

Fundamentals of Mobility Measurement: Frank Cowell, London School of Economics

Outline:

Do mobility measures appropriately represent changes in income or economic status? Do they reflect the values of policy makers or ordinary people?

The lecture is based on three elementary principles for mobility comparisons. They are familiar from other issues in the welfare economics of distributional analysis. However, many commonly used indices violate one or more of these principles. Does this matter? Why do we use ad-hoc mobility measures?

Could we build mobility measures from these principles? They can be used to specify intuitive axioms for comparison of mobility scenarios. Using these principles, one can characterise two broad classes of mobility measures that have a natural interpretation in terms of distributional analysis.

Key concepts:

- Movement profiles
- Mobility principles: movement, independence, consistency
- Directional sensitivity
- Mobility decomposition

Un amuse-bouche:

<https://www.economist.com/graphic-detail/2018/02/14/americans-overestimate-social-mobility-in-their-country>

Background reading:

Aaberge, R., A. Björklund, M. Jäntti, P. J. Pedersen, N. Smith, and T. Wennemo (2002). Income inequality and income mobility in the Scandinavian countries compared to the United States. *Review of Income and Wealth* 48, 443.

Alesina, A., S. Stancheva, and E. Teso (2018). Intergenerational mobility and support for redistribution. *American Economic Review* 108, 521-554.

Corak, M. (2013) Income Inequality, Equality of Opportunity, and Intergenerational Mobility. *Journal of Economic Perspectives* 27, 79–102.

Cowell, F. A. and E. Flachaire (2018). Measuring mobility. *Quantitative Economics* 9, 865–901.

Jäntti, M. and S. P. Jenkins (2015). Income mobility. In A. B. Atkinson and F. Bourguignon (Eds.), *Handbook of Income Distribution*, Volume 2, pp. 807–935. Elsevier.