Structure, Opportunities and the Broader Economy

David Johnson

Federal Reserve Conference on Economic Mobility, April 3, 2015
The who, what, where, when, why and how?

- **Who**: Whose resource is measured? how do we adjust for differences in the unit of analysis
The who, what, where, when, why and how?

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- **What**: What resource measure is used? Income, disposable income, consumption, wealth And which summary measure
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- **What:** What resource measure is used? Income, disposable income, consumption, wealth And which summary measure
- **Where:** Do the measures differ by location?
- **When:** When do we adjust for the time period used? And how to adjust for inflation
The who, what, where, when, why and how?

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- **When**: When do we adjust for the time period used?
  - And how to adjust for inflation

- **Why**: Why is the measure needed; what is the purpose?
  - Well-being, trends, inequality

- **How**: Which data set is used?
  - CPS, CE, SCF, IRS, PSID
Freeman/Han: How Does Declining Unionism Affect the American Middle Class and Inter-generational Mobility?

Source: Corak (2013) and OECD (2012).
The shrinking middle class was accompanied by an increasing upper class
Share of the middle class fell for most countries between 1980s and late 2000s – and many went up.

Change in share of people between half and twice median income from early 1980 and late 2000 using calculations from LIS data by Nathaniel Johnson.
Income for union households show less dispersion than for non-union households.
Unions members are concentrated in certain occupations

- *Education, training, and library*: 35%
- Protective services: 35%
- Construction and extraction: 18%
- Professional and related occupations: 17%
- Transportation and material moving: 16%
- Installation, maintenance, and repair: 15%
- Production: 13%
- Building and grounds cleaning and maintenance: 10%
- Office and administrative support: 9%
- Healthcare support: 9%
- Personal care and service: 6%
- Management, business, and financial operations: 5%
- Food preparation and serving related: 4%
- Sales and related: 3%
- Farming, fishing, and forestry: 3%

*Note: Education, training, and library occupations are included in Professional and related occupations, which also is shown separately. Source: Current Population Survey (CPS), 2014 annual averages.*
Union membership impacts blue collar workers and those without a high school degree.

Table 6: Estimated Effect of Parents’ Unionism and Income on Log (offspring income), by Parents’ Education or Occupational Group

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>&lt; High school degree</th>
<th>High school degree</th>
<th>Blue collar</th>
<th>White collar</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td>Union HH</td>
<td>0.177**</td>
<td>0.144*</td>
<td>0.087</td>
<td>0.084</td>
</tr>
<tr>
<td></td>
<td>(0.074)</td>
<td>(0.076)</td>
<td>(0.084)</td>
<td>(0.084)</td>
</tr>
<tr>
<td>Log (HH income)</td>
<td>0.221***</td>
<td>0.056</td>
<td>0.260***</td>
<td>0.087</td>
</tr>
<tr>
<td></td>
<td>(0.060)</td>
<td>(0.084)</td>
<td>(0.086)</td>
<td>(0.110)</td>
</tr>
<tr>
<td>Observations</td>
<td>423</td>
<td>423</td>
<td>461</td>
<td>460</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.162</td>
<td>0.190</td>
<td>0.084</td>
<td>0.084</td>
</tr>
</tbody>
</table>

Note: Clustered standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1. The offspring income is the labor income of full-time offspring. The HH income is the labor income of household head who is working full-time. Covariates include parents’ age, race, ethnicity, full-time status, marital status, industry, and the urban status of the household.
van der Weide and Milanovic: Inequality Is Bad for Growth of the Poor (But Not for That of the Rich)
Differential growth in income by percentile indicates increasing inequality.
The increase in the Gini is related to differential growth in income by percentile.
State Gini and State growth rates show little correlation

Growth rate 2000-2010

Gini 2000
Bottom inequality yields growth at the top
Top inequality decreases bottom incomes

(From Table 4: dependent var. = per capita income growth at given percentile of state income distribution; 1960-2010; 10-year periods)
Larrimore, Mortenson and Splinter: Income and Earnings Mobility in U.S. Tax Data

Percent of tax units experiencing changes in income greater than 25% (over two years (initial) or subsequent two years (persistent))

- Initial Decrease
- Persistent Decrease
- Persistent Increase
- Initial Increase

Q1 | Q2 | Q3 | Q4 | Q5
SIPP data linked to IRS data shows more volatility at low income

Percentage of Households Whose Incomes Changed by 25 Percent or More Over the Previous Year, by Quintile of the Income Distribution

(Percent)


First (Lowest)  
Second  
Third (Middle)  
Fourth  
Fifth (Highest)
Taxes slightly mitigate large income changes.

Source: Enhanced CWHS panel and authors’ calculations.
Stabilization falls at low income for parents (who qualify for EITC)
1990 Census Long form
(Income, Occupation, Education, Work status, Family composition)

2000 Census Long form
(Income, Occupation, Education, Work status, Family composition)

2008-2012 ACS
(Income, Occupation, Education, Work status, Family composition)

2013-2018 ACS
(Income, Occupation, Education, Work status, Family composition)

ENTER YOUR SURVEY HERE
e.g., SIPP

SSA Earnings records (1978-2012)

IRS Kidlink Parent/Child SSNs