

Misperceptions of Mobility

BY ANTHONY SWAMINATHAN

The American dream holds that with talent, good ideas, and hard work, anything is possible. In America, the common perception is that the market system is relatively fair and opportunities for mobility abound. Europeans, stereotypically, believe the opposite. There, the market system is viewed as fundamentally unfair; wealth is seen as the result of persistent socioeconomic advantages. Opportunities for mobility are supposedly few and far between.

Recent research on intergenerational mobility in the United States and Europe, however, shows that American optimism and European pessimism might be misplaced. Research shows that mobility in the United States may be lower than assumed, while mobility in Europe exceeds Europeans' perception of it. Indeed, new data show that the United States may have lower levels of mobility than most European countries.

A recent article by Harvard University economists Alberto Alesina, Stefanie Stantcheva, and Edoardo Teso in the *American Economic Review* tackled this issue of (mis)perception. The authors used survey and experimental data from the United States and Europe to compare perceptions of mobility with actual patterns and analyzed the relationship between individuals' perceptions of mobility and their support for redistributive programs. Their work built on previous research on the linkages between intergenerational mobility and preferences for redistributive policy, which highlights the importance of individual experiences, perceptions of inequality, beliefs about fairness, and self-fulfilling ideological models of mobility.

The main source of data for the article is an original survey administered in the United States and four European countries (Sweden, Italy, France, and the United Kingdom). The focus of the survey is questions about perceptions of mobility, including one asking respondents to indicate how many of 100 children from the lowest quintile in the respondents' country they believed would end up in each of the five income quintiles as adults. The survey also addressed participants' socioeconomic backgrounds, individual experiences of mobility, and views on fairness.

The survey results confirm that Americans and Europeans hold the stereotypical perceptions of mobility commonly ascribed to them. In general, Americans are more optimistic than Europeans. Moreover, Americans are generally too optimistic relative to reality, while Europeans are generally too pessimistic; Americans vastly overestimate

the chances that those at the bottom will make it to the top, while Europeans underestimate those chances and overestimate the chances that those at the bottom will stay there.

Perceptions of mobility also correlate significantly with individual characteristics. In general, left-leaning respondents and the college-educated are more pessimistic. Women, parents, low-income respondents, children of immigrants, and those who have experienced mobility are generally more optimistic. Black Americans, though facing low real levels of mobility, are especially optimistic.

The survey data also show a significant correlation between individuals' perceptions of mobility and their

support for redistribution. Pessimism is positively correlated with support for all dimensions of redistribution measured, while optimism is negatively correlated with most of them. Additionally, support for equality of opportunity policies, like investment in educa-

tion and health care, is more sensitive to perceptions of mobility than support for equality of outcome policies, such as expanded safety nets or more progressive taxation. There are large differences between left- and right-leaning respondents, as the views of right-leaning respondents are much less sensitive to their perceptions of mobility.

To isolate the effect of mobility perceptions on redistributive policy preferences, the authors ran an experiment testing the effect of a pessimistic shift in perceptions of mobility. Participants in the experimental group watched two animations presented as summaries of recent research, one claiming that most poor children stay poor and few become rich and another claiming that most rich children stay rich and few become poor. The survey measure for perceptions of mobility was administered before and after the treatment. Overall, those who saw the films were more pessimistic relative to the control group.

The authors found no statistical difference in the effect of the films on perceptions of mobility between left- and right-leaning respondents. They did, however, find a difference between these groups in the effect of the treatment on redistributive policy preferences, as only left-leaning respondents subsequently increased their support for equality of opportunity policies (there was no effect on support for equality of outcome policies). Though they became more pessimistic, right-leaning respondents had no change in their support for any redistributive policies — perhaps, the authors suggest, because they view government as unable to fix the problem or perhaps as the problem itself. **EF**

“Intergenerational Mobility and Preferences for Redistribution.” Alberto Alesina, Stefanie Stantcheva, and Edoardo Teso. *American Economic Review*, February 2018, vol. 108, no. 2, pp. 521-554.