

A Subgroup Decomposable Measure of Relative Income Mobility*

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Abstract

We consider a small set of elementary properties for mobility measures, and show that there is essentially only one mobility measure that satisfies all of these properties: *the per capita aggregate change in log-incomes*. We demonstrate next that this mobility measure has a number of appealing descriptive and normative properties, and study a formal generalization of our basic characterization theorem drawing from the related literature on poverty measurement. Finally, we present here an empirical application in which we show by using our new measure that there has been a broad-based increase in relative income mobility in the United States between the 1970s and 1980s.

Journal of Economic Literature Classification Numbers: D31, C63.

Keywords: income mobility, relative mobility measures, subgroup decomposability

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