America's Quest for Equality of Opportunity

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Americans like equality of opportunity

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
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

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

Education: college completion

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?

Rank-Rank Slope (U.S.) = 0.341 (0.0003)
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