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Intergenerational Mobility in Latin America

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Abstract

High inequality has long been regarded as one of the main problems facing Latin American countries. To understand better the determinants of inequality and to help guide thinking about policy options, it is useful to know whether inequality mainly reflects low intergenerational mobility or whether it is driven by differences in individual characteristics that arise independently of family background. In this paper we use five household surveys with questions about parental socioeconomic characteristics for adults, and a set of 112 standard household surveys to examine the intergenerational transmission of schooling and occupational status in Latin America and the United States. We find that intergenerational mobility is much higher in the United States than in Latin America, that there are sizable differences in mobility within Latin America, and that mobility in Latin America is strongly associated with schooling levels and expenditures on education.

Keywords: Intergenerational Mobility, Schooling, Latin America.

JEL Classification: I2, D3, J6.

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1. Introduction

Inequality is widely regarded as one of the main problems facing Latin American countries historically and today. The big chasm that separates the haves and the have-nots is considered not only a source of social turmoil and violence (political and otherwise), but also a drag on economic growth, and even a source of macroeconomic instability. Not surprisingly, social commentators from different ideological perspectives repeatedly have argued that a more equal distribution of income and assets ought to be a major priority—if not the main priority—of public policy in the region.¹

To understand better the causes of the high inequality in the region and to inform policy choices that might affect inequality, it would be useful to know whether inequality is mainly driven by the absence of opportunities for large segments of the population because of their family backgrounds or whether it is driven by differences in individual characteristics that are separate from their family backgrounds. Two different societies with the same inequality may have very different levels of social welfare depending on whether family characteristics play a substantial role in determining individuals’ fates in life. If inequality is largely the reflection of the absence of opportunities for those with poor family backgrounds, society is likely to be viewed as less fair than if family background were not so important, and policies aimed at reducing inequality have ample justification.

As important as the previous issues are, very little is known about the extent to which family background affects socioeconomic outcomes in Latin America, and hence little is known about the extent of inequality of opportunity in the region as whole as well as in particular countries. Public opinion surveys show that most inhabitants of the region believe that opportunities are very limited and out of reach of large sectors of the population, but little confirmation of these opinions has been provided by systematic quantitative analysis.² This is so because of the absence of data sets containing information on various generations of adults in the same family, without which it is very difficult to gauge the effect of family background on socioeconomic outcomes.

¹ See, for example, Berry (1997) and Birdsall and De la Torre (2001).
² Eighty percent of respondents to the Latinobarómetro, a public opinion survey carried out every year in 17 Latin American countries, state that connections are the most important mechanism for succeeding in life. Fifty-five percent state that hard work does not guarantee success.
We follow two different strategies to circumvent the lack of longitudinal data sets that has hampered previous attempts to study intergenerational mobility in Latin America. First we rely on household surveys that have included retrospective questions on parental socioeconomic characteristics. After a thorough search, we were able to gather information on parental characteristics for adults in Brazil, Colombia, Mexico and Peru, which, to the best of our knowledge, are the only countries in the region that have collected this type of information. While this includes only four countries, it should be noted that these countries comprise about 65 percent of the population of the region. We examine the intergenerational transmissions of schooling and occupational status for these countries and draw some comparisons with the United States, a representative developed country for which data are readily available. Our results reveal that intergenerational mobility is much higher in the United States than in these Latin American countries, and that there are sizable differences in mobility among them. These differences are systematically associated with mean schooling attainment both over time and across countries. However, changes in schooling attainment do not appear to be correlated with changes in mobility.

This type of analysis is inherently historical in that it focuses on the connection between family background and schooling achievements for past generations. Our second strategy uses a database constructed on the basis of 112 household surveys for 19 Latin American and Caribbean countries (LAC) and the United States to study these connections for more recent generations. We focus on teenagers co-residing with their parents, and examine the effects of family background on their relative schooling success. We document the existence of large differences in current mobility between Latin America and the United States and within Latin America. We also show that mobility tends to be higher in countries where teens have more years of schooling and in countries that spend more money on education, which confirms our earlier results.

The paper is organized as follows. Section 2 presents a brief overview of the literature on cross-national comparisons of intergenerational mobility. Section 3 examines the differences across countries in the intergenerational correlations of schooling and occupational status, as well as the connection between mobility and mean schooling attainment. Section 4 presents the effects of family background on schooling of teenagers living with their parents, and Section 5 presents some general conclusions.
2. International Comparisons of Intergenerational Mobility: A Brief Overview

Economists and sociologists have long been interested in cross-national comparisons of social mobility and their repercussions. Karl Marx and Fredrick Engels, for example, argued that organized labor failed to take hold in the United States because social mobility was higher there than anywhere else in the world. Similarly, Alexis de Tocqueville claimed that the United States stood out among other advanced nations for its high levels of social mobility. But these and similar conjectures had to wait a long time to be formally tested. Only very recently have researchers had access to the data required to compare the extent of social mobility across nations. And even today, very little is known about the extent of mobility in developing countries.

In the last decade or so, there has been renewed interest in cross-national comparisons of intergenerational mobility, spurred in part by three empirical papers that defied the general belief that the United States was an extremely mobile country.\(^3\) By using longitudinal data to represent longer-run income rather than annual income with large transitory components, these papers showed that the correlation of earnings between fathers and sons in the United States was at least twice as large as had been previously estimated. Provoked by these findings, social scientists in Europe began to wonder about the extent of mobility in Europe vis-à-vis the United States, which gave rise to an interesting meritocracy contest between the United States and European (mostly Scandinavian) countries.

The first results of this contest are now in hand and they show a virtual draw. According to the available evidence, intergenerational correlations of earnings in Canada, Finland, Germany, Sweden and the United States appear to be very similar.\(^4\) If anything, this correlation is slightly higher in the United States than in the other countries, though generally the differences are slight.

But what about the differences between developed and developing countries? Unfortunately, very little is known about the answer to this question. The lack of longitudinal data sets has thwarted most previous attempts to study intergenerational mobility in developing countries in general and in Latin America in particular. Anecdotal evidence, as well as the high

\(^3\) Behrman and Taubman (1990), Solon (1992) and Zimmerman (1992).
levels of inequality exhibited by countries in LAC, suggests that mobility can be lower (and perhaps much lower) in developing countries than in the developed ones. But little confirmation in the way of data analysis had been directed to this conjecture.

A few recent papers have attempted to measure intergenerational mobility by estimating the extent to which family background determines schooling attainment of children. By focusing on children who are young enough so that they are still co-resident with their parents, these papers have been able to circumvent the lack of longitudinal data, and thus produce estimates of mobility for developing countries. In particular, Behrman, Birdsall and Székely and Dahan and Gaviria have used multiple household surveys to assess the extent of intergenerational schooling mobility in Latin America.\(^5\) Behrman, Birdsall and Székely define intergenerational mobility as the extent to which school gaps of children who co-reside with their parents are not associated with parental characteristics, primarily schooling. Dahan and Gaviria define mobility as the fraction of the total variance in schooling “success” explained by differences among siblings, using data on siblings who are co-residing with their parents and defining “success” as not lagging more than a grade below the median for each age level.

These studies unambiguously show that mobility is much higher in the United States than in Latin America as a whole. But the results are much less definitive regarding comparisons among Latin American countries. The results show, in particular, that different mobility measures produce very different country rankings. Dahan and Gaviria also show that there appears to be a systematic relationship between mean schooling attainment and mobility. That is, countries where mean attainment is higher are, in general, more mobile in that parental characteristics explain a smaller fraction of the differences among siblings in schooling success. We reconsider this relationship in Sections 3 and 4.

2.1 How is Social Mobility Statistically Modeled and Measured?

The way social mobility has been modeled and measured has varied depending on the specific aspects of social mobility under scrutiny as well as on the available data.\(^6\) A common statistical characterization of mobility is given by a first-order Markov model in which the relevant

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\(^4\) See Björklund and Jänti (2000) for an overview of the international comparisons on intergenerational mobility. See also Hauser and Grusky (1988) and Osterberg (2000).


\(^6\) Behrman (2000).
socioeconomic indicator for entity $i$ in period $t$ ($S_t$) depends on both the value of that indicator in the previous period ($S_{t-1}$) and a stochastic term ($w_t$) that is independent of the previous period indicator and that is independently distributed across individuals and across periods:

$$S_{t,i} = \alpha + \beta S_{t-1,i} + w_{t,i}. \quad (1)$$

In the present context, each period can be a generation and $i$ refers to a family dynasty. Thus the indicator of the previous generation carries all relevant past information about family $i$, including past experience regarding transitory shocks. The parameter $\beta$ is positive and is greater than one if there is real growth in $S$. If $S_t$ is defined relative to the mean of its distribution, then the parameter $\beta$ affects the relative position in the distribution and $\beta < 1$ implies regression towards the mean (that is more rapid the smaller is $\beta$). The parameter $\beta$ is a measure of immobility. Estimates of equation (1) may be used to characterize intergenerational social mobility with continuous socioeconomic indicators such as income, earnings, or occupational status measured in either absolute or relative terms.

Another standard way to characterize intergenerational mobility is to use transition probability matrices for movements among segments of the distribution (e.g., relevant categories, terciles, deciles) between generations. In certain respects transition matrices allow greater flexibility in characterizing mobility than do the approaches based on continuous variables because they allow asymmetries and other non-linearities. For example, transition matrices may easily capture a situation in which the probabilities of moving in a large jump from the bottom of the schooling distribution to the top may be larger than the probability of moving from top to bottom, with the difference balanced out by differences in the probability of moving to the middle.\footnote{A transition probability matrix ($P$) is an $n \times n$ matrix, where $n$ refers to the number of categories. The element in the $j^{th}$ row and $k^{th}$ column of a transition probability matrix ($p_{jk}$) gives the probability that an entity moves from the $j^{th}$ category to the $k^{th}$ category between generations. The sum across elements in each row must be one because every family that initially is in the $j^{th}$ category must end up in one of the categories ($S_t p_{jk} = 1$ for each $j$), assuming that all family lines continue to the next generation.} In general, the sum of elements in each column of the matrix need not be one. If the categories have equal numbers in them and there is relative or exchange mobility so that
distribution does not change between generations, the sum of the elements in each column is one.\textsuperscript{8}

One important strain in the literature is concerned with how to infer the extent of intergenerational (or other types of social) mobility from transition probability matrices of the types indicated above. In essence, the problem is how to reduce such a probability matrix to a scalar that characterizes the extent of mobility. A number of possibilities have been proposed in the literature and are summarized by Dardanoni.\textsuperscript{9} It should be borne in mind, however, that currently there is no one correct way to measure relative mobility with transition matrices, different approaches may yield different rankings for the same transition matrices, and to make much progress in such cases may require explicit assumptions about welfare functions. Even with such assumptions, though, complete orderings of transition matrices may not be possible.

3. Schooling Expansion and Intergenerational Mobility in Latin America

Data sets containing information about socioeconomic outcomes for two or more generations of the same family are rare commodities in developing countries in general and in LAC countries in particular. For LAC, a few surveys here and there have included some questions about parental characteristics of household heads, their spouses and other adults living in the household. After a thorough search, we were able to find comparable data on parental characteristics, and hence comparable information on intergenerational mobility, for four different Latin American countries: Brazil, Colombia, Mexico and Peru.

For Brazil, we used a special module on “social morbidity” included in the 1996 wave of the national household survey (PNAD). This module has considerable information on socioeconomic and demographic characteristics of the parents of the household heads and their spouses. The data used are representative of the population as a whole and cover 331,263 individuals. For Colombia, we used a living standards survey (Encuesta Nacional de Calidad de Vida) carried out in 1997. This survey contains information on parental schooling, occupational status and migration history for all individuals older than 18 years of age. The data are also representative of the population as a whole and cover 38,518 individuals.

\textsuperscript{8} The latter term is frequently used by sociologists concerned with social mobility in contrast to “structural” mobility if the distribution is changed. If the sum of the elements in each of the rows and of the elements in each of the columns is one, the matrix is said to be “bi-stochastic.”

\textsuperscript{9} Dardanoni (1993).
For Mexico, we used a module on family conditions administered as an addendum of the National Urban Employment survey for 1994. This module contains a myriad of information about the family of origin of respondents 18 years of age and older, including parental schooling and occupation. The module was administered in six Mexican cities, which together comprise one third of Mexico’s urban population. The data cover 16,273 individuals and can be regarded as representative of urban Mexico. For Peru, we use a small set of questions on parental characteristics included in the 1985 wave of the National Household Survey. This survey is representative of urban and rural areas combined, and it contains data on parental characteristics for 26,309 individuals.

For comparative purposes, we also use a sample of individuals drawn from the General Social Survey (GSS), a cross-sectional survey regularly carried out in the United States since 1972. Each cross section of this survey contains information on political attitudes, labor market outcomes and demographic characteristics for over one thousand individuals. Beginning in 1977, all waves have included several questions about parental schooling and occupational status. Here we pool all individuals from the 1990-97 waves to enlarge the sample. The pooled data contain information on parental schooling and occupational status for 35,284 individuals.

All these surveys rely on retrospective questions to collect the data on parental characteristics. Although this practice can bias some of our estimates due to measurement error, this bias should not hinder cross-country comparisons under the reasonable assumption that individuals’ “powers of recall” do not differ substantially from one country to another.

To assure as much comparability as possible for our estimates of intergenerational mobility, we impose the same sample restrictions on all data sets. We restrict all samples to individuals between 23 and 69 years of age. This restriction aims both at removing individuals who have not completed their schooling and at preventing selection bias stemming from different survival rates between individuals with different family backgrounds. We present separate estimates of mobility for individuals living in urban and rural areas and for men and women, not only because we are interested in these differences per se, but because we want to know the

10 These cities are Mexico City, Monterrey, Guadalajara, Veracruz, Orizaba and Merida. See Binder and Woodruff (1999) for a thorough description of this survey.
11 The GSS has been used previously to study distinct aspects of intergenerational mobility in the United States by Alesina and La Ferrara (2000) and Borjas (1992), among others.
extent to which cross-country differences in intergenerational mobility are driven by gender gaps and urban-rural differentials.

Table 1 presents means of the main variables of interest for the five countries under analysis. Parental schooling refers to the years of schooling of the most educated parent of the family. Mean schooling attainment is the lowest in Brazil, and the highest in the United States. By and large, attainment increases as one moves from left to right in the table. Attainment is also consistently higher in urban areas, especially in Colombia and Peru. Average gender differences in schooling are high in Peru and Mexico and slight in the other countries. In Peru average schooling is almost two years greater for men than for women.

Table 1.

<table>
<thead>
<tr>
<th></th>
<th>Brazil</th>
<th>Colombia</th>
<th>Mexico</th>
<th>Peru</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full Sample</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respondent Schooling</td>
<td>5.47</td>
<td>6.95</td>
<td>--</td>
<td>6.80</td>
<td>13.49</td>
</tr>
<tr>
<td>Male Respondents</td>
<td>5.51</td>
<td>6.93</td>
<td>--</td>
<td>7.79</td>
<td>13.62</td>
</tr>
<tr>
<td>Female Respondents</td>
<td>5.43</td>
<td>6.97</td>
<td>--</td>
<td>5.86</td>
<td>13.38</td>
</tr>
<tr>
<td>Parental Schooling</td>
<td>2.39</td>
<td>4.64</td>
<td>--</td>
<td>4.80</td>
<td>12.11</td>
</tr>
<tr>
<td><strong>Urban</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respondent Schooling</td>
<td>6.11</td>
<td>7.91</td>
<td>8.91</td>
<td>8.59</td>
<td>13.65</td>
</tr>
<tr>
<td>Male Respondents</td>
<td>6.24</td>
<td>8.07</td>
<td>9.47</td>
<td>9.53</td>
<td>13.82</td>
</tr>
<tr>
<td>Female Respondents</td>
<td>6.00</td>
<td>7.78</td>
<td>8.33</td>
<td>7.71</td>
<td>13.52</td>
</tr>
<tr>
<td>Parental Schooling</td>
<td>2.72</td>
<td>5.19</td>
<td>4.84</td>
<td>5.39</td>
<td>12.28</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations from survey data.

Table 1 shows that mean schooling attainment in Latin America has increased dramatically from one generation to the next. In urban Brazil, children have three years of schooling more than their parents—a difference well over 100 percent. The same difference is 2.7 (or 52 percent) for Colombia, 3.7 (or 76 percent) for Mexico and 3.2 (or 59 percent) for Peru. In contrast, intergenerational differences in schooling attainment are much smaller —though still with a discernible upward trend—in the United States, which suggests the presence of limited marginal gains to further schooling at the much higher levels of schooling of this country.

These results suggest that absolute schooling mobility has been a distinct characteristic of Latin American countries: children have consistently surpassed the schooling attainment of their parents. We want to focus here, however, not so much on absolute as on relative mobility. The distinction is important because while the former can be just a reflection of the rise in average
schooling that usually accompanies economic development, the latter is not mechanically affected by economic growth and is thus more related to the distribution of opportunities and, therefore, to the line of inquiry of this paper.

To study the transmission of schooling from parents to children, we estimate the simple linear model in equation (1), where $S_{it-1}$ refers to the educational attainment of the most educated parent. Estimates of $\beta$ close to unity suggest very limited intergenerational mobility, while estimates of $\beta$ close to zero suggest that schooling outcomes are not closely related across generations. In general, we will interpret $\beta$ as a measure of the extent to which family background influences socioeconomic outcomes, and thus as a measure of inequality of opportunity.\textsuperscript{12}

Equation (1) should be seen as a first-order, linear approximation of the process of transmission of schooling across generations. Many causal components enter into the determination of $\beta$, including wealth constraints, and cultural and genetic endowments. Because our goal is to compare the extent of mobility across counties regardless of its causes, we do not attempt to decompose $\beta$ into its causal components.

Figure 1 shows the estimates of $\beta$ for the five countries under analysis. Population weights were used for all estimates, but the non-weighted results do not differ substantially from those in the figure. For all countries with the exception of Mexico, where only urban data are available, we show separate estimates for the full and the urban samples. Estimates are around 0.7 for Brazil and Colombia, 0.5 for Mexico and Peru and 0.35 for the United States, indicating the presence of both huge differences in mobility between Latin America and the United States and sizable differences within Latin America.\textsuperscript{13} In addition, the results indicate that mobility tends to be higher for the overall population than for people living in urban areas, but these differences are in general slight, with the exception of Peru.

\textsuperscript{12} If the variance of schooling does not change much over time, $\beta$ can be also interpreted as the correlation between parents’ and children’s schooling.

\textsuperscript{13} The scant evidence available suggests that intergenerational mobility in Asia is much higher than in Latin America. A recent study shows that the correlation between the years of schooling of fathers and sons is below 0.2 in Malaysia. See Lillard and Wills (1994).
Figure 2 shows the differences in the estimates of $\beta$ for men and women. For Brazil and Colombia the estimates are slightly higher for men than for women. The opposite is true for Mexico and Peru, where the estimates are substantially higher for women, pointing to the presence of higher rates of mobility among men in these two countries, which also exhibit relatively large gender differences in attainment. Finally, gender differences in $\beta$ are virtually zero for the United States.
It should be noted that the estimated cross-national differences in β imply large differences in the extent of educational mobility in the countries under analysis. Given the estimated parameters, the probability that a Colombian whose parents have only two years of schooling will complete at least secondary schooling is 8.6 percent. But this probability would almost double, shifting from 8.6 to 16.1 percent, if Colombia had the mobility rates of Peru.\textsuperscript{14} These are by no means small effects; quite to the contrary, they suggest the presence of huge differences in the chances of disadvantaged individuals to move up the economic ladder.

\footnote{This assumes that the distribution of schooling in each generation is normally distributed.}
If we repeat the experiment described above, though considering the probability of getting a college education rather than that of getting at least a high school diploma, the implications are even starker. Given the estimated parameters, this probability is below one percent in Colombia, but it would be five times larger if this country had the estimated mobility rate of Peru. Once again, the parameters imply very different probabilities of moving from the bottom to the top of the educational distribution: whereas in Brazil and Colombia moving from “rags to riches” in one generation is virtually impossible, in the United States this is a remote but by no means impossible occurrence.

As discussed in Section 2.1, one drawback of the previous analysis is that it imposes linearity on the relationship between the years of schooling of parents and children. One can argue, for example, that intergenerational ties tend to be stronger at the ends of the distribution, or asymmetric in that they are stronger in one direction than in another. To shed some light on these issues, we compute mobility matrices for Brazil and Colombia, the least mobile countries in our sample. We first distinguish four educational categories: (1) primary schooling or less, (2) some high school, (3) completed high school, and (4) some college. Then we compute the probability that an individual is in each category conditional on his/her parents’ category. As before, we select the parent who has higher years of schooling attainment.

The results, which are presented in Table 2, hint at the presence of substantial absolute mobility at the lower ends of the distributions. In Colombia, for example, 24 percent of the children whose parents have at most primary schooling were able to complete at least one year of high school (second column). The results also suggest that the proportion of upward mobile children from the bottom of the distribution is substantially higher than the proportion of downward mobile children from the top. In Colombia ten percent of the people moved from elementary to college in one generation, whereas scarcely two percent moved in the opposite direction. For Brazil, the same percentages are five and four percent, respectively. Of course, these asymmetries reflect in part the secular trends in schooling attainment noted above with respect to Table 1.
### Table 2. Mobility Matrices

**Colombia -- 1997**

<table>
<thead>
<tr>
<th>Education of Parents</th>
<th>Primary or Less</th>
<th>Some Secondary</th>
<th>Secondary</th>
<th>At Least Some Higher</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary or Less</td>
<td>51.2%</td>
<td>24.2%</td>
<td>14.1%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Some Secondary</td>
<td>12.6%</td>
<td>26.2%</td>
<td>25.4%</td>
<td>35.9%</td>
</tr>
<tr>
<td>Secondary Secondary</td>
<td>9.1%</td>
<td>17.3%</td>
<td>25.4%</td>
<td>48.2%</td>
</tr>
<tr>
<td>Higher Education</td>
<td>2.2%</td>
<td>6.5%</td>
<td>14.2%</td>
<td>77.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41.7%</strong></td>
<td><strong>23.2%</strong></td>
<td><strong>16.2%</strong></td>
<td><strong>18.8%</strong></td>
</tr>
</tbody>
</table>

**Brazil -- 1996**

<table>
<thead>
<tr>
<th>Education of Parents</th>
<th>Primary or Less</th>
<th>Some Secondary</th>
<th>Secondary</th>
<th>At Least Some Higher</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary or Less</td>
<td>60.2%</td>
<td>23.9%</td>
<td>10.8%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Some Secondary</td>
<td>13.2%</td>
<td>32.0%</td>
<td>29.2%</td>
<td>25.7%</td>
</tr>
<tr>
<td>Secondary Secondary</td>
<td>5.5%</td>
<td>19.0%</td>
<td>32.7%</td>
<td>42.9%</td>
</tr>
<tr>
<td>At Least Some Higher</td>
<td>3.5%</td>
<td>11.9%</td>
<td>19.9%</td>
<td>64.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>54.6%</strong></td>
<td><strong>24.0%</strong></td>
<td><strong>12.8%</strong></td>
<td><strong>8.8%</strong></td>
</tr>
</tbody>
</table>

All in all, the previous results indicate that in Latin America the schooling attainment of children is highly correlated with that of their parents. But what does this mean in terms of intergenerational mobility of earnings and ultimately of socioeconomic status? Although we do not know for certain the answer to this question, we think that the results suggest very high intergenerational correlations of incomes and earnings. First, the returns to schooling are very high in Latin America, which implies that big differences in schooling eventually translate into big differences in earnings. Second, there is some evidence that in Latin America the returns to
schooling increase with parental schooling, which suggests that the intergenerational correlation of earnings can be even higher than that of schooling.\footnote{See, for example, Lam and Schoeni (1993) for Brazil.}

To test the latter hypothesis, we examine the changes in returns to schooling by parental schooling in Brazil. We consider the same schooling categories used above. For each category, we estimate a standard Mincer equation that controls for experience, gender and regional differences. The results show, first, that the returns are very high irrespective of parental schooling, and, second, that there is a positive connection between returns and parental schooling. Individuals whose parents have at most primary schooling have an average return to schooling of 13.2 percent and individuals whose parents completed at least some high school, finished high school and completed some tertiary schooling have average returns of 16.4, 17.4 and 17.1 percent, respectively.

It is worth noting, however, that a few important elements are conspicuously absent from our analysis. We have not said anything about quality of schooling, arguably an important mechanism through which parental wealth can affect the socioeconomic prospects of children.\footnote{See Behrman and Birdsall (1983) for an extension of the standard model of schooling investment to include school quality in which years of schooling and school quality are positively associated because better public school quality induces more time in school. They also present estimates for Brazil that are consistent with this model. The implication is that school quality differentials are likely to reinforce the intergenerational immobility indicated by years of schooling.} Nor have we said anything about race and ethnicity, which can also play a prominent role in transmission of economic status across generations.\footnote{See Borjas (1992) for an empirical study of the effects of “ethnic capital” on intergenerational mobility in the United States. Behrman and Taubman (1990) also report black-white racial differences in intergenerational mobility in the United States.} The availability of new data sets with information on school quality and ethnicity may make it possible to verify these connections in the future.

\textbf{3.1 Occupational Mobility}

Sociologists long have been interested in the transmission of occupational status from parents to children. This interest derives, at least partially, in the belief that schooling or income does not completely capture the socioeconomic status of an individual. The problem is, however, that the status of an occupation is not only difficult to measure, but it may vary considerably from one generation to the next.
The five surveys used above include some information on the occupations of the parents of the heads of households and their spouses—information that can be used to study the intergenerational transmission of occupational status across generations. The problem is that this information varies considerably across surveys in terms of definitions and quality. While some surveys allow many occupational categories, others are much less thorough in this respect. These differences make it difficult to compare the extent of occupational mobility among countries, even if we assume that most occupations have similar status from country to country.

In spite of these differences, a common ground that allows cross-country comparisons of occupational mobility can be found. This implies, of course, that the comparison must be based on broad categories that can be consistently defined for all countries. Here we distinguish between two broad categories. The first (“white collar”) includes professionals, advanced technicians, business owners and top and middle managers, and the second (“blue collar”) includes all other occupations. Although this division is not always clear-cut, we think that it captures fundamental differences in occupational prestige for the countries under analysis.

In order to assure comparability, we imposed the same sample restrictions as before. Additionally, we exclude rural areas and constrain samples to pairs of fathers and sons. After imposing these restrictions, the fraction of white-collar workers is 35 percent in the United States, 16 percent in Mexico and around 25 percent in the other countries. Of course, these differences may reflect not only differences in labor markets but also differences in the definitions of the categories across countries.

Table 3 shows the occupational mobility matrices for the same five countries. Each cell shows the percentage of sons in the occupational category for that column conditional on their father’s category for that row. For all countries the sons of white-collar fathers are much more likely to be white-collar themselves than the sons of blue-collar fathers, pointing to the existence of an intergenerational link in occupational status. But this link is not the same across countries.
Table 3.

Intergenerational Occupational Mobility
Urban Population

<table>
<thead>
<tr>
<th></th>
<th>Brazil</th>
<th></th>
<th>Colombia</th>
<th></th>
<th>Mexico</th>
<th></th>
<th>Peru</th>
<th></th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Son Blue Collar</td>
<td></td>
<td>Son White Collar</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Father Blue Collar</td>
<td>79.7%</td>
<td>20.2%</td>
<td>Father Blue Collar</td>
<td>78.1%</td>
<td>21.9%</td>
<td>Father Blue Collar</td>
<td>89.7%</td>
<td>10.3%</td>
<td>Father Blue Collar</td>
</tr>
<tr>
<td>Father White Collar</td>
<td>47.2%</td>
<td>52.8%</td>
<td>Father White Collar</td>
<td>57.9%</td>
<td>42.1%</td>
<td>Father White Collar</td>
<td>64.1%</td>
<td>35.9%</td>
<td>Father White Collar</td>
</tr>
<tr>
<td>Total</td>
<td>75.2%</td>
<td>24.8%</td>
<td>Total</td>
<td>72.5%</td>
<td>27.6%</td>
<td>Total</td>
<td>84.1%</td>
<td>15.9%</td>
<td>Total</td>
</tr>
</tbody>
</table>

We can gauge the extent of intergenerational links in occupational status by looking at how the probability of having a white-collar occupation changes depending on whether one’s father had a blue- or a white-collar occupation. In particular, the ratio between these two probabilities provides some indication of the benefit of having a father who held a more prestigious occupation. The value of this ratio for Brazil is 2.6, which means that the probability of having a white-collar occupation is 2.6 times higher if one’s father had a similar occupation than if one’s father had a blue-collar occupation. The same ratio is around 2.0 for Colombia, 3.5 for Mexico, 2.8 for Peru, and 1.5 for the United States.

This evidence suggests that the United States has the highest inter-generational occupational mobility, followed by Colombia, Brazil, Peru and Mexico. It is interesting to note that occupational mobility and educational mobility are somewhat at odds in Latin America. Colombia, for example, has a relatively high mobility in terms of occupational status, but a relatively low mobility in terms of schooling attainment. The same is true for Brazil, and the converse for Mexico and Peru.
3.2 Schooling and Mobility: A Cohort Analysis

Although the rapid expansion of schooling attainment in Latin America is well documented, its implications for intergenerational mobility have not been investigated much. Here we explore the connection between the changes in mean schooling attainment and the changes in mobility for the same set of countries included above.

Our main hypothesis is that progress in mean schooling attainment increases intergenerational schooling mobility because diminishing marginal returns to schooling limit the extent to which schooling expands at higher levels of development, as suggested by the intergenerational comparisons for the United States versus the other countries in Table 1. To examine this hypothesis, we divide the sample into four different cohorts (age groups). The first cohort includes respondents between 50 and 69 years of age, the second includes respondents between 40 and 49, the third respondents between 30 and 39, and the fourth respondents between 23 and 29. We restricted the fourth cohort to a minimum age of 23 to filter out most respondents still in school for whom there is still uncertainty about their ultimate schooling attainment.

As mentioned earlier, our data for Brazil, Colombia, Mexico and the United States are from the mid-1990s, and our data for Peru are from the mid-1980s. This means that we are able to analyze similar cohorts for all countries with the exception of Peru. In the first group of countries, the first age group entered primary school in the 1930s and 1940s, the second in the 1950s, the third in the 1960s and the last in the 1970s. In Peru, each age group entered primary school about a decade earlier. This difference should be kept in mind when interpreting the results.

Figure 3 presents the progression of mean schooling attainment for these countries. We distinguish between men and women and focus on urban samples (full samples exhibit very similar trends). The difference between Latin America and the United States is striking. Mean attainment in Latin American started at very low levels and progressed steadily from one cohort to the next. By contrast, mean attainment in the United States started at very high levels and remain almost unchanged during the period under consideration. This evidence suggests that there is an upper bound for schooling due to diminishing returns, and that this bound was basically achieved several decades ago in the United States.
A substantial slowing of mean attainment increases for the youngest cohort is apparent in all Latin American countries with the exception of Peru.\textsuperscript{18} This pattern, clearly apparent in Brazil, Colombia and Mexico, also suggests diminishing marginal returns to schooling. For the younger cohorts, mean differences between men and women are very small everywhere with the exception of Peru, where a substantial gender gap remains in spite of the substantial absolute gains of women. In the period of analysis, the largest average gains in schooling took place among Peruvian women (4.8 years), followed by Mexican and Colombian women (4.7 and 4.2 years, respectively). Indeed, the most important message of Figure 3 is the substantial gain in mean attainment experienced by Latin American women over the last five decades.

Figure 4 presents the evolution of intergenerational schooling correlations across cohorts for these countries. We estimated equation (1) for each cohort for each country and then plotted

\textsuperscript{18} Behrman, Duryea and Székely (1999) document this in detail.
the estimated coefficients for the corresponding cohorts. We divided the Latin American countries in two groups: countries with low mobility (Brazil and Colombia) and countries with moderate mobility (Mexico and Peru). For comparative purposes, we also plot the results for the United States with both groups.

The low mobility countries show similar patterns of change in intergenerational schooling relations. In these countries, immobility was very high for the older cohorts, but it fell steadily for the younger cohorts. In both countries, the $\beta$ in equation (1) dropped almost 0.3, pointing to huge gains in mobility in the period under consideration. It is interesting to note that the gains in mobility did not seem to slow down for recent cohorts in these countries despite the slowing of increases in mean schooling attainment.
The moderate mobility countries show a somewhat different pattern. They started at lower levels of immobility but mobility progressed more slowly. This pattern is broken by the puzzling gain of the youngest Peruvian cohort, which boasts a drop in the estimated value of $\beta$ of almost 0.15—the single largest drop in our sample. For its part, Mexico is the only one of the five countries in which immobility increased slightly between the third and fourth cohorts. Finally, mobility progressed steadily, but much more slowly in the United States, where the estimated value of $\beta$ dropped 0.07 in the 50 years under analysis.

Do these patterns mean that increasing mean schooling attainment is the key to enhancing intergenerational schooling mobility? As a first step in addressing this question we regress the estimated value of $\beta$ of a cohort-country cell on the mean schooling attainment for the same cell. The first panel in Table 4 presents the estimates. On average, an increase of one year in mean attainment is associated with a drop of 0.05 in $\beta$. This result remains unaltered after controlling for either country or cohort effects, implying that the relationship between mean schooling and mobility applies both across countries and over time within countries. In sum, this evidence hints at a strong positive correlation between schooling attainment and intergenerational mobility (i.e., a negative correlation between attainment and $\beta$).

The results do not imply, however, that there is a causal connection between mean attainment and mobility, as they both can be driven by a third variable (e.g., economic growth). Further, the estimates in the second panel of Table 4 show that when we regress changes in $\beta$ on changes in mean attainment the association is not significant, implying that improvements in attainment from one cohort to the next do not appear to spur mobility in the younger cohort.

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19 This result holds if we restrict this cohort to include only individuals older than 25. The result also holds for men and women taken separately.
We stress, nevertheless, that the latter results do not necessarily mean that schooling is not an instrument of social mobility. After all, we still observe a powerful connection between attainment and mobility, both across cohorts and across countries. We believe that our results indicate that improvements in mean attainment do translate to higher relative mobility. But perhaps the main message is that distributing opportunity is not just a matter of expanding schooling and that additional factors seem to play out in the complex equation that determines the transmission of status across generations. In particular, policies may need to direct significant aspects of the schooling expansion directly towards children from families in which parents have relatively low schooling.
4. Family Background and Schooling Attainment for Teenage Children

The previous section looks, as it were, at the light coming from somewhat distant stars. It provided a picture of what life was like in the past, a few decades ago. But it does not say much about the extent of social mobility more recently, which is the question that is most relevant from the policy point of view. This section intends to fill this void by examining the effects of family background on the schooling attainment of teenage children still living with their parents at the time of the last household surveys available to us for various countries in the region. This will bring intergenerational schooling mobility estimates up to date.

In this section we use information on parental and children’s characteristics for children ages 16 to 20. The sample is restricted to these ages because a high proportion of young adults in this age range in Latin America still live in the parental household. Going above this age group would imply substantial losses of information and probably biases because standard household surveys, such as the ones we use in this section, do not include a longitudinal dimension and young adults may leave their parental households selectively in a way that is related to intergenerational school mobility. In most household surveys we lose track of the family background of young adults when they leave their parental households. We do not include children under 16 in our sample because there is evidence that schooling differences start becoming apparent precisely around this age.\(^{20}\)

Restricting the sample to children between 16-20 years of age allows us to estimate current mobility, but this comes at a cost because life is a long race. Looking at schooling achievements at age 20 tells us only part of the story. If after age 20 the connection between family background and socio economic performance is altered in some important way, this will be missed in our data.

To perform our analysis we use data from 94 household surveys for 19 Latin American countries, as well as 18 waves of the Current Population Survey for the United States. All in all, we use 112 household surveys to generate a database on intergenerational schooling relations spanning most of two continents and a quarter of a century. A list of survey names and years is presented in Appendix 1. We have data for the late or mid-1990s for all 20 countries, and data for the early or mid-1980s for 11 countries: Argentina, Bolivia, Brazil, Chile, Costa Rica, Mexico, Panama, Peru, Uruguay, Venezuela and the United States. For the latter set of countries,
we can produce estimates of mobility not only for the current cohort of teenage children, but for previous cohorts as well. For the United States, Mexico and Panama, information is also available for the 1970s.

The data used in this section are of high quality relative, for instance, to income data, which vary considerably across surveys in terms of coverage, definitions, and quality. But the data that we use are not without problems. In particular, household surveys do not always have information on whether children residing in households are children of the household heads. In the cases in which the data permit verification, the proportions of children who are children of the household heads are about 80 to 90 percent of the total. Table 5 shows the proportions of children between 13 and 19 years of age who are children of the heads for a selected group of countries. In Venezuela, for example, this proportion is around 79 percent, and the proportion of children who reside in the same household as their two parents is around 77 percent. On the other hand, most of the children who are not children of household heads are children of relatives—all but 2 percent in the case of Venezuela. If intergenerational schooling linkages and assortative mating on schooling are strong, schooling of the household head may be a good proxy for parental schooling of those children who are relatives. Nevertheless, not being able to identify which children are children of household heads means that our estimates will overstate intergenerational mobility. This is particularly likely in cases when the effects of intergenerational schooling links and assortative mating are less pronounced.

Table 5.

<table>
<thead>
<tr>
<th></th>
<th>Children of head</th>
<th>Children of head</th>
<th>Related to head</th>
<th>Other non-relative</th>
<th>Own household head or spouse</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(two parents)</td>
<td>Related to head</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Argentina*</td>
<td>88.7%</td>
<td>83.7%</td>
<td>7.5%</td>
<td>1.2%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Bolivia</td>
<td>84.8%</td>
<td>73.1%</td>
<td>9.4%</td>
<td>2.2%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Chile</td>
<td>84.1%</td>
<td>83.3%</td>
<td>13.5%</td>
<td>1.0%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Brazil</td>
<td>83.7%</td>
<td>81.6%</td>
<td>10.3%</td>
<td>1.4%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Venezuela</td>
<td>78.6%</td>
<td>76.6%</td>
<td>17.6%</td>
<td>1.6%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

*Gran Buenos Aires only


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To measure the extent to which family background affects the schooling attainment of children, we use the methodology proposed by Dahan and Gaviria.\textsuperscript{21} This methodology involves two main steps. First, compute an index of schooling attainment that shows whether a child is above some cutoff point. In particular, this index distinguishes between children who are above and below the median schooling of their cohort. Second, compute the correlation among siblings for this index of attainment. The higher this correlation, the higher the importance of family background in explaining schooling success among teenagers co-residing with their parents, and so the lower the rate of mobility in the country in question.

Following Dahan and Gaviria (2001), we use a version of the following correlation index:

\[ \rho_s = \frac{\sum_{f=1}^{F} B_f (\bar{g}_f - \bar{g})^2}{B \bar{g} (1 - \bar{g})}, \]

where \( g_{sf} \) is a dummy variable showing whether individual \( s \) of family \( f \) has more years of schooling than the median individual of his/her cohort, \( \bar{g}_f \) is the average value of \( g_{sf} \) in family \( f \), \( B_f \) the number of teenage siblings in family \( f \), \( \bar{g} \) is the average value of \( g \) in the entire sample, \( B \) is the number of individuals, and \( F \) the number of families. This index corresponds to the \( R^2 \) obtained by regressing the \( g_{sf} \) on a set of dummy variables for all families in the sample.\textsuperscript{22} Since \( \rho_g \) could yield positive values even if family background is inconsequential, as will be the case, for instance, when children are assigned to families randomly, we use a modified version of the previous index, as follows:

\[ \rho_g = \frac{\sum_{f=1}^{F} B_f (\bar{g}_f - \bar{g})^2}{B \bar{g} (1 - \bar{g})} \]

\textsuperscript{21} The methodology used by Dahan and Gaviria (2001) has some advantages over the one used by Behrman, Birdsall and Szekely (2000). The main one is that the Dahan-Gaviria measure does not rely on income variables. Income measures in household surveys have low comparability across countries and are subject to measurement error, especially in the tails of the distribution. A second advantage is that the procedure does not require econometric estimates with potential endogeneity problems—which are hard to avoid in regressions of children’s schooling attainment on parent’s characteristics if, for example, genetic endowments affect both schooling and earnings and are correlated intergenerationally. A third advantage is that the Dahan-Gaviria measures controls for all non-observable family characteristics in the estimation of mobility. However, Behrman \textit{et al.} (1980, pp. 224-232) show that sibling correlations are not an unbiased estimate of intergenerational correlations, but give an upper bound on such correlations, and that at least with their United States’ data, the sibling correlations are considerably greater than the parent-child correlations.

\textsuperscript{22} Kremer and Maskin (1996).
\[
\rho_a = 1 - (1 - \rho_g) \frac{B - 1}{B - F}.
\]  \hspace{1cm} (3)

The new index, \(\rho_a\), will yield positive values only if the previous index, \(\rho_g\), is greater than would be expected purely by chance. Positive values of \(\rho_a\) can thus be unambiguously interpreted as evidence that family background does play a role in the determination of schooling success. To implement this approach we must further restrict the sample to households that have at least two children in the specified age range. This reduces the number of observations in each household survey, which may reduce the degree of precision of our estimates. There also may be a risk that households are excluded selectively. Namely, low-fertility households are more likely to be excluded than are high-fertility households. If there is a “quantity-quality” tradeoff, the excluded low-fertility households are likely to have relatively high child schooling. However it is not clear that this exclusion biases the estimates of intergenerational schooling mobility or affects cross-country comparisons.

Figure 5 shows the estimated values of \(\rho_a\) for the 20 countries under analysis by using the most recent household survey available for each country. The results show, once again, the existence of large differences in mobility between Latin America and the United States. Whereas the average value of \(\rho_a\) for Latin America is around 0.50, the value for the United States is about 0.21. Sizable differences within Latin America are also apparent. El Salvador and Nicaragua have the least intergenerational schooling mobility in the sample, and Paraguay, Panama and Uruguay have the most. In general, mobility seems to be lower in Central America and higher in South America, with the exceptions of Brazil and Ecuador, which have relatively low mobility.
Intergenerational Schooling Mobility in Latin America and the USA

Source: Authors' calculations from household survey data.

Figure 6 presents the aggregate trends in mobility for Latin America and the United States. There are substantial changes in the value of $\rho_a$ over the period under analysis. During the 1980s there was a decline in the value of $\rho_a$ in Latin America and the United States. But this was reversed in the 1990s, especially for Latin America, where the value of the coefficient $\rho_a$ increased again, and reached mid-1980 levels. In the United States mobility declined during the first years of the decade, but increased substantially after 1993 to reach the highest level experienced in recent decades.

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23 Trends are presented only from 1980 on because our data set contains only few observations for Latin America for years before 1980. To compute the Latin American average we use the panel of countries that have observations in the 1980s and 1990s, and estimate a fixed effects regression where the dependent variable is the Dahan-Gaviria mobility index, and the independent variables are year dummies. Interpolations are performed when data are unavailable between two household surveys. The graph plots the predicted value of the mobility index for each year, based on the coefficient estimates.
4.1 Mobility and Schooling for Current Generations

Are countries that have higher levels of mean schooling attainment also more mobile countries in the sense that family background explains a smaller fraction of schooling success? To explore this question, we regress our index of mobility on mean schooling for individuals between 16 and 20 years of age. As before, negative values of the parameter of interest indicate that higher levels of schooling are associated with higher levels of mobility.

Mean attainment among teenagers varies widely across countries, being the highest in the United States, where it is above 11 years, and the lowest in Brazil, Honduras and Nicaragua, where it hardly surpasses 6 years. Most countries exhibit an upward progression in mean attainment among teenagers, but while this progression is very accentuated in Brazil, Colombia and Mexico, it is almost imperceptible in Argentina and Bolivia.

Table 6 presents the estimates for several alternative specifications. The first column shows the estimates after pooling all countries and all years, the second column includes country dummies, and the third includes year dummies. The results confirm the positive connection between social mobility and schooling. On average, an additional year of schooling is associated
with a drop in $\rho$ of approximately 0.05; a result almost identical to that obtained in Section 3. But this result is driven not so much by differences over time within countries as by differences across countries. That is, mobility is higher in countries with higher mean attainment but does not necessarily increase as mean attainment progresses over time within a country.

**Table 6.**

<table>
<thead>
<tr>
<th>Dependent Variable: Coefficient $\rho$</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean Schooling</td>
<td>-0.049</td>
<td>-0.029</td>
<td>-0.047</td>
</tr>
<tr>
<td></td>
<td>(10.98)</td>
<td>(1.79)</td>
<td>(9.89)</td>
</tr>
<tr>
<td>Constant</td>
<td>0.863</td>
<td>0.691</td>
<td>0.8538</td>
</tr>
<tr>
<td>Country Dummies</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Year Dummies</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Nobs</td>
<td>117</td>
<td>117</td>
<td>117</td>
</tr>
<tr>
<td>R2</td>
<td>0.512</td>
<td>0.033</td>
<td>0.516</td>
</tr>
</tbody>
</table>

T-statistics in parentheses

### 4.2 Intergenerational Schooling Mobility and Public Policy

The strong correlation between schooling and mobility documented above suggests that education is a powerful tool for enhancing intergenerational mobility, which in turn suggests a role for public policy. In general, policy can affect education in two ways. First, it can focus on the supply side, increasing public expenditures on education or improving the quality of public schools in some other way. Second, it can focus on the demand side, removing the constraints (mainly financial) that thwart household investments in human capital. Here we explore both possibilities.

We use public expenditures on education as a share of GDP as a proxy for educational policies focusing on the supply side. We use a measure of PPP-adjusted GDP per capita as a proxy for educational policies focusing on the demand side, which is partly justified by the positive association between economic and financial development.

We regress our index of mobility on educational expenditures and GDP per head. We use the same set of surveys as above, excluding the United States, which leaves us with an unbalanced panel of 94 observations. All specifications include country fixed effects. Table 7
presents the main results. The first column shows that there is a negative association between mobility and the years of schooling of the working age population (WAP), implying that the higher the schooling level of the population as a whole, the higher the mobility rate.

### Table 7.

**Sibling Correlation and Macro Variables**

<table>
<thead>
<tr>
<th>Dependent Variable: Coefficient</th>
<th>Years of schooling (WAP)</th>
<th>Public expenditures in education as a % of GDP</th>
<th>PPP Adjusted GDP per head</th>
<th>Constant</th>
<th>Number of observations</th>
<th>R2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-0.034</td>
<td>0.327</td>
<td>6E-06</td>
<td>0.74</td>
<td>94</td>
<td>0.119</td>
</tr>
<tr>
<td></td>
<td>(3.13)</td>
<td>(2.98)</td>
<td>(0.33)</td>
<td>0.54</td>
<td>94</td>
<td>0.217</td>
</tr>
<tr>
<td></td>
<td>-0.04</td>
<td>0.322</td>
<td></td>
<td>0.66</td>
<td>94</td>
<td>0.219</td>
</tr>
<tr>
<td></td>
<td>(3.55)</td>
<td>(4.89)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-0.041</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3.50)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fixed effects included in all specifications.

The second column shows that greater expenditures on education are associated with substantially lower values of our mobility index, which suggests that devoting more resources to public education increases intergenerational mobility. Specifically, doubling the share of public expenditures on education as a share of GDP would increase mobility by 25 percent. The third column shows that the level of development does not have a substantial association with mobility. To achieve the same effect as doubling expenditures on education, GDP per capita would have to increase seven-fold—the difference between the United States and Colombia in 1998.

### 5. Conclusions

This paper presents estimates of intergenerational mobility for Latin America and the United States. The results, based on surveys with retrospective questions on parental characteristics and on the analysis of over 100 household surveys spanning two decades and 20 countries, show that mobility is much higher in the United States than in Latin America, that there are sizable differences in mobility within Latin America, and that these differences are associated with
schooling in a predictable fashion. The results also show that economic growth by itself will not equalize opportunities and that improving education can be an expeditious way to do just that.

All in all, the results do not portray a positive picture of the distribution of opportunity in Latin America. Socioeconomic success, whether indicated by schooling attainment or occupational status, hinges heavily on family background in the region. We believe that future research on the topic should concentrate on studying the mechanisms whereby socioeconomic outcomes are transmitted from parents to children. Informal evidence suggests that borrowing constraints, discrimination, spatial segregation and marital sorting are among the principal mechanisms.\(^{24}\) Of course, the relative importance of these mechanisms and the interconnections among them, have yet to be determined. This information would lay stronger foundations for informing and evaluating concrete policy recommendations and evaluating their probable impact on inequality.

\(^{24}\) See Becker and Tomes (1986) for the connection between mobility and borrowing constraints and Behrman et al. (1980) and Fernandez, Guner and Knowles (2001) for the connection between mobility and assortative mating.
References


## Appendix 1

<table>
<thead>
<tr>
<th>Country</th>
<th># Surveys</th>
<th>Years</th>
<th>Survey</th>
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