

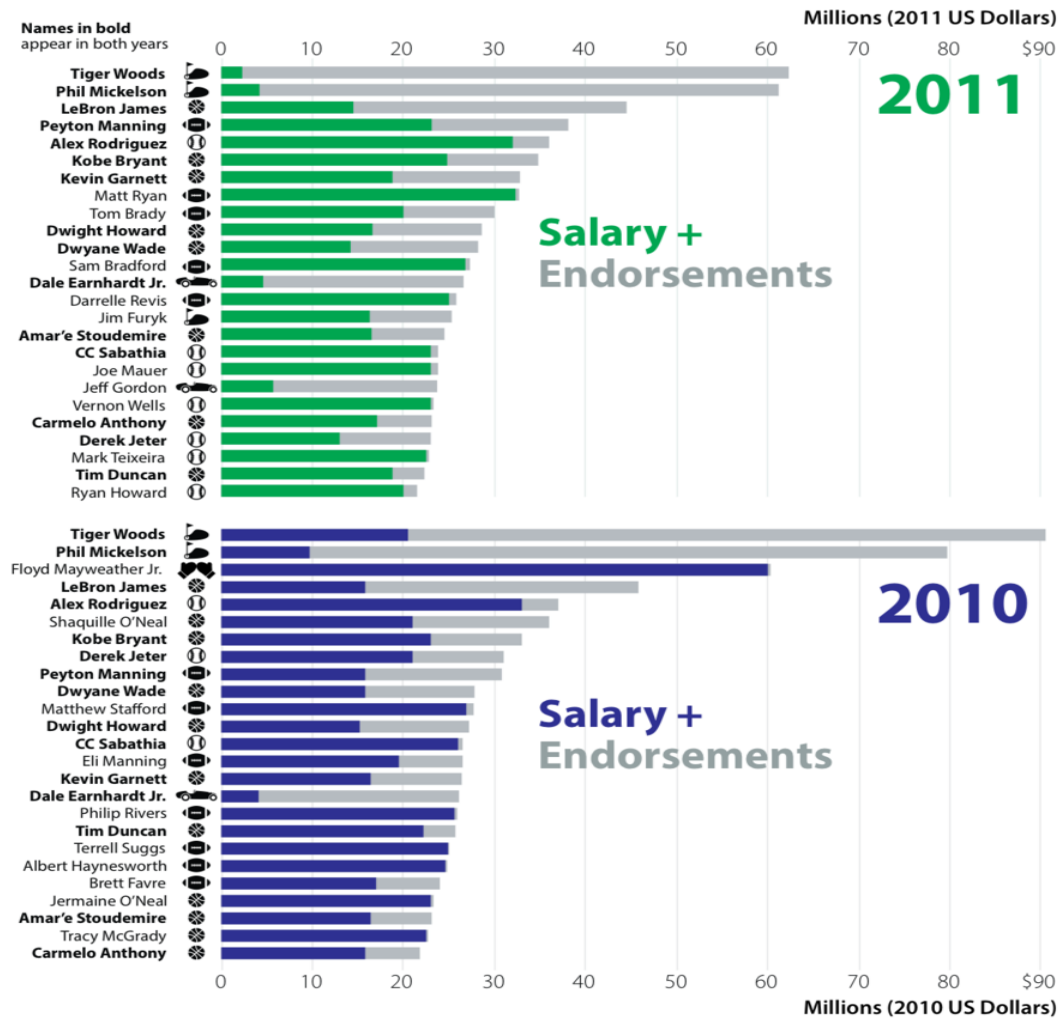
# Social Mobility

# Paths upward

- Education
- How can you move up without education?
  - Enterprise
  - Entertainment
  - Sports
  - Finance
  - ??
- Winners-take-all markets

2010 | 2011

# Top Incomes in Professional Sports



# The odds

**TRAIN**<sup>TO</sup>**BALL**

## WHAT ARE YOUR ODDS OF **MAKING THE NBA**

FROM HIGH SCHOOL TO COLLEGE TO NBA

**GOAL**

**ODDS**

**NCAA**

**1 of 31**

**12th GRADE PLAYERS**

**NBA**

**1 of 365**

**NCAA PLAYERS**

**NBA**

**1 of 3249**

**12th GRADE PLAYERS**

**48 out of 155,955 High school Senior Players make the nba**

**Are you one of the 48 hardest workers?**

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- High School Basketball Players: 545,844
- High School Senior Basketball Players: 155,955
- NCAA Student Basketball Players: 17,500
- Average NCAA Freshman Roster Positions: 5000
- NCAA Student Athletes Drafted: 48

- **Social Inequality vs. Social Mobility**
  - Outcomes vs. opportunities
    - High inequality makes the consequences of social mobility greater
    - If there were perfect equality no one would care about social mobility
- **Forms of Social Mobility**
  - Occupational mobility
  - Educational mobility
  - Income (wage or family income) mobility
  - Wealth mobility
- **Starting point → Destination**
  - *Intergenerational* mobility parents → current
  - *Intragenerational* mobility first job/income etc → current

# Two sources of mobility: Growth and Openness

	Offspring high	Offspring low	Total
Parent high	50	0	50
Parent low	0	50	50
Total	50	50	100

	Offspring high	Offspring low	Total
Parent high	0	50	50
Parent low	50	0	50
Total	50	50	100

	Offspring high	Offspring low	Total
Parent high	50	0	50
Parent low	30	20	50
Total	80	20	100

	Offspring high	Offspring low	Total
Parent high	40	10	50
Parent low	30	20	50
Total	70	20	100

- ← No mobility
  - and no growth & no openness
- ← Perfect mobility
  - and no growth & full openness
- ← Mobility
  - and growth & no openness  
(notice no one moved down)
- ← Mobility
  - and growth & openness

# Occupational mobility

- Prestige scale

– Fortune Teller	13
– Dishwasher	17
– Used Car Salesman	25
– Waiter in Restaurant	27
– Bellhops	27
– Cooks	30
– Truck Drivers	30
– Aerobics Instructor	34
– Travel Agent	41
– House Carpenter	43
– Real Estate Agent	48
– Interior Decorator	48
– Fireman	53
– Actor/Actress	58
– Policeman	60
– Sociologist	61
– Business Entrepreneur	62
– Banker	63
– High School Teacher	66
– School Principal	69
– Architect	73
– Mining Engineer	73
– Legislator	74
– College Professor	74
– Lawyer	75
– Professor of Mathematics	78
– Astronaut	80
– College or University President	81
– Physician	86

- Occupational groups:

- Upper professional
- Lower Professional
- Self-Employed
- Technical and Skilled
- Farm Sector
- Unskilled and Service

# Intergenerational persistence (elasticity)

- Occupational persistence:
  - 40%
  - Historical comparison:
    - *declining* due to growth in college attendance and jobs requiring college degrees
    - But for the younger cohorts of men there is a small increase
  - International comparison:
    - Middle position
      - » Countries better: Sweden, Canada, Norway
      - » Countries worse: Ireland, Portugal, Italy, Great Britain, France



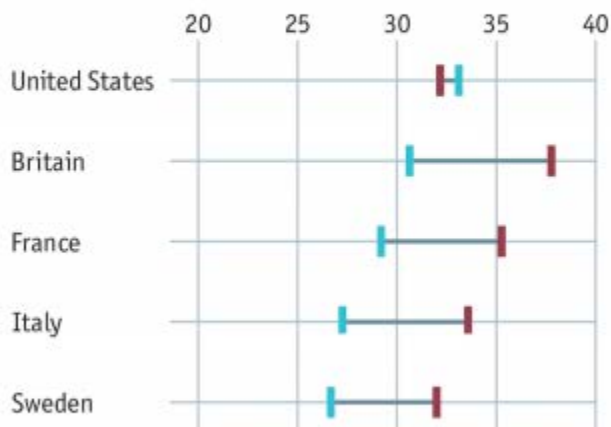
# Intergenerational persistence (elasticity)

- Wealth persistence:
  - 50%
- Income persistence:
  - 54-60%
    - Historical comparison:
      - *No significant change in the last century.*
      - Stable until 1960s then a drop until 1980 and back to previous levels since then
      - Big immobility on the top and on the bottom, more movement in the middle
      - Women entered the work force and that increased income mobility overall
      - Since the 1980s, however there has been a *large increase in social inequalities*
    - International comparison:
      - Low position
        - » Countries better: Sweden, Canada, Norway, Finland and possibly, Germany and Great Britain
  - Worrisome signs for the future:
    - Increasing returns to higher education and increasing college tuition

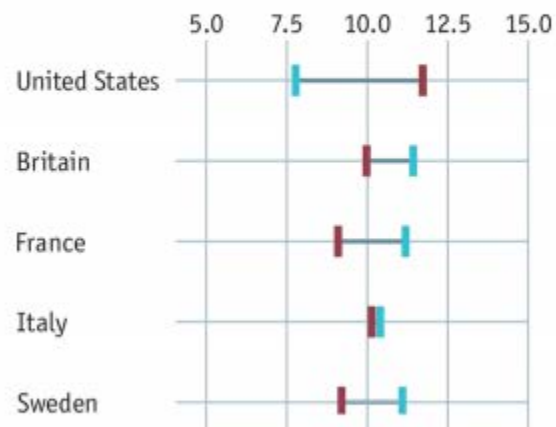
## Movin' on up

Actual and perceived social mobility of children, 2016

Probability of remaining in the bottom quintile of earnings, %



Probability of moving from bottom to top quintile of earnings, %



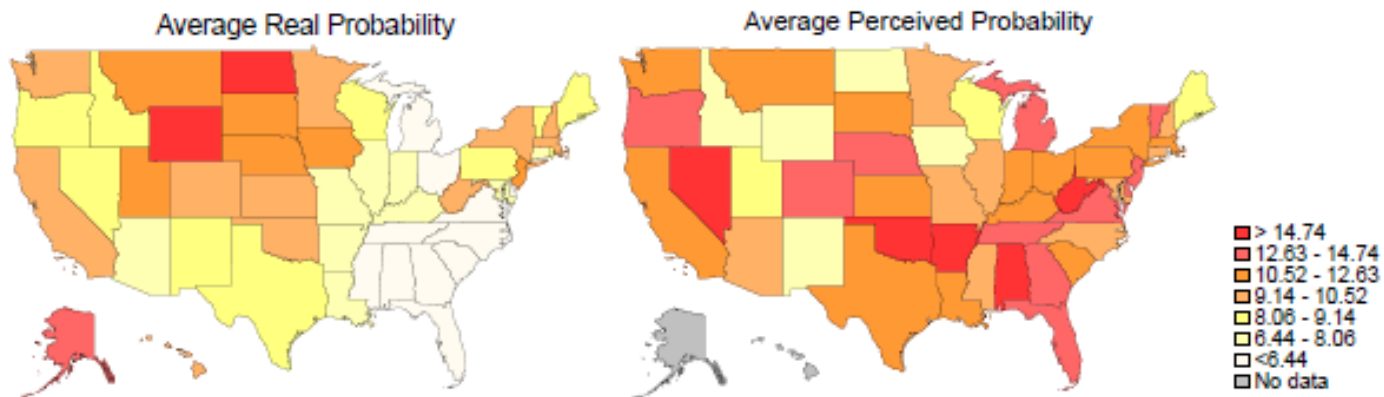
Source: "Intergenerational Mobility and Preferences for Redistribution" by A. Alesina, St. Stantcheva and E. Teso

\*Surveyed Feb-Oct 2016

# Perceived and Actual Social Mobility in the U.S.

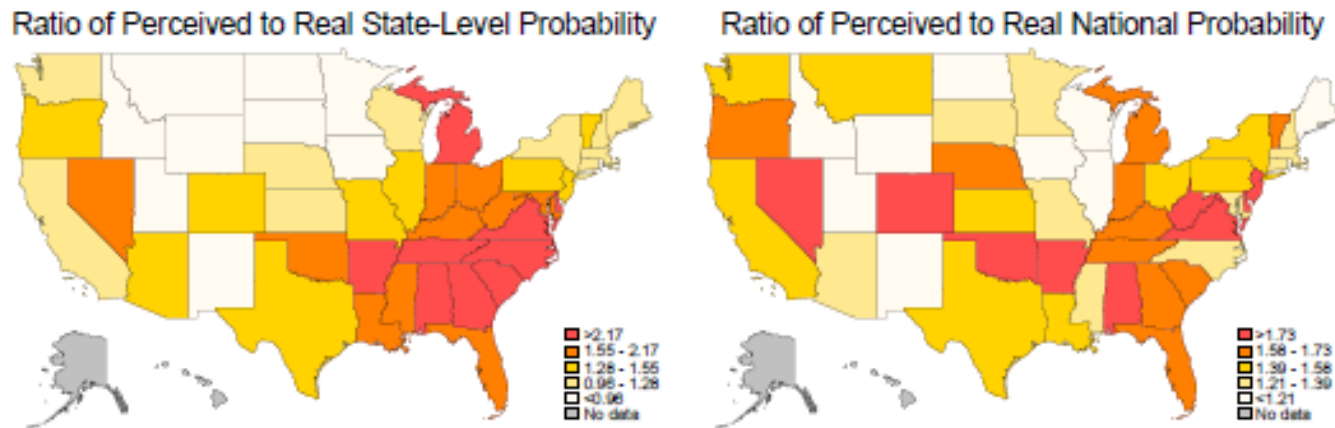
FIGURE 4: ACTUAL AND PERCEIVED PROBABILITY OF MOVING FROM THE BOTTOM TO THE TOP QUINTILE ACROSS U.S. STATES

Panel A:



# Cont.

Panel B:

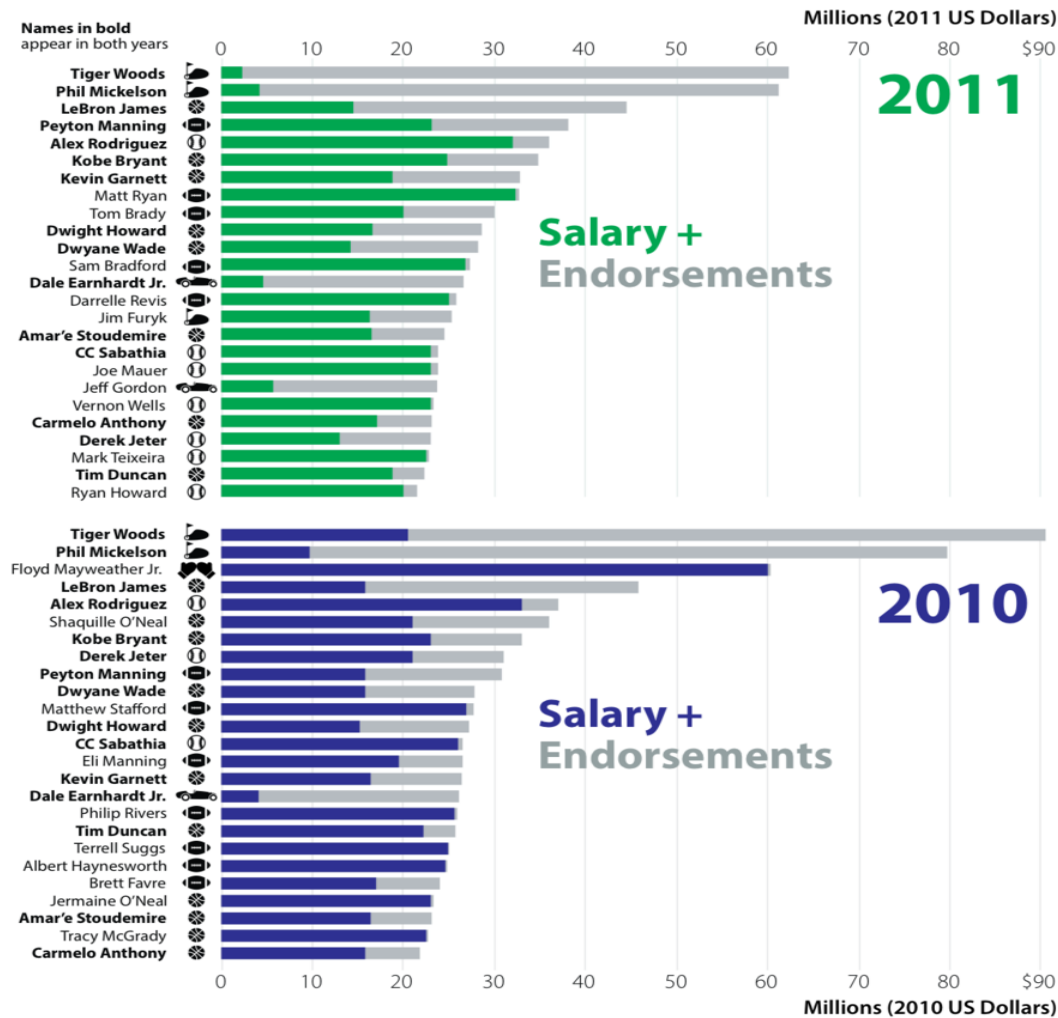


Notes: The top left panel shows the actual probability of a person born in a family in the bottom quintile moving to the top quintile in each state. The top right panel shows the corresponding average perceived probability among respondents in our survey who live in that state. The bottom left panel shows the ratio of the average state-level perceived probability to the actual state-level probability. The bottom right panel shows the ratio of average state-level perceived probability to the average real national probability. The average real national probability of moving from the bottom to the top quintile in the United States is 7.8%. Real state-level probabilities are aggregated to the state level using community zone-level data from Chetty et al. (2014).

Alesina, Alberto, Stefanie Stantcheva, and Edoardo Teso. "Intergenerational mobility and preferences for redistribution." *American Economic Review* 108.2 (2018): 521-54.

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# Hoop Dreams

- Avenues of upward social mobility
  - Sport – William, Arthur, Curtis
  - Education – Arthur's mom, William
  - Religion – Arthur's dad, William
  - Enterprise – talent scout, Arthur
  - ?Drug dealing
- Roadblocks
  - Poverty
  - Teen parenthood
  - Incarceration
  - Substance abuse



- [https://www.youtube.com/watch?time\\_continue=1&v=IXJKNm7FBTk](https://www.youtube.com/watch?time_continue=1&v=IXJKNm7FBTk)