

CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

For Immediate Release
May 17, 2005

INCOME MOBILITY SHOWS DYNAMISM OF U.S. ECONOMY

Press Release #109-19
Contact: Christopher Frenze
Executive Director
(202) 225-3923

WASHINGTON, D.C. – The considerable movement of households up and down the economic ladder displays the flexibility of the U.S. economy, Chairman Jim Saxton said today. This degree of income mobility demonstrates that the U.S. is not a rigid class system in which most people are cemented into the same income group for extended periods of time.

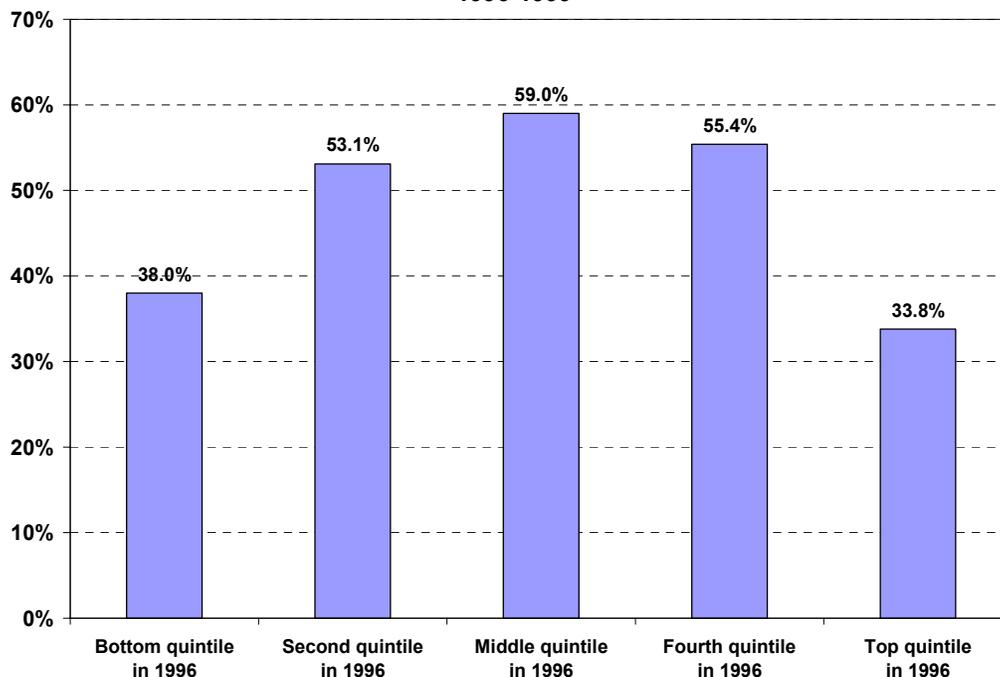
“The evidence shows that the flexibility of the U.S. economy provides opportunities for many millions of Americans,” Saxton said. “There is substantial income mobility over relatively short periods, and a strong tendency for income mobility in all groups to increase over extended periods of time. Income mobility is not unlimited, but it is large enough to demonstrate the dynamism of the U.S. economic system,” Saxton concluded.

For example, a 2004 Census Bureau study showed significant income mobility over a period of only three years (1996-1999). The study ranked surveyed households by 1996 income levels, from lowest to highest, divided the total number of households into fifths (quintiles), and assigned households to the appropriate income quintile, from the lowest to the highest.

The study then tracked the households from their initial income quintile in 1996 to that of 1999. Nearly half of the households moved from one quintile to another over this three year period, with mobility highest in the middle three quintiles.

More specifically, **59.0 percent** of the households in the middle quintile in 1996 had changed quintiles by 1999, as had **over half** of the second and fourth quintiles. There was more stability in the bottom and top quintiles, but mobility was still significant. Other research has shown higher rates of income mobility for members of all quintiles over longer time periods.

**Income Mobility by Quintile
1996-1999**



The Census Bureau study, *Dynamics of Economic Well-Being: Movements in the U.S. Income Distribution, 1996-1999*, is available at <http://www.census.gov/prod/2004pubs/p70-95.pdf>.

###