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To: Representative Susan Almy, Chairperson, Ways and Means Committee, New Hampshire
House of Representatives
From: Joanna Helou, Research Assistant
Re: Income mobility
Date: February 20, 2007

You asked about the income mobility in the United States, its changes over time, and how it compares to other countries. Here are our findings:

- Mobility in the United States has remained more or less constant through the 1970s and the 1980s and is estimated to have decreased slightly in the 1990s. In the 1990s, about 40 percent of families ended the decade in the same quintile where they began, compared with 36 and 37 percent in the 1970s and 1980s, respectively.
- Studies also show less income mobility at the bottom and top quintiles. They find that about 53 percent of all families in the poorest quintile at the beginning of the 1990s were still there 10 years later. A study by Bhaskar Mazumdar shows that, in many studies, intergenerational mobility in the U.S is in fact overestimated by as much as 30 percent.
- A study by Aaberge, *et al.* considers income mobility in the United States and three Scandinavian countries (Denmark, Norway, Sweden). It shows that the mobility of earnings is lower in the United States than in the Scandinavian countries. The study also shows that changes in the labor force (such as unemployment) and marital status are associated with substantially larger changes in relative income in the U.S than in the Scandinavian countries.
- In the few studies comparing income mobility across countries, surprising results show that mobility is higher in the Scandinavian countries, at intermediate levels in Germany, and at its lowest in the United Kingdom and the United States.

A few caveats:

- Despite being a topic of great importance, income mobility has not been as extensively researched as income inequality, and the few studies done in the 1980s have been deemed insufficient.
- When examining income mobility, several factors come into play. Logically, education and intergenerational mobility play an important role, as individuals with higher education and wealthier families often have a higher degree of mobility. But in comparing mobility in different countries, some studies have attributed positive effects to other factors such as immigration, democracy, and gross national product.

Sources

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