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# Interpreting mobility statistics

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# Why do we care about mobility statistics?

- Statistics are useful in part because they allow us to form qualitative judgments about social and economic phenomenon.
- In this context, a key question is whether the U.S. is still characterized by upward economic mobility.
- The nature of relative mobility statistics makes that question a challenging one to answer, even in the absence of methodological or statistical disagreement (which, of course, exists).

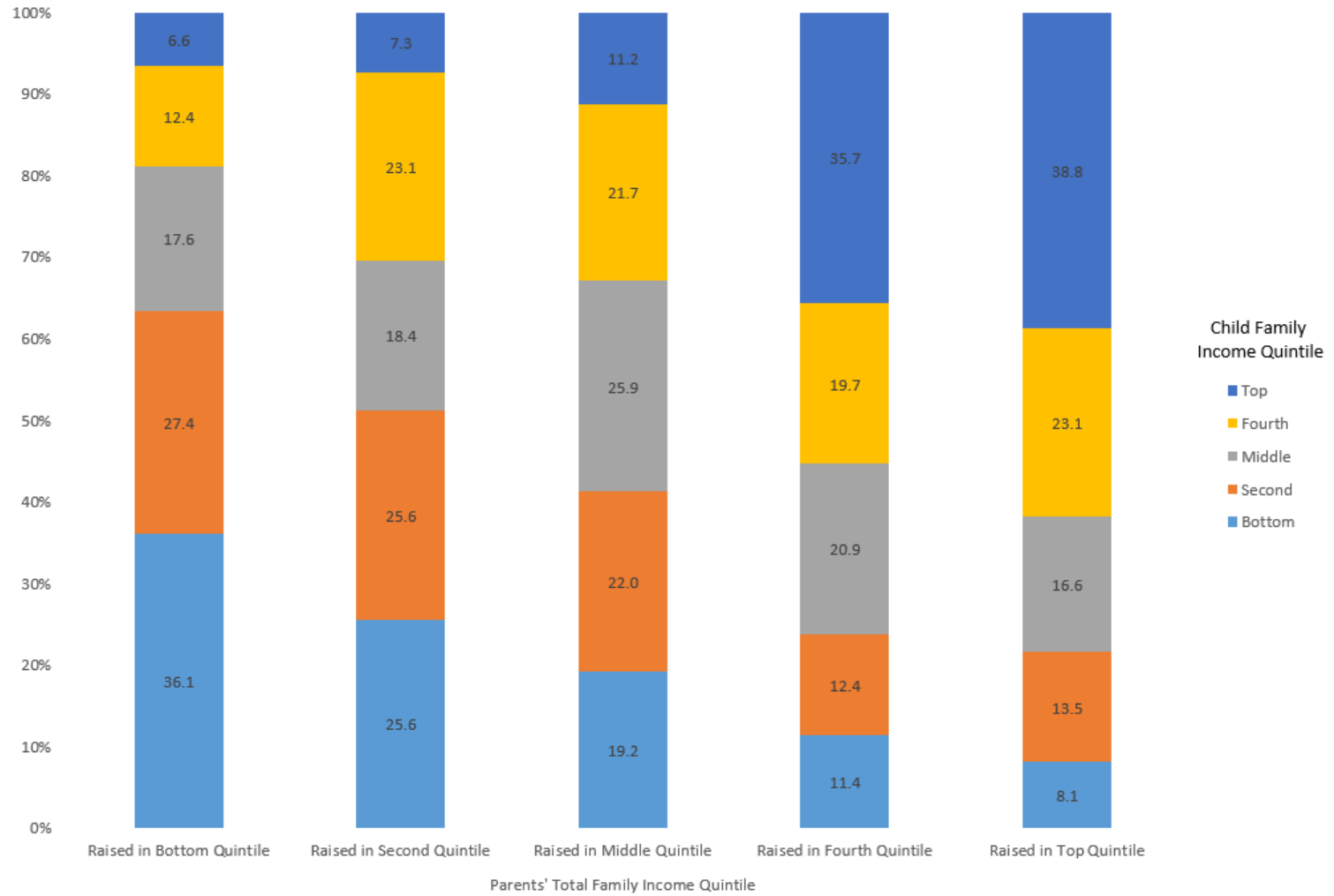
# Two simple questions

1. Is intergenerational income rank “sticky”?
2. Are intergenerational “rags to riches” transitions common?

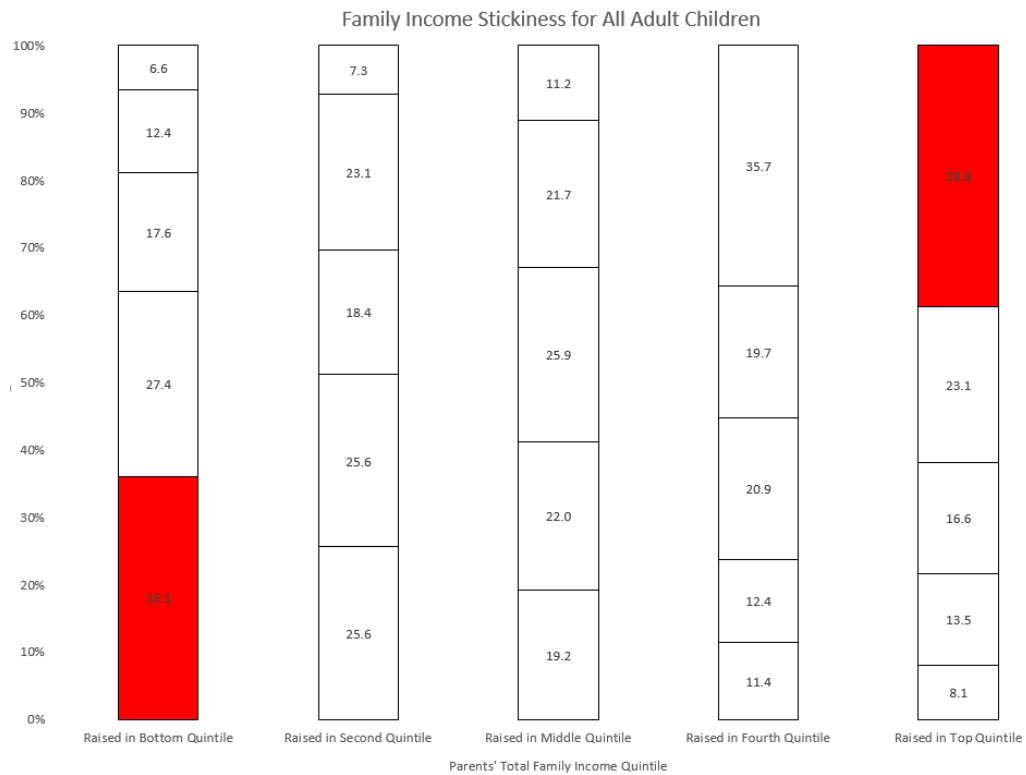
# Calculate a transition matrix

- Data from the 1968–2017 waves of the PSID (using the SRC and SEO samples).
- Keep individuals who were between the ages of 40 and 49 in 2013, 2015, and 2017. I use this tight age range to control for life cycle effects.
- Adjust income for inflation using the PCE, and for household size by dividing by the square root of household size.
- Use the longitudinal weights for the analysis.
- To compute a measure of permanent income, I take the average of annual income across the years when they are in their 40s.

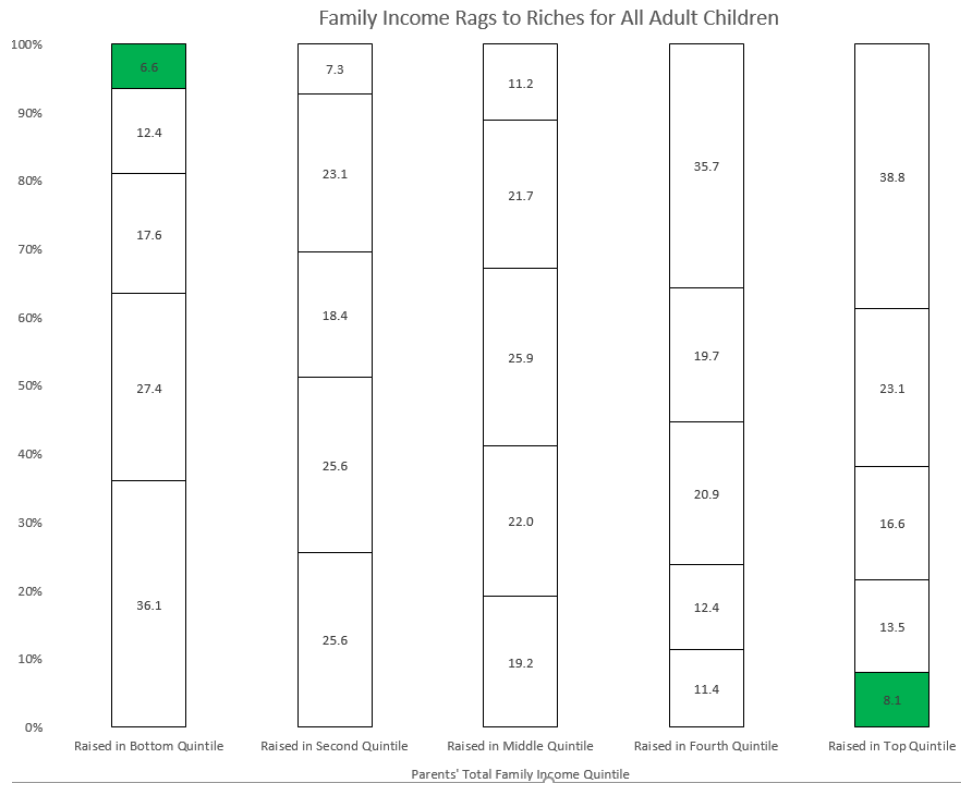
### Chances of Moving up or Down the Total Family Income Ladder



# Is income rank “sticky?”



# Rags to riches?





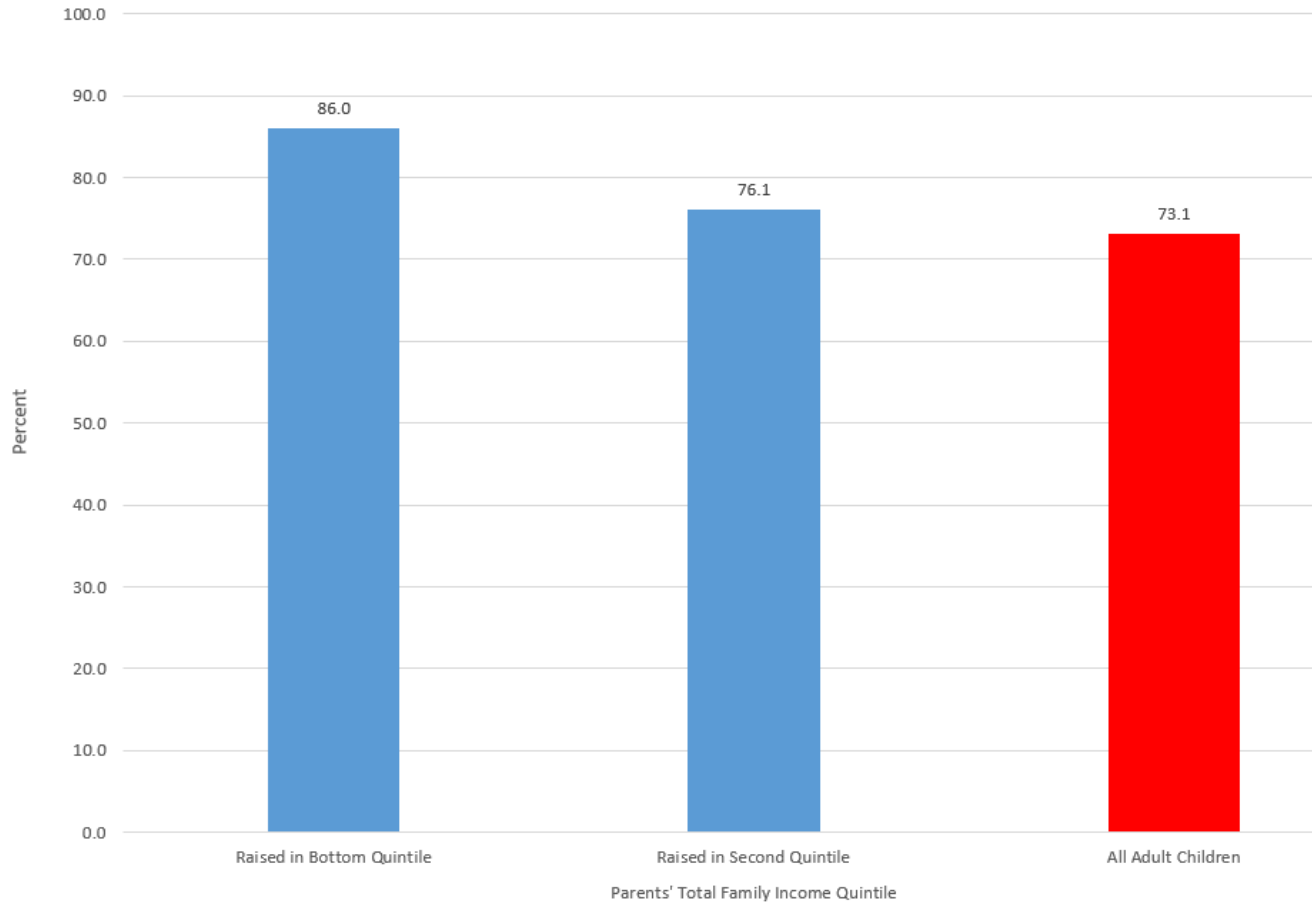
# Broader challenge with relative mobility

- What is the “right amount” of relative mobility?

# Absolute mobility

- It is easier to form qualitative judgments using absolute mobility statistics. But it is still difficult to arrive at firm conclusions.
- Question: Is the U.S. characterized by upward absolute mobility?

## Share of Adult Children with Higher Total Family Incomes than their Parents



### Share of Adult Males with Higher Labor Income than their Fathers

