

A National Protocol for Measuring Intergenerational Mobility?

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Intergenerational mobility: Current State of affairs

- **Topic: Intergenerational mobility**
- **No official, standardized measurement of intergenerational mobility even though, as a country, we profess to care a lot about mobility**
- **Much academic research in sociology (esp. occupational mobility) and economics (esp. income mobility)**

What impedes development of standardized protocol? The executive summary

- **Diagnosis: Why no standardized measurement?**
 - *Not* incessant debate between competing economic and sociology traditions (i.e., *not* small-p politics)
 - Fields are balkanized (“ships passing in the night”)
 - Cross-fertilization, such as it is, is classically asymmetric (i.e., sociology cites up)
 - *Not* too much within-tradition debate either (but some)
 - *Not* big-P politics: Social mobility not on the big-P map (except at election time)
- **So what is it?**
 - Paucity of interest: Most scholars focused more on academic issues than possible national interest in official measure
 - Balkanization of fields: Too little debate rather than too much
 - Sparse data problem: Sparse data → Cacophony of clever models to overcome sparseness

Can a small-p account be salvaged? Only in within-tradition setting

- **Economics tradition**
 - Starts with consensual concept (i.e., economic standing)
 - Debate over how best to operationalize it
- **Sociology tradition**
 - Starts with operationalization (i.e., occupations)
 - Debate over underlying concept behind operationalization: What's it measuring?

The economics tradition: Not much small-p contention

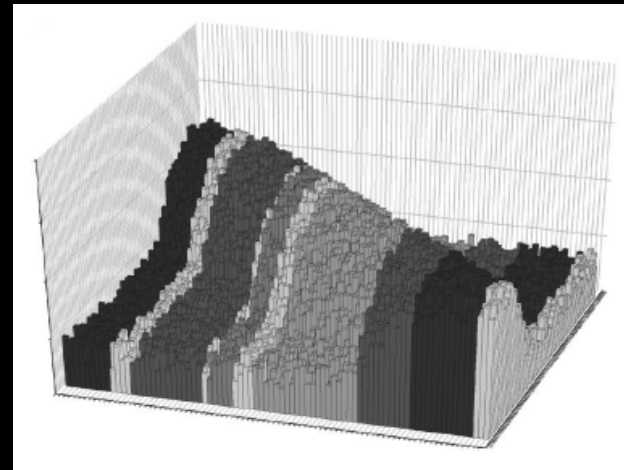
- **Consensual features of field**
 - Objective: Measure economic mobility
 - Preferred method: Calculate intergenerational elasticity of income (IGE)
- **Problems are wholly methodological**
 - Sampling error: Not enough cases in PSID or NLS to reliably glean trends
 - Trends are vexingly “difficult to estimate” because of small PSID sample (Björklund, Jäntti, & Solon 2007)
 - Available estimates are “highly imprecise” because data are so sparse (Lee & Solon 2009)
 - Inspires clever parameterizations with creative data borrowing
 - Measurement error: Not enough repeated observations of income
 - IGE increases with ever better approximations of permanent income
 - Early estimates at 0.2 (Sewell & Hauser 1975; Tsai 1983; Behrman & Taubman 1986)
 - Subsequent estimates at 0.4 (Björklund & Jantti 1997; Solon 1999).
 - Latest estimates at 0.6 – 0.7 (Mazumder 2005)
- **Two cottage industries**
 - Tabular analyses of income mobility (based usually on quintiles)
 - Wealth mobility (again not enough data!)

The sociology tradition: *Some* small-p contention

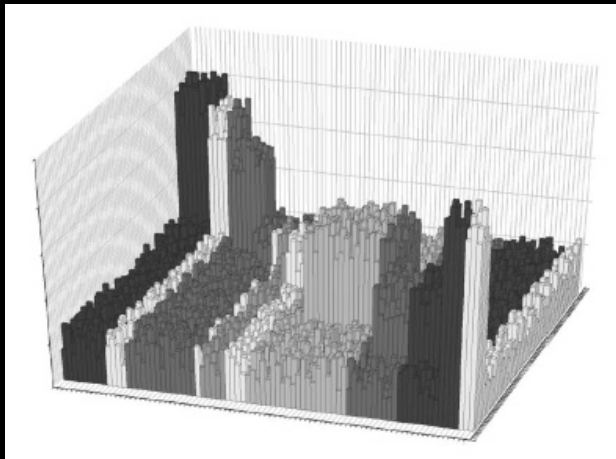
- **Sociological approach: Start with the operationalization (i.e., occupations)**
- **Why occupation? An omnibus extra-economic measure of social position**
 - Skills and credentials (and hence life chances)
 - Socioeconomic status and prestige
 - Consumption practices and leisure activities
 - Social and cultural milieu within which one lives
- **Potentially useful division of labor**
 - Economics: Economic mobility
 - Sociology: Social mobility
- **Alternative approach: Narrow interpretation**
 - Occupational income as measure of permanent income: Annual variability is just noise around occupation mean
 - Form of employment (e.g., salaried, wage worker)

The main small-p debate within sociology: How is reproduction secured?

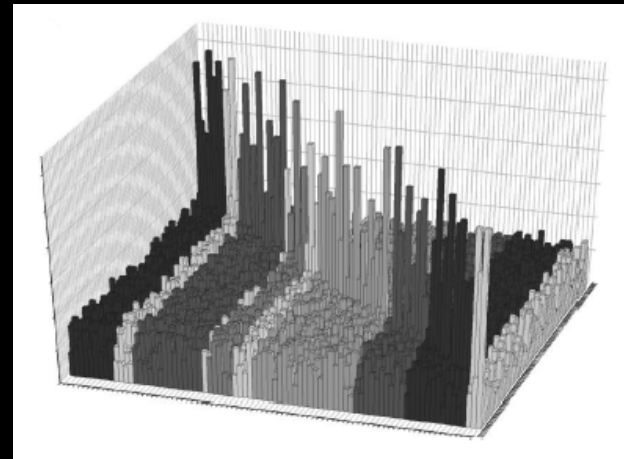
- Three types of reproduction
- Each with it's own sub-tradition of analysis
- Some small-p contention here
- Bivariate O x D mobility table
- Detailed occupations
- Third dimension: Densities of mobility and immobility



Gradational

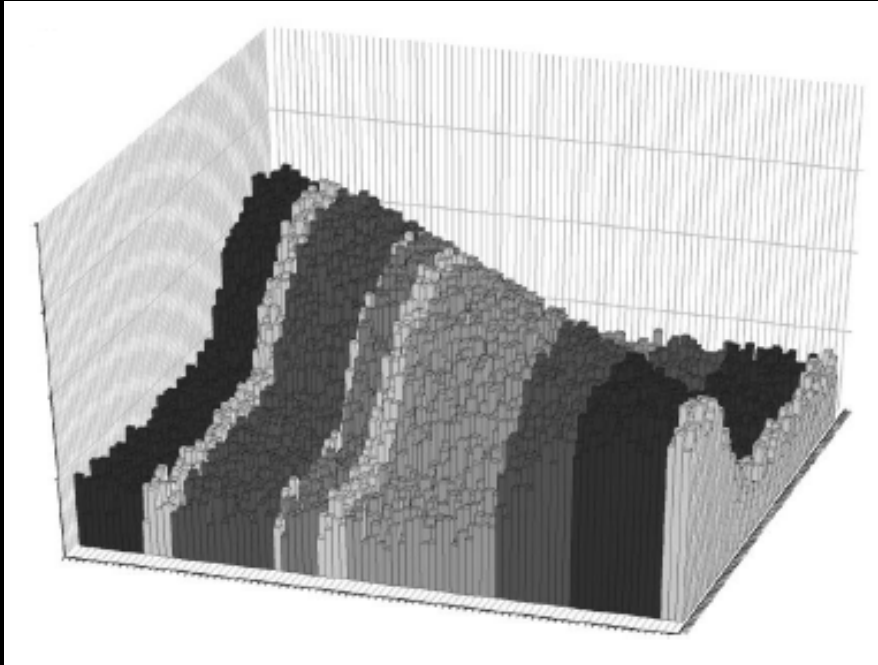


Big class



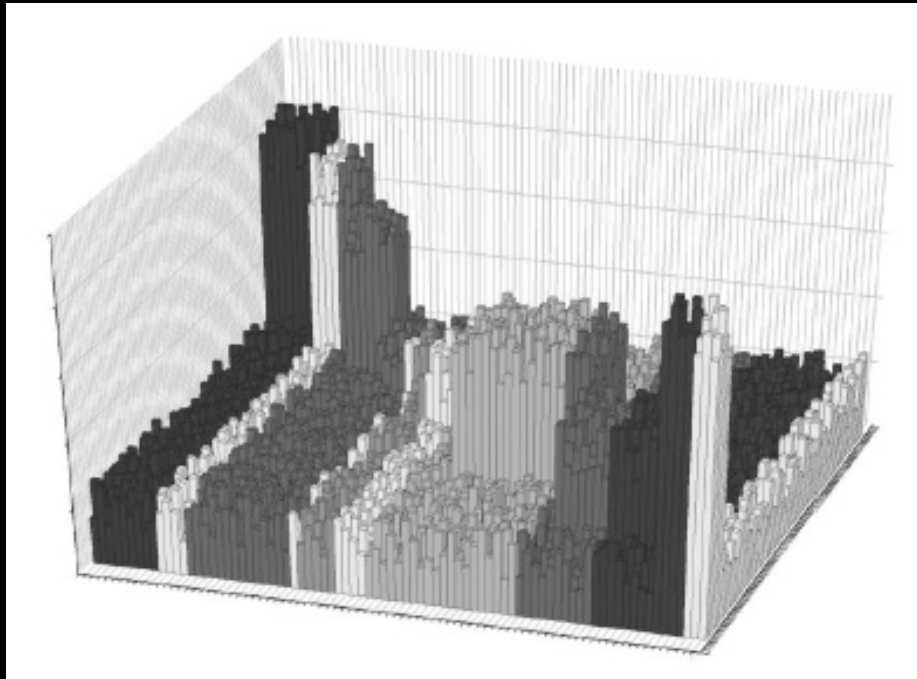
Micro class

Gradational form



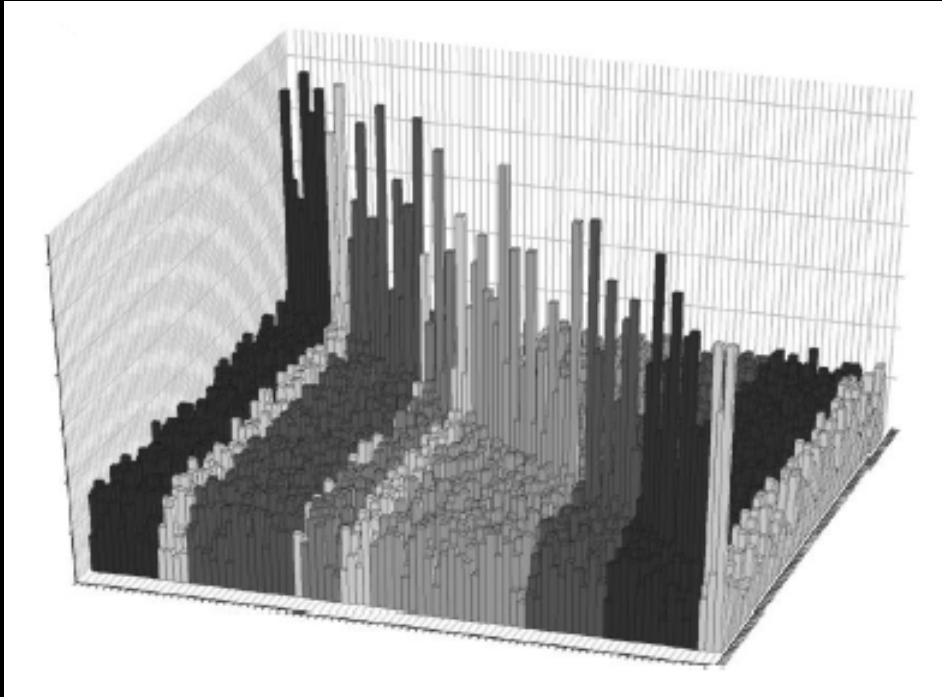
- **Parents pass on a hierarchical position (i.e., *amount* of resources matters)**
 - Children of parents with many resources (social, cultural, economic) end up in good occupations
 - Children of parents with few resources end up in bad occupations
- **Falloff in observations as distance between origin and destination increases**

Big-class form



- **Children inherit big class of origin (e.g., children of professionals become professionals)**
 - Cultural reproduction: Big-class cultures transferred
 - Social reproduction: Big-class networks transferred
 - Skill reproduction: Big-class skills transferred
- **Two big classes of same overall desirability (e.g., proprietors, routine nonmanuals) don't convey identical mobility chances**

Micro-class form



- **Occupations, not big-classes, are inherited**
- **Lower-level lumpiness**

How much dissensus?

- **Not much!**
- **Distinct mechanisms of reproduction**
 - Education is mechanism behind big-class reproduction
 - Family is mechanism behind micro-class reproduction
- **Comprehensive model is viable**

$$m_{ij} = \alpha \beta_i \gamma_j \varphi^{\mu_i \nu_j} \delta_{ij}^S \delta_{ij}^B \delta_{ij}^I \delta_{ij}^M$$

where i indexes origins, j indexes destinations, α refers to the main effect, β_i and γ_j refer to row and column marginal effects, φ refers to the socio-economic effect, and δ^S , δ^B , δ^I , and δ^M refer to sectoral, macro-class, meso-class, and micro-class immobility effects respectively

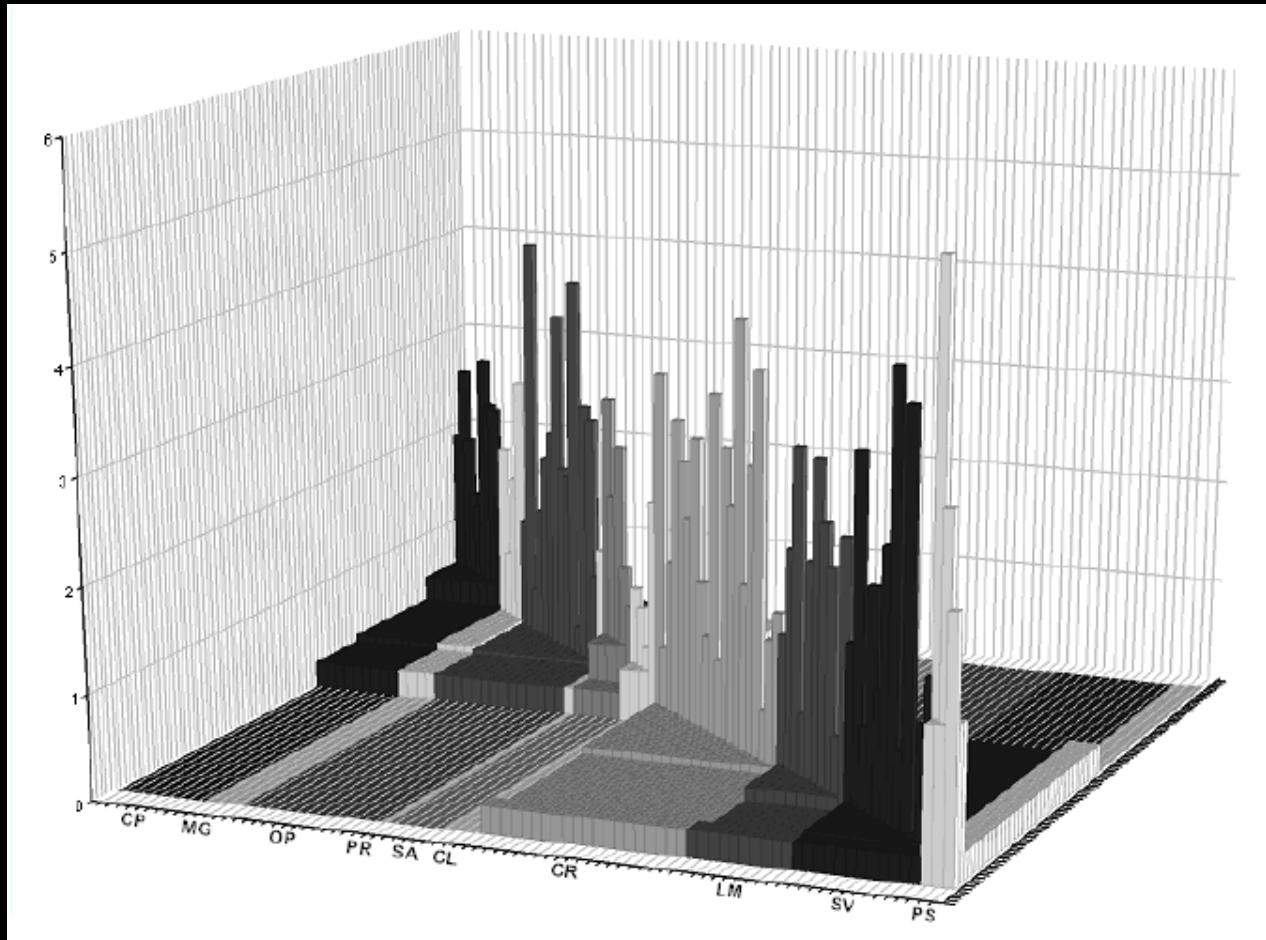
Going forward: Developing a national protocol for measuring intergenerational mobility

- **Two main structural problems need to be addressed**
 - Balkanization of economics and sociology traditions
 - Sparse data
- **Ignore narrow-gauge methodological problems for now**
 - Selecting from competing big-class schemes (e.g., ISCO, EU standard, indigenous scheme)
 - Incorporating measurements (of occupation and income) for both parents
 - Choosing from competing statistical models for tabular arrays
 - Conditioning on period or cohort assessments of trend
 - Measuring mobility in relative or absolute terms (i.e., the “quintile question”)
 - Incorporating intervening variables (e.g., education)
 - Correcting for measurement error (in occupation and income)
 - Representing complicated family structures (e.g., single parents, divorced parents, cohabiting parents, merged families)
- **Cart before the horse: Solution to narrow-gauge problems depends on how we address balkanization and sparse data**

Problem #1: Balkanization

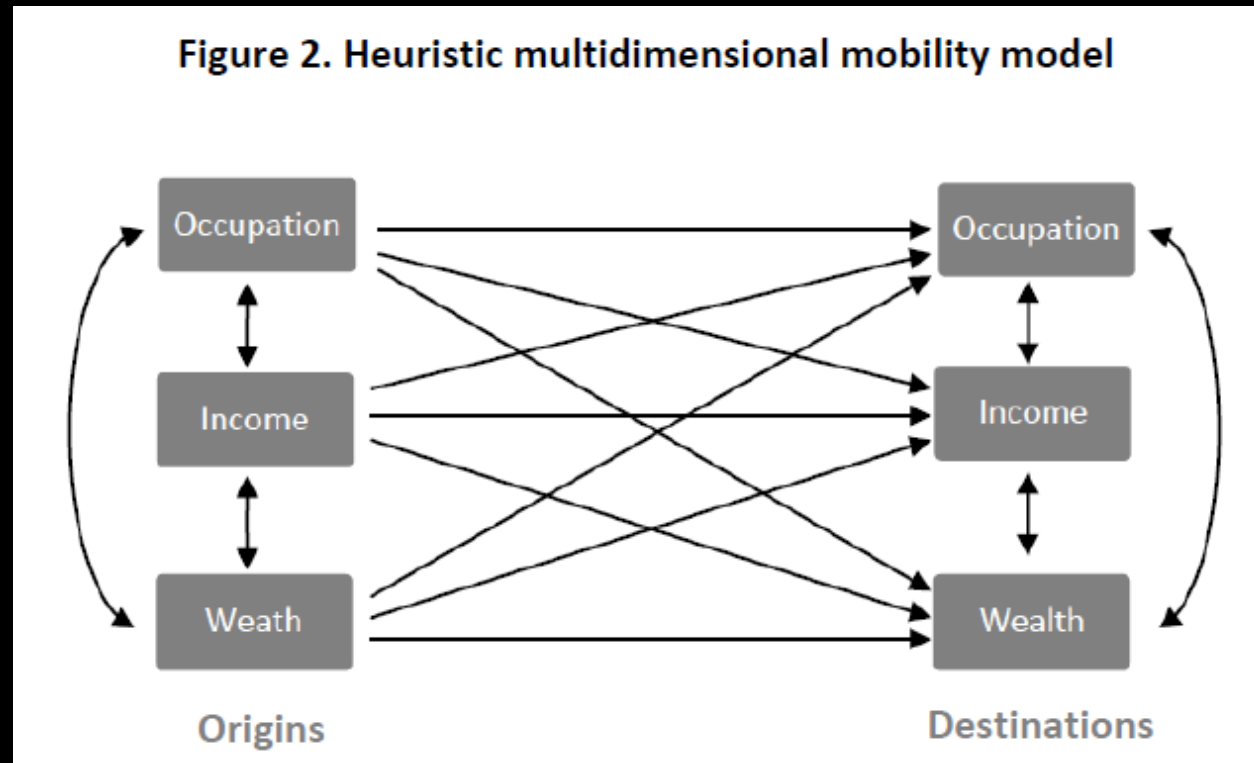
- **Bald-faced question: Do we need *both* the sociology and economic traditions?**
 - Disciplinary loyalty: Out the window
 - Currying favor with both “sides of the aisle:” Out the window
 - Must make case on pure scholarly and policy grounds
- **Money matters: The case for monitoring economic mobility is obvious**
- **Twofold case for monitoring occupational mobility**
 - The “division of labor” case: Occupations are omnibus measure of social position (as distinct from economic position)
 - We care about how much money people have
 - We care about the social and cultural milieu in which people live, work, play
 - The “class formation” case
 - Economic classes (e.g., quintiles) are statistical constructions
 - Social classes are real (i.e., institutionalized) and mobility measurements reveal how well-formed they are

The case against the “side by side” status quo: Teasing out conflated trends



- Much micro-class reproduction
- Most big-class effects are small or insignificant
- Big-class reproduction is just micro-class reproduction in disguise

Other examples of possible conflation



- **Changing left-hand associations: Rising income inequality induces artifactual rigidification in occupational mobility**
- **Conflated mobility trends: Declining occupational immobility induces artifactual trend in income immobility**

Problem #2: Sparse data

- **PSID, NLS, GSS are inadequate to the task**
 - Measurement error: Permanent income hard to assess
 - Sampling variability: Trends cannot be teased out
 - Conflated trends: Cannot tease out net trends in occupational, income, wealth mobility
- **Possible solutions**
 - New or better surveys
 - Link surveys to administrative records (e.g., SER)
 - Building exclusively and directly on IRS and Social Security data
 - Extremely large data set
 - Cross-group comparisons (gender, marital status, region) become possible
 - Long-term income histories available (thus pushing closer to permanent income)
 - Detailed occupations (poorly ascertained) are available and linkable to those of dependent children
 - Family structure can be gleaned
 - Wealth can be imputed

Conclusions

- **Should we have a standardized measurement?**
 - Scientific effects of a national mobility measurement system
 - Scientific harm: Saddles field with partly problematic standard and suppresses innovation
 - Scientific benefit: Inspires critical body of measurement research (but what's the opportunity cost of triggering such research?)
 - Policy advantage (if one wants policy to take mobility into account)
 - Redress major disconnect between U.S. commitment to mobility and unwillingness to monitor it rigorously
 - Social science's "observer effect:" Measuring it changes it
- **How to standardize?**
 - Shoot high: High time to effect long-term solution
 - Nordic registers didn't just happen (a long struggle)