

State-of-the-Art Statistical Methodology Reveals New, More Precise Insight into Upward Mobility Between Generations

ALEXANDRIA, Va. (September 11, 2017) – As political rhetoric containing promises of education, social opportunities and other development for disadvantaged people continues to fill the airwaves, economics researchers have developed state-of-the-art statistical methods that uncover the impact of different aspects of upward mobility (or lack thereof), aside from parental income. The new research, titled “[Status Traps](#),” appears in a recent issue of the *Journal of Business & Economic Statistics*.

Historically, mobility between generations has been measured by intergenerational elasticity of income (IGE)—an estimate that has varied over the years. “Surprisingly, most efforts to measure intergenerational mobility pay relatively little attention to the mechanisms that underlie links between offspring and parental income,” said Steven Durlauf, professor in the Harris School of Public Policy at The University of Chicago. “This new research expands on mobility calculations by focusing on factors such as neighborhood and parental cognitive and non-cognitive skills as determinants of mobility.”

Durlauf teamed up with Andros Kourtellis, professor in the department of economics at the University of Cyprus, and Chih Ming Tan, professor in the department of economics at the University of North Dakota. To calculate more precise figures, researchers use three data sets: the Panel Study of Income Dynamics (PSID) to address earnings of offspring over time; the National Longitudinal Survey of Youth (NLSY) to study how family background affects the mobility prospects of individuals; and US administrative data at the commuting zone (CZ) level to explore determinants of upward mobility experiences of lower income families across CZs.

Some of the key findings include the following:

- Households of sons of fathers who have not at least completed high school find themselves in a status trap characterized by lower levels of mobility and long-run mean incomes.
- Daughters coming from families with sufficiently high incomes experience high levels of earnings mobility, while even those daughters who are outside of the least achieving, but coming from families with low family incomes, still face relatively high barriers to mobility.
- Income outcomes for daughters in households with mothers who have high cognitive abilities, but low self-esteem, exhibit the highest intergenerational persistence.

- For daughters who have mothers with high levels of education (i.e., above 12 years of schooling), but who themselves have lower levels of cognitive abilities, increased levels of self-esteem are actually associated with lower earnings.
- For daughters with high-achieving mothers, and who possess high cognitive abilities, greater openness to new experiences and conscientiousness leads to lower earnings.
- Impact of segregation (both racial and economic) on upward mobility is actually larger for less economically segregated CZs.
- The degree of social capital appears to be more important in determining the upward mobility prospects of residents of highly economically segregated CZs.
- The quality of K–12 education is now highly significant in explaining upward mobility for residents of highly economically segregated CZs.

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