ECONOMICS

Pathways of income mobility

Proc. Natl Acad. Sci. USA **114**, 9320–9325 (2017)

Credit: Phil Clark/Eyeem/Eyeem/Getty

Recently, public attention has turned to the problem of growing wealth disparity, encapsulated in the Occupy movement's slogan "We are the 99%". In the field of economics, Thomas Piketty's *Capital in the Twenty-First Century* has reinvigorated the use of historical data to study income inequality. In a series of recent studies, Raj Chetty and colleagues have started to address the related question of income mobility (IM). Through the careful mining of tax code data, they developed US county-level measures of IM and show that children's economic prospects depend on their residential contexts. However, the pathways through which mobility operates are not clearly understood.

By combining the county-level measures of IM with longitudinal data on child cognitive and behavioural development from the Fragile Families and Child Wellbeing Study, Louis Donnelly and colleagues have recently shown that growing up in a county with high upward mobility is associated with fewer externalizing behaviours and higher cognitive test scores for children from low-income families, even after controlling for a host of family characteristics. They find that growing up in a county with IM just one standard deviation higher accounts for 20% of the gap in developmental outcomes between the rich and poor. These findings are consistent with the argument that better schools and other resources contribute to the advantages associated with higher IM counties.

Although this study highlights the impact of IM on developmental trajectories, it treats IM as a proxy for a constellation of conditions (such as inequality, segregation and crime) that together drive or inhibit mobility. Future work will have to unravel the detailed mechanisms by which these effects operate.

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Published online: 19 September 2017

DOI: 10.1038/s41562-017-0221-3