

BRIEFING: Summarising and signposting essential reading we've seen elsewhere...

Is the **UNITED STATES** still a **LAND OF OPPORTUNITY?**

There is a general perception in both the US and the UK that inter-generational mobility is declining.

In other words, there is a general perception that, if you are born poor, you are more likely to die poor than a person in a similar position was a generation ago.

This paper examines the evidence for the US. In fact, the paper does not find that inter-generational mobility has fallen.

Interestingly, though, the paper found that inter-generational mobility is especially low in particular areas (the rust belt area where there are dying industries and the south east).

Indeed, the regional differences in mobility dwarf any changes over time. This is especially interesting. We would not expect a society of complete mobility (for example, where 25 per cent of those in the upper-earnings quartile found their children in the lower earnings quartile and vice-versa) because of, amongst other things, inherited characteristics.

However, if mobility varies within countries, it may help us isolate and understand better the factors that cause it.

RAJ CHETTY
NATHANIEL HENDREN
PATRICK KLINE
EMMANUEL SAEZ
NICHOLAS TURNER

American Economic Review
2014, 104(5)

<http://eml.berkeley.edu/~saez/chettyetalAERPP2014.pdf>

INTERGENERATIONAL TRANSMISSION of **WELFARE DEPENDENCY**

There is very limited empirical evidence about whether welfare dependency transmits through the generations.

Even if the children of welfare recipients are more likely to receive welfare, this might simply be because of educational disadvantages of various forms.

This paper looks at two groups in Norway who are divided only by whether they receive welfare for disability – their other characteristics are the same.

The groups were separated according to whether their appeals were heard by lenient judges: the individual characteristics of the claimants were not correlated with whether their case was heard by the more lenient judge.

The findings suggest that, if a child's parent is on welfare, there is a considerable increase in the probability that the child will also be on welfare. That probability increased over time.

Detailed analysis suggests that this is not to do with reduced stigma when parents are on welfare or differences in the investments made by parents in their children between the two groups.

It is concluded that the tendency of welfare dependency to pass down the generations may arise from children learning about the programme from their parent's experience and thus being more likely to use it.

GORDON DAHL, ANDREAS KOSTOL and MAGNE MOGSTAD
NBER Paper 19237

<http://cepr.lse.ac.uk/seminarpapers/18-06-13-GD.pdf>

INCENTIVES, SELECTION & TEACHER PERFORMANCE

Teacher readers of this magazine may be interested in the results of NBER research on incentives and teacher performance.

There is very little differentiation of teachers' pay by performance, though elements of performance-related pay have been introduced in the UK.

This paper examines the introduction of performance pay in the District of Columbia in the US. It looked at teachers of very similar ability but who marginally fell one side or the other of the cut-off point for disciplinary action to be taken or incentives provided.

In fact, performance pay did improve the performance of those teachers who became eligible for it. Incentives did work.

Furthermore, amongst those teachers whose performance in one year led them to be eligible for dismissal the following year, there was increased voluntary attrition of poor teachers and an improvement amongst those who remained.

Overall, it would seem that incentives worked within the group of teachers who had the possibility of higher pay or who faced the possibility of dismissal.

THOMAS DEE and JAMES WYCKOFF
NBER Working Paper 19529

<https://cepa.stanford.edu/sites/default/files/w19529.pdf>