

Executive summary

- Second-generation Australians are on average more upwardly mobile than those born to Australian parents.
- Differences in intergenerational income mobility between migrant communities mostly reflect differences in intergenerational education mobility.
- Differences in the cultural values migrants bring with them, and the context of their migration, also appear to be associated with large differences in second-generation educational achievement and attainment.
 - Second-generation migrants from countries that outperform on tests of student achievement, or face higher income penalties in the first generation, tend to have better educational outcomes once in Australia.
- The outperformance of migrants from poorer backgrounds only emerges late in adolescence, and is reflected in attainment, aspirations and the perceived returns to education, but not in school test scores.

The intergenerational mobility of migrant communities in Australia

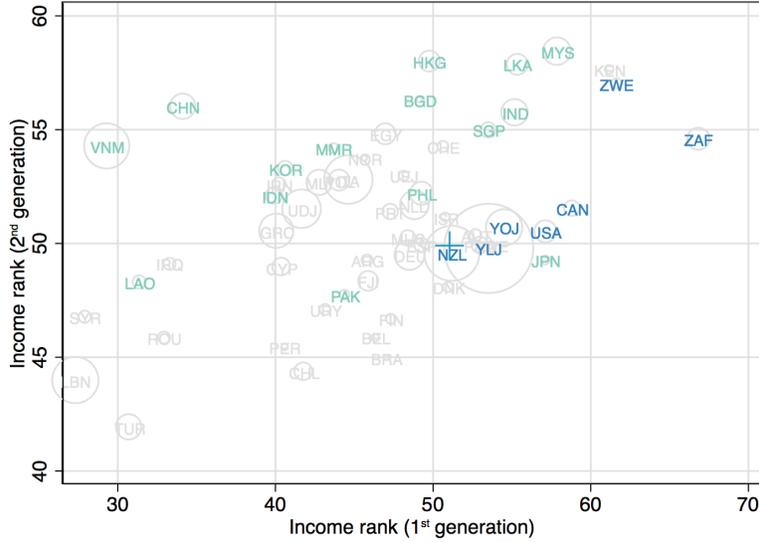
Intergenerational mobility varies not just across countries, but also within them – be it across geographic, ethnic or family lines. What then drives the exceptional mobility of children from some backgrounds but not others? To what extent do such differences reflect differences in abilities, in economic and institutional factors, or in beliefs and preferences that may be specific to a community’s culture or social context?

I study these questions looking at second-generation migrants in Australia. The mobility of migrants is of interest in its own right, but may also shed light on the potential role of some of these drivers of mobility in the community at large. Second-generation Australians are on average more upwardly mobile than those born to Australian parents, having higher incomes than would be expected based on the first generation incomes alone (Figure 1). Nonetheless, intergenerational income mobility varies substantially between migrant communities.

A central role for educational mobility

I present a new decomposition of intergenerational income mobility into education mobility and the returns to education in both generations. Intuitively, a migrant community may have a higher income in the second generation than might be expected based on the first generation for one of three reasons. First, the first generation could have earned a relatively low return to education and their income may thus be a poor reflection of what they pass on

Figure 1: Intergenerational income mobility for Australian migrant communities



Notes: Plots the average individual income rank of second generation Australians born 1987-1991 inclusive against that of their fathers, by father source country. Circle sizes increase with cell population. Circles are labelled with ISO country codes, with different colours for Asian countries and English-speaking countries.

to their children. Second, the second generation could be more upwardly mobile in education. Third, the second generation could earn a relatively high return to education.

I find differences in education mobility, rather than the returns to education, are central to differences in income mobility between migrant communities. However, the decomposition varies significantly by source region. Lower second-generation returns to education play an important role in the mobility of Middle Eastern and South American Australians. And the unwinding of particularly high and low first-generation returns for migrants from the United Kingdom and Mainland South East Asia respectively influence the observed mobility of the second generation. The mobility of migrant communities is relatively persistent by source country over a thirty-year period, despite profound changes in the Australian community over that time.

What might drive exceptional educational mobility?

The importance of exceptional educational mobility motivates the remainder of the paper. What do migrant communities share that drives educational success? I find evidence suggesting that both the culture migrants bring with them and the social context they enter plays a role.

Second-generation Australians from countries that outperform on tests of student achievement also outperform, on average, in Australia. This association remains apparent when controlling for family, peer and school characteristics. This suggests a potential role for ed-

educational culture – something migrants may potentially share with those they leave behind – in driving educational mobility.

Further, second-generation Australians get more education if the first generation faces a higher income penalty relative to similarly educated natives. This association only emerges late in adolescence, and is reflected in educational aspirations and the perceived value of education, but not in test scores. This suggests migrant communities that faced higher income penalties in the first generation may place greater importance on educational attainment, which ultimately flows through to second-generation outcomes.