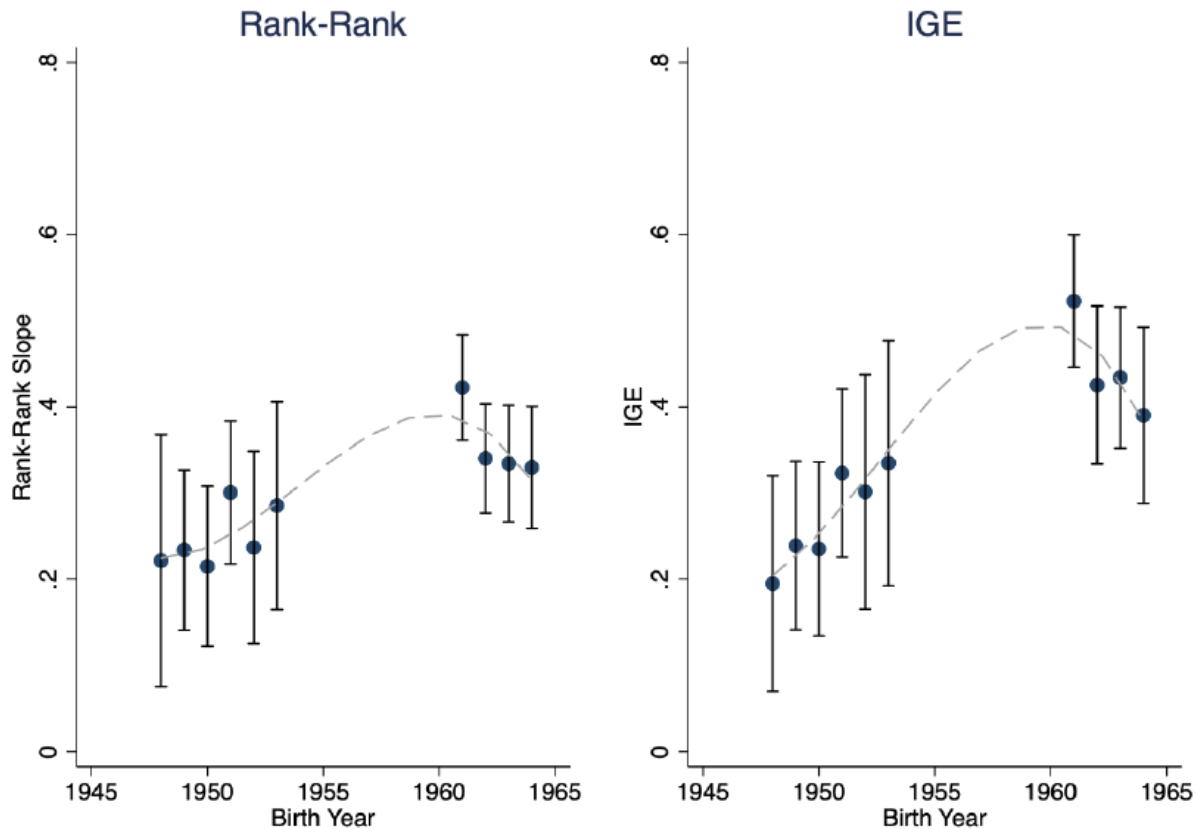
Notes: This figure shows estimates of the rank-rank slope (left panel) and IGE (right panel) for each birth year included in our main analysis. Estimates are from a regression using both parent-son and parent-daughter pairs of either child generation income rank or log income against the analogous parent generation measure interacted with indicators for birth year, controlling for birth year fixed effects and an indicator for being a parent-daughter pair.

Figure 6: Trends in the IGE and Returns to College
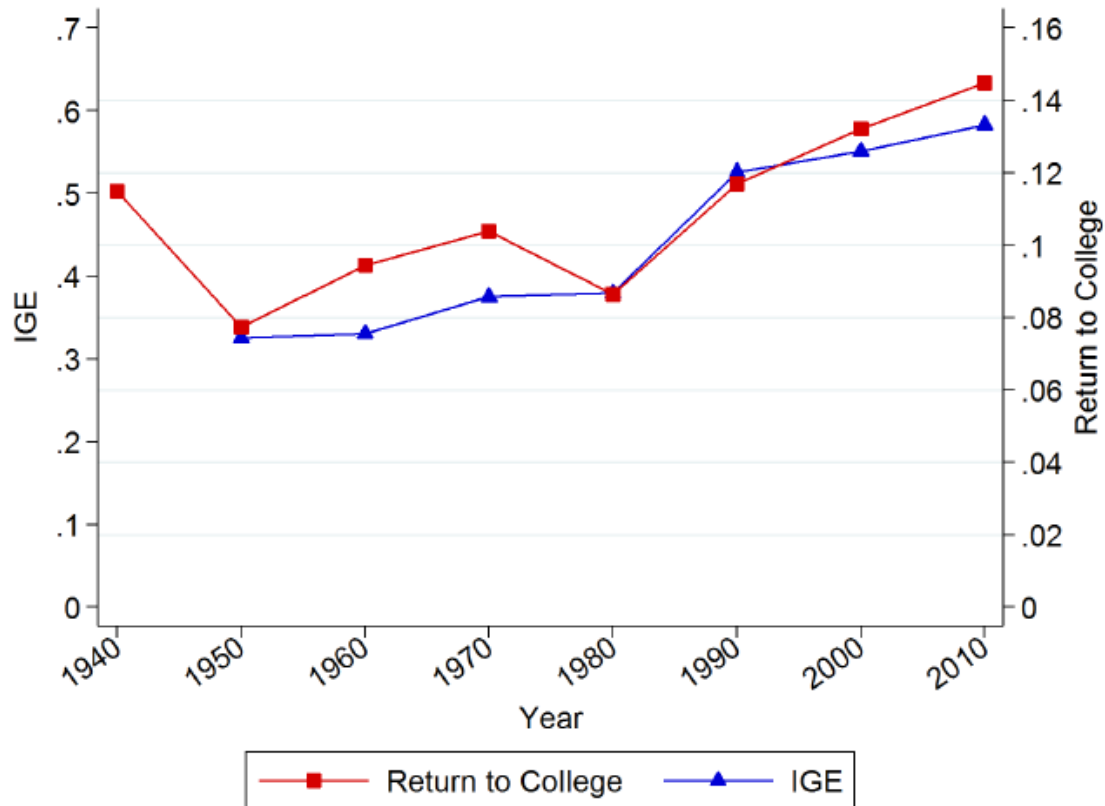
Notes: Authors' replication of Aaronson and Mazumder (2008), Figure 4.C extended to include 2010. Return to college estimated using the methodology of Goldin and Katz (2009), also extended to 2010. Allcalculations use decennial census and ACS data. The IGE estimates can be interpreted as the IGE for a 40-year-old in a given year accounting for birth cohort and year effects. We follow Aaronson and Mazumder (2008) and label the results by the year of the Census, the estimates are based on income measured in the year prior to the Census.

Table 7: Marriage and Intergenerational Mobility in the 1948-1953 and 1961-1964 Cohorts

| | Married | Imposing 1966 Marriage Rates | | Assortative mating by regression of family measure on own measure | |
		Married	Mobility Rate	Among married couples	Imposing 1966 Marriage Rates
A. Income Ranks					
1948-1953 Cohorts	0.05	0.05	0.25	0.52	0.56
(NLS66)	(0.04)	(0.04)	(0.02)	(0.02)	(0.02)
1961-1964 Cohorts	0.22	0.04	0.32	0.52	0.60
(NLSY79)	(0.03)	(0.03)	(0.02)	(0.02)	(0.01)
Change	0.17	-0.01	0.06	0.00	0.04
	(0.05)	(0.05)	(0.03)	(0.03)	(0.02)
H_0: Estimates Equal, p=	0.00	0.84	0.03	0.94	0.07
NLS66 Pairs	2454	2454	2454	1335	2245
NLSY79 Pairs	3907	3907	3907	1647	3586
B. Log Family Income					
1948-1953 Cohorts	2.77	2.77	0.28	0.37	0.45
(NLS66)	(1.86)	(1.86)	(0.03)	(0.03)	(0.02)
1961-1964 Cohorts	10.56	2.89	0.38	0.41	0.56
(NLSY79)	(1.35)	(1.37)	(0.02)	(0.03)	(0.02)
Change	7.79	0.12	0.10	0.04	0.11
	(2.30)	(2.31)	(0.04)	(0.04)	(0.03)
H_0: Estimates Equal, p=	0.00	0.96	0.01	0.36	0.00
NLS66 Pairs	2454	2454	2454	1319	2216
NLSY79 Pairs	3907	3907	3907	1636	3559

Notes: This table explores whether changes in marriage rates or assortative mating explain the decline in intergenerational mobility between the NLS66 and NLSY79 cohorts. The first three columns are based on equation 1. The final two columns are based on equation 2. Columns 2, 3, and 5 re-weight the NLSY79 sample so that marriage rates are equal in cells defined by income decile and respondent gender.

8. Conclusion

- We present the first study that utilizes the longitudinal parent and child income data available in the NLS surveys in order to document trends in intergenerational mobility.

- Our earlier cohorts, born between 1948 and 1953 entered the labor market during the 1960s and 1970s, well before the increase in inequality and the returns to schooling that took place around 1980.

- Our later cohorts, born between 1961 and 1964 in contrast, largely entered the labor market after the pronounced rise in inequality.

- We find a large and economically significant increase in intergenerational persistence between these groups.

- We find that the rank-rank slope rose from 0.25 to 0.36 and the IGE increased from 0.28 to 0.45.

- Importantly, we find no evidence that these cross-cohort changes are driven by changes in survey design, response rates, attrition, missing values or any other data anomalies.

- We find suggestive evidence that the increase in the returns to education and the sharp increase in the gradient between parent income and probability of being married are important drivers of the increase in intergenerational persistence.

- Changes in women's labor force participation do not seem to be driving the increase in persistence.

- Nevertheless, we believe that further research is needed to more definitively understand the mechanisms behind the decline in intergenerational mobility which we document here.

- We document that absolute mobility, the share of children whose family income exceeds that of their parents, declined by 10.5pp from 62.4 percent to 51.9 percent when parent and child income is measured around age 40.

- These results are complementary to Chetty et al. (2017) who show that absolute mobility fell from about 90% for children born in 1940 to 50% for children born in the 1980s when parent and child income is measured around age 30.

- Since they do not observe panel data on parent and child income for cohorts born before 1980, they indirectly estimate these results by assuming the copula between the marginal distributions of parent and child income is stable for cohorts born before 1980.

- They further produce bounds on these estimates by relaxing the assumption that the copula stayed constant.

- Since we observe both parent and child income for two sets of cohorts, we are able to directly measure the cross-cohort change in absolute mobility.

- Our results are consistent with the Chetty et al. (2017) bounds, but suggest a more modest decline of about 11pp than their baseline estimate of 18pp.

- If instead we compare our estimates to Chetty et al.'s (2017) sensitivity check that uses parent and child income measured around age 40 and assumes copula stability, our estimates actually suggest a larger decline.

- Their estimates suggest a 4.8pp decline from 67.4 percent for the 1949 to 1953 cohorts to 62.6 percent for the 1961 to 1964 cohorts, whereas our estimates based on observed parent-child pairs suggest a 10.5pp decline from 62.4 percent to 51.9 percent.