

Intergenerational Income Mobility in France: A Comparative and Geographic Analysis

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What is the relationship between the income of parents and the income of their children?

Why do we care?

Equity

→ *Do we live in a society that affords the same opportunities regardless of socio-economic background?*

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Policy

- *What can the government do to reduce the transmission of inequality across generations?*

What do we know?

Many studies on developed countries:

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But very few France:

- *Only 1 national estimate*
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Even though interesting case study:

- *Relatively modest inequality*
- *Relatively inexpensive higher education*

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2. Investigate the **spatial variations** of intergenerational mobility
3. Describe the relationship between **intergenerational** and **geographic mobility**

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 - *Annual Declarations of Social Data (1967-2015)*
→ *Parents wage (prediction sample)*

L'Échantillon Démographique Permanent

Census

L'Échantillon Démographique Permanent

EDP
individual

Census

Child

Parent

L'Échantillon Démographique Permanent

EDP
individual

Family
member

Census

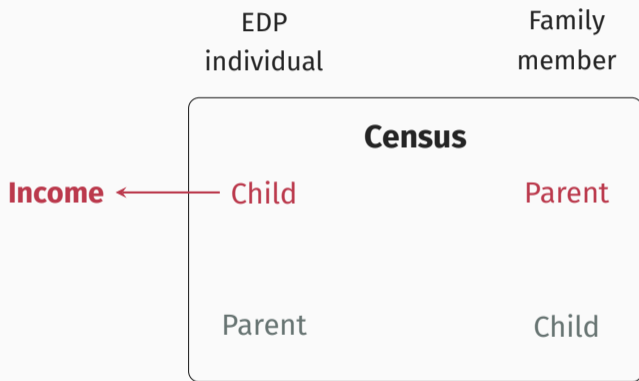
Child

Parent

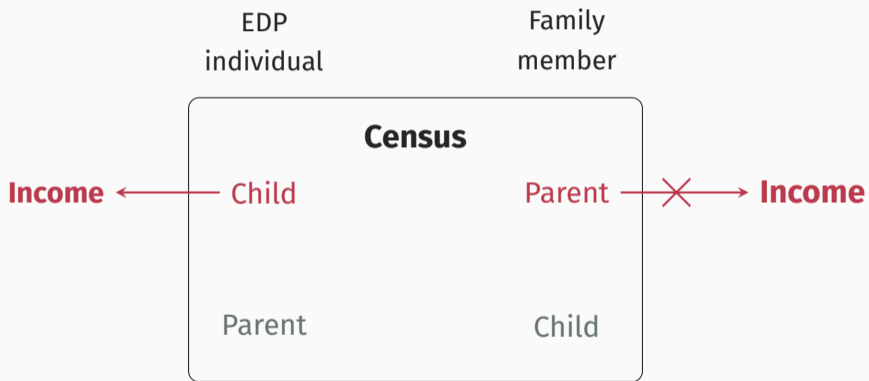
Parent

Child

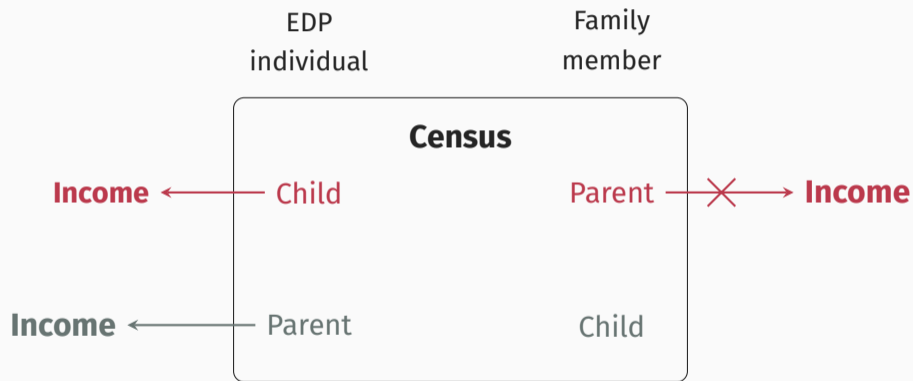
L'Échantillon Démographique Permanent



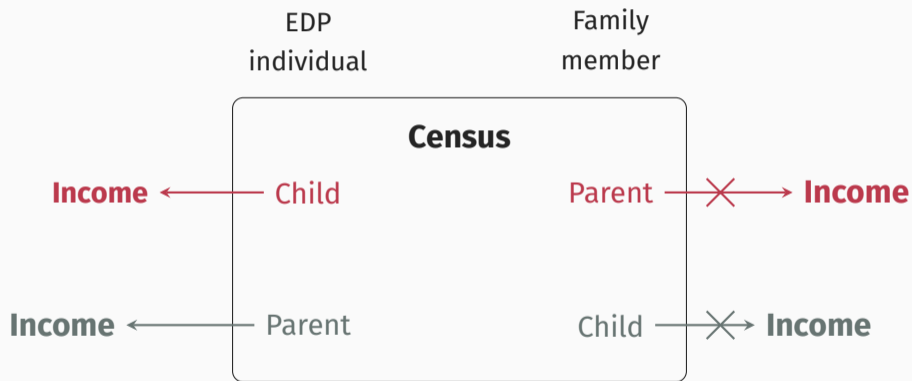
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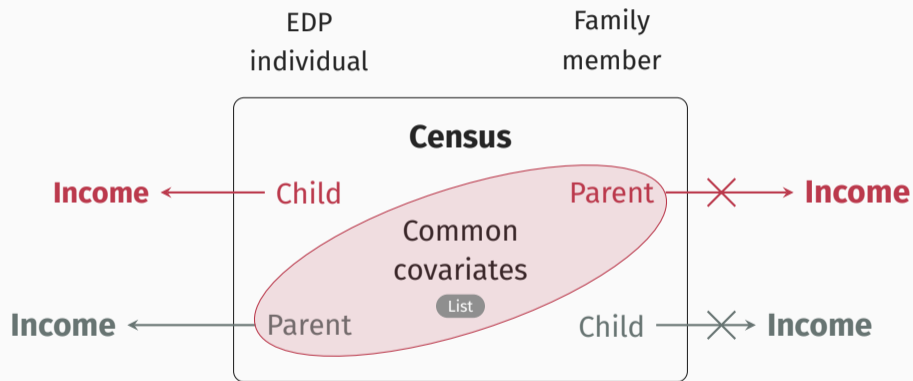
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Variable Definitions

Parent household wage:

Average predicted pretax wage for father and/or mother (age 35-45)

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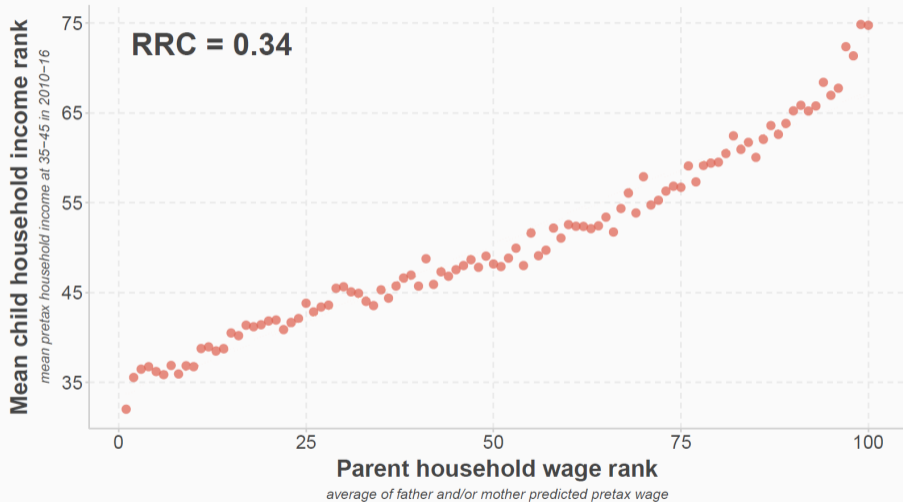
Average pretax household income between 2010-2016 (age 35-45)

Percentile ranks:

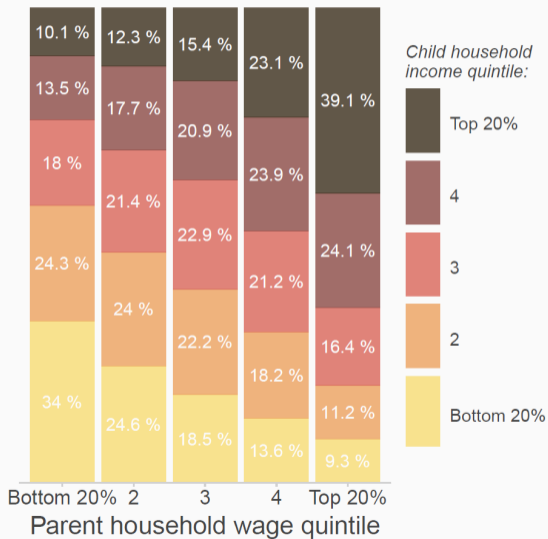
Child: *Child percentile rank in the income distribution of his birth cohort*

Parents: *Parent percentile income rank relative to other parents with children in the same birth cohort*

National results: Rank-rank relationship

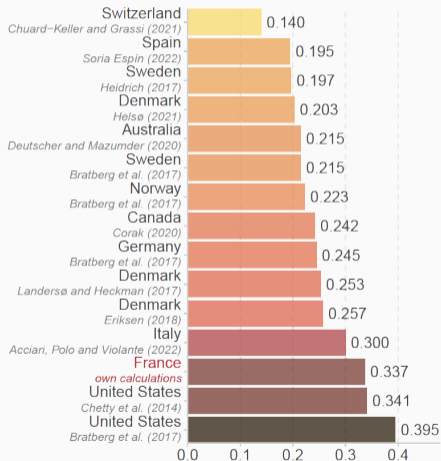


National results: Transition matrix



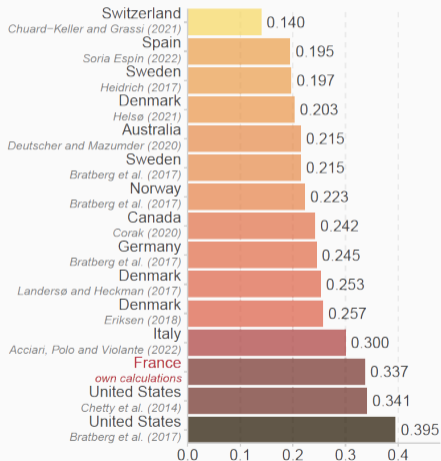
International comparison

Rank-Rank Correlation

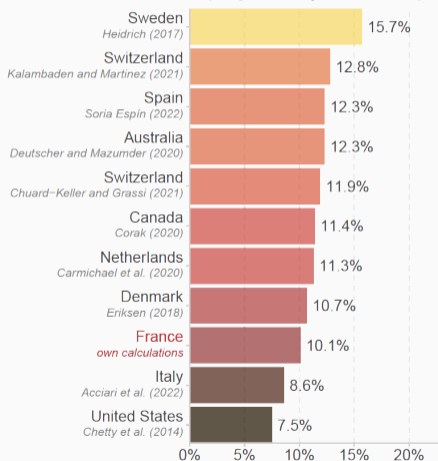


International comparison

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P(Top 20% | Bot. 20%)



Spatial variations: Methodology

Department assignment:

→ *Location as a child: Department of residence in 1990*

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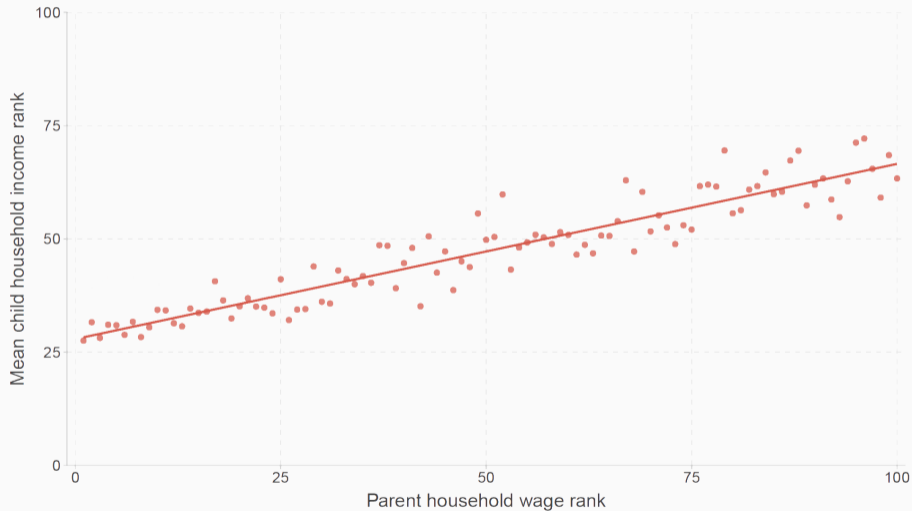
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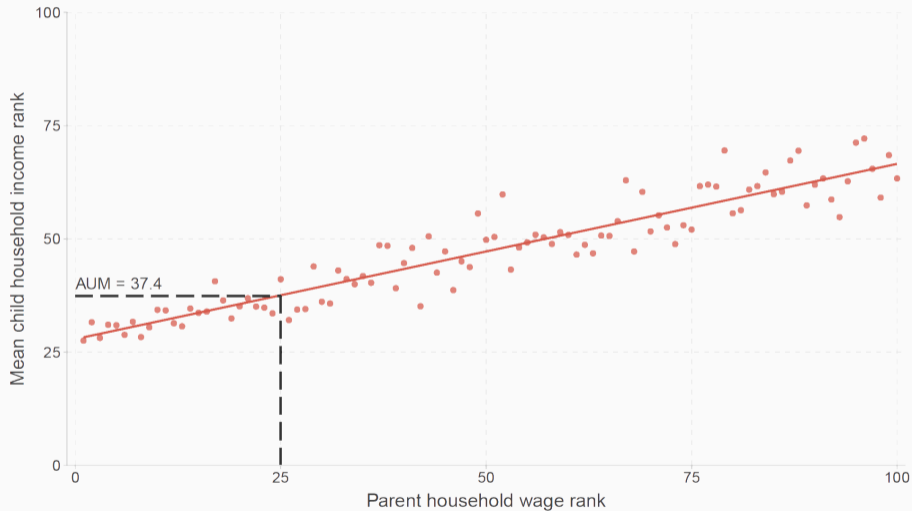
$$p_{c,d} = \alpha_d + \text{RRC}_d p_{p,d} + \varepsilon_d$$

$$\begin{aligned} \text{AUM}_d &\equiv \mathbb{E}[p_{c,d} \mid p_{p,d} = 25] \\ &\equiv \hat{\alpha}_d + 25 \times \widehat{\text{RRC}}_d \end{aligned}$$

CEF of the *Nord* department

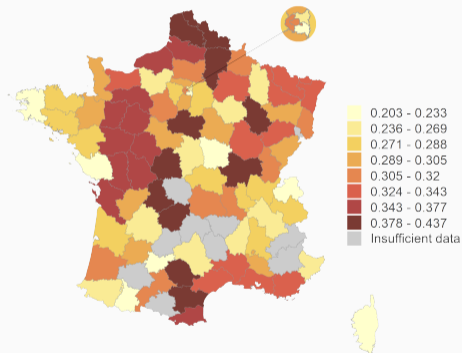


CEF of the *Nord* department

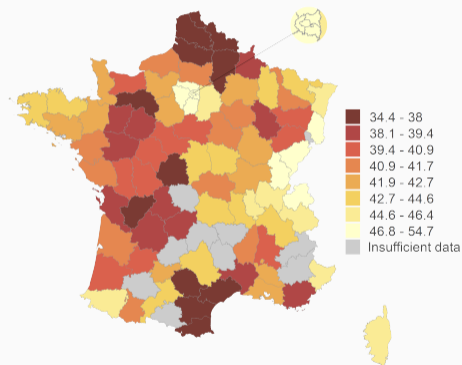


Spatial variations: Results

RRC



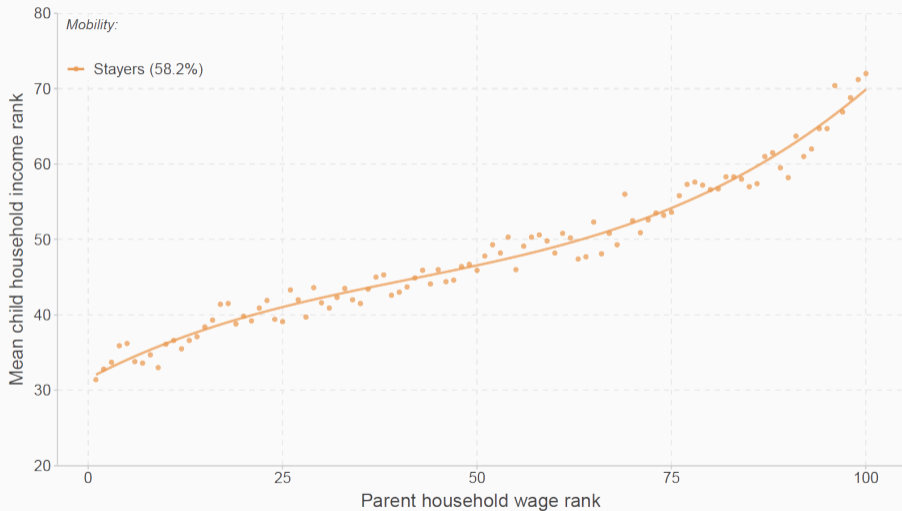
AUM



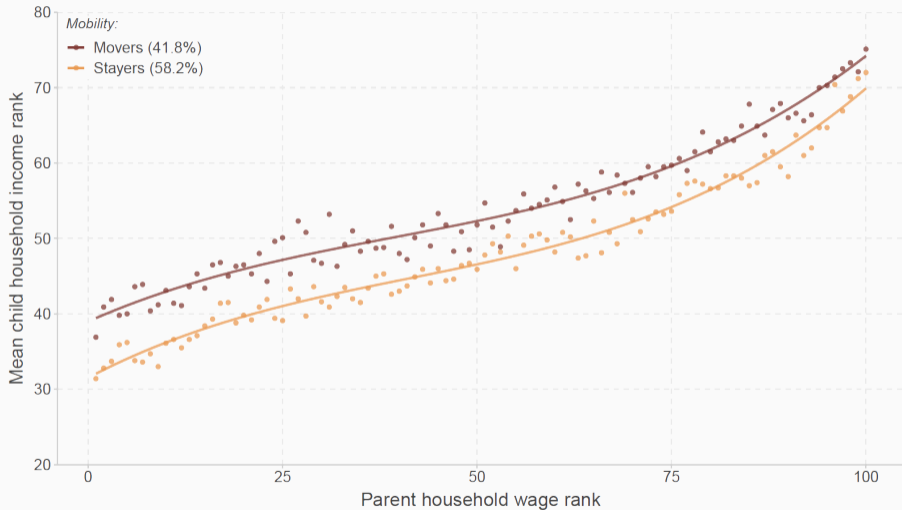
Intergenerational & Geographic Mobility



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Two questions:

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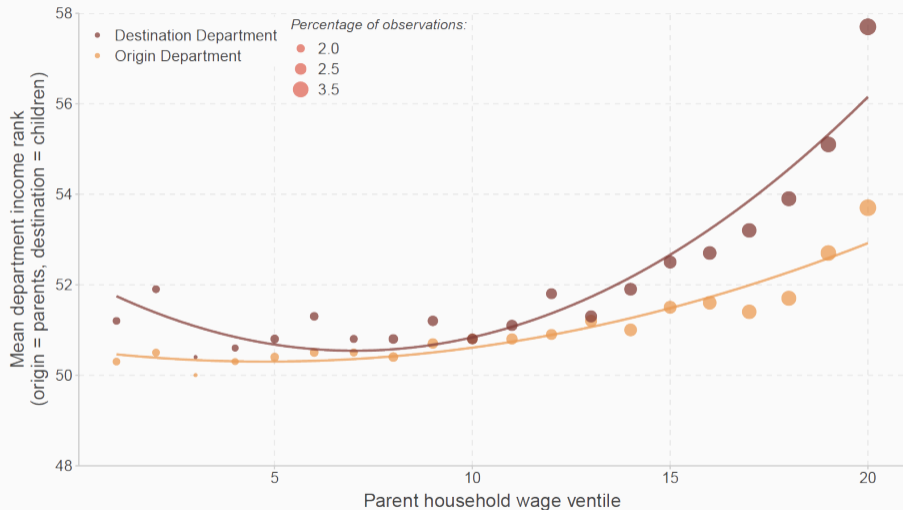
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At the individual level?

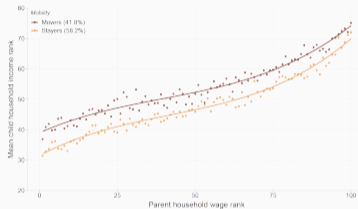
- *How do the $E(\text{gains})$ differ depending on the destination income level?*
- *How do these differences vary along the parent income distribution?*

Mobility towards richer departments: Aggregate level

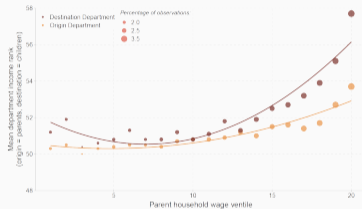


Mobility towards richer departments: Aggregate level

Expected mobility gains

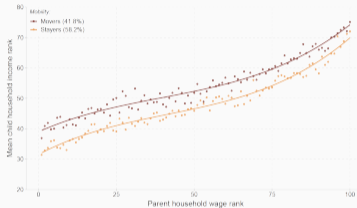


Dest. - Origin income level



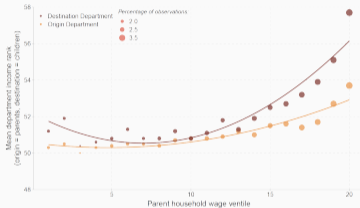
Mobility towards richer departments: Aggregate level

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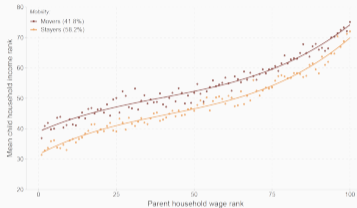
Dest. - Origin income level



→ *J-shaped*

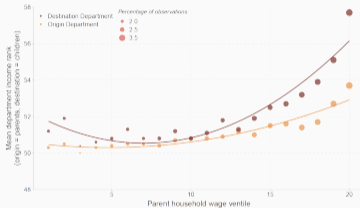
Mobility towards richer departments: Aggregate level

Expected mobility gains



- *Monotonically decreasing*
- *Small*

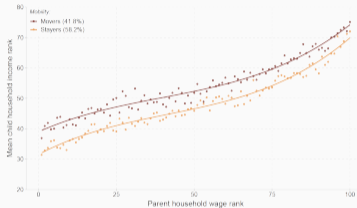
Dest. - Origin income level



- *J-shaped*
- *Twice smaller*

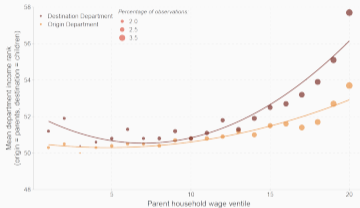
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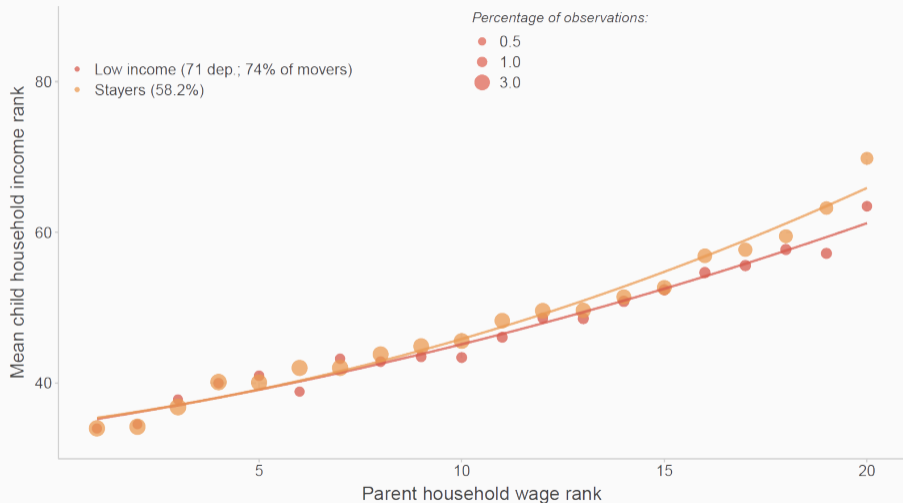
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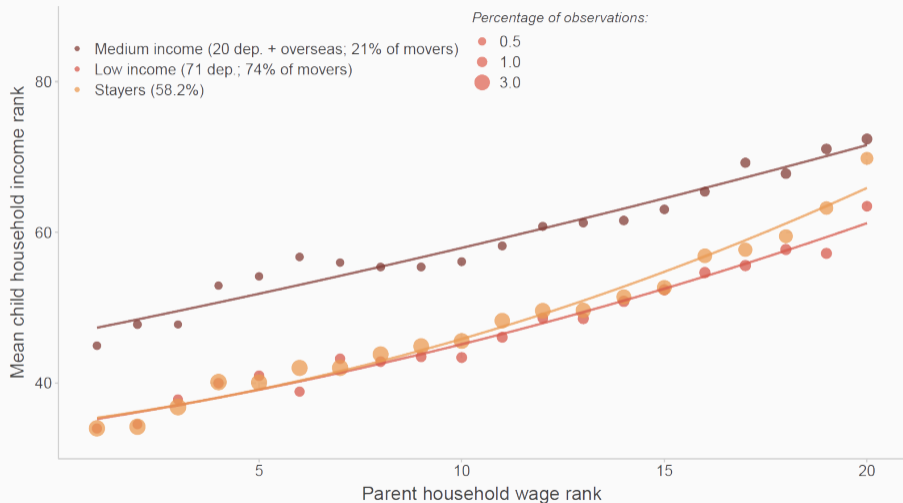
- *J-shaped*
- *Twice smaller*

→ *It's not just about moving to higher-income departments*

Mobility towards richer departments: Individual level



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Mobility towards richer departments: Individual level



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2. **Spatial variations** between departments of the same magnitude as observed **between countries**
3. **Significant differences** in conditional expected income ranks between geographic movers and stayers
 - Decreasing in parent income
 - Increasing in destination-department income level

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Set of predictors [back](#)

Category	Variable	Description
Individual	Age in 1990	Captures secular trend despite DADS parents only being born in even years.
	Professional Category	42-category professional category
	Education	8-category highest diploma obtained
	Family type	6-category classification according to single parenthood and labor market activity
	Birth country	France, South Europe, Other Europe, Maghreb, Rest of Africa, Rest of the World
	Nationality	Dummy for being French at birth
<hr/>		
Municipality <i>(For national estimates only)</i>	Population	Log of population
	Density	Log of population density
	%Unemployed	Unemployment rate
	%Foreigners	Share of non-French individuals
	%Single mothers	Share of single mothers