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

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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)

Rich families are also borrowing-constrained as they tend to invest more for children.

Institutional factors (e.g. public education) may have created equal opportunity.
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)

Source: Chen et al. (2017)
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

Two scenarios: Canadians aged 25-44 in 2016 (potential kids of 1991 parents)

- Parents aged 25-44 who had Canadian-born kids under age 20 in 1991

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

- Canadian-born 25-44 year olds in 2016
- Parents aged 25-44 who had Canadian-born kids under age 20 in 1991

Strong persistence in high education across generations among wealthy neighbourhoods

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)

Source: 1991 & 2016 Censuses
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)

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Source: 2016 Census
Annual earnings also do not correspond to relative advantages in education for some 2\textsuperscript{nd} generation racial groups;

University completion rates and \textit{annual earnings} (second generation groups, 25-44 year olds)

Mean annual earnings (2nd generation)

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)

- Downward mobility (% had a degree lower than parents)*
- % of 25-34 year olds with a university degree
- % of 25-34 year olds whose parents had a university degree

* 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