

The Anatomy of Intergenerational Income Mobility in France and its Spatial Variations

Gustave KENEDI and Louis SIRUGUE

Abstract :

We provide new estimates of intergenerational income mobility in France for children born in the 1970s using rich administrative data. Since parents' incomes are not observed, we employ a two-sample two-stage least squares estimation procedure. At the national level, every measure of intergenerational income persistence (intergenerational elasticities, rank-rank correlations, and transition matrices) suggests that France is characterized by a particularly strong persistence relative to other developed countries. Children born to parents in the bottom 20% of their income distribution have a 10.1% probability of reaching the top 20% as adults. This probability is of 39.1% for children born to parents in the top 20%. At the local level, we find substantial spatial variations in intergenerational mobility. It is higher in the West of France and particularly low in the North and in the South. Within urban areas, intergenerational mobility decreases with distance to the urban center. We uncover significant relationships between intergenerational mobility and characteristics of the environment an individual grew up in, such as the unemployment rate, population density, and income inequality.