

IS THE UNITED STATES STILL A LAND OF OPPORTUNITY? RECENT TRENDS IN INTERGENERATIONAL MOBILITY

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There is a growing public perception that intergenerational income mobility – a child’s chance of moving up in the income distribution relative to her parents – is declining in the United States. We present new evidence on trends in intergenerational mobility in the U.S. using de-identified administrative earnings records. These data have less measurement error and much larger sample sizes than previous survey-based studies and thus yield more precise estimates of intergenerational mobility over time.

Contrary to the popular perception, we find that percentile rank-based measures of intergenerational mobility have remained extremely stable for the 1971-1993 birth cohorts. For example, the probability that a child reaches the top fifth of the income distribution given parents in the bottom fifth of the income distribution is 8.4% for children born in 1971, compared with 9.0% for those born in 1986. Children born to the highest-income families in 1984 were 74.5 percentage points more likely to attend college than those from the lowest-income families. The corresponding gap for children born in 1993 is 69.2 percentage points, suggesting that if anything mobility may have increased slightly in recent cohorts.

Although rank-based measures of mobility remained stable, income inequality increased substantially over the period we study. Hence, the consequences of the “birth lottery” – the parents to whom a child is born – are larger today than in the past. A useful visual analogy (shown in the figure below) is to envision the income distribution as a ladder, with each percentile representing a different rung. The rungs of the ladder have grown further apart (inequality has increased), but children’s chances of climbing from lower to higher rungs have not changed (rank-based mobility has remained stable).

This result may be surprising in light of the well known cross-country relationship between inequality and mobility, termed the “Great Gatsby Curve” by Krueger (2012). However, much of the increase in inequality has come from the extreme upper tail (e.g., the top 1%) in recent decades, and top 1% income shares are not strongly associated with mobility across countries or across metro areas within the U.S. ([Chetty et al. 2014](#)).

Putting together our results with evidence from Hertz (2007) and Lee and Solon (2009) that intergenerational mobility did not change significantly between the 1950 and 1970 birth cohorts, we conclude that rank-based measures of social mobility have remained stable over the second half of the twentieth century in the United States. However, intergenerational mobility is significantly lower in the U.S. than in most other developed countries, especially in [some parts of the country](#) such as the Southeast and cities in the Rust Belt. Understanding why some areas of the U.S. persistently generate low rates of upward mobility and identifying policies that can improve upward mobility in these areas is an important challenge for future work.

