

Chapter 1

Introduction

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THE ABUNDANT evidence in the economic, demographic, and sociological literature of the association between parents' and children's social positions makes it very clear that children's chances for a good life are highly dependent on their social origins or socioeconomic status (SES). More-educated, richer, two-earner couples at higher levels of social and economic status have children later in life and do so in more stable marriages. As a result, they have fewer children and can therefore invest heavily in their children's upbringing. In contrast, younger parents with less education, lower incomes, and larger numbers of children, as well as lone parents and those in unstable relationships, are more limited in the extent to which they can guarantee good lives for their children. For instance, at the turn of the twenty-first century, and assuming that income was shared equally within a household, U.S. parents in the highest income quintile had the resources to spend \$50,000 per year on a child, while those in the bottom income group could afford to spend only \$9,000 per year for food, housing, and all goods and services. The differences were smaller for every other rich Organization for Economic Co-operation and Development (OECD) nation studied (Moynihan, Smeeding, and Rainwater 2004).

Family economic condition is not the only influence on the distribution of life chances. The public sector in rich countries is concerned with promoting an equal start, and equal opportunities to succeed, for all children, rich and poor alike. Policies to provide education, health care, and income support are in place in all rich nations and may contribute to reaching these goals. But some societies are more likely than others to equalize opportunities. In many rich nations, growing inequalities of income and wealth are widely expected to reduce opportunities for the less well-to-do, while increasing them for the children of wealthier and higher-income parents. Indeed, evidence suggests that life chances are unequally distributed

in all rich nations, although the extent of these inequalities in life chances varies across countries. In this volume, we find that inequalities in economic status are quite persistent across generations, especially among children of low-income parents and, most especially, in the United States (Jantti et al. 2006).

Why This Volume and Why Now?

This volume examines several ways in which inequality, advantage, and disadvantage are transmitted across generations and points to policy responses that might be deployed to improve social and economic mobility in an era of rising inequality. The chapters have been carefully chosen to shed light on the degree to which the social and economic mobility of children differs between countries and how those differences relate to public-sector provision and private family life. Although we cannot offer a full accounting of differences across all nations, we can assess many cross-national differences and the most likely drivers of those differences.

The volume takes a step toward answering these questions:

- What are the main transmission channels for mobility and immobility (stasis) across generations?
- How much of a role do inheritances play, and when do they play a role? Which inheritances—human (environment, behavior habits, genetic factors) or nonhuman (bequests, gifts)—are most important in promoting or retarding mobility? Or do both sets matter?
- What can social policy, especially education policy, do to affect changes in levels of social and economic mobility?

Comparable cross-national perspectives are more advantageous than those that concentrate on only one country because comparative studies can sometimes be interpreted as “natural experiments.” That is, we observe levels of mobility in rich societies with very different levels of underlying inequality and with different policy stances toward subsidization of mobility-enhancing policies, taxation, and redistribution policy. It is likely that some of these differences in policies are not primarily driven by objectives related to mobility, and so quasi-experimental conditions are present.

The goal of this volume is to set a benchmark for the current understanding of how various aspects of mobility and inequality appear across countries with different levels of inequality and to add to our understanding of why mobility differs between countries, given different social structures and levels of inequality and poverty. Our conceptual framework for making cross-national comparisons is loosely based on a life-course approach. Parental heredity, early childhood upbringing, and the preschool and education systems affect the future earnings capacity of

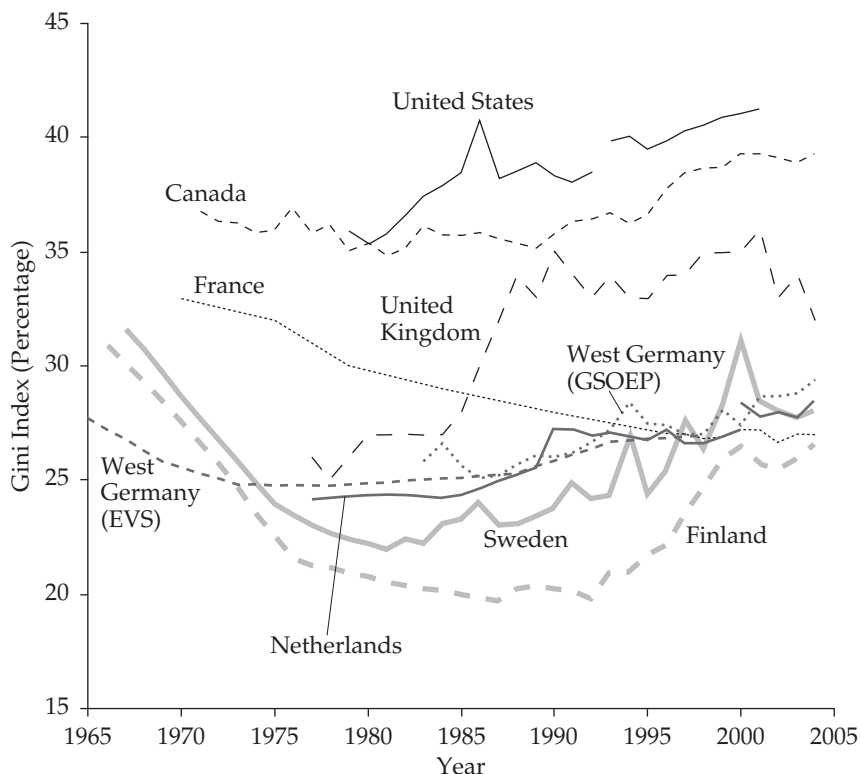
children, as well as adult earnings outcomes. Along the way, parental money transfers for meeting selective strategic needs of children (such as tuition and housing) and the social welfare state structure of each nation also help shape outcomes by the time children reach adulthood.

Each chapter discusses two or more countries and is thus explicitly cross-national in origin and focus. Each also focuses on some aspect of intergenerational mobility (IGM)—income, education, wealth, occupation, and so on. Some chapters are based on internationally comparable data sets; others summarize a broad set of technical papers on a specific aspect of IGM. The chapters are written by both sociologists and economists, and some reflect on both disciplinary approaches to intergenerational mobility. While these authors do not offer definitive answers to the questions posed earlier, we believe that they do help us decide which avenues of deeper exploration are most promising in unraveling the puzzles before us, especially those related to the effect of public policy on mobility.

We begin this introductory essay with a look at overall levels and trends in inequality and discuss the current evidence on mobility. We then provide an overview of the questions we pose and the answers given in the chapters that follow, highlighting the ways in which various factors affect children's chances for success over the life course. We should emphasize that the chapters are descriptive. In their attempts to illuminate the pathways through which advantage and disadvantage are transmitted over the life course, these analyses are not causal. In particular, they do not attempt to pin down the exact mechanisms by which some children succeed better than others. But they do trace the dimensions along which mobility differs within and across nations. We end with ideas for future research.

Trends in Inequality

The United States is the most economically unequal rich nation on Earth and has been so for at least the last forty years. Other Anglo-Saxon nations come in second, with Canada and the United Kingdom being somewhat below the United States in terms of overall inequality (figure 1.1). Nordic nations, such as Finland and Sweden, have had the least inequality but seem lately to approach other European nations that are in a middle position, such as Germany and the Netherlands. Only France has shown a trend toward declining inequality over the past few decades. While there has been some convergence of inequality across nations in recent years, the patterns shown here reflect those in the most harmonized cross-national data from the Luxembourg Income Study (LIS)¹ and earlier reviews (Brandolini and Smeeding 2009; Gottschalk and Smeeding 1997 [2001]; Jencks et al. 2010). The inequality of top incomes, taken from income tax records spanning the last century, also shows more or less the

Figure 1.1 Gini Index (Percentage) of Disposable Income

Source: Brandolini and Smeeding (2009), reproduced with permission.

Note: The Gini index varies from 0, complete equality, to 1, complete inequality. EVS = Survey of Income and Expenditure; GSOEP = German Socio-Economic Panel

same overall rankings (Atkinson, Piketty, and Saez 2010). Hence, the pattern of inequality orderings across nations is relatively fixed, but the trend is generally upward—since the early 1980s in some nations and in the later 1990s and 2000s in almost all others.

High income inequality may be easier to tolerate, and perhaps even be justified, if it is accompanied by a great deal of mobility across and within generations. But recent research in economics suggests that higher inequality may be related to less, not more, mobility (see, for example, Solon 2004). A worrisome consequence of rising economic inequality, then, is the possibility that its long-run effect is to reduce intergenerational mobility (Sawhill 2010). Families clearly have a strong interest in investing in the future social and economic well-being of their children. Although some of these investments may not require financial resources—such as reading to one's children when they are young—many obviously do, including payments for

quality child care, purchases of books and computers, living in higher-priced neighborhoods with access to good public schools, assistance with college costs, and financial support for young adults to help them get started in their independent economic lives once their education is completed. As the length of the period to adulthood has grown in all rich nations, the positive effects of financial ability to help offspring have grown as well (Furstenberg 2010).

As financial resources have become more unequally distributed in a number of countries over the last three decades, and as prices for certain key child investment goods—such as high-quality child care, private schooling, and tertiary education—have increased, the differences in the capacities of rich and poor families to invest in their children also have become more unequal. It follows that unless these inequities are offset by public policies designed to moderate them, the children of the rich will have a better chance of staying rich in the future, and the children of the poor will have less chance of escaping poverty or low socioeconomic status.

This view is relatively new. The traditional view from the 1970s and earlier was that the role of family background in economic status in the United States, and more broadly in rich countries, was minor. This view was in part based on work by Gary Becker and Nigel Tomes (1979, 1986), which suggested a correlation or elasticity in log resources (earnings or income) between fathers and sons of around .10. In the early 1990s, this assumption was called into question by the work of Gary Solon (1992), David Zimmerman (1992), and others. In the United Kingdom, Anthony Atkinson (1981) had much earlier provided evidence of a substantially higher correlation. According to these newer estimates, the intergenerational income elasticity in the United States was at least .40. This result has been confirmed most recently in comparative work by Markus Jäntti and his colleagues (2006), Miles Corak (2004), and by two recent and very thorough reviews and meta-analyses of the evidence extant (Björklund and Jäntti 2009; Blanden 2009). Similar results referred to social mobility: Peter Blau and Otis Dudley Duncan (1967) claimed that social mobility in the United States was greater than in the United Kingdom, while Robert Erikson and John Goldthorpe (1985) showed that social fluidity (intergenerational occupational mobility) was much the same in the two nations.²

Trends in Mobility

While the trend in inequality is clear, trends in intergenerational correlations of income and earnings are still in some dispute; some historical and recent studies claim that mobility in the United States has declined (see, for example, Ferrie 2005; Levine and Mazumder 2007). Other more recent studies claim that there has been no change in the pattern of intergenerational mobility since the 1970s (Lee and Solon 2009). Still, it is hard to make a case that opportunity in America has *increased* since 1979—an era of high

and rising inequality (Sawhill 2010). Indeed, if intergenerational mobility is being driven by cumulative forces of advantage and disadvantage over the life course, mobility outcomes may have become worse for the current generation of children because of increasingly higher inequality (DiPrete and Eirich 2006).

Among sociologists, the focus is on occupational mobility, and here Richard Breen and Ruud Luijkx (2005; see also Breen 2004) find that social fluidity has increased in France, Ireland, Sweden, Poland, Hungary, and the Netherlands, while they find no change in Germany and Britain. Breen and his colleagues (2009) likewise find decreasing associations between social origin and educational attainment in Sweden, the Netherlands, Britain, Germany, and France.

Although there is some evidence that parental investments in children have become more unequal over the past thirty years, analysis of the best multigenerational data available in the United States—from the Panel Study of Income Dynamics (PSID)—does not show a clear decline in intergenerational income mobility between children born in the 1950s and those born in the late 1970s, just before inequality began to rise (Lee and Solon 2009).³ Part of the problem may be data-driven and based on measurement error. The individuals in the cohort born during the period of rising inequality are only in their early thirties—still a bit too young to provide reliable estimates of lifetime income, especially when education and other forces have increased the amount of time it takes to reach adulthood. Another distinct possibility is that the gradual but steady thirty-year rise in inequality in the United States is still too recent (or too small) to have the predicted effects on mobility (figure 1.1). Thus, it is difficult at the present time to assess change in mobility trends within the United States.

The situation in other countries is almost the same. For instance, in the United Kingdom successive birth cohorts have allowed for comparisons of intergenerational mobility across time. And these comparisons are equivocal on the changes in mobility, with sociologists claiming stasis (Erikson and Goldthorpe 2010) while economists argue that mobility may have declined (Blanden and Machin 2008) or remained constant (Nicoletti and Ermisch 2007).

The Cross-National Approach to Intergenerational Mobility Research

Current research on levels and trends in intergenerational income mobility within nations is still in its infancy. It will take at least another decade or longer before we can assess comparable data within and across countries to determine the trend in mobility since the onset of rising inequality. But another way to understand mobility is through the prism of comparative cross-national studies, which are harmonized to the extent possible so that differences across nations (for instance, differences in

school performance) can be established with some degree of certainty, not only in adulthood but also earlier in life.

Cross-national research on the share of family background in adult economic status has established that in almost all developed economies there is substantial intergenerational persistence of income. As we have seen, many other countries have less inequality than the United States, but do they have more or less mobility as well? Using comparable national data sets, Markus Jäntti and his colleagues (2006) find that the United States has the least income mobility, followed closely by the United Kingdom. Mobility up from the bottom of the distribution is especially low in the United States, while persistence at the top of the distribution is equally as high in the United States and the United Kingdom. In contrast, Finland, Denmark, Sweden, and Norway show a high degree of mobility and relatively low persistence across the income distribution.

How is income inequality correlated with mobility between one generation and the next (IGM)? A clear but not entirely consistent relationship between the two does show up in cross-national comparisons. Comparisons of national studies by Jo Blanden (2009) and Anders Björklund and Markus Jäntti (2009) suggest that inequality, measured at the parental level, and mobility, as measured by the intergenerational associations among nations in incomes or earnings, have overall rank correlations of .55 to .60, therefore establishing that, *on average*, inequality and IGM are correlated. But one can find both high and low mobility associated with various specific levels of inequality.

Figure 1.2 simplifies and summarizes the relationship between income inequality (measured by the Gini coefficient of income in the parental generation) and IGM elasticity—a measure of the strength of the relationship between the incomes of parents and the incomes of their grown children, which is inversely related to mobility. The figure includes eleven industrialized countries where both measures are now available, providing the accepted wisdom on which the chapters in this volume are based. The IGM data are drawn from a review of cross-national estimates of intergenerational mobility by Björklund and Jäntti (2009) supported by very similar estimates by Blanden (2009).

The inequality in income data comes from figure 1.1 and from the authors' own calculations in the studies reviewed by Björklund and Jäntti (2009) and Blanden (2009). It is important to note that the inequality estimates in table 1.1 are based on the level extant in the 1970s, when the parents' generation was economically active. It is also important to note that inequality then was at its lowest point in the past sixty years (since 1950) in almost all of these nations (Brandolini and Smeeding 2009).

As figure 1.2 suggests, the relationship between inequality and intergenerational elasticity is moderately positive across the eleven countries. One way of obtaining more insight into this relationship is to compare

Figure 1.2 Estimates of Intergenerational Income Mobility and Inequality for Fathers and Sons for Eleven Developed Countries

	Low parental inequality	Medium parental inequality	High parental inequality
High-medium persistence (low or medium mobility)		Germany	France Italy United Kingdom United States
Low persistence (high mobility)	Finland Norway Sweden	Denmark	Australia Canada

Source: Authors' calculations based on Blanden (2009) and Björklund and Jäntti (2009).

Notes: See table 1.1 for classifications of high, medium, and low. Japan is not included because of lack of data.

the degree of mobility in countries at similar levels of inequality. In figure 1.2, for example, it might be particularly instructive to consider a comparison between the United States and United Kingdom versus Australia and Canada. These countries have Gini coefficients between .30 and .37, but the income elasticity in the United Kingdom (.42) or the United States (.45) is more than double that in Canada or Australia (roughly .25 in each nation). There is less chance for comparison at the other end of the scale, as Finland, Norway, and Sweden have both low inequality and low persistence (that is, high mobility). Another two countries, Denmark and Canada, show intermediate levels of inequality, but Denmark has much higher rates of mobility. These countries contrast markedly with a third group of four countries that generally have high to medium levels of inequality but relatively low levels of intergenerational income mobility (Italy, the United States, France, and the United Kingdom). This is especially true of the United States and the United Kingdom, which show particularly low rates of mobility given their levels of inequality.⁴

How does intergenerational mobility compare with *current* levels of inequality? Table 1.1 uses the cross-national harmonized data from the Luxembourg Income Study (LIS) and from Andrea Brandolini and Timothy Smeeding (2009) to compare patterns of mobility (from figure 1.2) with inequality of current adult offspring income, as well as earlier parental (pre-1980) inequality.

Table 1.1 Comparing Mobility and Inequality

Nation	Persistence Elasticity ^a (Mobility–Immobility)	Inequality ^b (Pre-1980)	Inequality (1980 to 2004)
Finland	Low	Low	Low
Sweden	Low	Low	Low
Norway	Low	Low	Low
Denmark	Low	Medium	Low
Canada	Low	High	High
Australia	Low	High	High–Medium
Germany	Medium	Medium	Medium
United Kingdom	High	High	High
France	High	High	Medium
United States	High	High	High
Italy	High	High	High

Source: Authors' compilation based on Björklund and Jäntti (2009); Brandolini and Smeeding (2009); Blanden (2009); and Luxembourg Income Study (LIS) (n.d.).

^aThe higher the persistence elasticity, the lower the mobility: “low” = < .3; “medium” = .3 to .4; and “high” = > .4.

^bThe higher the Gini coefficient, the higher the household inequality: “low” = Gini of .20 to .25; “medium” = Gini of .26 to .30; “high” = Gini of .32 to .37.

There is a remarkable level of persistence over time in these relationships across nations, even if we know inequality has risen in all of them, save France, over the period in question. In fact, comparisons of inequality in both periods suggest a divergence between the four most mobile nations (the Nordic countries) and the three least mobile countries (the United States, the United Kingdom, and Italy). Germany has remained in the middle of both distributions; France has experienced declining inequality but low mobility; and Canada and Australia have low mobility for nations with high- to middle-level inequality.

The reason why it is important to emphasize this finding here is that many of the chapters in this volume, driven by differences in data sources, explore IGM in very different periods. Some view IGM over a lifetime, but others examine only outcomes among children whose parents were observed in the late 1990s and early 2000s. Hence, differences in generations observed are part of the story we tell here and the fact that *across-country* inequality rankings are not much changed is important (though levels *within* nations do differ over time).

Channels for Transmitting Persistence or Mobility

The channels through which intergenerational associations flow are less well known and more difficult to investigate. What factors matter for

intergenerational persistence, and how do they compare across nations? Family, individuals' efforts, and the public sector are at the source of the differences we observe, but all three are intertwined in each nation. Family is important throughout the IGM process—especially in the early formative years, when mobility-related differences in test scores first appear—in part because it helps shape the habits and socio-behavioral traits that affect effort. The state can play a role, for example, by promoting universal early childhood education or by ensuring access to high-quality health care and providing income and social support.

Arguably, the association of the incomes of adult siblings—so-called sibling correlations—best captures the full effect of family background influences on outcomes such as higher education, since these capture parental factors that might affect offspring outcomes but are unrelated to parental income. Comparative research in this area is less well developed than that on IGM. But on this measure also, the U.S. results suggest that the impact of family background is large relative to its impact in other countries (Solon 1999).

A substantial body of literature suggests the theoretical mechanisms that affect the strength of the parent-child income or earnings association at various stages of the life course (see, for example, Grawe and Mulligan 2002). And recently there has been some serious discussion of the indirect influences of parents on children, such as intergenerational health trajectory determinants (Eriksson, Bratsberg, and Raaum 2005; Case and Paxson 2006).⁵

There are also many studies that empirically examine the importance of “mediating” factors to help overcome the advantages or disadvantages of inherited socioeconomic position at birth. These include those factors that are especially relevant and well accepted for policy, such as schools and education (Checchi, Ichino, and Rustichini 1999; Raaum, Sorensen, and Salvanes 2003). Socioeconomic background influences educational attainment in two ways: children from higher socioeconomic levels perform better at school, and they choose more academic educational tracks, even given previous performance (Boudon 1974; Erikson et al. 2005). The degree to which educational attainment is related to social background seems in recent years to have decreased in many European countries (Breen et al. 2009). One possible reason for this development may be the increase in the number of Europeans with tertiary education. Since the association between social origin and social class as an adult is lower among those with tertiary education than among those with less schooling, increasing numbers with higher education leads to a lower association between class origins and class destinations (Breen and Jonsson 2005). Indeed, Robert Haveman and Timothy Smeeding (2006) find that in all of the rich countries studied here, succeeding generations have increased levels of tertiary education, with the exception of Germany and the United States.⁶

Several studies include policy factors designed to limit the gradient in direct intergenerational money transfers, such as inheritance taxes. These transmission channels also include those factors that are not so immediately amenable to policy intervention and that depend on parenting, such as assortative mating (Ermisch, Francesconi, and Siedler 2006), and contextual factors, such as neighborhoods (Page and Solon 2003; Raaum, Sorenson, and Salvanes 2003, 2005; Lindahl 2010). In addition, gender differences in mobility are of great interest over and above assortative mating as more women develop labor market careers and incomes in advanced nations and increasingly become majorities among college students and graduates (Buchmann, DiPrete, and McDaniel 2008). Indeed, Oded Galor (2011) suggests that the rising demand for human capital being met by men and especially women is the major determinant of decreased fertility in rich nations.

At the present time, we cannot address all of these channels in the same data sets across two or more nations. But the studies mentioned here suggest that there may be significant differences in the effectiveness of the public institutions that different countries deploy in their efforts to provide equal opportunities to individuals born into families at different points along the income distribution. These differences may be due to institutional design, cost of investments in children, effective limits to parental choices, or other forces. For example, some countries may intervene earlier in the lives of disadvantaged individuals, and early intervention may be particularly effective. Or countries may differ in the sheer size of their social welfare expenditures or in the distribution of expenditures across various areas of social welfare, such as health or education. This could make a difference if expenditures in some areas are more effective than others in promoting mobility by promoting stability of parental incomes and low-cost access to mobility-enhancing institutions such as education and training. Finally, the effectiveness of institutions designed to promote mobility may depend in part on the amount of inequality they have to cope with. For example, a universal preschool program may be more or less effective depending on the differences in the private resources available to families and the abilities of high-SES parents to navigate their children to higher-quality preschools. Neighborhood differences in the quality of “universal” elementary and secondary education might work in the same way.

The Chapters in This Volume

The chapters are arranged in five parts, the first being longer-term framing studies. The next three parts follow the life course with a chapter on early childhood education, a set of three chapters that look at the role of education in promoting or retarding mobility, and then a chapter on the

effects of intergenerational monetary transfers on mobility. The final chapter introduces the role of social and labor market institutions, which describe the context within which IGM takes place.

All of the chapters are based on harmonized cross-national data. Some use different measures of parental position and child outcomes: sociological (class, occupation), economic (wealth, earnings, income, parental education), and developmental (educational attainment, cognitive test scores). Some chapters include both economic and sociological measures (for example, chapters 2 and 4), and many of them combine economic and developmental approaches. The chapters in this volume therefore offer a rich and multidisciplinary set of approaches and tentative answers to the questions posed here.

Longer-Term Framing Studies of Parental SES and Adult-Child Outcomes

One good starting point for assessing the overall role of parents in intergenerational mobility is to look at studies that compare outcomes for adult children to outcomes for their parents who were observed twenty-five to thirty years ago. While multicountry studies, such as the one conducted by Jäntti and his colleagues (2006), are useful in this regard, they cannot possibly go into the depth that more nuanced treatments of pairs of countries can undertake. Chapters 2 through 5 make comparisons between three sets of countries to try to uncover the mechanisms found in the United States compared to the United Kingdom (chapter 2), Canada (chapter 3), and Germany (chapter 4). Each takes a different twist on the subject. In chapter 2, Jo Blanden, Kathryn Wilson, Robert Haveman, and Timothy Smeeding specify an empirical model of mobility based on both men's and women's earnings. Miles Corak, Lori Curtis, and Shelley Phipps look in chapter 3 at both patterns of income mobility and the public opinion surveys that help explain them in Canada versus the United States. Fabian Pfeffer suggests in chapter 4 that wealth rather than income is the primary provocateur of mobility differences between the United States and Germany. Finally, in chapter 5 Jan Jonsson, David Grusky, Reinhard Pollak, Matthew Di Carlo, and Carina Mood add an explicit sociological approach by examining the transfer of occupational status in the United States, Sweden, Germany, and Japan.

In chapter 2, Blanden and her co-authors use cross-national research to study the mechanisms underlying estimates of IGM in the United States and the United Kingdom, using harmonized data from the two nations. They deploy the PSID to allow analysis of the variables from earlier work (Blanden, Gregg, and Macmillan 2007), and vice versa. This integration allows them to study several pathways by which parental status is related to offspring status, including education, labor market attachment, occu-

pation, marital status, and health. They find that these intergenerational linkages differ between the two nations in systematic ways. The findings suggest that in the United States, limited access to highly rewarded educational qualifications severely limits mobility, while the rigidity of the structure of occupational prestige and professional standing and training reduces mobility in the United Kingdom. In effect, they find that the two nations with similar levels of mobility and inequality appear to have different drivers of persistence and thus may require somewhat different policy solutions.

In chapter 3, Corak and his co-authors have compiled a comprehensive comparative study of the relationship between family economic background and adult outcomes in the United States and Canada. First, they discuss the implication in the existing literature that there are significant differences in the degree of intergenerational economic mobility between these two countries, with relative mobility being lower in the United States. Indeed, they find that the differences are the result of lower mobility at the very top and the very bottom of the earnings distribution. Next, they ask whether these differences reflect different underlying values of the citizens in these countries. Findings from comparable public opinion polls suggest that this is generally not the case. The citizens of both countries have a similar understanding of a successful life, one that is rooted in individual aspirations and freedom. They also have similar views on how these goals should be attained, but with one very important exception: Americans are more likely to see the public sector as hindering them in attaining their goals rather than helping them. Finally, Corak and his colleagues assess how the investments made in these countries affect the future of children through the family, the labor market, and public policy. Using a number of representative household surveys, they find that the configuration of all three sources of investment and support for children differs significantly across nations. Most importantly, they find that disadvantaged American children live in much more challenging circumstances where public policy does not play as strong a role in determining outcomes, as is the case in Canada.

Pfeffer argues in chapter 4 that research on intergenerational mobility typically conceptualizes and measures family background as any combination of parental education, parental occupation, and family income but overlooks family wealth, or net worth. Wealth is a dimension of economic well-being that is characterized by particularly large inequalities, and thus its neglect is troubling. Severe inequalities in familial wealth may well create unequal opportunities for children over and above those created by other socioeconomic characteristics of families. Recent research has begun to document strong and independent effects of parental wealth on children's educational opportunities in the United States (see, for example, Spilerman 2000).⁷ Pfeffer extends this research by documenting

the role of wealth (as compared to parental income or parental education) for the entire status-attainment process, including not only educational outcomes for children but also their own income and occupational attainment as adults. In assessing the degree to which the association between parental wealth and attainment differs by national context, he finds that the link between wealth inequality and inequality in opportunities differs between the United States and Germany, but that wealth outperforms parental income in explaining differences in mobility in both nations.

Jan Jonsson and his co-authors study intergenerational persistence in the United States, Sweden, Germany, and Japan using occupations as the fundamental building block. Although studies of social mobility conventionally use gradational scales (occupational prestige, socioeconomic status) or occupational aggregates (macro-class models), these authors add a “pure” occupational (micro-class) mechanism, whereby opportunities and associations of occupational inheritance drive intergenerational processes. They then use this model to examine cross-nationally common and divergent features of immobility, as well as trends in mobility. They find that all three forms of reproduction exist in all countries. Although the importance of macro-class and gradational reproduction has long been appreciated by mobility analysts, the results reported here indicate that occupational or micro-class immobility is also a prominent feature of contemporary mobility regimes. Unlike the other three chapters in part 1, chapter 4 reveals increasing mobility in all countries but no common pattern, suggesting that no single type of mobility increases in a similar way across countries. Instead, the model shows that declining intergenerational associations are produced in country-specific ways. These findings are consistent with those of Blanden and her colleagues, who compare only the United States and the United Kingdom. And they are consistent with the findings of Corak and Piraino (2010), who focus on fathers’ and sons’ employers and occupational characteristics (within Canada only).

Taken together, these chapters help frame the discussion of differences across generations as they present new information on patterns of transmission of intergenerational persistence across nations. They also find that despite similar levels of persistence across some nations, there may well be different factors operating to produce the observed differences. Most of all, they leave a great deal of room for the studies of intermediate mechanisms affecting children, as well as their outcomes as adults, in the following chapters.

Early Childhood and Preschool Factors

There is a belief that the most important influences on adult conditions are exerted early in life and mainly by parents (Heckman 2006, 2011; Knudsen et al. 2006). Parental income, heredity, habits, and aspirations

affect children and therefore both educational and adult outcomes. But policy can perhaps intervene to level the playing field by promoting high-quality early childhood education among the most disadvantaged. In the United States, much attention has been paid in the past few years to the importance of early childhood education in leveling differences between the children of parents from various social classes (Heckman 2006). In part 2, we have two chapters that address early life deprivation issues.

The first is by Jane Waldfogel and Elizabeth Washbrook and addresses the early childhood education question. They compare the United States and the United Kingdom and find that each has very different public policy environments around early childhood education and benefits for low-income families. Both countries have implemented substantial, but different, reforms in these areas in the last decade. They document the income-related gaps in school readiness among two recent nationally representative cohorts of children from both nations and show that substantial income-related differences in cognitive ability are apparent among preschool-age children in both countries. Waldfogel and Washbrook then identify the reasons why low-income children fall behind and the areas in which interventions to close gaps may be most effective. The factors they consider are demographic characteristics, parenting behaviors, maternal and child health, and exposure to child care settings.

This chapter also briefly summarizes the relationship between income and early cognitive outcomes across the two countries for two cohorts born a decade apart: it documents the income-related gaps in school readiness for a cohort born in the early 1990s and then repeats the analysis for a cohort born in the early 2000s. Paying careful attention to comparability issues, Waldfogel and Washbrook explore how the overall degree of social inequality differs across the two countries and whether these differences have widened or narrowed following the period of reform. Contrasting the relative importance of these factors across the two countries allows them to draw some conclusions as to the extent to which the drivers of low-income children's lower levels of school readiness are common across the two countries, despite the very different public policy environments in the United Kingdom and the United States. They conclude that the United Kingdom has moved ahead of the United States in early childhood education for the most disadvantaged children.

In chapter 7, Greg Duncan, Kjetil Telle, Kathleen Ziol-Guest, and Ariel Kalil describe income dynamics in the United States and Norway and estimate associations between low childhood income and adult attainments, measured as late as age thirty-seven. Outcomes include years of completed schooling, adult earnings, and percentage of adult years with any unemployment. Inputs focus on low income during early childhood, that is, between a child's prenatal year and fifth birthday—which, as mentioned earlier, may be the most consequential period for children's life

chances—as well as at later ages. Using data from the U.S. PSID and Norwegian Registries, Duncan and his colleagues describe cross-country distributional differences and estimate the relationship between adult outcomes and family economic conditions in early childhood, middle childhood (ages six to ten), and adolescence (ages eleven to fifteen). Correlations between childhood income and adult outcomes are generally weaker in the Norwegian data. In both data sets, these authors find statistically significant unfavorable associations between early childhood poverty and adult earnings. But these differences are much larger in the United States than in Norway. They close with a tantalizing discussion about the possibility that these results are related to the Scandinavian egalitarian welfare state's ability to mitigate the role of family background and the potentially correlated economic constraints imposed by low income in the family of origin. In the United States, where no such system exists, outcomes are poorer in all respects.

Education

Many economists and sociologists believe that schooling is a central mechanism for promoting inequality. The problems inherent in the idea of an education-based meritocracy have been intensively discussed in the United Kingdom (Young 1958; Goldthorpe 2003). Additional rungs of the education ladder beyond early childhood could also promote higher mobility (see, for example, Sawhill 2006; Sawhill and McLanahan 2006). But the evidence to date in the United States finds that there is less mobility and more persistence in the level and trend of educational mobility when viewed at the tertiary level—in matriculation to college or university—but especially in terms of college graduation rates (Haveman and Smeeding 2006).

Two chapters in part 3 address these differences, each with a focus on pre-tertiary education as a mediating treatment that can influence parental advantages or disadvantages. In chapter 8, John Ermisch and Chiara Pronzato show that parents' education is an important, but hardly exclusive, part of the common family background that generates a positive correlation between the educational attainments of siblings. Taken alone, the correlation between the educational attainments of parents and those of their children overstates considerably the causal effect of parents' education on the education of their children. The estimates based on Norwegian mothers of twins (which are then compared to similar U.S. children) indicate that an additional year of either mother's or father's education increases their children's education by as little as one-tenth of a year. Hence, there is hope that public intervention in the education process can help modify outcomes based on parental status alone. There is some evidence that the mother's effect is larger among less-educated parents and the father's effect is larger among better-educated parents,

and that father's education has a larger effect than that of mother's in both the United States and Norway. But the difference in the estimated parental pathways is much larger and statistically significant in the United States. One explanation for a smaller maternal effect is that better-educated mothers work more in paid employment and spend less time interacting with their children, but Ermisch and Pronzato find no evidence to support this hypothesis. Indeed, children of otherwise identical Norwegian mothers (on a number of criteria, including both parents' education) who work *more* in paid employment complete *more* years of education. Finally, these authors find that mother's education is more important for daughters than for sons.

John Jerrim and John Micklewright argue in chapter 9 that literature on the transmission of socioeconomic status from parents to children does not typically pay much attention to gender differences in either generation. Parents clearly pass on a measure of their advantage or disadvantage to their children that affects both cognitive and behavioral outcomes. But whether fathers pass on more or less than mothers, and whether it is sons or daughters who benefit more, is rarely the focus. By contrast, Jerrim and Micklewright consider each parent and their different links to outcomes, examining the associations between fathers and sons, fathers and daughters, mothers and sons, and mothers and daughters. Using data from the 2003 round of the Program for International Student Assessment (PISA), they relate children's cognitive ability as recorded in standardized tests of mathematics, science, and reading skills at age fifteen to the years of education of mothers and of fathers. Using "effect" without implying causality, they find that it is more common for father's education to have a greater effect than mother's education. Second, this appears to be particularly true for sons, although there are plenty of countries that are counterexamples. Third, there seems to be more variation across countries in the gender differences in the parents' generation than the children's. Fourth, there is some suggestion that mothers' education has more effect on their daughters' ability than on their sons', yet the difference is often small. Fifth, it seems that we should consider not only the relative importance of each parent's education but also how they combine. The results suggest that parents' education typically combines positively; mother's education and father's education (assortative mating) appear complementary in their effect on the child's ability.

Direct Monetary Transfers

Another neglected intergenerational transfer mechanism not well integrated into the mobility literature cited here is direct monetary transfers, whether in the form of inter vivos gifts or inheritances at the death of parents or grandparents (Wolff 2003). These include monetary and other

inheritances, but also direct access to jobs or occupations (see Corak and Piraino 2010) and help paying for key investment goods for the younger generation, such as higher education or housing. Money that parents give their adult children may therefore be important for financing children's education to allow them to avoid debt, for buying a first home, for relaxing credit constraints, or for overcoming a transitory income shock. Financial transfers may extend economic disparities across generations if the wealthy transfer considerable resources to their children but middle-class and poor households do not.

In chapter 10, Julie Zissimopoulos and James Smith examine annual gifts of money from parents to adult children in the United States and ten European countries, using the 2004 waves of the Health and Retirement Study (HRS) and the Survey of Health, Aging, and Retirement in Europe (SHARE). Utilizing the long panel of the HRS, they also study the long-term behavior of parental monetary giving to children across families and within a family. They find that in all countries many parents give money to children, but many also do not. In Europe, the average amount given is low, about 500 euros annually per child. The amount given varies positively with parental socioeconomic status, but negatively with public social expenditures, suggesting an insurance role for the welfare state. In the short term, parents in the United States give money to a child to compensate for low earnings or to satisfy an immediate need, such as schooling. Over sixteen years, U.S. parents gave an average of about \$38,000 to all their children, or about five times as much as the annual donations in Europe. Further, 5 percent gave over \$140,000, and a large fraction gave persistently. Overall, the annual amount of money that parents give their adult children in any country is not enough to substantively affect the distribution of resources within or between families in the next generation, although the strategic timing of transfers for schooling or housing may have a significant impact on an individual child's future outcomes.

Annual parental transfers for college-age children in school in the United States are substantially higher than average transfers to all children. The effect of parental transfers for higher education on intergenerational mobility in the United States depends in part on whether this financing is essential in the schooling decision. The findings are consistent with those of Haveman and Smeeding (2006), who find that children of high-income parents are more likely to graduate from college and to graduate without debt. In Australia, Canada, and Europe, where public financing of higher education is almost universal, tuition costs are less of a factor. (For a comparison of the cost of tertiary education in the United States and Canada, see Belley, Frenette, and Lochner 2010.)

The magnitude of *inter vivos* transfers over time is simply not large enough by itself to affect the distribution of resources within or between families in the next generation in any nation. But the timing and level of

financial transfers—for example, to smooth consumption after an income shock or to finance higher education—may have a significant impact on the longer-term welfare of a child. For instance, annual parental transfers for college-age children in the United States were 50 percent of average college tuition costs in 2005, and 30 percent of average tuition plus room and board expenses in that year.

Social and Labor Market Institutions

The literature on intergenerational income mobility provides few clues about the role of welfare state or institutional labor market features on mobility across generations, possibly because the main effects would be indirect, such as the influence of parental leave and child care on maternal labor supply. Bernt Bratsberg and his colleagues (2007) show evidence that the Nordic countries have been comparatively effective in reducing the mobility disadvantages associated with having a low-earning father (although they have done less to diminish the advantages of being rich). This may be because of Norwegian welfare state institutions. Yet the same evidence could with equal plausibility be ascribed to the highly compressed wage structure within the Nordic countries, which benefits low-wage workers in particular. Intergenerational mobility therefore takes place within a set of social, political, and economic institutions that may accentuate or attenuate persistence across generations.

Brian Nolan, Gøsta Esping-Andersen, Christopher Whelan, Bertrand Mâitre, and Sander Wagner are among the first to address this question in a cross-national context. Their chapter aims to identify how welfare state institutions more broadly might affect patterns of intergenerational mobility, particularly emphasizing their role in alleviating the adverse effects of poverty and disadvantage. In theory, policies and institutions, as well as macroeconomic and historical context, have been identified as crucial in shaping patterns of social mobility. But apart from education, empirical research has contributed little in the way of concrete evidence on how these institutions affect transmission. One of the basic problems that efforts to identify the causal “smoking gun” face is that it is very difficult to know whether lower inequality in and of itself promotes mobility, or whether it is the same institutions and policies that underpin lower inequality that also influence mobility. In the latter scenario, low inequality and high mobility (see figure 1.2) are the joint outcome of some underlying combination of factors. National education, labor market, tax, and social protection features that influence cross-sectional inequality might have—and may indeed be designed to have—a direct effect on mobility as well. Equalizing opportunities has always been an important element in policies to reduce inequality. In most countries, this has primarily been pursued by democratizing access to education. But there are clearly other aspects of the

welfare state—such as social security, labor market regulation, health care, housing, and family policies—that can influence mobility. Unfortunately, we have almost no empirical research that addresses this question. Nolan and his colleagues conclude by asking what research strategies have the greatest potential for increasing our understanding of the impact of welfare state institutions. One avenue would be to focus on specific barriers to mobility and how public policy can reduce them (see, for example, Jencks and Tach 2006). Another complementary strategy is to compare different countries over time, measuring trends in different aspects of mobility and relating these to variations in institutions and policies.

Next Steps: The Direction of Future Research

This volume contributes to a better understanding of the nature of the persistence of economic and social status across generations. It is clear that parental influences matter, both early on and later in life. Education plays a large role in outcomes, but in ways that vary across nations. Although the United States tends to display less mobility compared to other nations, it is important to bear in mind that many U.S. policies and institutions are likely to increase mobility from what it would have been in their absence. It should be noted that most of the findings reported here are tentative in that they point to various possible factors that account for cross-national differences in mobility.

In particular, future research should use data for more nations and data with cross-nationally comparable tests of cognitive and noncognitive abilities and academic achievement to examine the importance of parental background for these important child outcomes. Such studies could help us identify the relevance to adult outcomes of mobility-relevant skills formed at various points during an individual's development, the role played by parental resources in those outcomes, and whether policy influences these mobility-enhancing factors at various stages of the life course. Using data like these, plus administrative data in countries where they are available, we believe that it would be possible to undertake a small number of strategically selected cross-national studies to estimate correlations of test scores and other childhood outcomes with parental income and/or socioeconomic status at various points along the life course and address various factors that impede or enhance mobility. This is the next step in cross-national mobility research.

Notes

1. See "LIS Key Figures" at: <http://www.lisproject.org/key-figures/key-figures.htm> (accessed January 20, 2011).

2. “Social fluidity” was earlier called “relative mobility” and is best understood as the association between social origins and social destinations in terms of social class. Social fluidity is typically measured as a set of odds ratios and is thus abstracted from the mobility that follows when the origin distributions differ from the destination distributions. For more details, see Erikson and Goldthorpe (1992, 56).
3. However, see Mazumder (2007) and Aaronson and Mazumder (2008), who reach different conclusions.
4. One anomaly in these figures is the downward trend in inequality in France coupled with the high level of persistence (low level of IGM) found there.
5. Health is not explicitly dealt with except as it frames the mobility patterns we observe. Only one chapter in the volume (chapter 2) models health status, and it appears to have only a minor influence on the overall outcomes in each nation studied.
6. Also, labor markets in different countries reward educational qualifications differently, owing to relative supply and demand and labor market institutions that limit or expand the level of earnings for any given set of qualifications.
7. In chapter 10, Julie Zissimopoulos and James Smith present several ways in which wealth can be transferred across generations at strategic times in children’s lives.

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