

Economists: Your Parents Are More Important Than Ever

The lesson of today's monumental social mobility study is simple. Your family could be the most important economic determinant in your life.

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Reuters

Let's go ahead and call social mobility in America what it really is: social immobility.

Even in the parts of the country where students have the best shot at moving up the income ladder, the vast majority of them fail to make it past one rung. About 8 percent of kids born in the early 1980s who grew up in families in the poorest fifth managed to reach the top quintile of earners today. For those born smack dab in the middle of America's income

distribution, there was just a 20 percent chance of making it to the top.

So for most children, where they're born on the economic ladder determines where they wind up. That's the conclusion of a [tremendous social mobility study](#) out today. Its bottom line is pretty simple. Your parents matter. A lot.

First, the income of your parents matters—not just as a strong predictor for your own income (given how weak social mobility is), but also as a nudge for your life path. The kids of rich parents are 80 percent more likely to attend college than those of low-income parents. Teenage daughters of the poorest parents are 37 percent more likely to have a child than girls born in the richest decile.

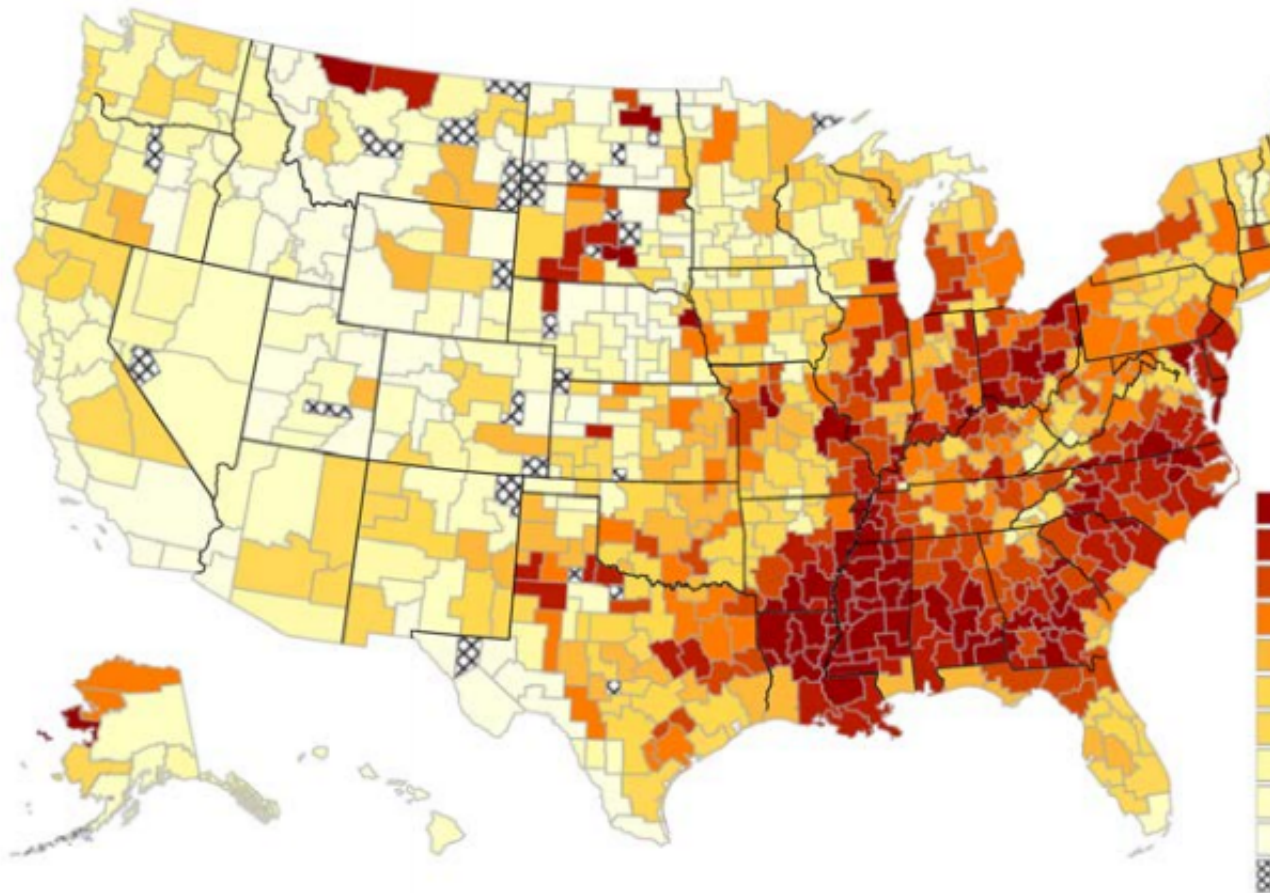
Second, your parents' marriage (or living arrangement) matters. The single strongest predictor of a child's economic fortunes is the fraction of single parents in the area where she grew up. Children of married parents have a much better shot of getting ahead even if they're in areas where single parents are the norm. "The fraction of children living in single-parent households is the strongest correlate of upward income mobility among all the variables we explored," the researchers said.

It's important not to overstate the causality here. Rich single parents tend to produce richer children than married couples living in poverty. Instead it's best to see marriages as a powerful centripetal force in the vicious cycle of poverty. Low-income parents tend to have children who grow up to be lower-income, who are in turn more likely to form single-parent households and raise children who follow this well-worn life path.

Third, parents matter because they decide where you live. And opportunities—from public schools, to local colleges, to peers, to intergenerational mobility—differs tremendously by area, as this heat map of the U.S. shows. Practically the entire southeast is horrible for poor children trying to get ahead. They should move to Utah. (*Red = low*

mobility; light = higher mobility.)

B. Relative Mobility: Rank-Rank Slopes $(\bar{y}_{100} - \bar{y}_0)/100$ by CZ



Corr. with baseline $\bar{y}_{25} = -0.68$ (unweighted), -0.61

In fact, cities like Salt Lake City and San Francisco are equal to the most mobile countries in Europe. Others, like Atlanta, Charlotte, and the Rust Belt, have mobility rates lower than practically every developed country in the world. The probability that a child reaches the top 20 percent of the national income distribution starting from the bottom 20 percent is 4.4 percent in Charlotte and 12.9 percent in San Jose. On the one hand, neither number is particularly high. On the other hand, San Jose's poorest children have 3X the chance of working their way into the top quartile as Charlotte's.

As [David Wessel](#) summed up this report "Though mobility hasn't worsened, inequality has. Winning the birth lottery matters more than ever."

ABOUT THE AUTHOR



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