

New evidence on U.S. mobility

For centuries, historians and social scientists have noted the apparently unique opportunities for social and economic advancement available in the United States. Observers as diverse as Alexis de Tocqueville and Karl Marx commented on the high degree of U.S. social mobility. The ease with which individuals could change their occupational and social status came to be labeled *American exceptionalism* and became part of the American mythos. However, analysis of data from recent decades has shown that occupational mobility in the United States is generally similar to that of European countries.

Was mobility in the United States once as great as commonly thought? Was it significantly higher than elsewhere? In “The End of American Exceptionalism? Mobility in the U.S. since 1850” (National Bureau of Economic Research, Working Paper Series), Joseph P. Ferrie of Northwestern University answers these questions.

Using data from the U.S. Federal censuses of the late 1800s and early 1900s Ferrie looks at both individual occupational mobility and intergenerational occupational mobility (which compares the occupations of children to the occupations of their parents) over spans of one to three decades. In addition, the same analysis is done on similar data from Britain.

A key finding is that during the last half of the 19th century, the United States had more intergenerational occupational mobility than Britain. Also, U.S. intergenerational occupational mobility was greater in the decades preceding and immediately after 1900 than it has been in the decades since 1950. One of the

important factors behind this finding is the slow but relentless reduction in farm employment over this period in the United States, which came largely after a corresponding movement out of farming in Britain. Another explanation for high mobility in the United States (pre-1920) could be increasing access to education. A third factor associated with higher occupational mobility in the United States is the higher American rate of geographic, or residential, mobility. Persons who changed their county of residence were more likely to also change their occupation.

Ferrie concludes that the 19th century was a time of American exceptionalism in terms of occupational and residential mobility, but the United States is no longer unique in these respects.

New York in recovery

In the June 2004 issue of this *Review*, Michael L. Dolfman and Solidelle F. Wasser chronicled the effects of the September 11, 2001, terrorist attacks on the labor markets of New York. In last December’s *Economic Policy Review* from the Federal Reserve Bank of New York, Andrew F. Haughwout and Besse Rabin, after acknowledging the human and economic toll of the attacks, analyze in detail the spatial dimensions of the shock and New York City’s recovery from it.

The key to Haughwout and Rabin’s analysis of the spatial impacts of exogenous shocks lies in real estate sales prices, rental costs, and data from the Census Bureau’s New York City Housing Vacancy Survey. Their findings, briefly stated were that, as shown earlier by Dolfman and Wasser, the attacks accelerated the effects of the 2001 recession and contributed to the related loss of jobs and destroyed millions of square feet of

class A office space. They suggest that the economy was “surprisingly resilient” to the shock to employment and other activity metrics, but that there were “significant changes, particularly in the spatial distribution of activities.”

In particular, report Haughwout and Rabin, “Long-run demand for residential space in Lower Manhattan strengthened significantly, but demand in the short run was weaker,” and “Both long- and short-run demand for office space in Lower Manhattan weakened relative to the rest of the nation, while demand for Midtown offices rose sharply.” These factors strengthened an already-evident shift in the spatial patterns of activity. Land use Lower Manhattan was slowly changing away from financial, banking, and other commercial uses, as evidenced by 15 years of commercial rents and office prices lagging those of Midtown. Conversely, there was a slow increase in commercial space occupied in Midtown.

In a sense, then, Haughwout and Rabin suggest that New York’s spatial patterns were in disequilibrium prior to September 11. Of course, the simple destruction of so much space in Lower Manhattan exacerbated the disequilibrium, at least in the short run. They also suggest that some of the actions taken since by the local government, including residential subsidies in Lower Manhattan and support for accelerated commercial development of the West Side near Midtown, have provided a clear signal of intentions and have “led to marked increases in the Midtown premium for business locations and the Downtown residential premiums.” It would then seem to follow that Lower Manhattan will become a more residential area over time, while Midtown will become more of a location for commercial development. □