

# INTERGENERATIONAL MOBILITY

The Stanford Center on Poverty and Inequality

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In contrast to the “land of opportunity” narrative, the United States does not rank as a high-mobility country when compared with its advanced-industrial peers.<sup>1</sup> Moreover, we know that the United States has wide racial and ethnic differences in socioeconomic well-being, with whites enjoying higher levels of education, earnings, and wealth than blacks and Hispanics.

Will such racial and ethnic gaps persist? If black and Hispanic Americans have greater upward mobility than white Americans do, then racial gaps in well-being might close in the future. But, if blacks and Hispanics are more likely to move downward, these gaps in racial and ethnic well-being are likely to amplify.

An informative way to examine racial differences in intergenerational mobility is to measure (a) the probability that individuals move up from a condition of childhood disadvantage by the time they reach adulthood, and (b) the probability that individuals experience the opposite transition—moving down from comfortable social origins—by the time they reach adulthood.<sup>2</sup> In this article, I examine trends in upward and downward mobility for black and white Americans since the mid-20th century.<sup>3</sup>

The chances for upward and downward mobility have historically been vastly different for blacks and whites. We begin by looking at the mobility profiles of people born around 1960, for whom intergenerational mobility depended heavily on race. Figure 1 considers two measures of upward mobility.<sup>4</sup> The two bars on the left side of the figure show the probability of moving out of the poorest one-fifth of households (ranked by income in the parents’ generation) by the time a person reached roughly age 40; the two bars on the right side of the figure show the probability of moving out of the poorest one-half of households.

## KEY FINDINGS

- The persistence of affluence is stronger for whites, while the persistence of poverty is stronger for blacks.
- However, beginning with generations that came of age in the mid-1960s, the white-black gap in the chance of escaping poverty has closed significantly.

Both measures of upward mobility tell a similar story: Blacks had a much lower probability of moving up than whites of similar social origins. Blacks who grew up in the bottom fifth of the household income distribution (i.e., in poverty or close to the poverty line) had about a 50 percent chance of getting out of the bottom fifth during adulthood. In contrast, for whites the chance was about 75 percent. The white-black gap is of similar magnitude (i.e., about 25 percentage points) when mobility is instead measured as the probability of moving up from the bottom half.

Figure 2, which presents results on downward mobility, again shows significant racial disparity. Blacks who grew up in more affluent households in the 1960s and 1970s had a greater chance of moving downward compared with whites of similar origins. For example, blacks growing up in the top half of the income distribution had about a 60 percent chance of moving to the bottom half as adults; the probability for similar whites was less than 40 percent.

In sum, intergenerational mobility in the United States is racially asymmetrical: The persistence of affluence has been stronger for whites, while the persistence of poverty has been stronger for blacks. This means that, compared with similar whites, black Americans have had much

FIGURE 1. Upward Mobility for Blacks and Whites Born in the United States Circa 1960

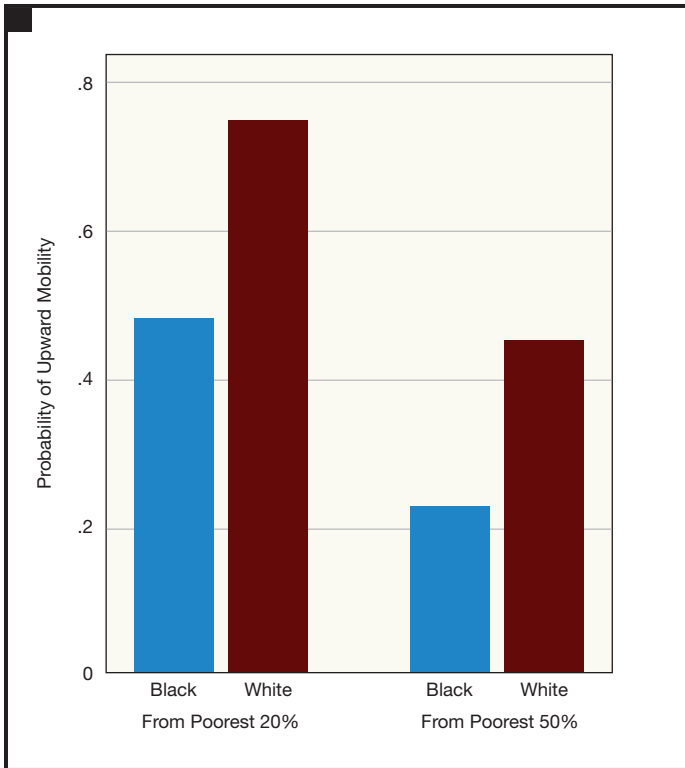
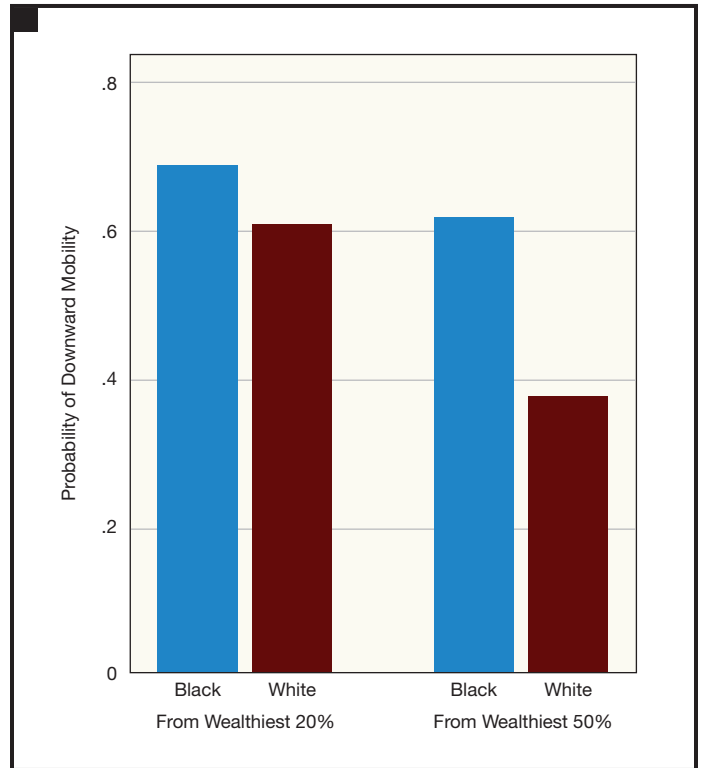
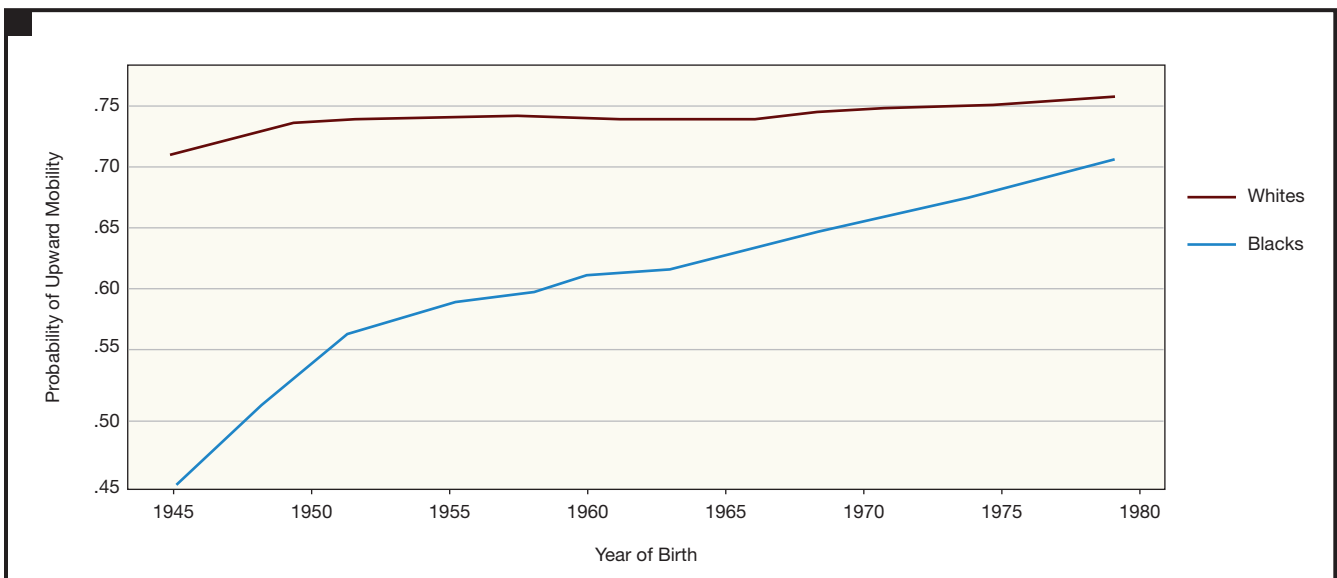


FIGURE 2. Downward Mobility for Blacks and Whites Born in the United States Circa 1960



Note: Data are from the National Longitudinal Survey of Youth 1979 and include men and women born between 1957 and 1964. Their parents' income is measured in 1978–1980 when the respondents were adolescents. Total family income during adulthood is measured in 1997, 1999, 2001, 2003, and 2005, when the respondents were ages 33 to 48. Source: Mazumder, 2014.

FIGURE 3. Upward Mobility for Blacks and Whites Born in 1945–1979 to Parents at the 20th Percentile of the Income Distribution



Note: Analysis based on the Panel Study of Income Dynamics. Source: Reproduced from Figure 3A in Johnson, 2016.

more difficulty both in overcoming disadvantaged origins and in retaining economic advantage achieved by their parents.

### Trends in Black and White Mobility

The foregoing comparisons depict sharply different structures of opportunity for black and white Americans. However, much has changed since the mid-20th century, when social scientists originally diagnosed this mobility disparity as a “vicious cycle” of intergenerational persistence of poverty among black Americans.<sup>5</sup> Important transformations such as the Civil Rights Movement, the end of legally enforced racial segregation, and anti-discrimination legislation reduced some of the barriers that black Americans historically faced in securing education and other forms of human capital.

Figure 3 suggests that such changes have indeed reduced the racial mobility gap over time. The probability of moving upward for children growing up at the 20th percentile of household income has remained relatively constant for whites, at about 75 percent. However, there has been much improvement for blacks, with the probability of upward mobility increasing from less than 50 percent for cohorts born in the mid-1940s to about 70 percent among those born in the late 1970s.

What accounts for this remarkable racial convergence in upward mobility from disadvantaged origins? The convergence rules out any essential differences in ability or endowments between racial groups, because these dif-

ferences would likely persist over time, and suggests that institutions and policy play an important role in shaping opportunities for different racial groups.

An important study by Rucker Johnson examines the influence of Head Start, the largest targeted early-childhood intervention program in the United States; of school desegregation policies that integrated the educational experience of blacks and whites; and of school finance reform that equalized economic resources among schools serving poor and affluent children.<sup>6</sup> By exploiting variation in these programs across time and place, the study shows that they contributed to the upward mobility of black and low-income children. Several pathways likely account for their effects, including the equalization of economic resources, the racial integration of peer groups, and the change in expectations for minority children.

The substantial decline in the black-white mobility gap provides strong evidence that policies reducing racial exclusion and fostering opportunity for disadvantaged children are effective tools to reduce racial disparities and provide an avenue for further equalization of life chances across racial and ethnic groups in the United States. ■

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### NOTES

1. Corak, Miles. 2016. “Economic Mobility.” *Pathways Magazine Special Issue: State of the Union*. Stanford Center on Poverty and Inequality. Retrieved from <http://inequality.stanford.edu/sites/default/files/Pathways-SOTU-2016-Economic-Mobility-3.pdf>.

2. Note that these are not the most common measures of intergenerational mobility. Typically, mobility is measured with a single summary measure, such as the rank-rank income relationship. The rank-rank measure is constructed by (a) ranking parents’ income when children were growing up and current adult children’s income, and (b) estimating the slope of the line linking these ranked measures. Larger values of the rank-rank relationship indicate a tighter link between the

income of parents and adult children—that is, less mobility. However, the single summary measure is not a good approach when comparing social groups that have vastly different levels of economic well-being, such as blacks and whites in the United States.

3. Research on race and mobility to date focuses on blacks and whites. While this focus is understandable given that Hispanic samples available in surveys were small until the most recent decades, it is increasingly less suitable in a country in which Hispanics now make up 18 percent of the population and 23 percent of births. New administrative data sources will expand researchers’ ability to examine trends in mobility for Hispanics and even smaller racial and ethnic groups.

4. Mazumder, Bhashkar. 2014. “Black-White Differences in Intergenerational Economic Mobility in the United States.” *Economic Perspectives* 38(1), 1–18.

5. Blau, Peter M., and Otis Dudley Duncan. 1967. *The American Occupational Structure*. New York: John Wiley and Sons, 203–204.

6. Johnson, Rucker. 2016. “Can Schools Level the Intergenerational Playing Field? Lessons from Equal Educational Opportunity Policies.” *Economic Mobility: Research and Ideas on Strengthening Families, Communities and the Economy*. St. Louis: Federal Reserve Bank of St. Louis, 289–323.