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# Trends in Social Mobility: Education and Labour Market Outcomes – an Intergenerational Perspective

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Telling Canada's  
story in numbers

**Wen-Hao Chen**  
*Social Analysis and Modelling  
Division (SAMD)*  
**Statistics Canada**

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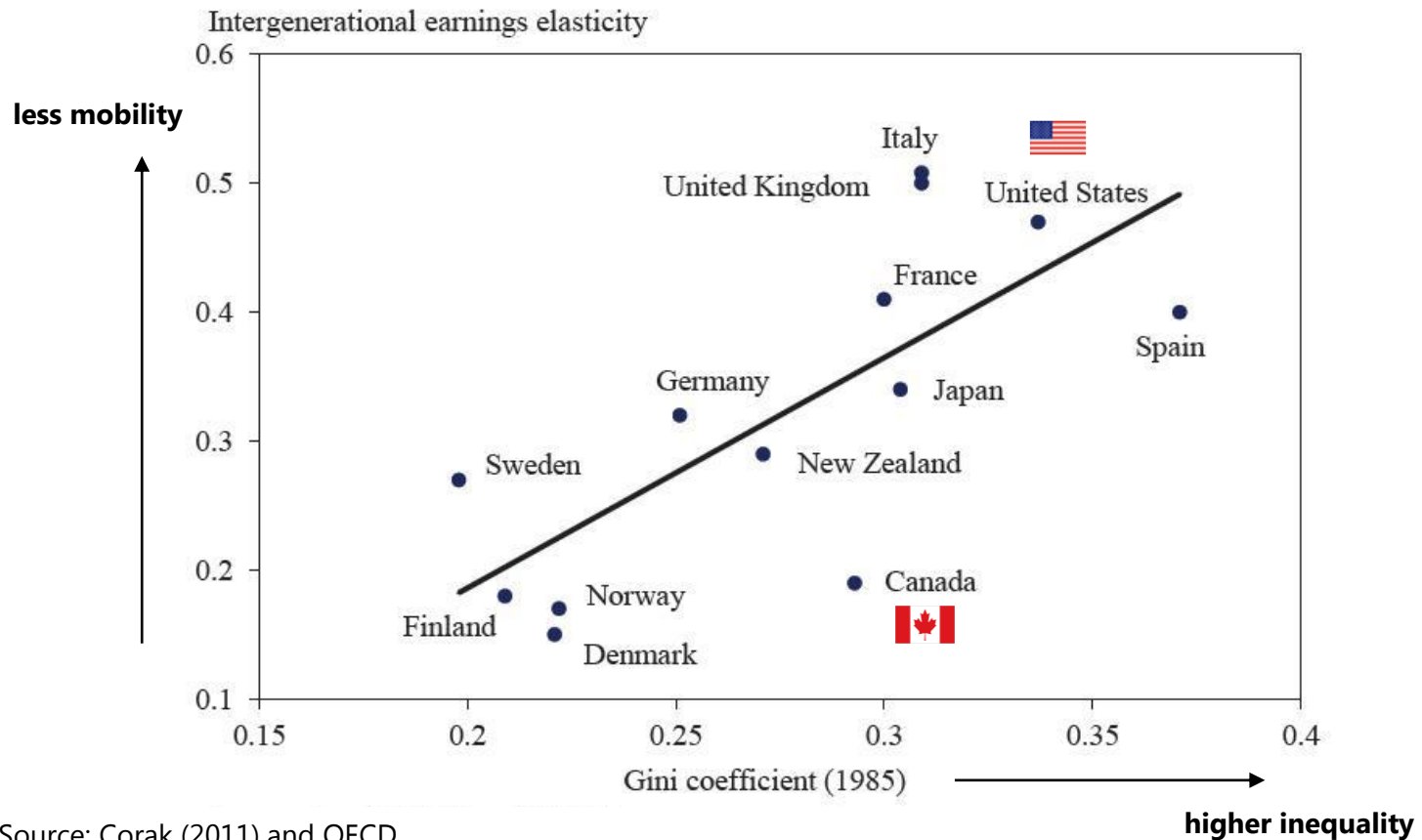
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## Four aspects of intergenerational mobility

- **The big picture** (*how does Canada compare?*)
- **Communities** (*how mobile are neighbourhoods?*)
- **Visible minorities** (*how do the children of racial minority immigrants fare?*)
- **Cohort differences** (*has mobility declined over time?*)



# The big picture: the Great Gatsby Curve



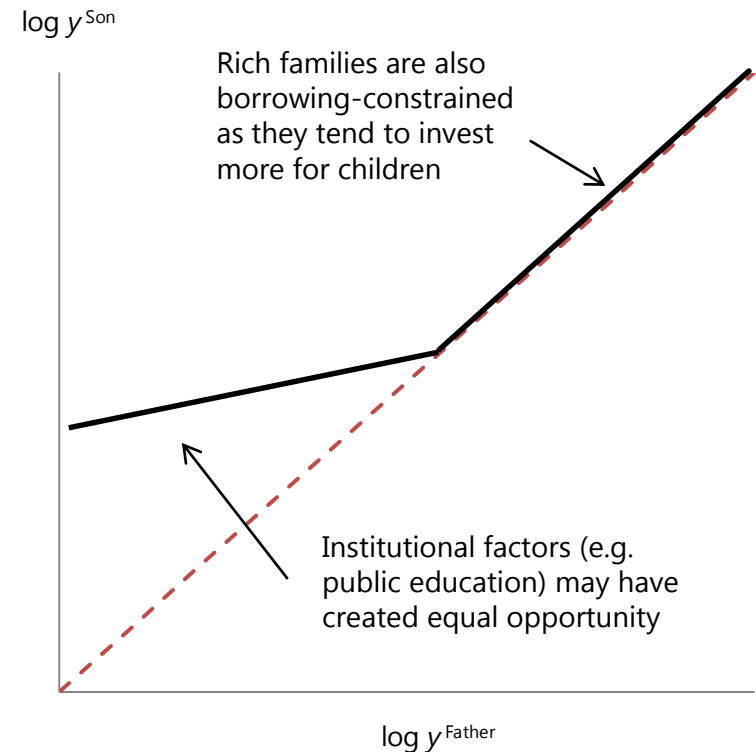
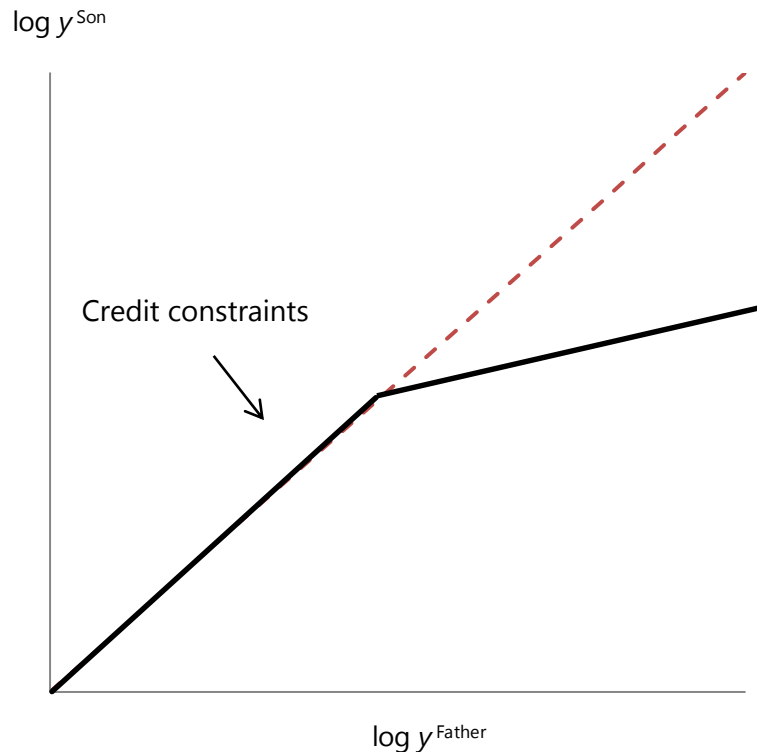
Source: Corak (2011) and OECD



# Human capital investment: two conjectures

(A) Borrowing constraints (concavity)

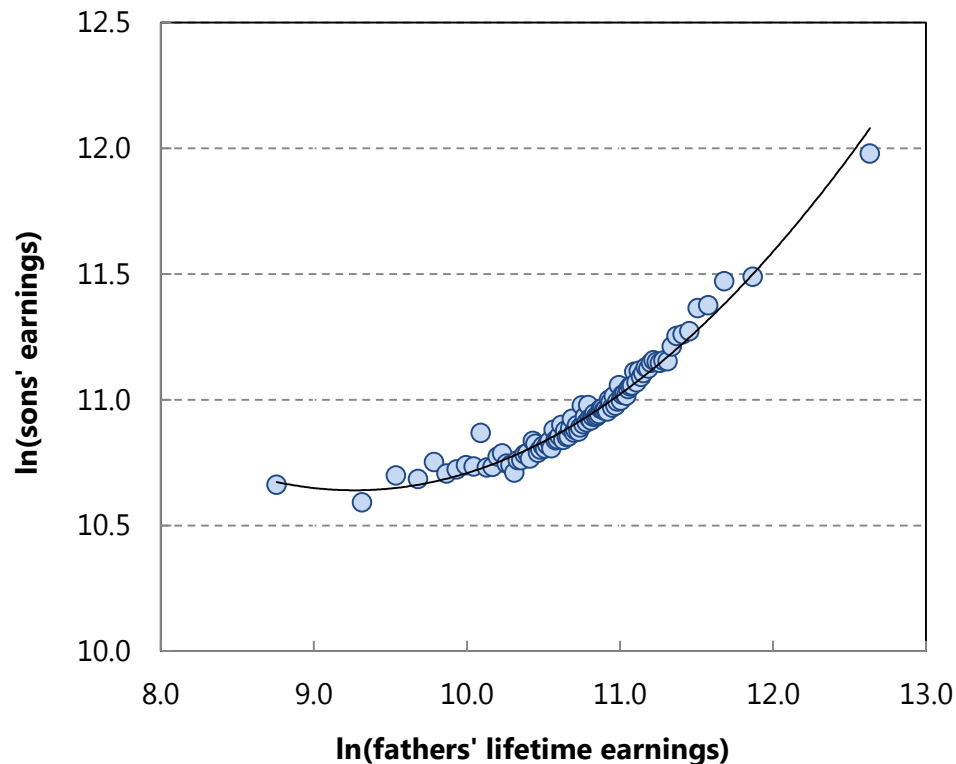
(B) Nordic models (convexity)





# High mobility at the bottom – Evidence from linked parents-children tax files: Intergenerational Income Database (IID)

The relationship between fathers' and sons' earnings, 100 data points (grouped by percentile of fathers' lifetime earnings)





# Economic mobility of neighbourhoods

- Where you grow up may matter ... the geography of intergenerational income mobility (Chetty et al, 2014; Corak, 2017);
- Possible effects of neighbourhoods quality (e.g. characteristics, social capital, local school) on long-term economic outcomes (Oreopoulos, 2003; Ludwig et al, 2012; Chetty & Hendren, 2015);

## **If economic disparities between neighbourhoods persistent across generations ...**

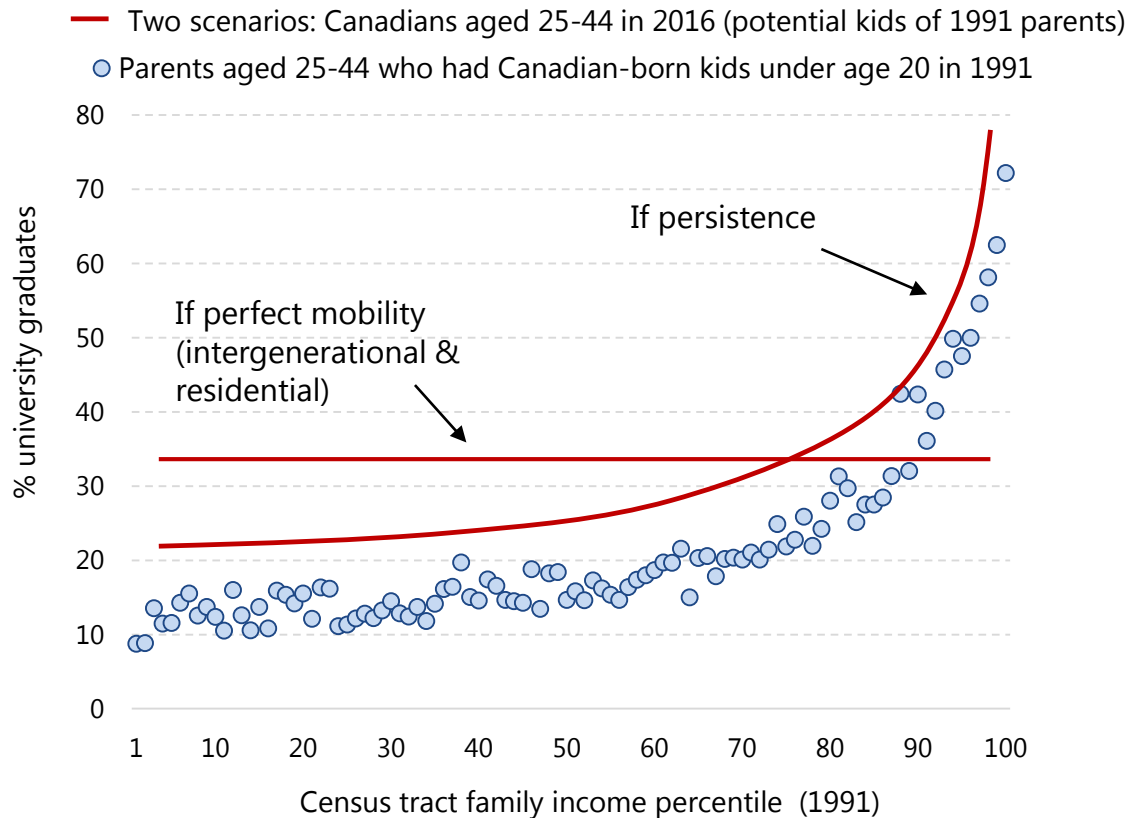
-> Place-based interventions also need to be considered



# How mobile are neighbourhoods?

– Analysis of 2,813 balanced census tracts (CTs) across two generations, using the 1991 & 2016 Censuses

Percentage of 25-44 year olds with a university education

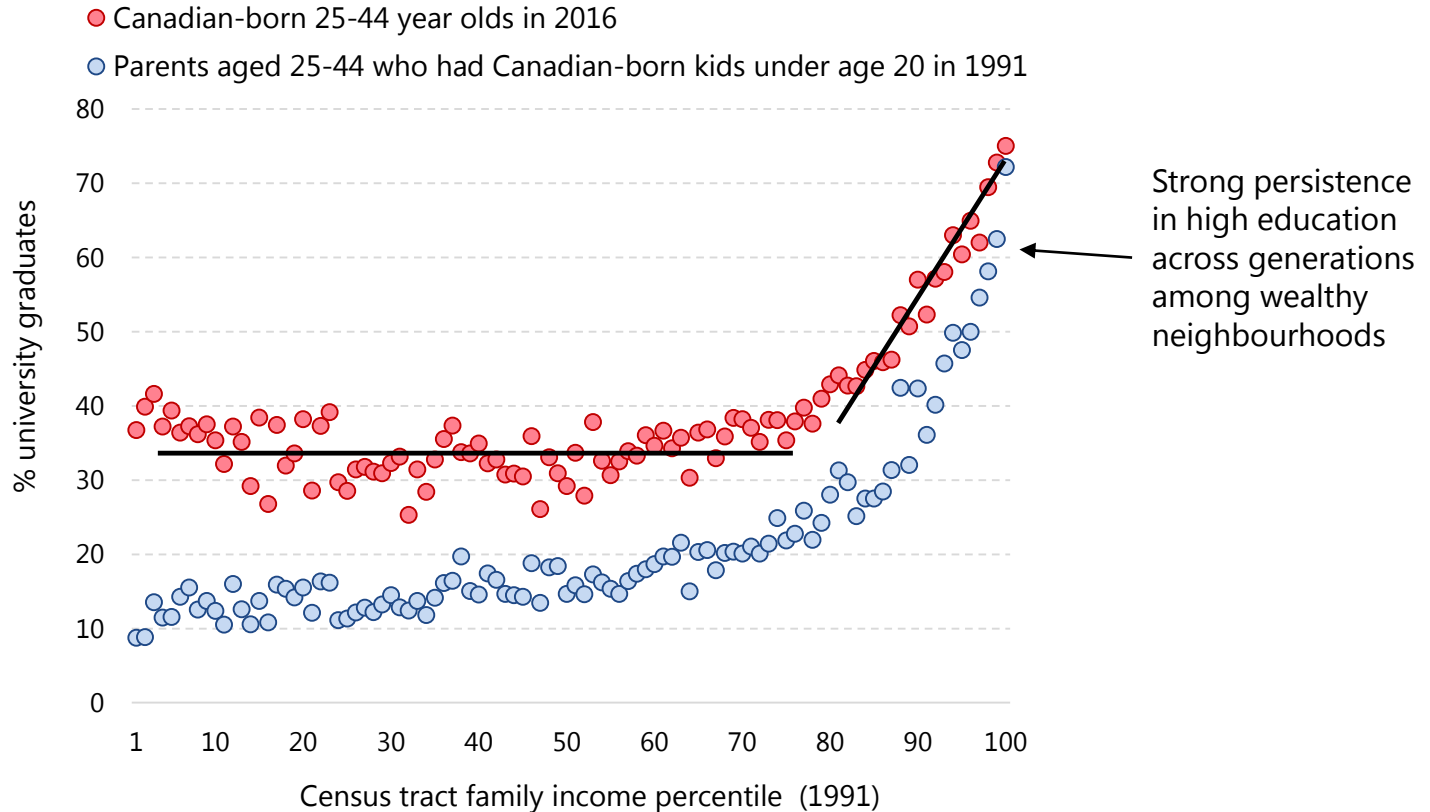


Source: 1991 & 2016 Censuses



# Significant upward intergenerational education mobility for communities in the bottom three-quarters of income rank

Percentage of 25-44 year olds with a university education



Source: 1991 & 2016 Censuses



## Visible minorities ... do the children of *racial minority* immigrants also enjoy upward intergenerational mobility?

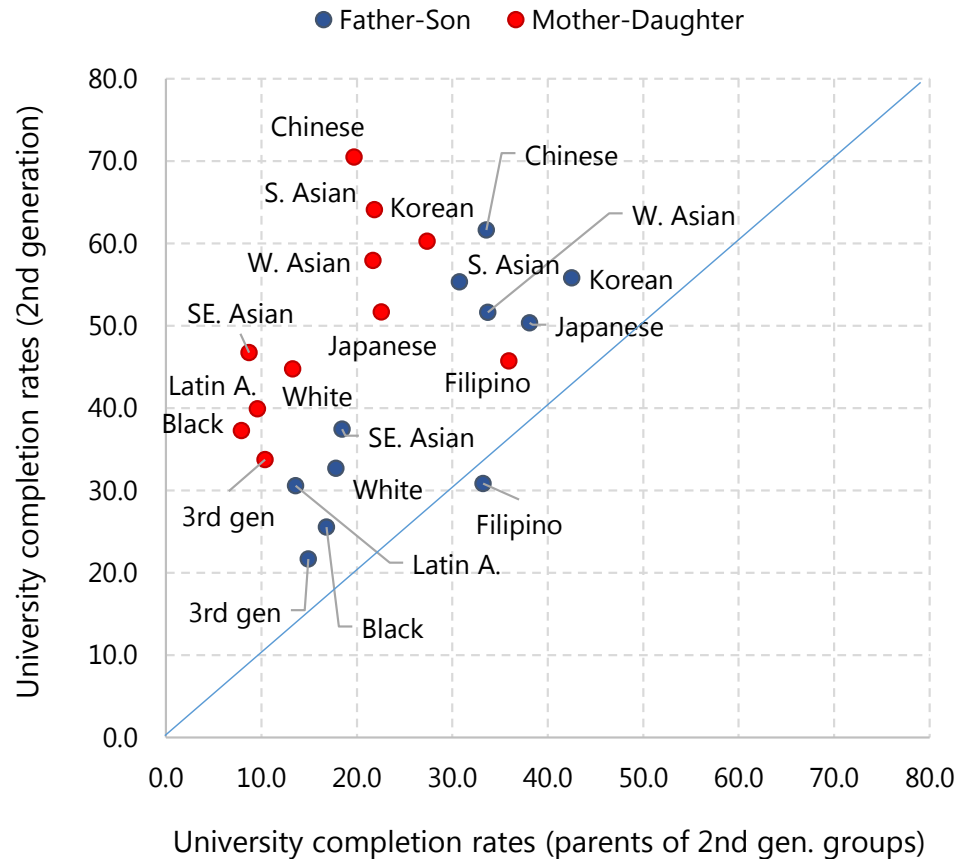
- Overall, the second generation outperforms the higher generations in education and labour market (Aydemir & Sweetman, 2007; Boyd, 2002; Picot & Hou, 2011);
- But large variation among different *racial* groups of the second generation (Boyd, 2008; Aydemir, Chen & Corak, 2008);
- **Growing ethnic diversity among the second generation.** In 2016, 42% of second generation prime-age adults (25-44) are members of a racial minority, up from 12% in 2001.



# Great upward intergenerational education mobility among the children of racial minority immigrants—based on grouped data from the 1991 & 2016 Censuses

Intergenerational education mobility (immigrant and second generation groups, 25-44 year olds)

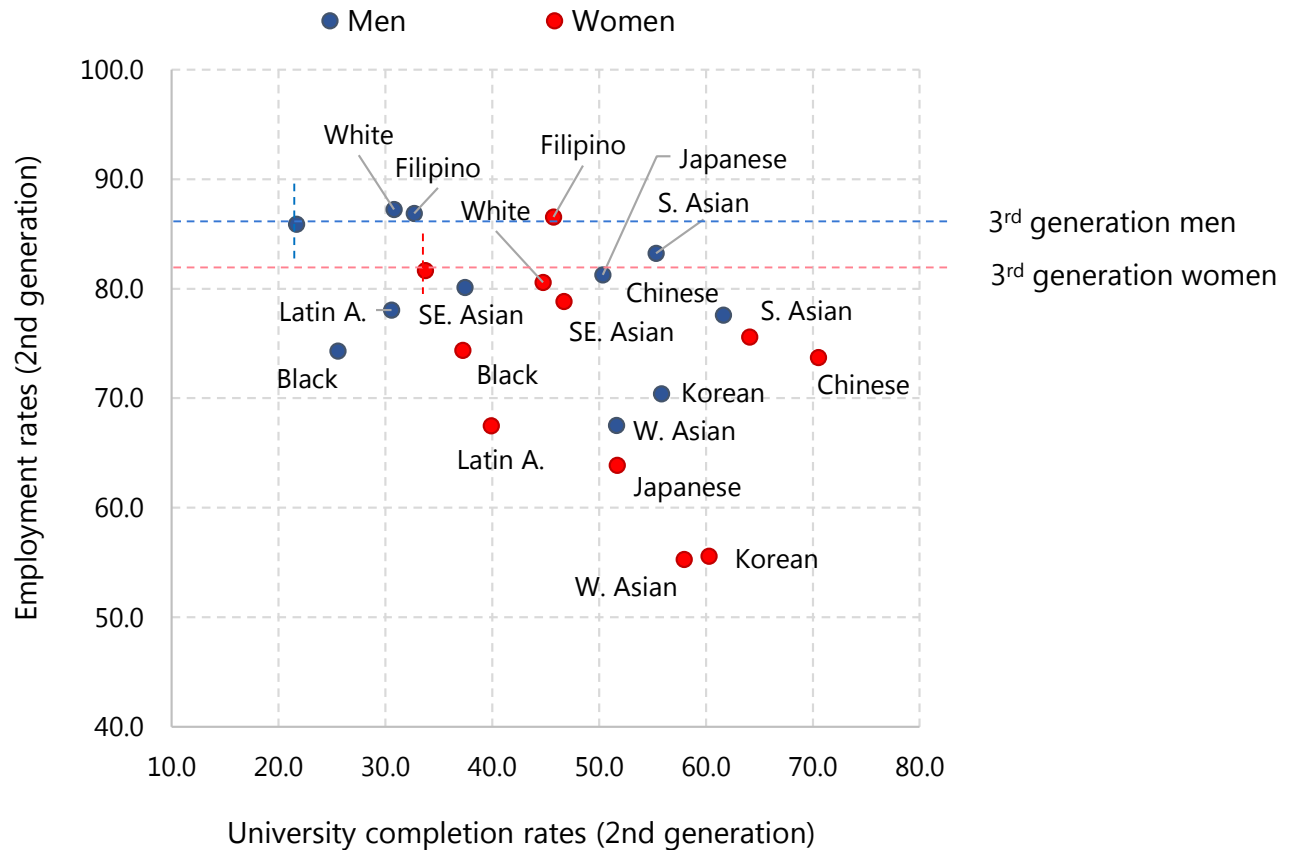
Second generation sons/daughters aged 25-44 in 2016



Immigrant fathers/mothers aged 25-44 with Canadian-born kids under age 20 in 1991

# However, educational qualifications do not guarantee high employment rates for many racial minorities

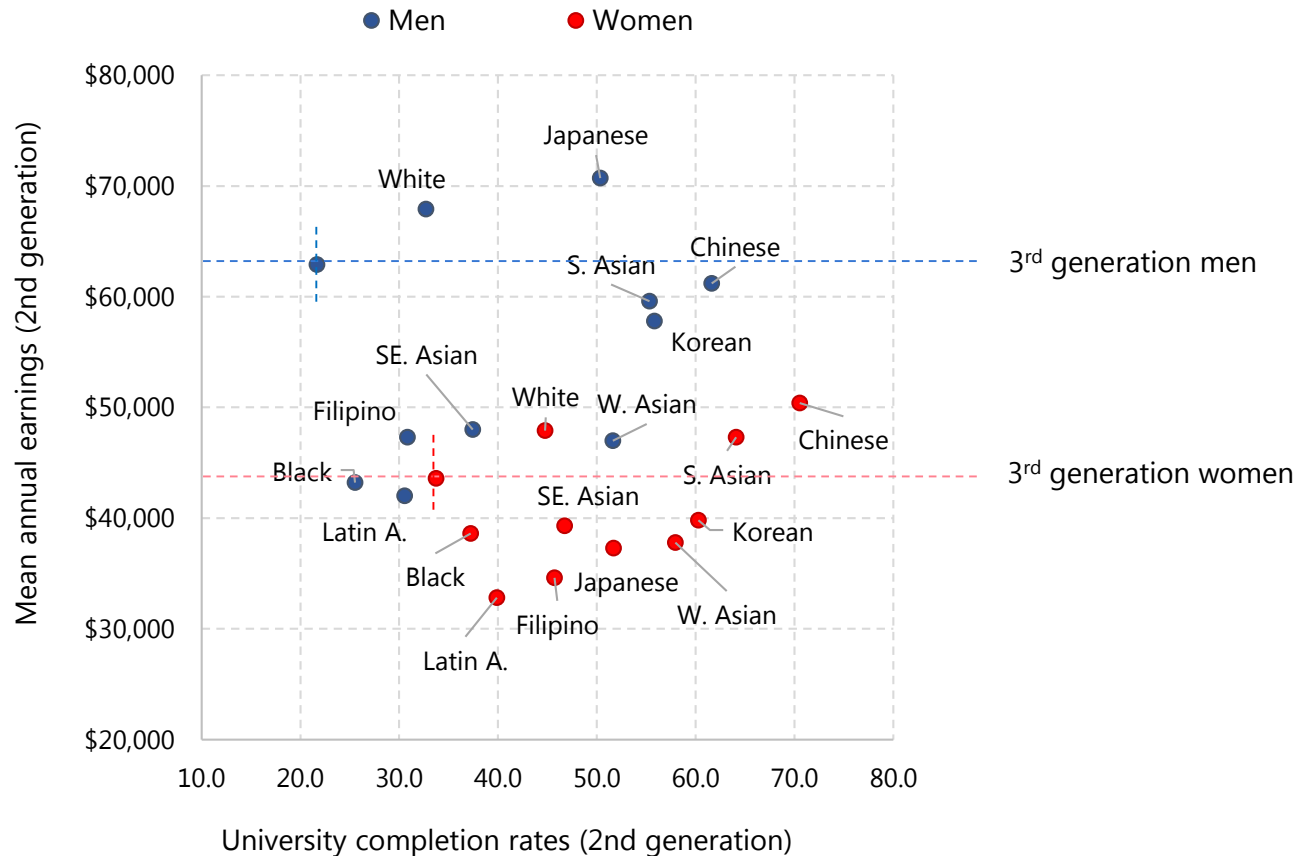
University completion and **employment rates**  
(second generation groups, 25-44 year olds)





# Annual earnings also do not correspond to relative advantages in education for some 2<sup>nd</sup> generation racial groups;

University completion rates and **annual earnings**  
(second generation groups, 25-44 year olds)



Source: 2016 Census

## Cohort differences ... has intergenerational mobility declined over time?

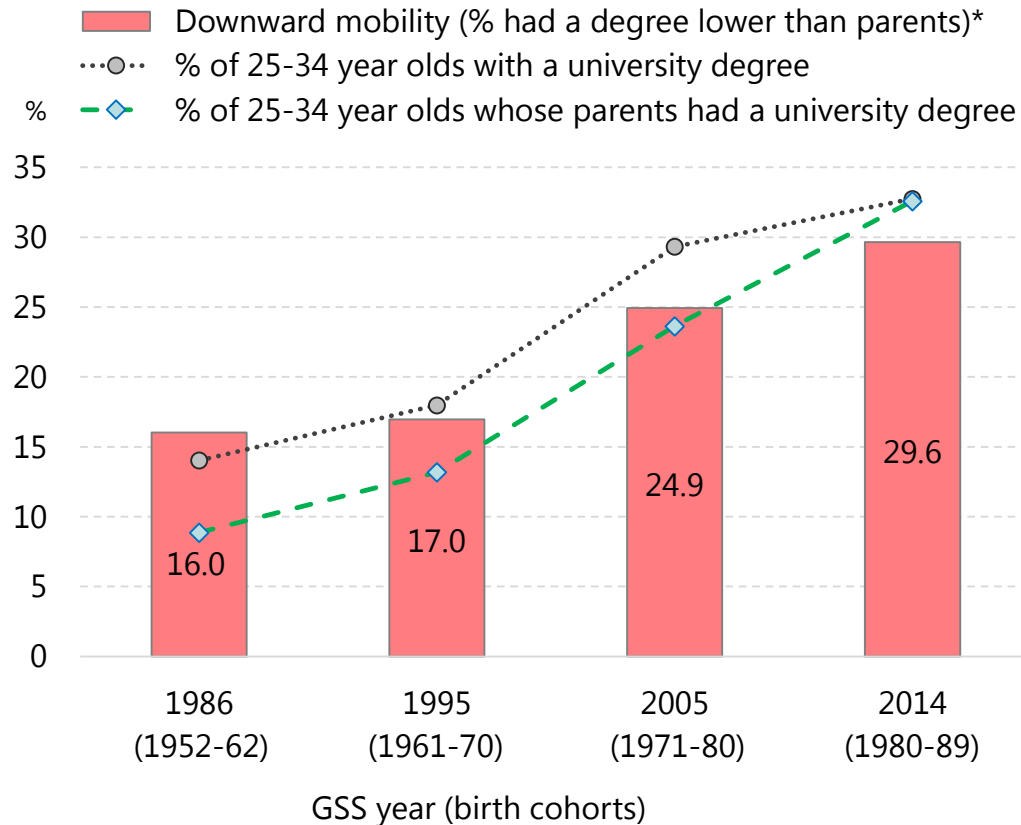
- ***The fading American Dream:*** large drop in absolute income mobility between 1940 and 1984 cohorts (Chetty et al., 2016; Davis and Mazumder 2017; Putnam, 2016)
- ***The Canadian dream?***
  - *Remains true ... a stable trend in absolute income mobility for birth cohorts between **1970** and 1984, based on extended IID (Ostrovsky, 2017)*



# Findings from multiple waves of GSS data may suggest otherwise ...

## Downward education mobility (% had a degree lower than that their parents had) has increased among more recent birth cohorts

Cohort differences in intergenerational education mobility (Canadian-born 25-34 year olds)



\* Based on 5 groups (less than HS, HS, PSE, BA, Graduate)

Source: GSS 1984, 95, 05, 14



**Thank you**



## Future studies

- Puzzling finding regarding high educational achievement and mediocre labour market performances among the children of racial minority immigrants, using **Census-children-parents Tax (IID) linked** data
- Long-term trends in intergenerational mobility including some early birth cohorts (e.g. 1940-1970). Chetty et al. (2016) show that the lack of long parents/children linked panel may be overcome through a **new methodology** ...
  - *Marginal income distributions for parents and children using historical data from censuses;*
  - *Joint distribution of parent/child income rank (copula) using IID*