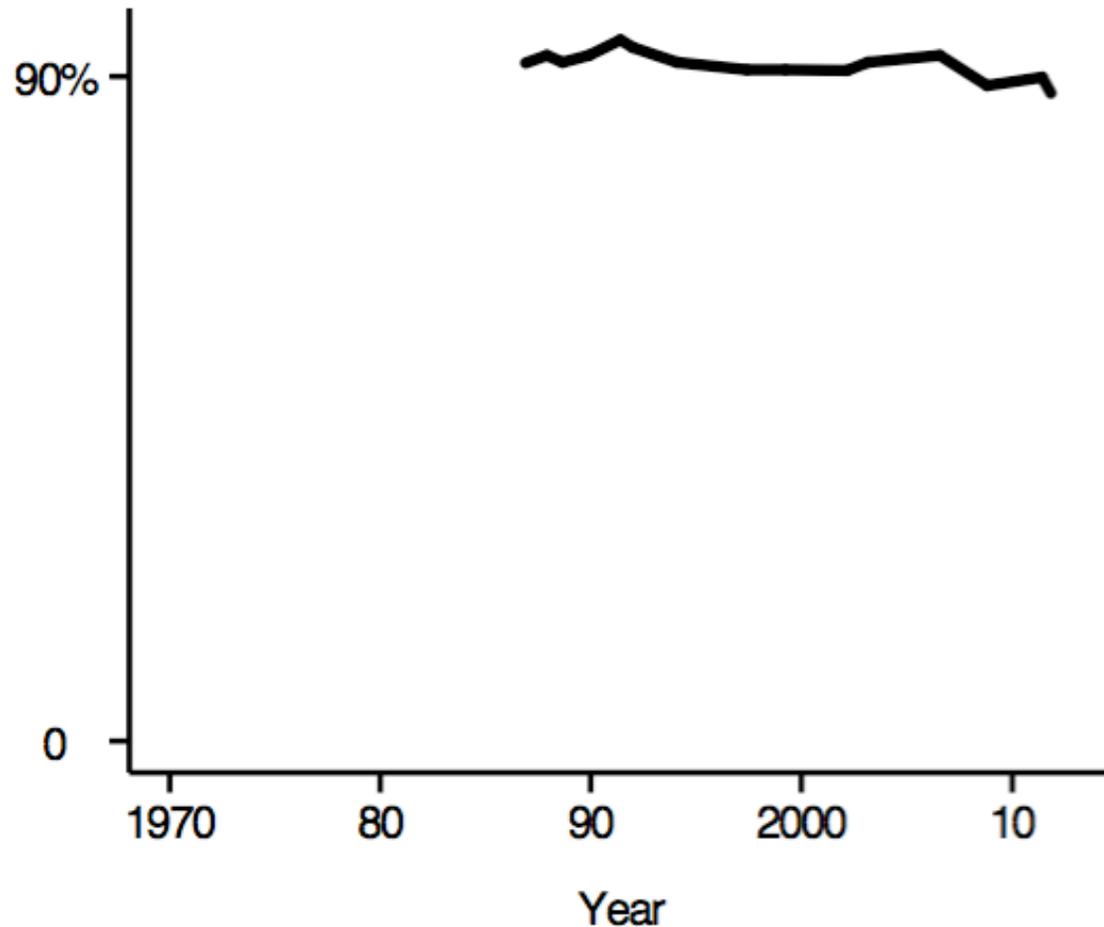


America's Quest for Equality of Opportunity

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Americans like equality of opportunity



"Agree our society should do what is necessary to make sure everyone has an equal opportunity to succeed." Data source: Pew Research Center, *Trends in American Values: 1987-2012*, p. 147.

Equality of opportunity is unattainable

What equal opportunity requires: upon reaching adulthood, every person has equivalent skills, abilities, knowledge, and noncognitive traits

Society can't fully equalize, offset, or compensate for the many contributors — genetics, developments in utero, parents, siblings, peers, teachers, preachers, sports coaches, tutors, neighborhoods, and a slew of chance events and occurrences

And we probably don't truly want it

It would require massive intervention in home life and probably also genetic engineering

It would reduce incentives for parents to invest effort and money in their children's development, and that would result in a lower absolute level of capabilities for everyone

What we want

For each person to have the most opportunity possible

This requires providing greater-than-average help to those with less advantageous circumstances, which in turn moves us closer to equality of opportunity

Gender, race, family background

One of America's major successes in the past half-century has been its progress in reducing obstacles to opportunity stemming from gender and race

Is the same true for family background?

My talk

1. Family background and unequal opportunity
2. Have we reduced the family background opportunity gap?
3. How does the US compare to other affluent countries?
4. Should we worry?
5. Can we do better?

Family background and unequal opportunity

Measuring equality of opportunity

There is no direct measure of opportunity, so social scientists tend to infer from outcomes, such as employment and income

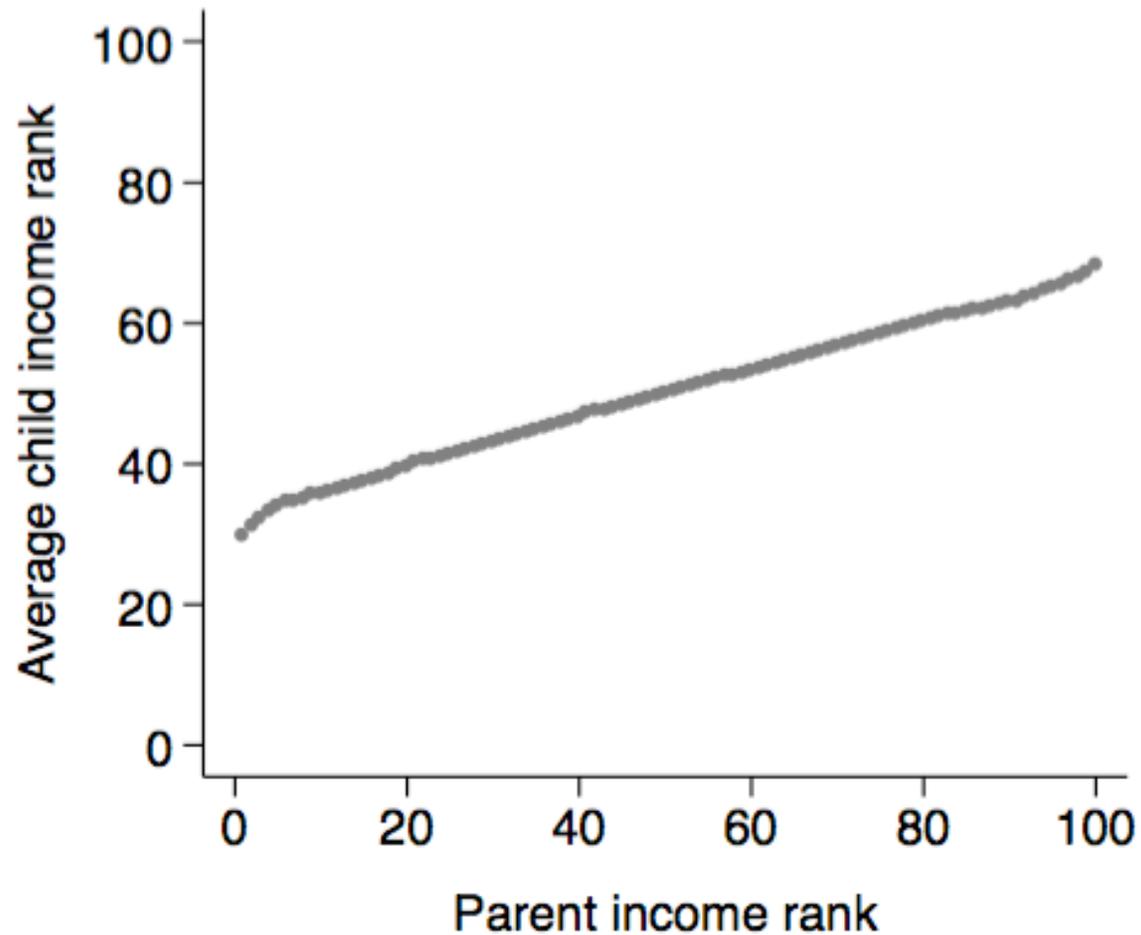
If there is reason to suspect a group has less opportunity and we observe it doing less well than others on the outcome, we conclude there is unequal opportunity

Measuring equality of opportunity

For family background, the outcome we look at is *relative intergenerational income mobility*

It's a measure of where a person is on the income ladder relative to where her/his parents were on the ladder

Unequal opportunity



Horizontal axis: Parents' household income rank when the child is in her or his late teens. Vertical axis: Child's average household income rank in her or his late 20s. Data source: Chetty et al, "Is the United States Still the Land of Opportunity?," slides, equality-of-opportunity.org.

Unequal opportunity

An American born into a family in the bottom fifth of incomes between the mid-1960s and the mid-1980s has a 30% chance of reaching the middle fifth or higher in adulthood

Born into the middle fifth: 66% chance

Born into the top fifth: 80% chance

Causes of unequal opportunity

Genetics and developments in utero

Family structure

Parents' income and consequent spending on enrichment goods and services

Parenting: reading to kids, clear rules and routines, high expectations, anxiety and stress

Neighborhoods: crime, role models, institutions

Causes of unequal opportunity

~~Government benefits~~

Preschools and daycare

~~K-12 schooling~~

College entry and completion

Getting a job: connections, language, prison record, available jobs and wages

Marital homogamy

**Have we reduced the
family background
opportunity gap?**

Mid-1800s to 1970s

The impact of family background almost certainly diminished over this period

Shift from farming to manufacturing

Universal K-12 schooling

Expansion of access to college in the 1960s

School desegregation, 1964 Civil Rights Act, and affirmative action

Since the 1970s

It's too soon to tell

Since the 1970s

A few trends favor *increased* mobility

Racial discrimination has continued to decrease

Expanded health insurance coverage for the poor

Removal of lead from gasoline

Drop in violent crime since the early 1990s

Reduced gap in school funding between low-income districts and high-income districts

Since the 1970s

Many trends favor *decreased* mobility

Family structure

Parents' income

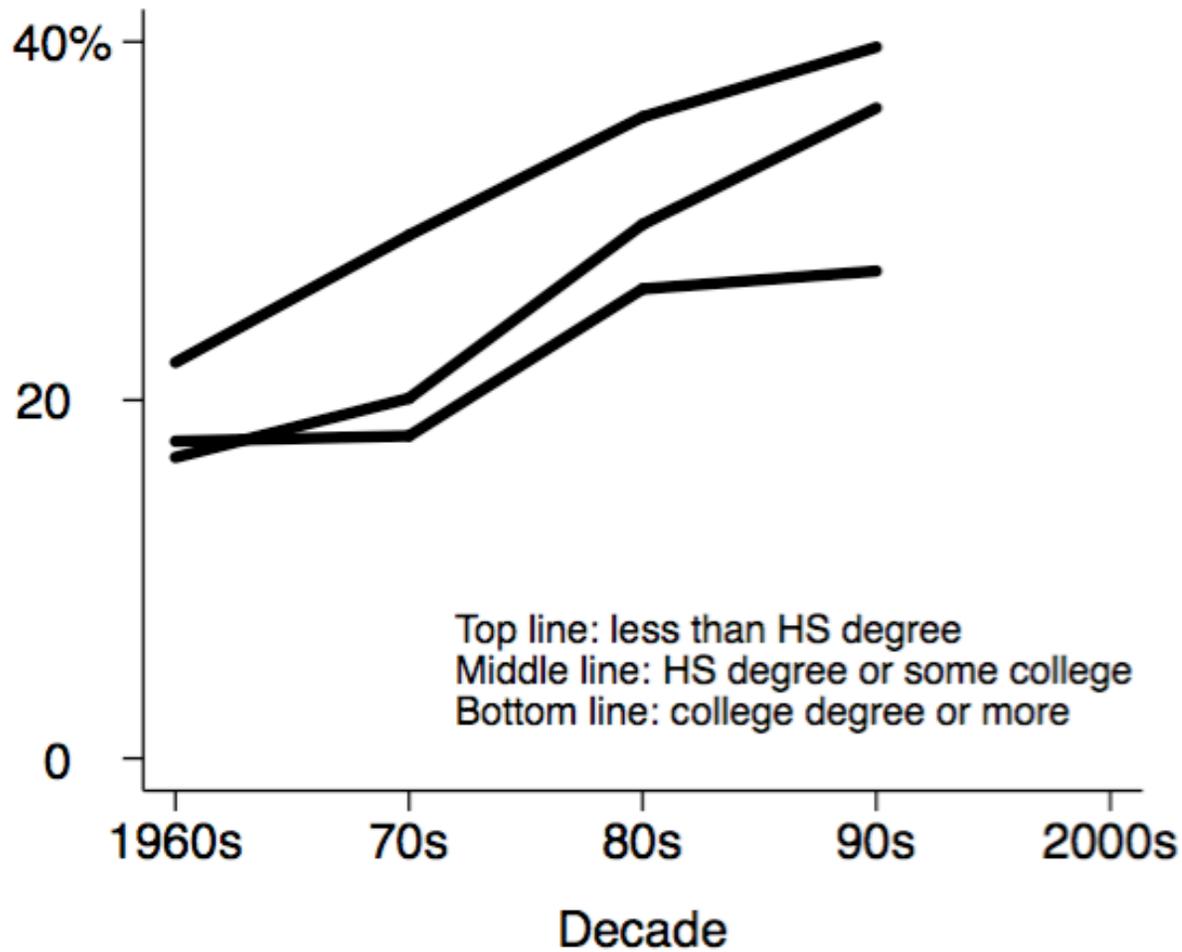
Parenting styles and behaviors

Education

Employment and earnings

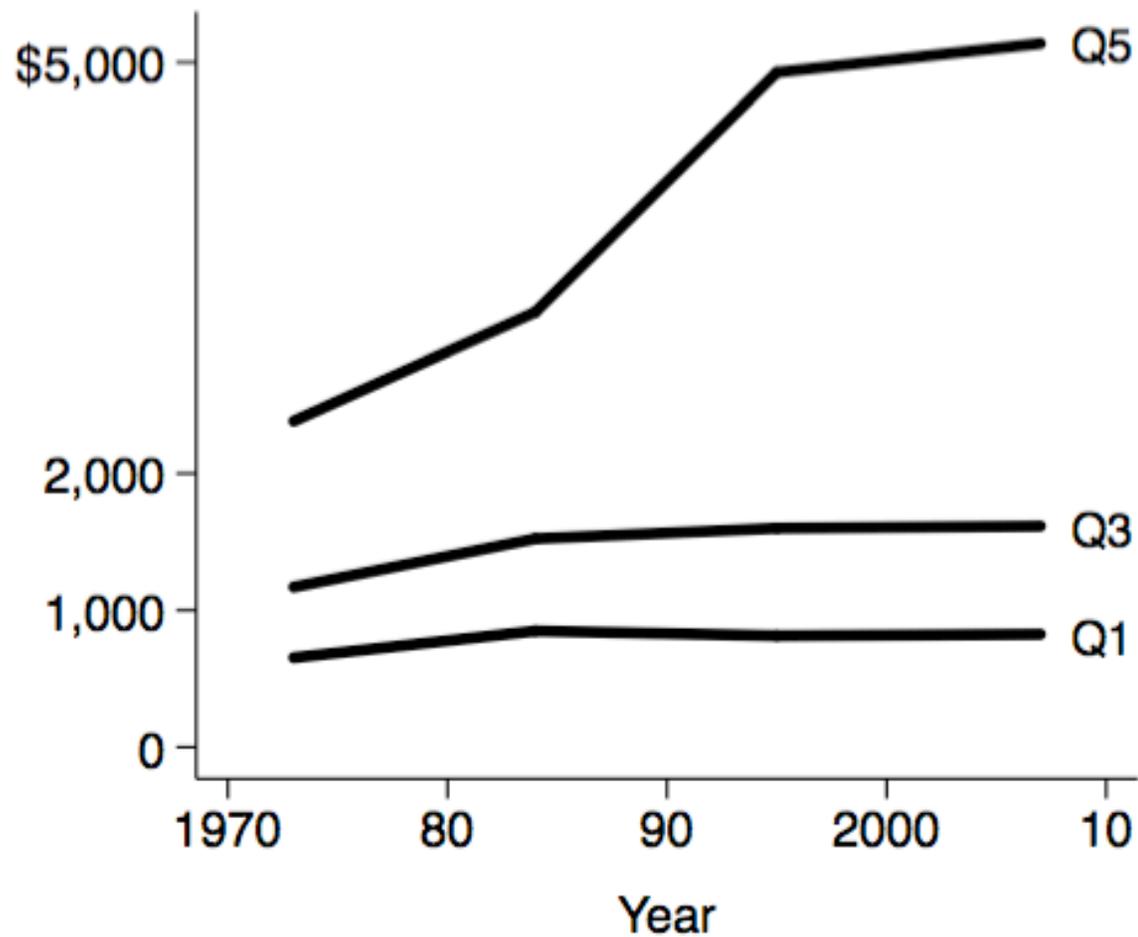
Partner selection

Family structure



Children not living with both biological parents at age 16 by mother's education. My calculations from GSS data.

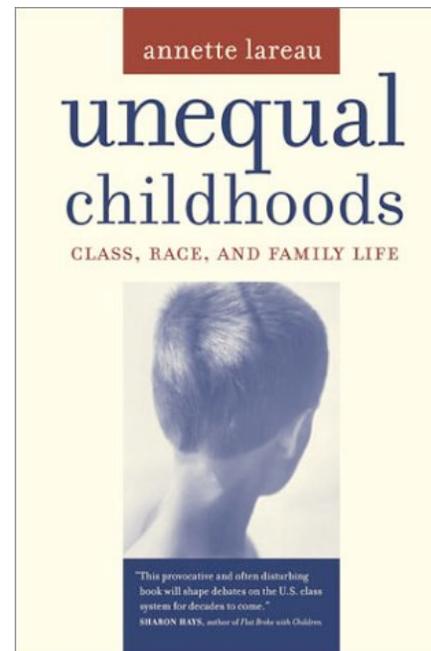
Parents' income



Spending per child, in 2008 dollars. Includes expenditures on child care, education, clothing, toys, games, musical equipment, bicycles, etc., and services and repairs for these items. Data source: Kornrich and Furstenberg, "Investing in Children," *Demography*, 2013, table 3, using CEX data.

Parenting

With the advent of the "intensive parenting" culture, class differences in parenting styles and traits seem to have widened



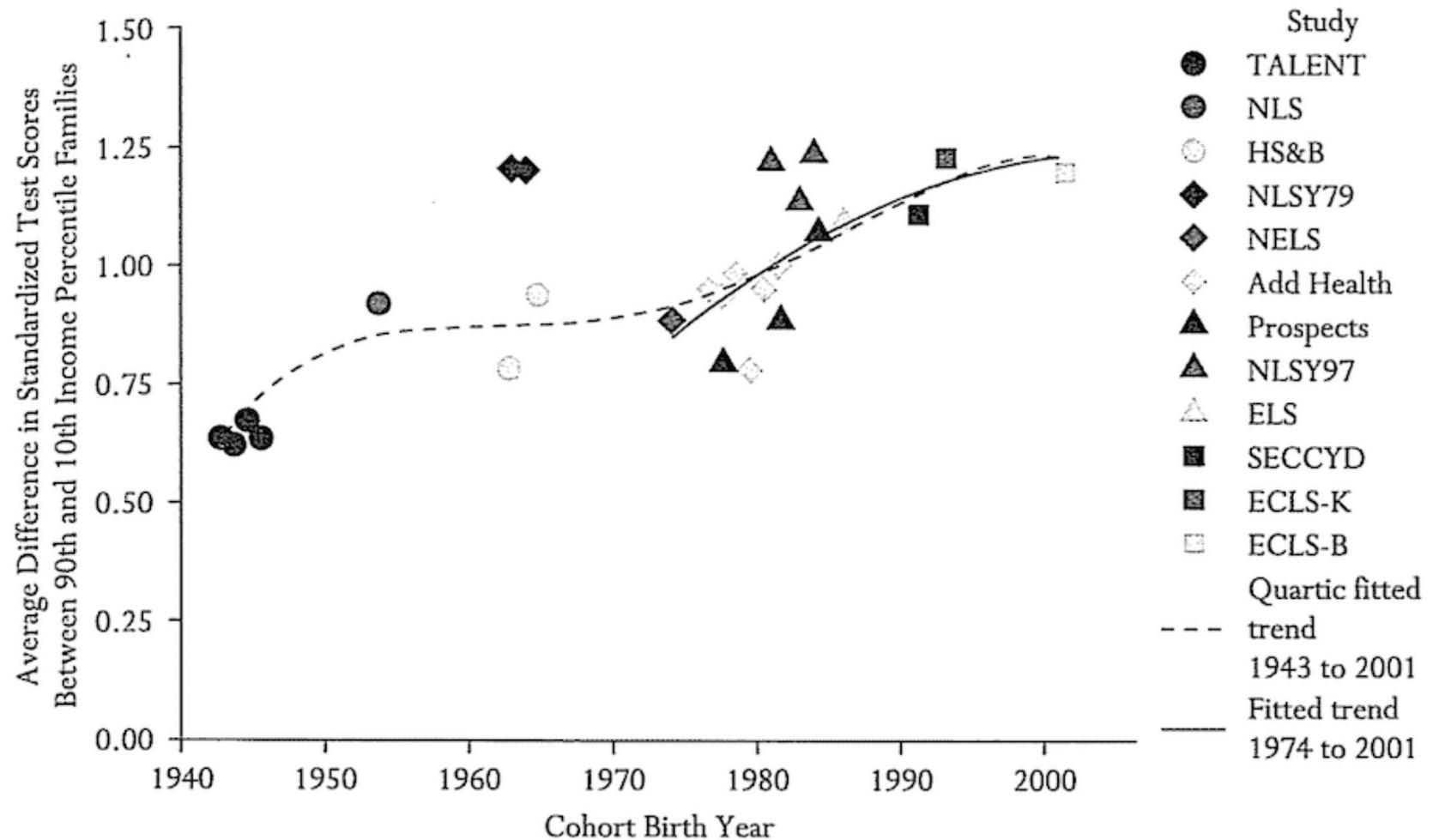
Education: childcare and preschool

Care has been shifting from stay-at-home moms to out-of-home providers

Children of middle-class and affluent parents go to good-quality care centers and preschools

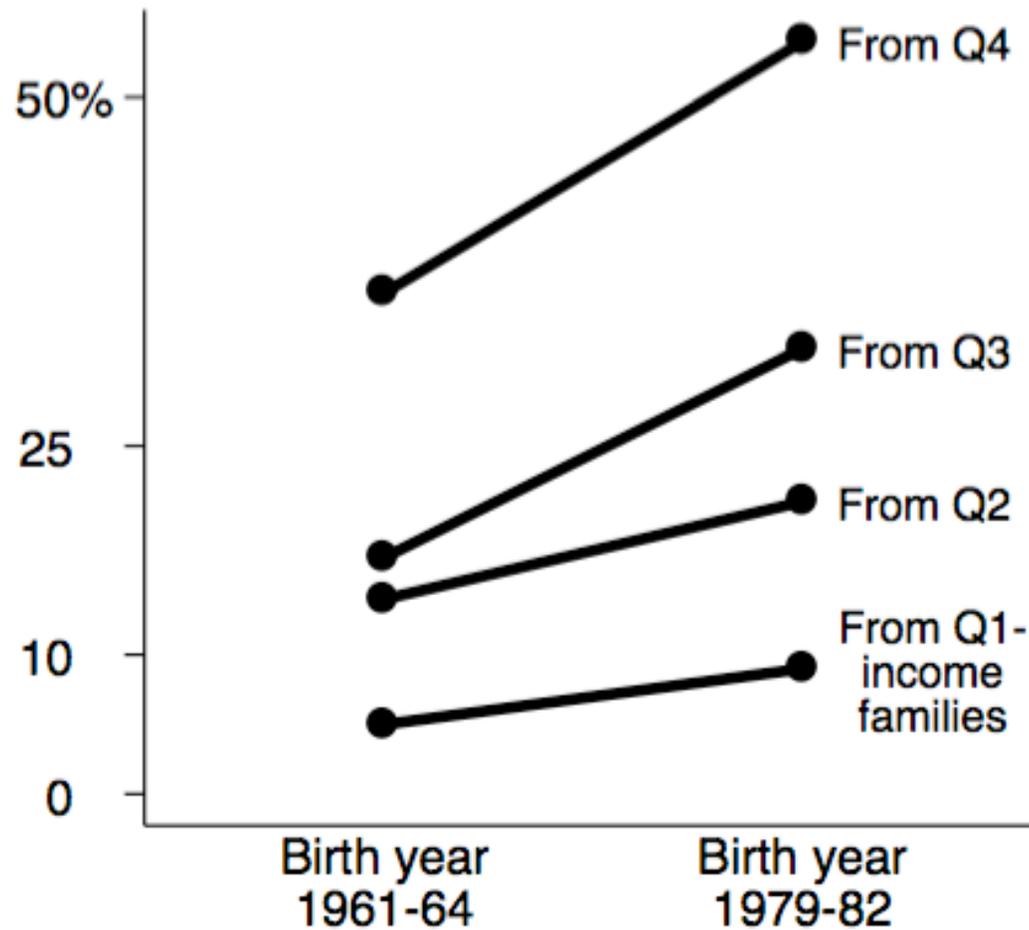
Kids of low-income parents are more likely to be cared for by other family members or a neighborhood babysitter

Education: middle-school test scores



Test score gap in reading. Source: Sean F. Reardon, "The Widening Academic Achievement Gap," in *Whither Opportunity?*, 2011, figure 5.1.

Education: college completion



Data source: Bailey and Dynarski, "Gains and Gaps," in *Whither Opportunity?*, 2011, figure 6.3.

Employment and earnings

The share of people from low-income homes that don't speak English has increased

In the 1970s and 1980s we began incarcerating a lot more young men, leaving them with a criminal record

There are fewer (manufacturing) jobs that require limited skills but pay a middle-class wage — the kind that once lifted many Americans from low-income families into the middle class

Partner selection

Marital homogamy has increased

If our outcome measure is household income (rather than individual earnings), this will magnify the impact of other changes

Has relative intergenerational mobility increased, decreased, or stayed the same?

It's too soon to be certain, but some studies have attempted to draw a tentative conclusion

Has relative intergenerational mobility increased, decreased, or stayed the same?

Studies finding an *increase* in mobility

None

Has relative intergenerational mobility increased, decreased, or stayed the same?

Studies finding a *decrease* in mobility

Aaronson and Mazumder 2008, Census data

Bloome and Western 2011, NLS data

Has relative intergenerational mobility increased, decreased, or stayed the same?

Studies finding *no change* in mobility

Harding et al 2005, GSS and PSID data

Lee and Solon 2009, PSID data

Winship 2013, NLS data

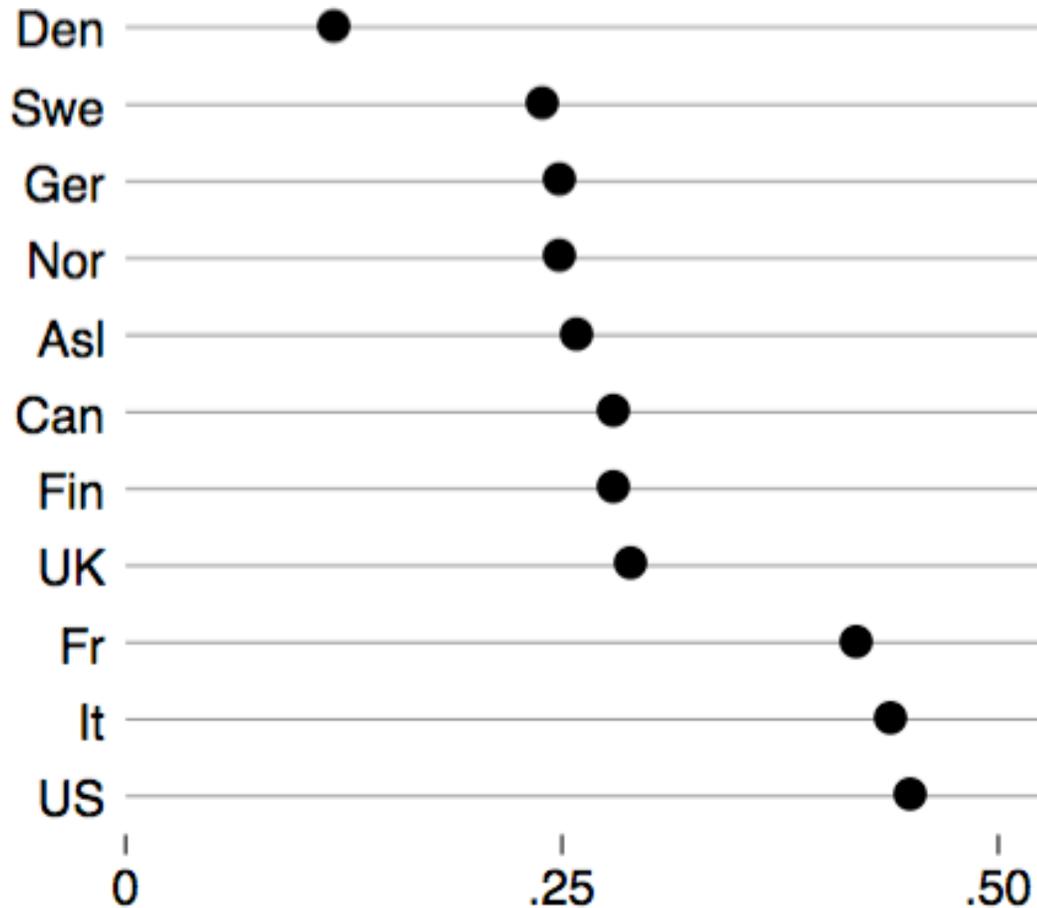
Chetty et al 2014, tax records and SSA data

**How does the US compare
to other affluent nations?**

The land of opportunity

From 1865 to 1970, the US probably had more relative intergenerational income mobility than other rich countries

The land of opportunity no longer



Correlation between the earnings of parents and those of their children. Larger numbers indicate less mobility. Data source: Ermisch, Jäntti, and Smeeding, eds., *From Parents to Children*, 2012, figure 1.1.

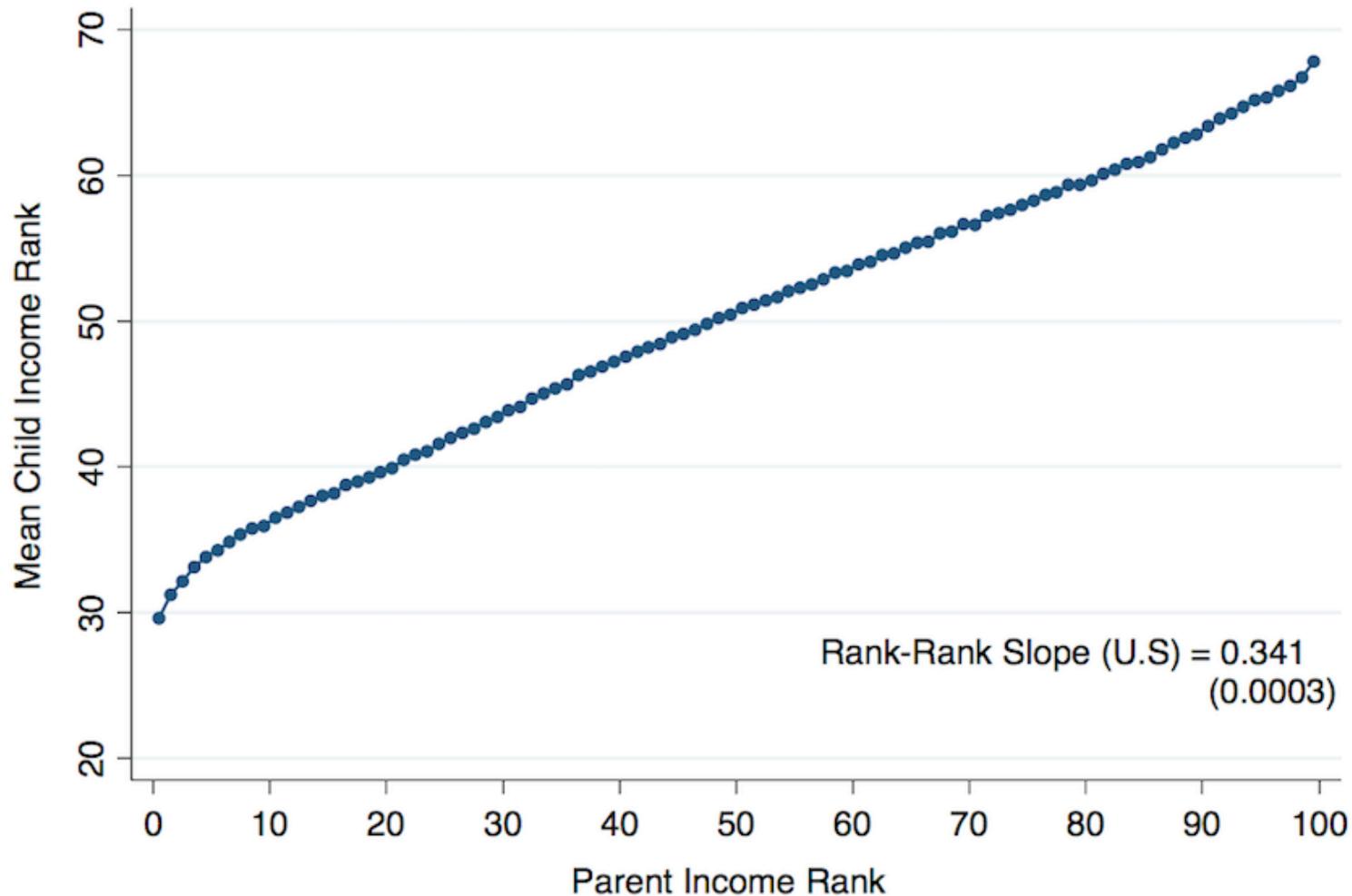
Should we worry?

If mobility hasn't decreased, should we worry?

After all, we don't want perfect equality of opportunity

So maybe the amount we have now is good enough

If mobility hasn't decreased, should we worry?



If mobility hasn't decreased, should we worry?

I think we *should* worry

1. Since the 1970s, America's lower half has experienced slow absolute income growth, and it has fallen farther behind in relative terms (income inequality)

Given these developments, we should be concerned if it hasn't become easier for those in the lower half to move up

If mobility hasn't decreased, should we worry?

I think we *should* worry

2. The fact that we're doing less well than other affluent nations is cause for concern

If mobility hasn't decreased, should we worry?

I think we *should* worry

3. Limited mobility might increase frustration with our economic and/or political system, leading to growing resentment of minorities and immigrants, election of (bad) populists, or worse

Can we do better?

Can anything work?

If changes in families, educational attainment, and jobs haven't decreased mobility since the 1970s, it might be similarly difficult to increase mobility going forward

If so, perhaps policy makers should focus on improving the absolute living standards of those at the bottom, rather than on increasing their opportunity to move up (a "social democratic" rather than "liberal" approach)

Can anything work?

The grounds for optimism

First, it may be that mobility in the US *has* declined, or that it will soon

Second, the fact that other rich countries have more mobility suggests that we could do better

What might work

Good-quality, affordable early education

Improve K-12 schools in low-income neighborhoods

Boost college attendance and graduation among children from low-income homes

Delay childbearing and perhaps increase marriage among the less-educated

In-home parenting instruction

What might work

A higher wage floor

Increase the Child Tax Credit and/or EITC

Reduce income inequality

Criminal justice reform so that fewer nonviolent offenders are incarcerated

Affirmative action based on family background

Will our policymakers do the right thing?

Here too I'm optimistic, at least for the long run

Evidence will help

The Tea Party will pass, as will Republican Party intransigent obstructionism

There will be opportunity for bipartisan bargains, and occasional opportunity for Democrats to implement policy unilaterally

And it will be difficult to get rid of much of this

So I'm optimistic

But make no mistake: this is a huge challenge