



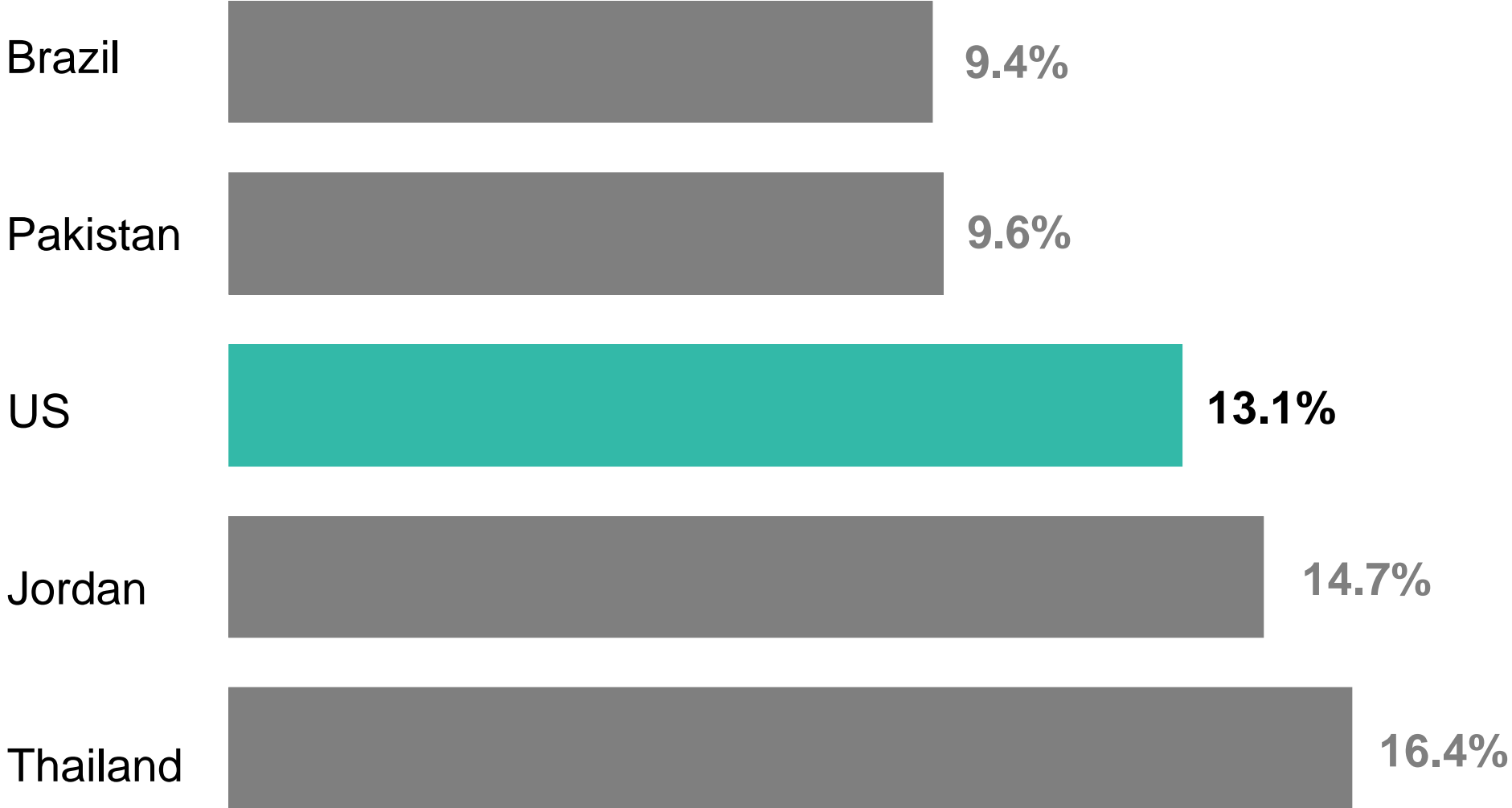
Intergenerational Mobility Around the World

 **OPPORTUNITY
INSIGHTS**

John N. Friedman
Brown University

The “American” Dream?

Chance that a child born to parents in the bottom half of the income distribution reaches the top quartile:

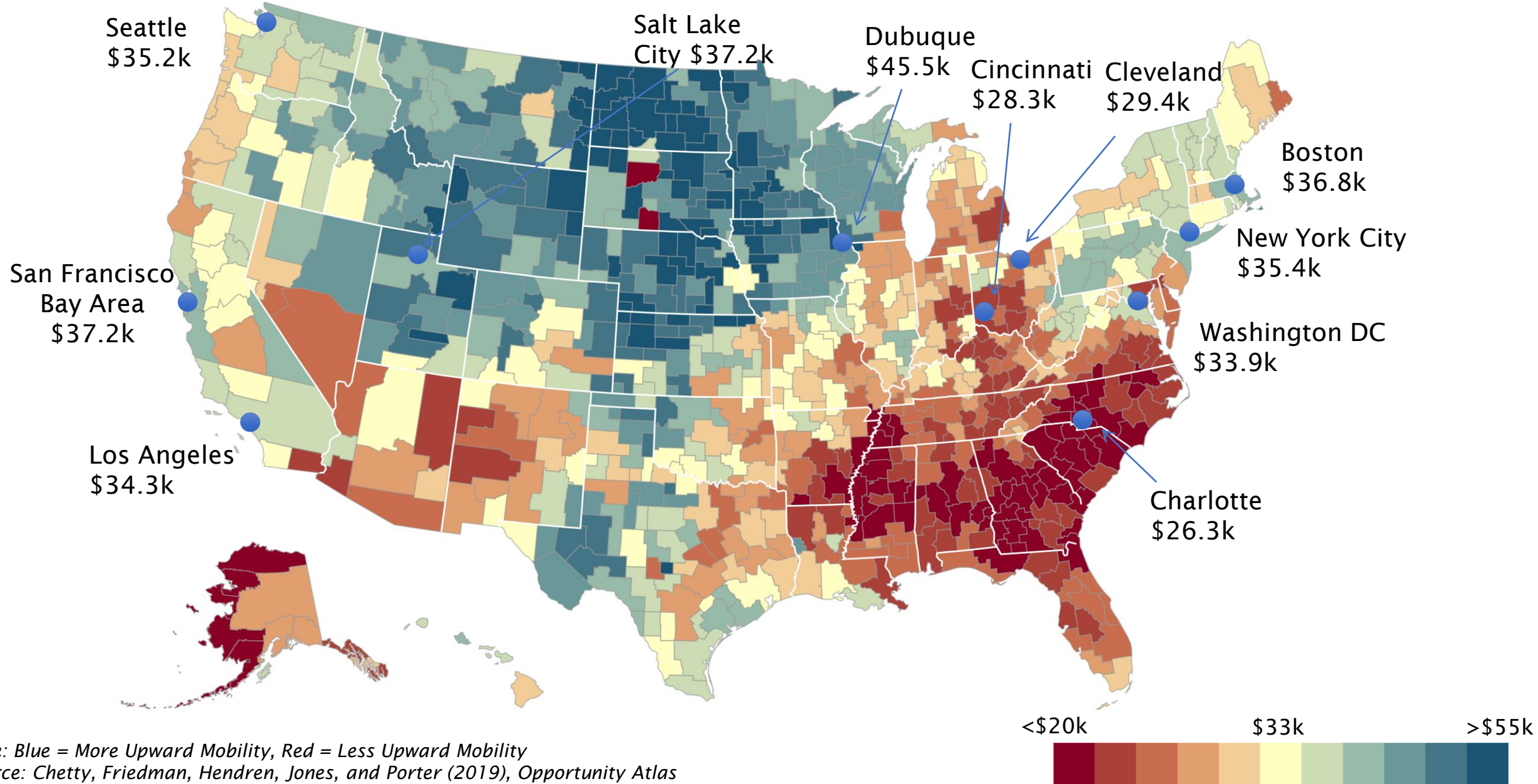


Understanding the Determinants of Economic Mobility

- Increasing focus on **equality of opportunity** and increasing **intergenerational mobility** alongside economic growth
- Much recent progress in understanding determinants using large-scale longitudinal administrative data (e.g., tax records)
 - Study determinants of economic opportunity by **disaggregating** data across subgroups and using quasi-experimental methods to analyze mechanisms
- Techniques pioneered in developed countries have been implemented around the world, have much promise to inform balanced development

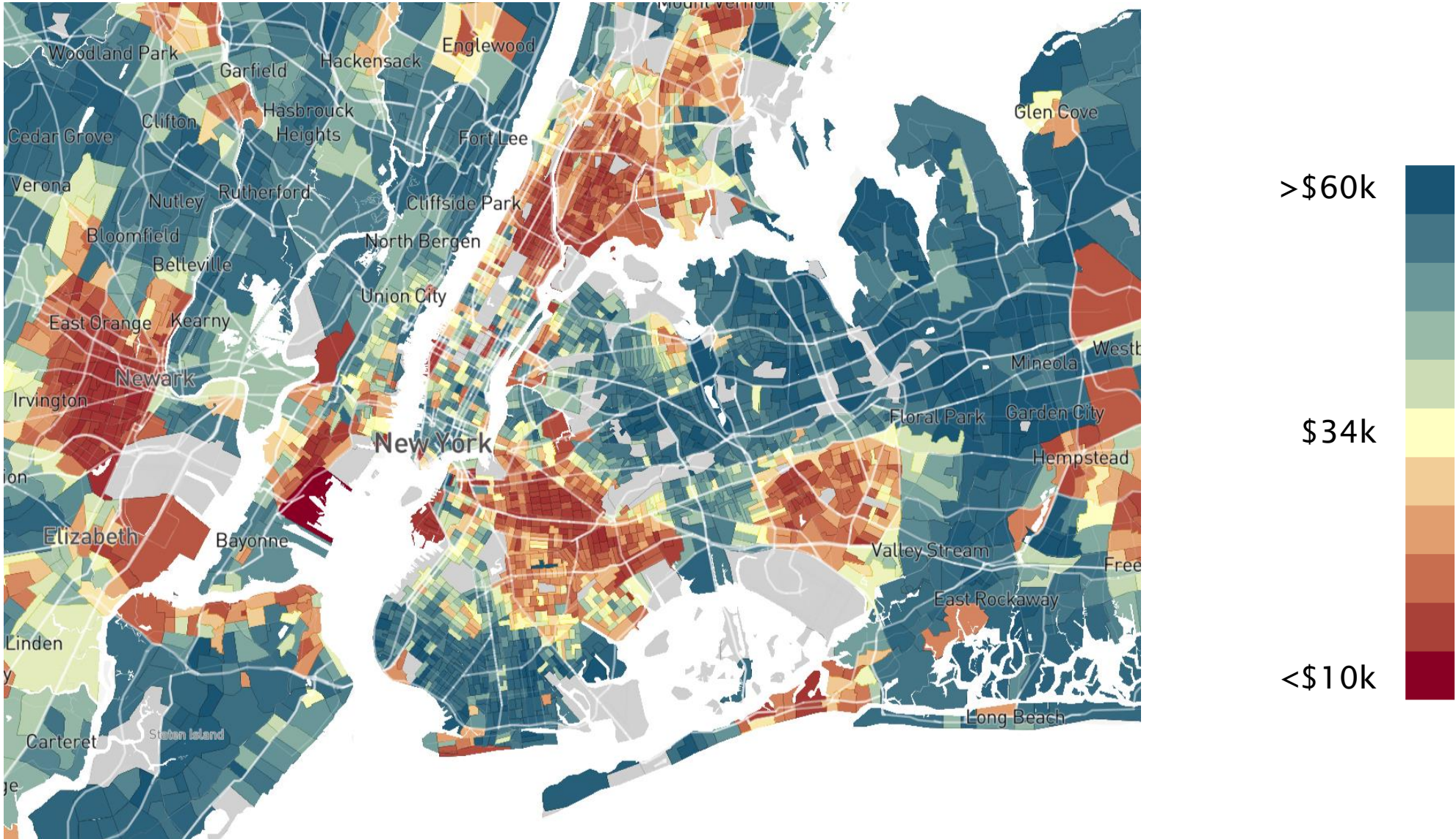
The Geography of Upward Mobility in the United States

Average Household Income at Age 35 for Children whose Parents Earned \$27k (25th pctile)



The Geography of Upward Mobility in New York

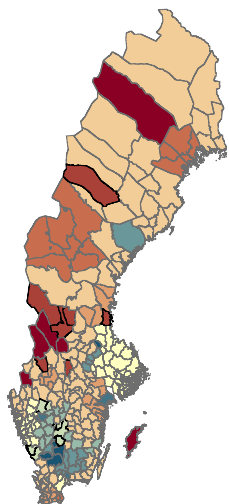
Average Income at Age 35 for Children whose Parents Earned \$27,000 (25th percentile)



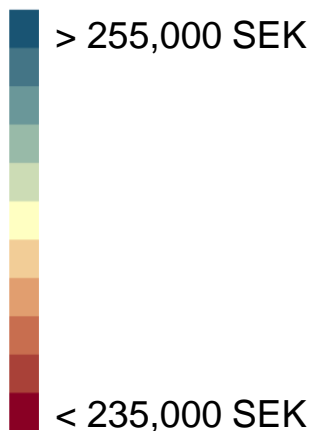
Note: reliability of tract-level estimates (split-sample correlation) = 0.91;
See estimates for other cities at The Opportunity Atlas: www.opportunityatlas.org

The Geography of Economic Opportunity Around the World

Sweden

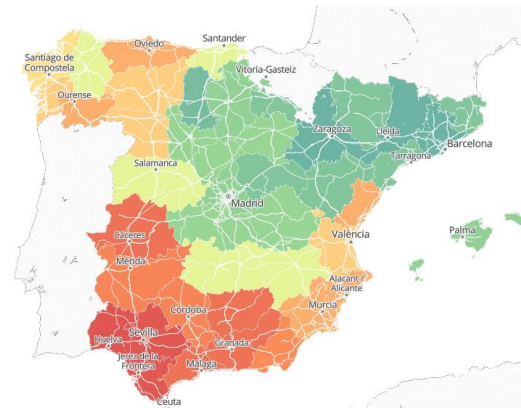


Annual Individual Income at Age 32-34 (2010)

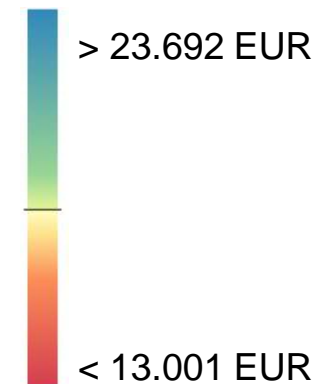


Source: Heidrich 2017

Spain

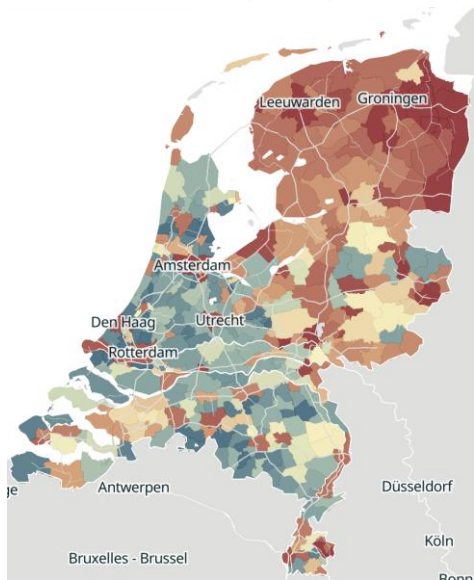


Median Income at Age 31 for Children from Low-Income Households

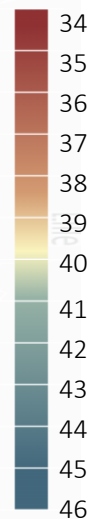


Source: Atlas de Oportunidades 2020

Netherlands

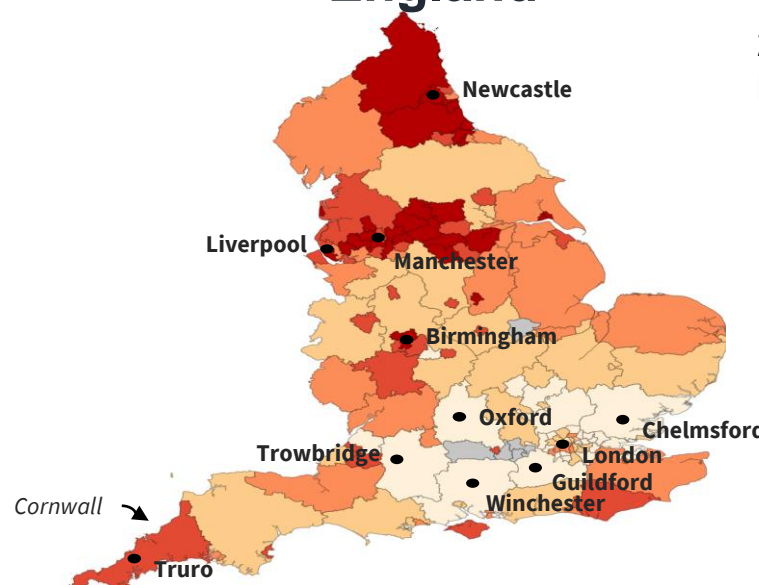


Average Income at Age 30 for Children from Low-Income Households (Thousands Euro)

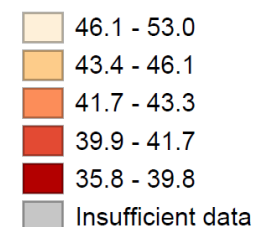


Source: Kansenskaart, 2022

England



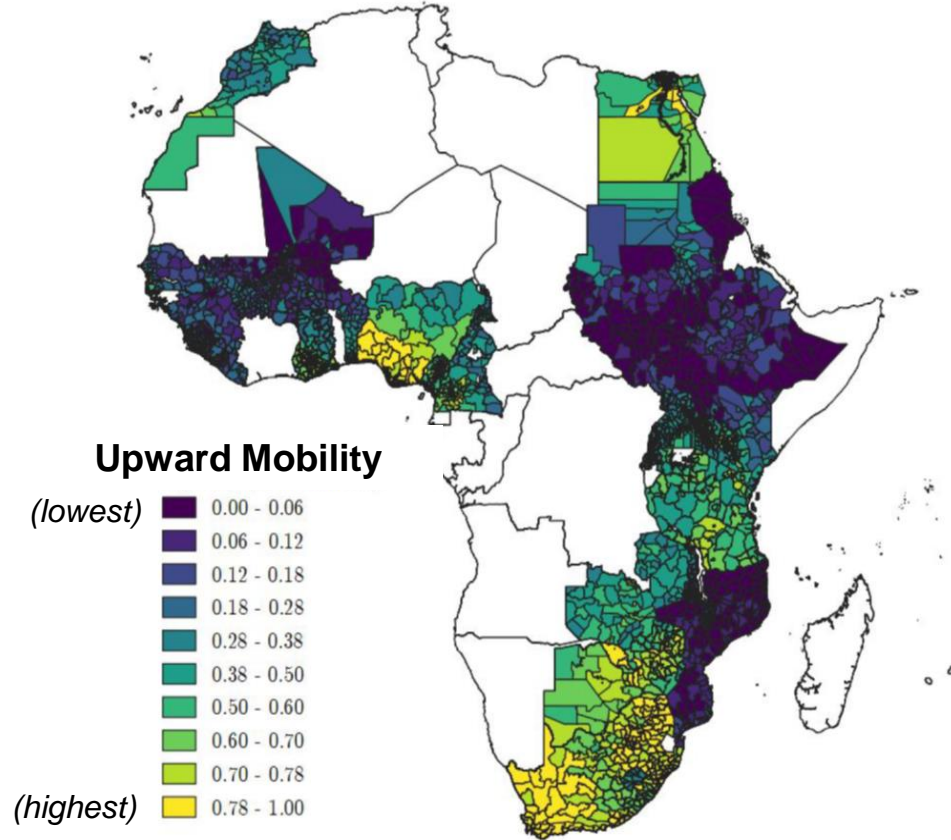
Mean Income Rank at Age 28 for Men Born to Low-Income Families



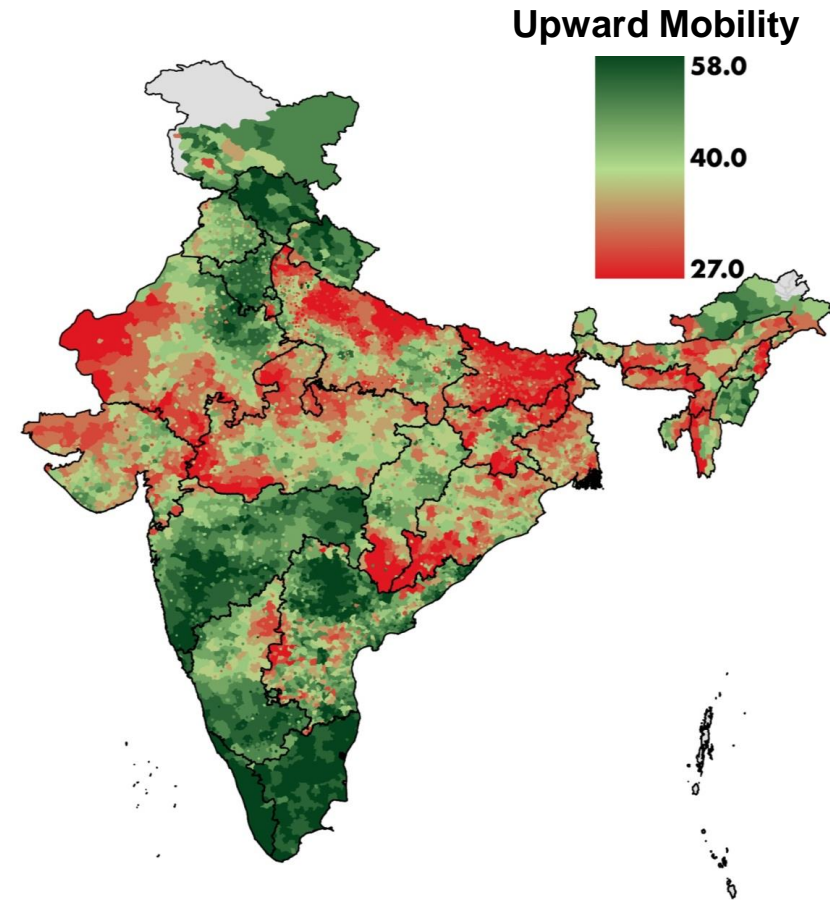
Source: Carneiro, Cattan, Deardon, van der Erve, Krutikova, Macmillan (IFS Working Paper 2023)

The Geography of Economic Opportunity Around the World

Africa



India

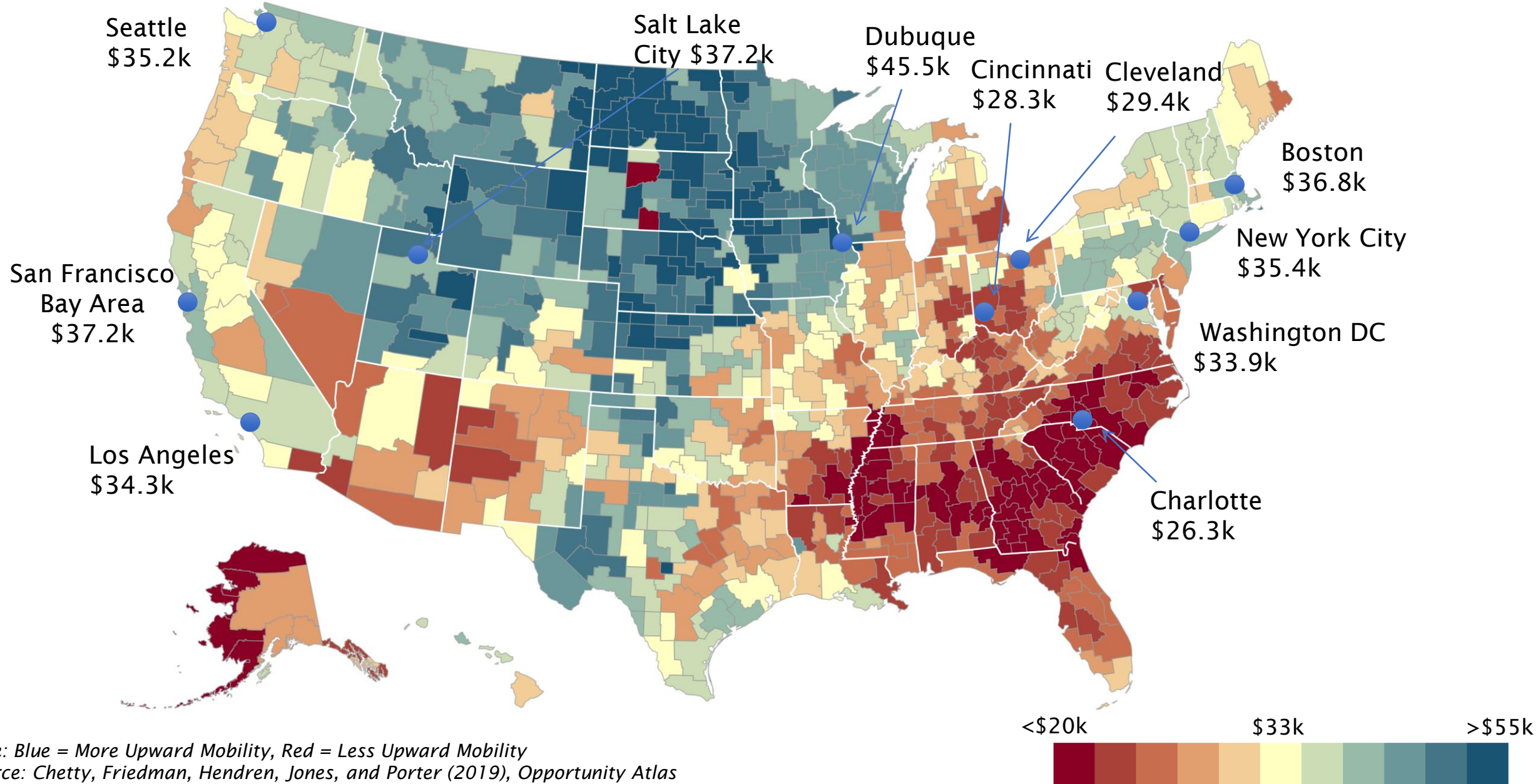


Source: Alesina, Hohmann, Michalopoulos, Papaioannou 2021

Source: Asher, Novosad, and Rafkin 2020

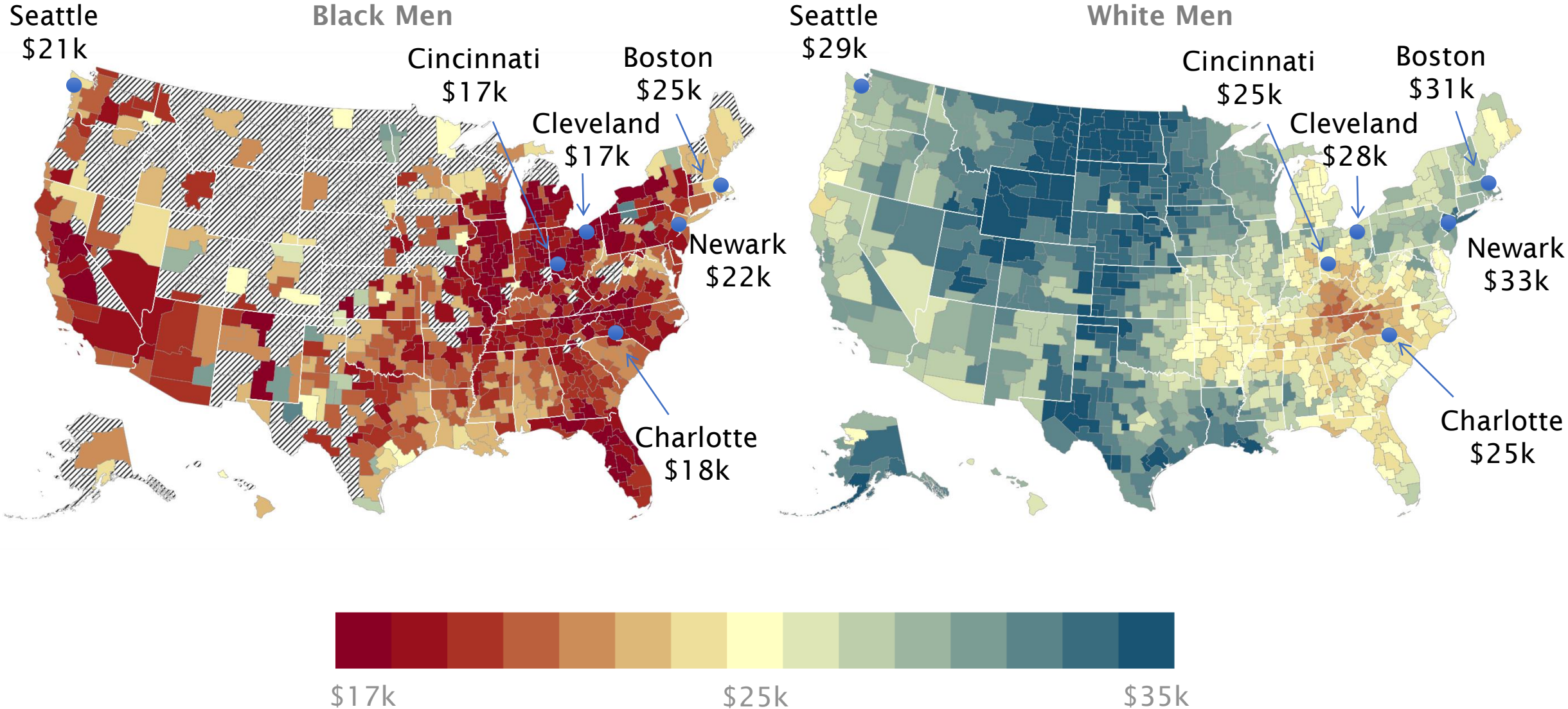
The Geography of Upward Mobility in the United States

Average Household Income at Age 35 for Children whose Parents Earned \$27k (25th pctile)



Two Americas: The Geography of Upward Mobility For Black vs. White Men

Average Income at Age 35 For Men Whose Parents Earned \$27,000 (25th percentile)

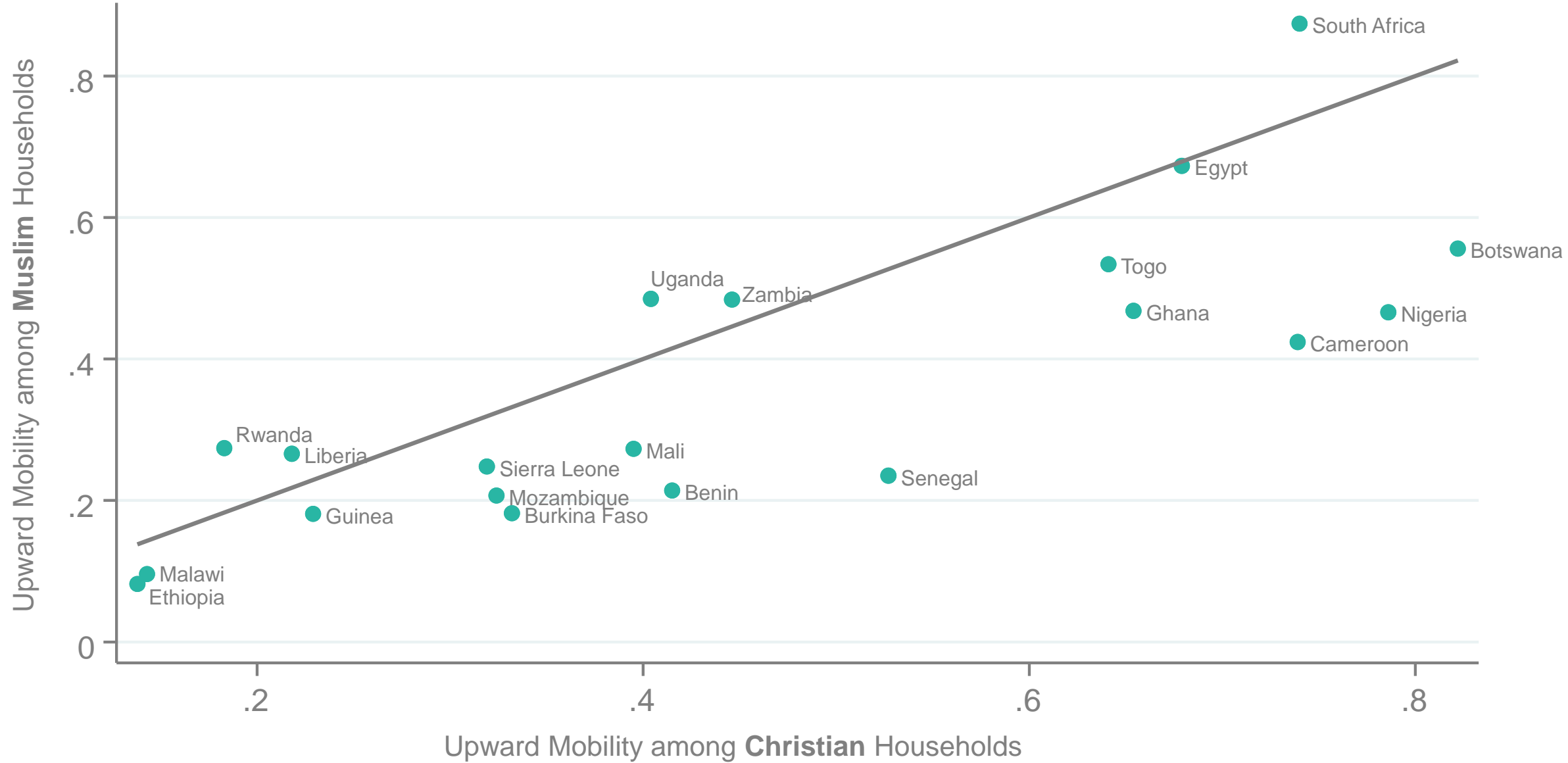


Note: Blue = More Upward Mobility, Red = Less Upward Mobility

Source: Chetty, Hendren, Jones, Porter (QJE 2020)

Differences in Intergenerational Mobility in Africa

Fraction of Children from Illiterate Parents who are Literate

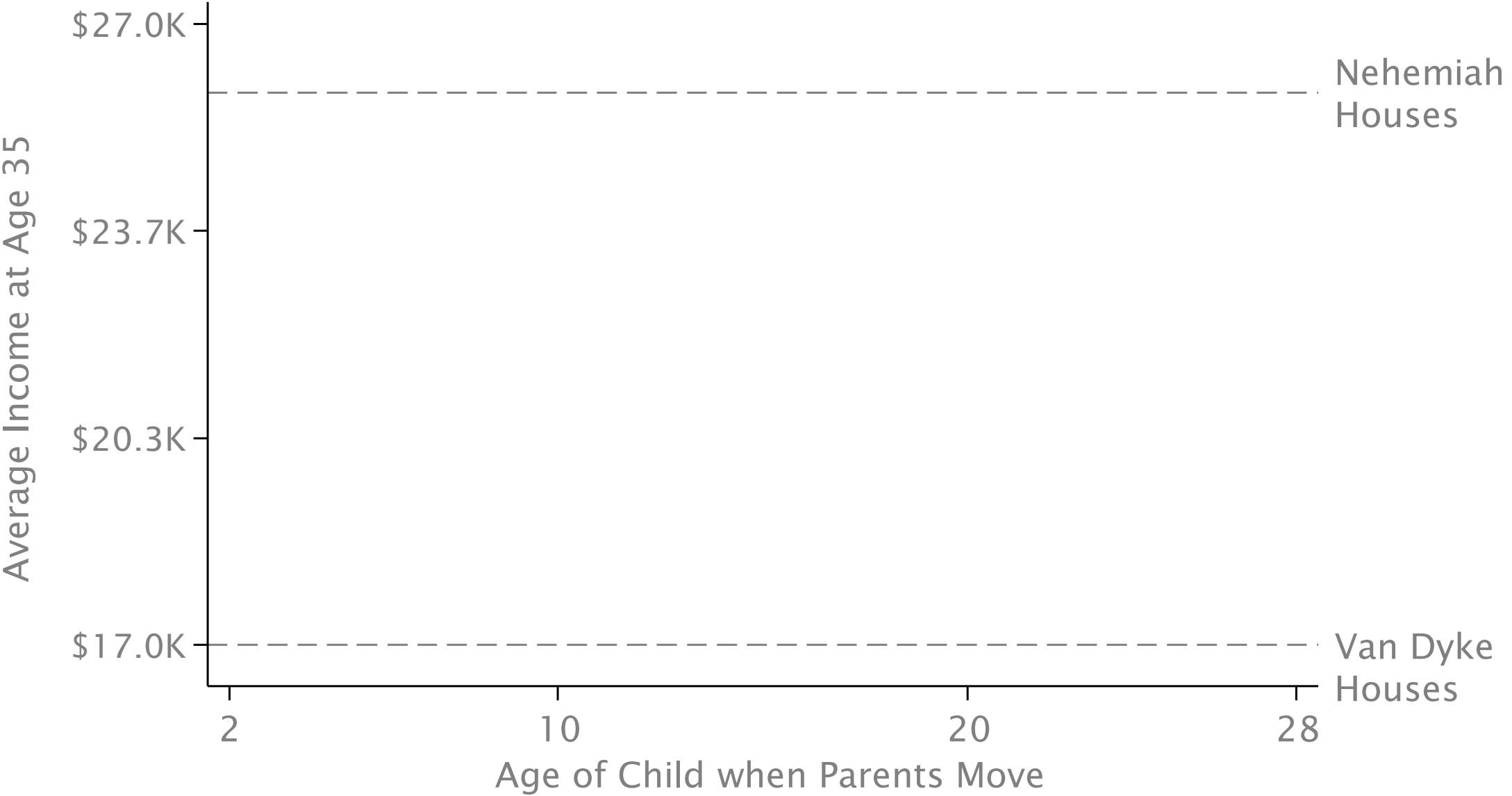


Causal Effects of Place

- To what extent is the geographic variation in children's outcomes driven by **causal effects** of place vs. sorting?
- Identify causal effects by examining 5 million families that move across areas
 - Exploit variation in **timing** of moves between families who move between the same places, controlling for parental income and demographics [Chetty and Hendren QJE 2018a,b]

Income Gain from Moving to a Better Neighborhood

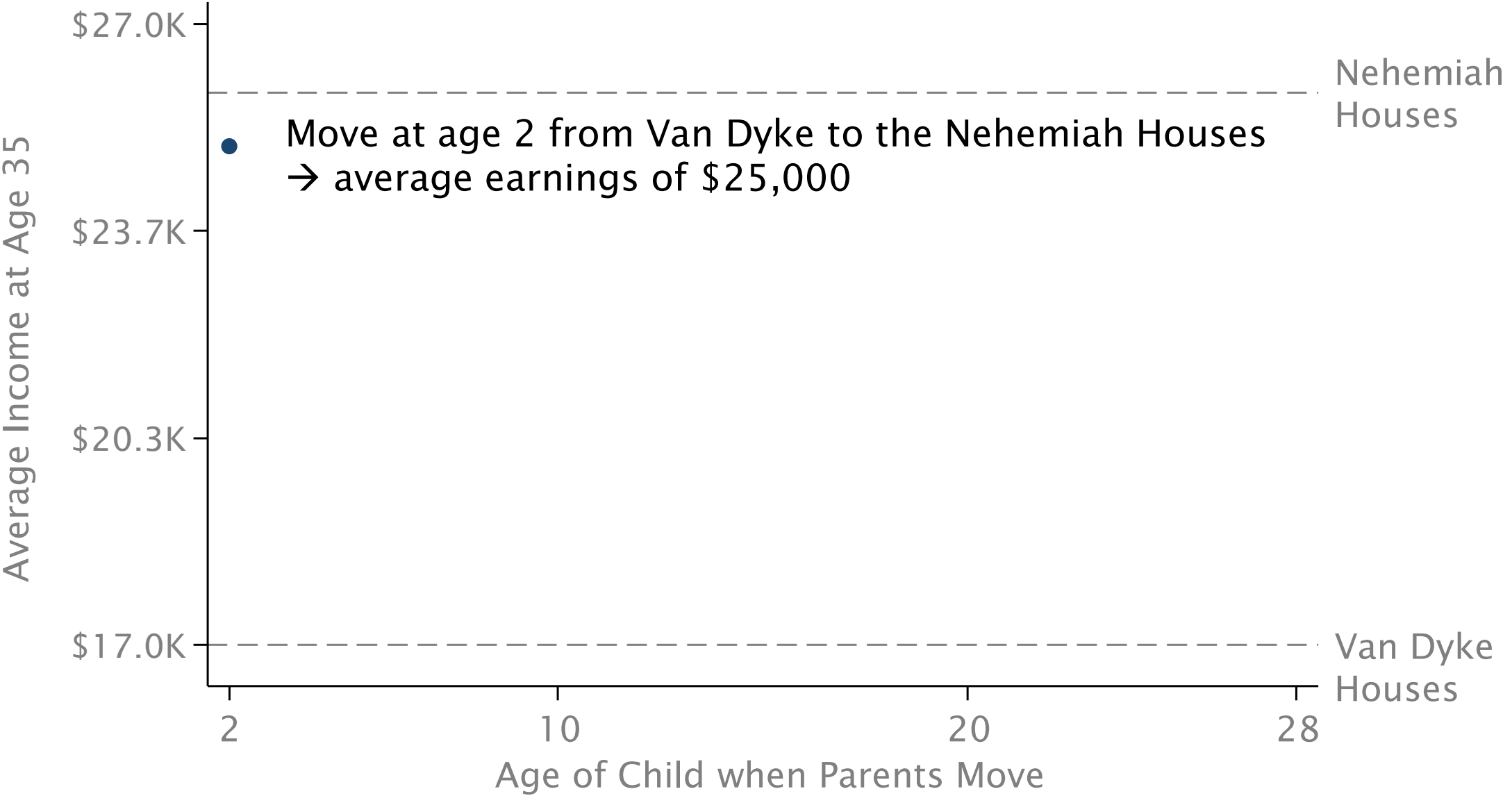
By Child's Age at Move



Source: Chetty and Hendren (QJE 2018)

Income Gain from Moving to a Better Neighborhood

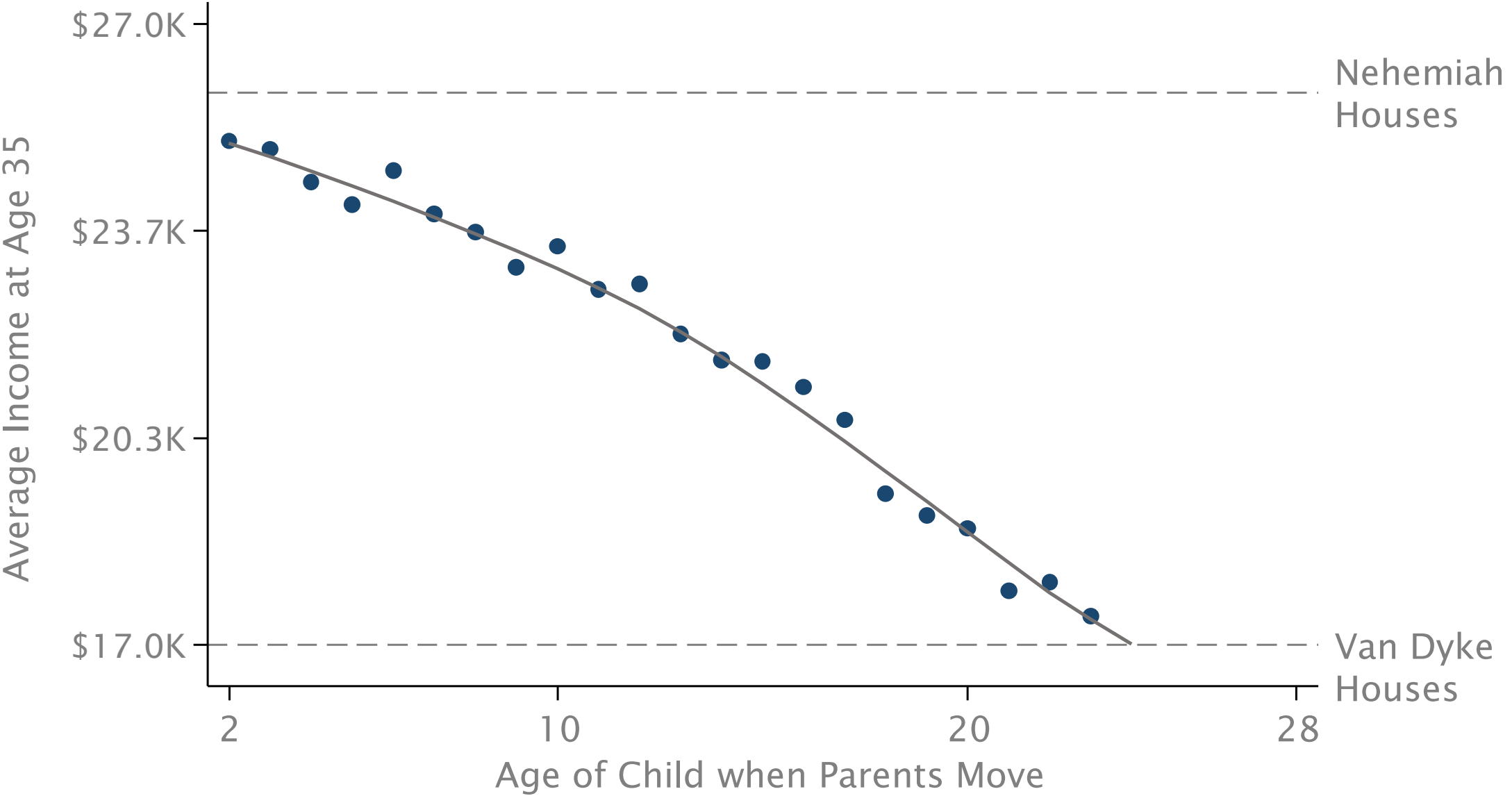
By Child's Age at Move



Source: Chetty and Hendren (QJE 2018)

Income Gain from Moving to a Better Neighborhood

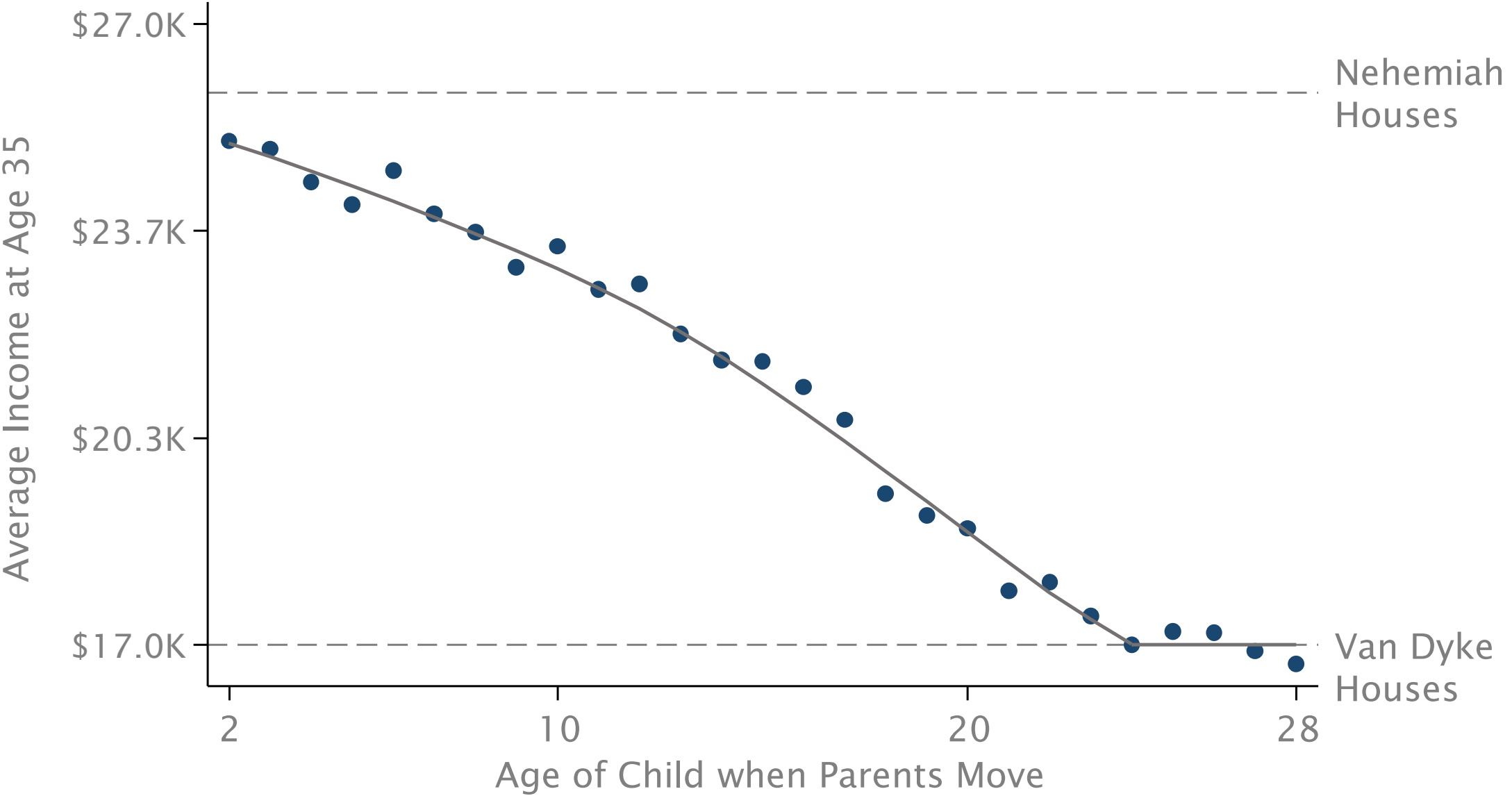
By Child's Age at Move



Source: Chetty and Hendren (QJE 2018)

Income Gain from Moving to a Better Neighborhood

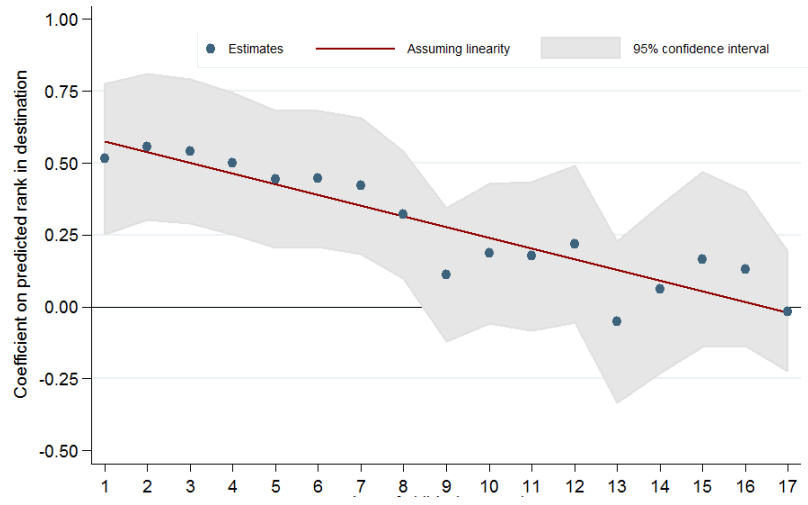
By Child's Age at Move



Source: Chetty and Hendren (QJE 2018)

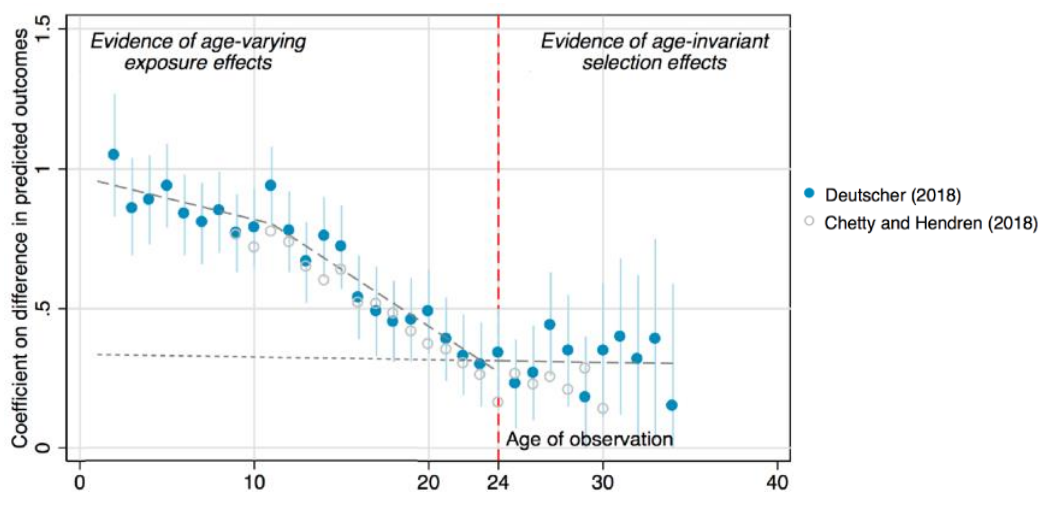
Childhood Exposure Effects Around the World

Denmark



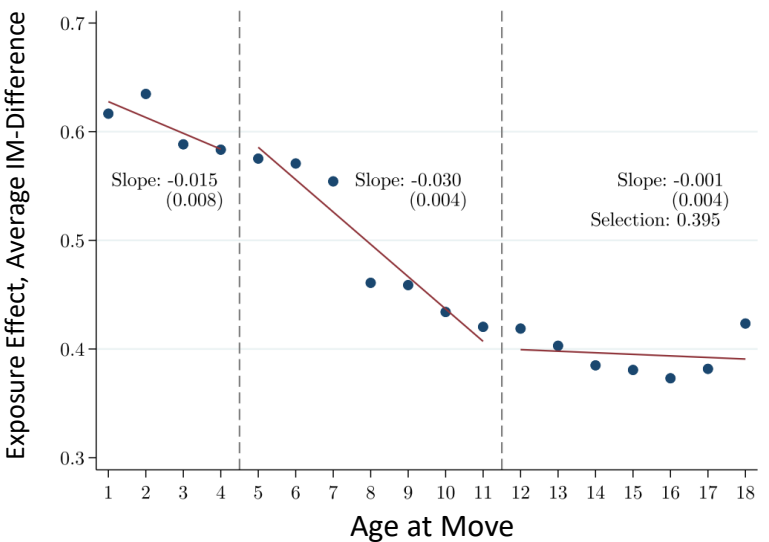
Source: Faurshou (2018)

Australia



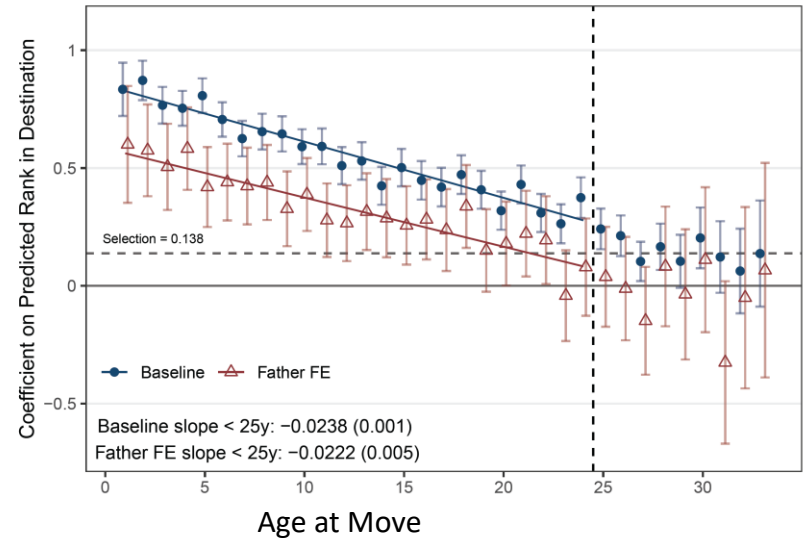
Source: Deutscher (AEJ Applied 2019)

Africa



Source: Alesina, Hohmann, Michalopoulos, Papaioannou (Econometrica 2020)

Brazil



Source: Britto, Fonseca, Pinotti, Sampaio, Warwar (2022)

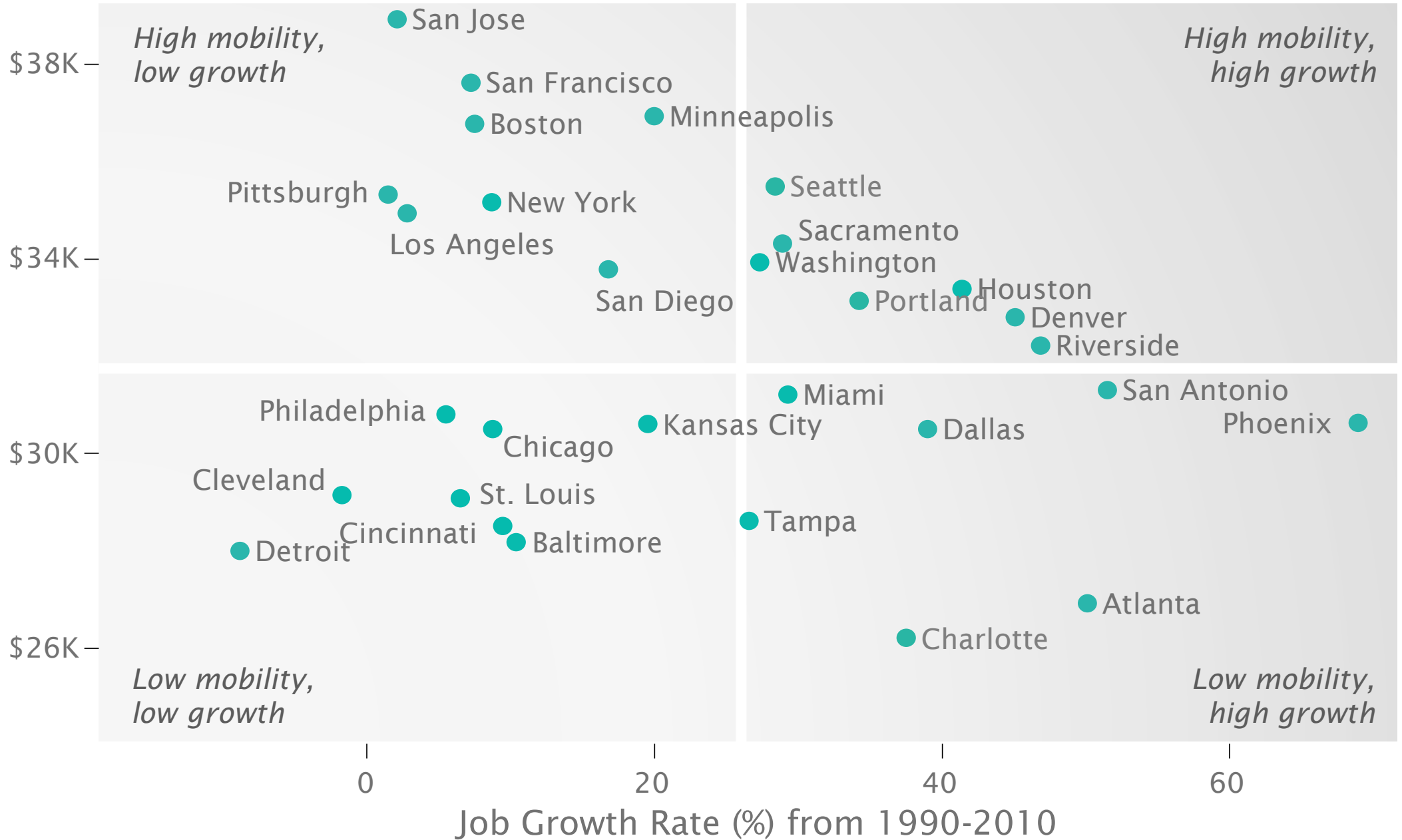
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Why Does Mobility Vary Across Place?

- Now investigate correlates of mobility across place to inform potential **drivers** of mobility
 - Key factors do not necessarily depend only on average economic growth

Upward Mobility vs. Job Growth in the 30 Largest Metro Areas

Average Income at Age 35 of Children
who Grew up in Low-Income Families



Characteristics of High-Mobility Neighborhoods

Lower Poverty Rates



More stable family structure



Greater social capital

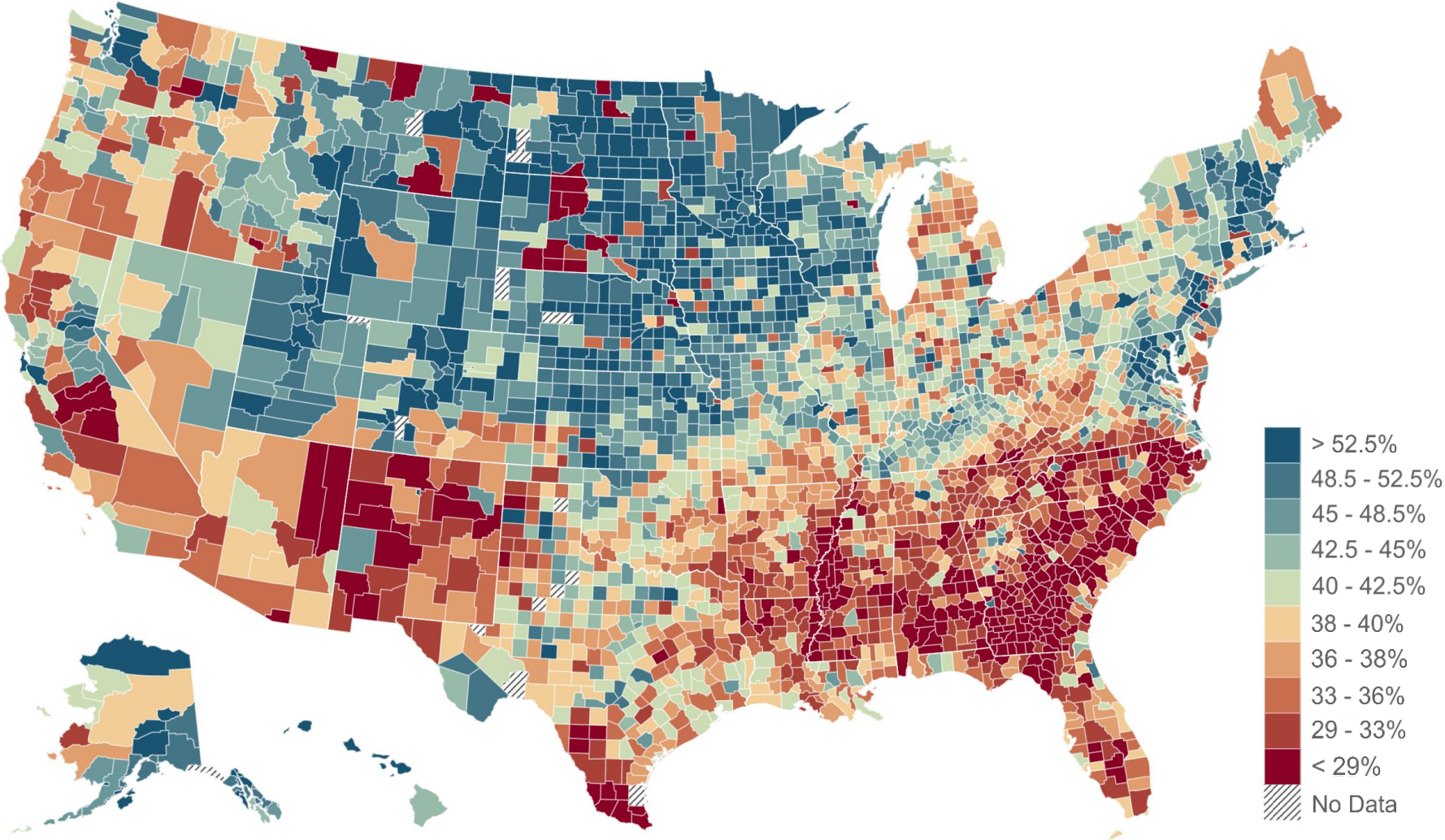


Better school quality



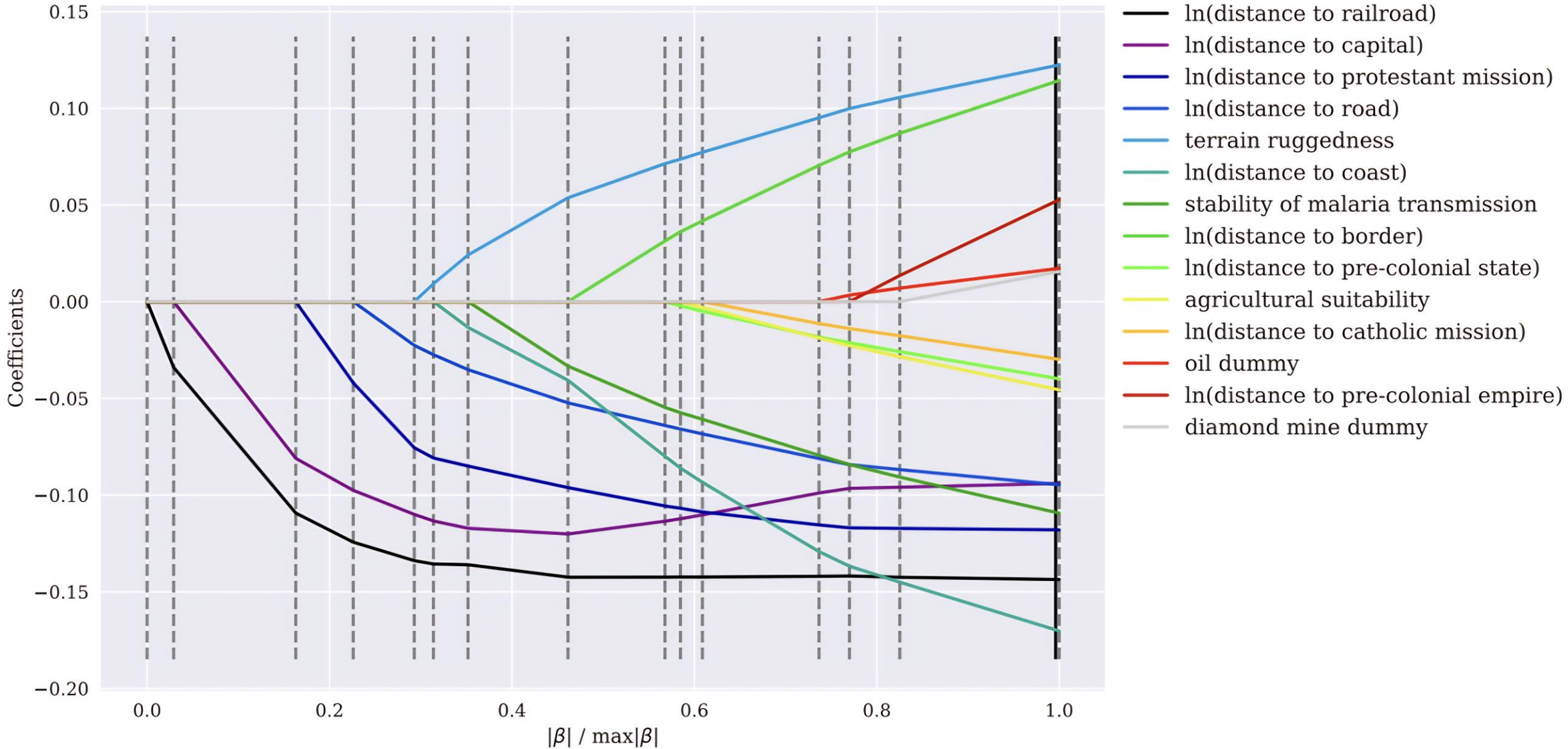
Economic Connectedness of Low-SES Individuals, by County

Share of Above-Median-SES Friends Among Below-Median-SES People in Facebook Data



Source: Chetty, Jackson, Kuchler, Stroebel et al. (Nature 2022a,b)

Characteristics of High-Mobility Regions



Source: Alesina, Hohmann, Michalopoulos, and Papaioannou (ECMA, 2021)

Conclusions

1. Local childhood environment plays a central role in shaping prospects for upward mobility, through a dosage or exposure effect
2. Large-scale observational data can inform decision makers about which interventions are most valuable and where
3. Incorporating sociological forces into equilibrium models of economic inequality: may be valuable to provide social support and interactions beyond resources