

# Raj Chetty In 14 Charts: Big Findings on Opportunity and Mobility We Should All Know

by Richard Reeves and Eleanor Krause  
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James J. Heckman

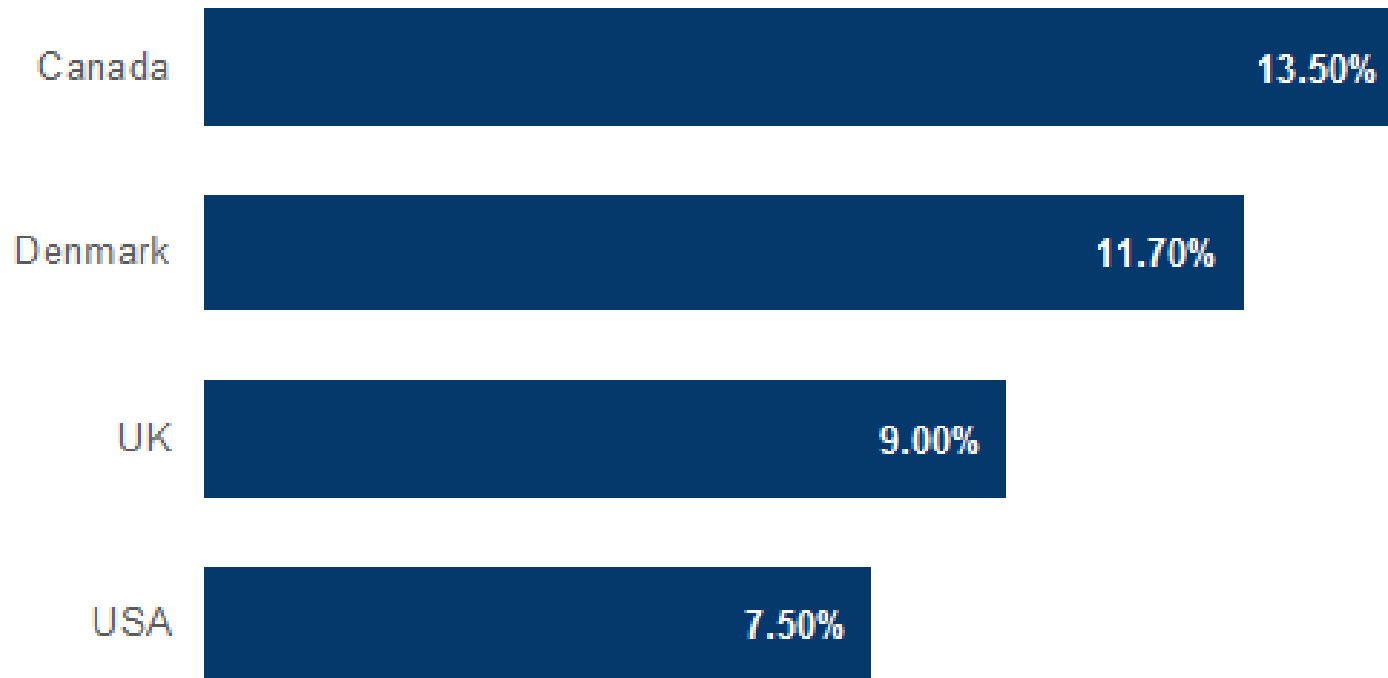


Econ 350, Spring 2022

- Few scholars make as big an impact on their field as Professor Raj Chetty.
- As leader of the Equality of Opportunity Project, and with access to (anonymized) tax records, Chetty and his co-authors have transformed our understanding of social mobility in the U.S.
- Among the many virtues of the Project's approach is a willingness to share the datasets used in each of their analyses, for use by other researchers as well as policymakers or the general public.
- Prof. Chetty, who speaks at Brookings this week on his latest "Lost Einsteins" paper on inventions and inequality, has produced work deepening our understanding of relative intergenerational mobility, the role of place, gender gaps in opportunity and life expectancy, how colleges act to both disrupt and reinforce inequality, and the importance of good teachers in our schools and kindergarten classrooms.

1. The chances of making it, Horatio Alger-style, from a childhood in poverty to an adulthood in affluence (i.e. moving from bottom to top income quintile) are lower in the U.S. than in other nations. The American Dream is in better shape in Canada.

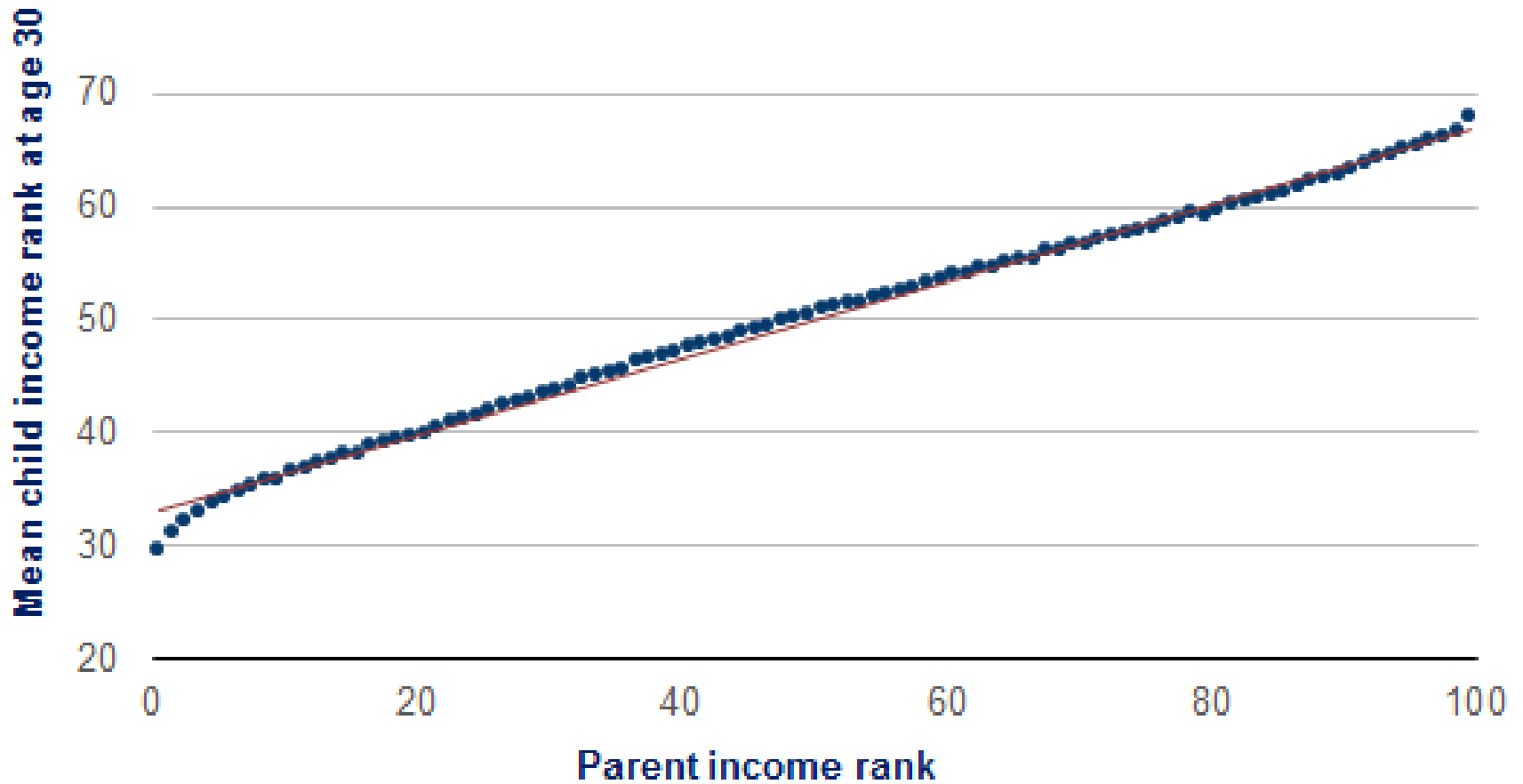
## Relative Mobility is Almost Twice as High in Canada



- Probability that a child born to parents in the bottom fifth of the income distribution reaches the top fifth

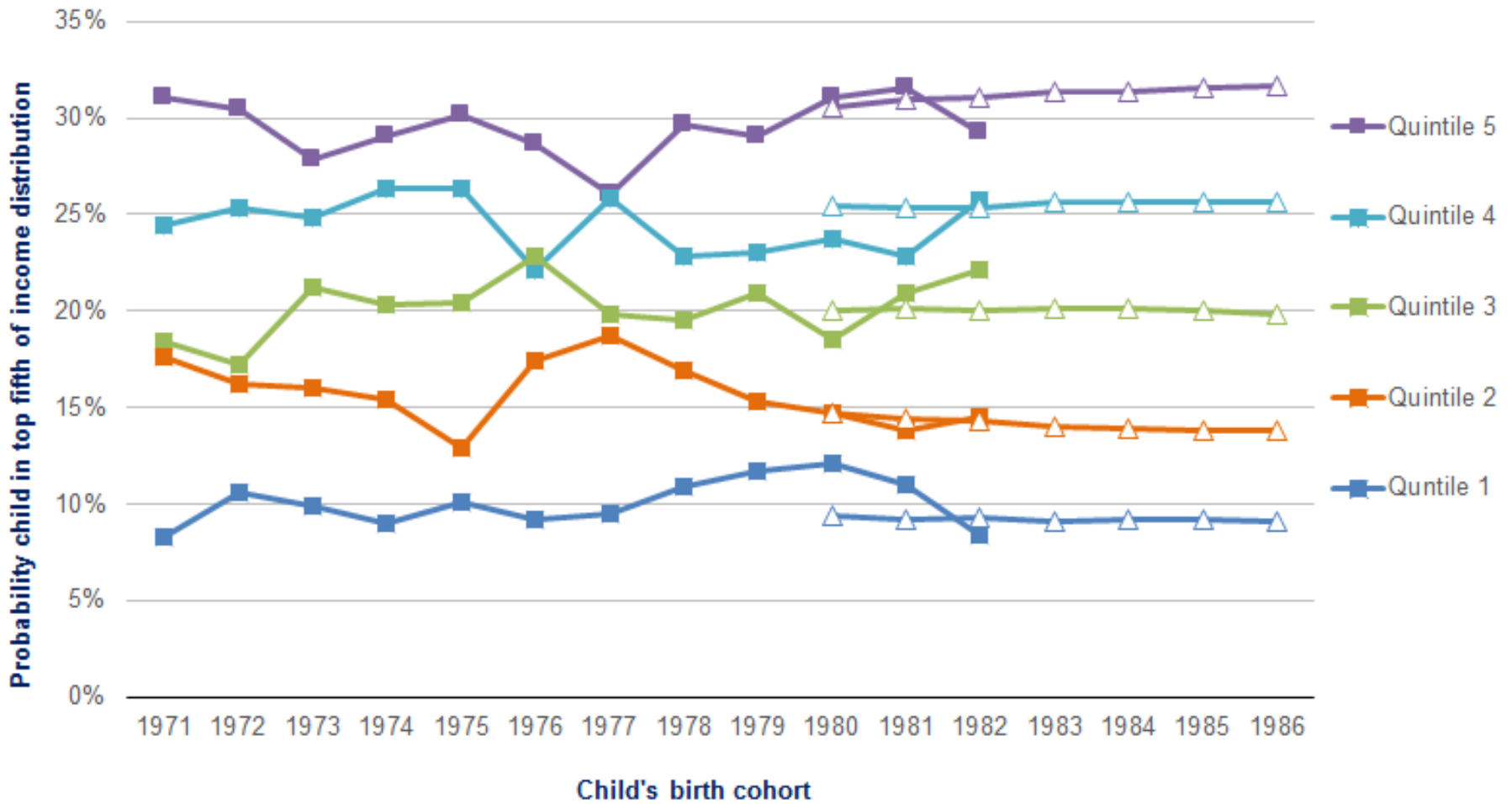
**2. There is a very strong relationship between the incomes of parents and the incomes their children will have as adults. Inequality, in other words, is strongly inherited.**

## The Inheritance of Income Status



**3. Rates of relative intergenerational mobility in the U.S. appear to have been flat for decades.**

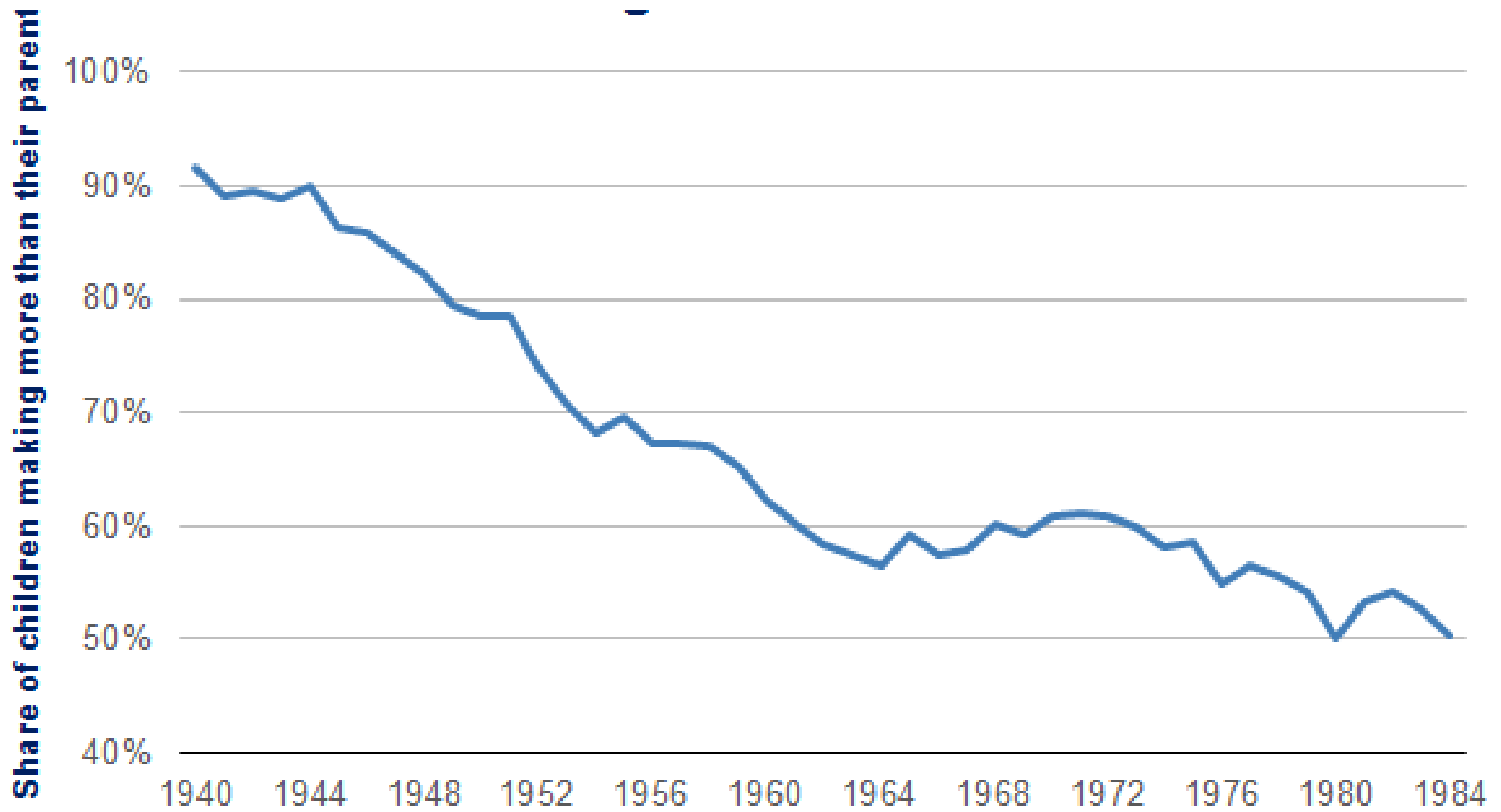
## Relative Mobility Rates Are Flat





4. It is a different story, however, for absolute mobility – which indicates how well a person does compared to their parents in absolute terms, rather than relative ones. On this measure of mobility, the last few decades have seen a sharp decline. Most Americans born in 1940 ended up better off, in real terms, than their parents at the same age. Only half of those of those born in 1980 have surpassed their parent's family income.

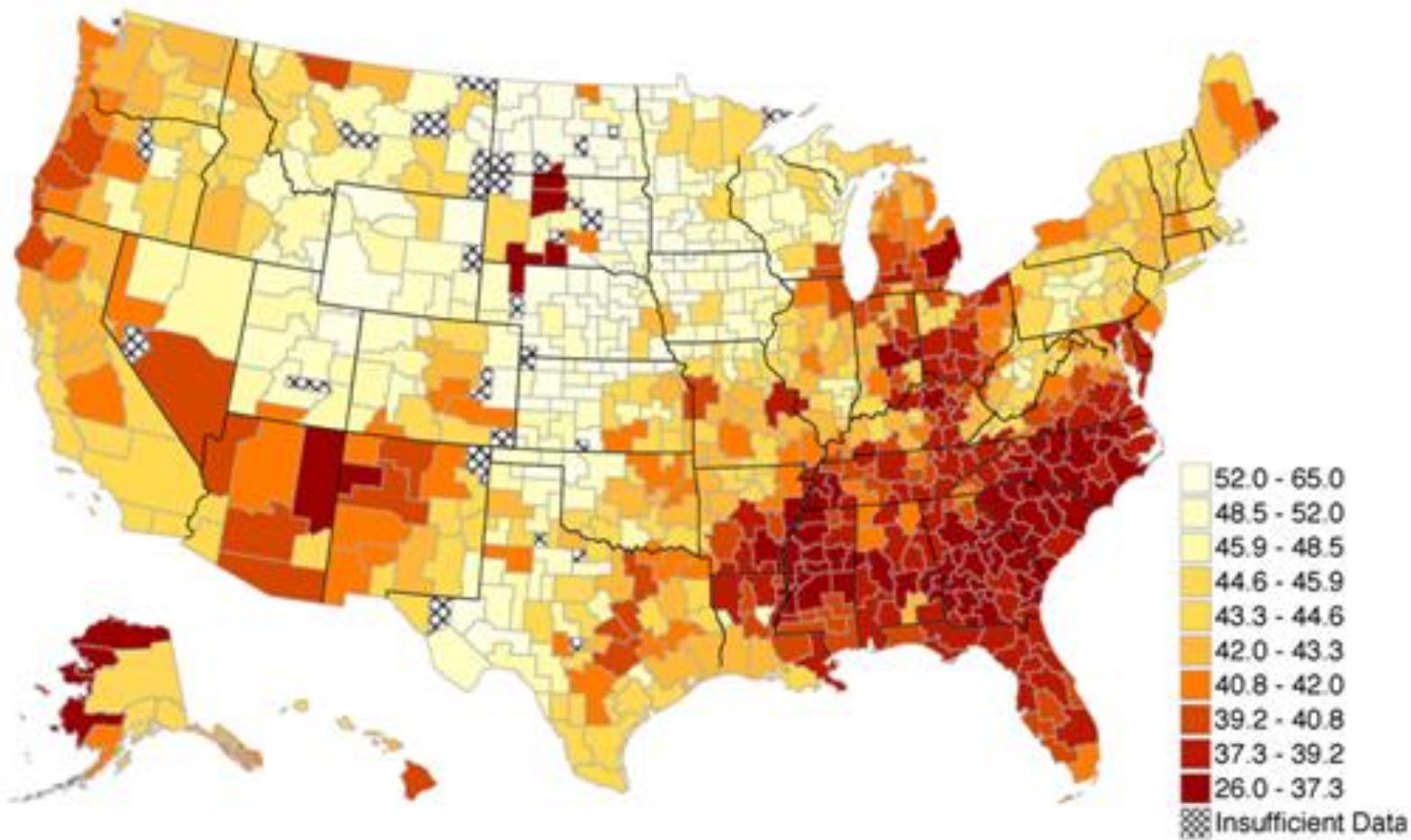
## The Fading American Dream?



5. Place matters for mobility. There are significant differences in upward mobility rates across different places too, right down to the county and city level. Cities in the Deep South and Midwest tend to have more sluggish mobility than other regions. In this sense, the American Dream persists – it is just unevenly distributed:

# The Geography of Upward Mobility in the United States

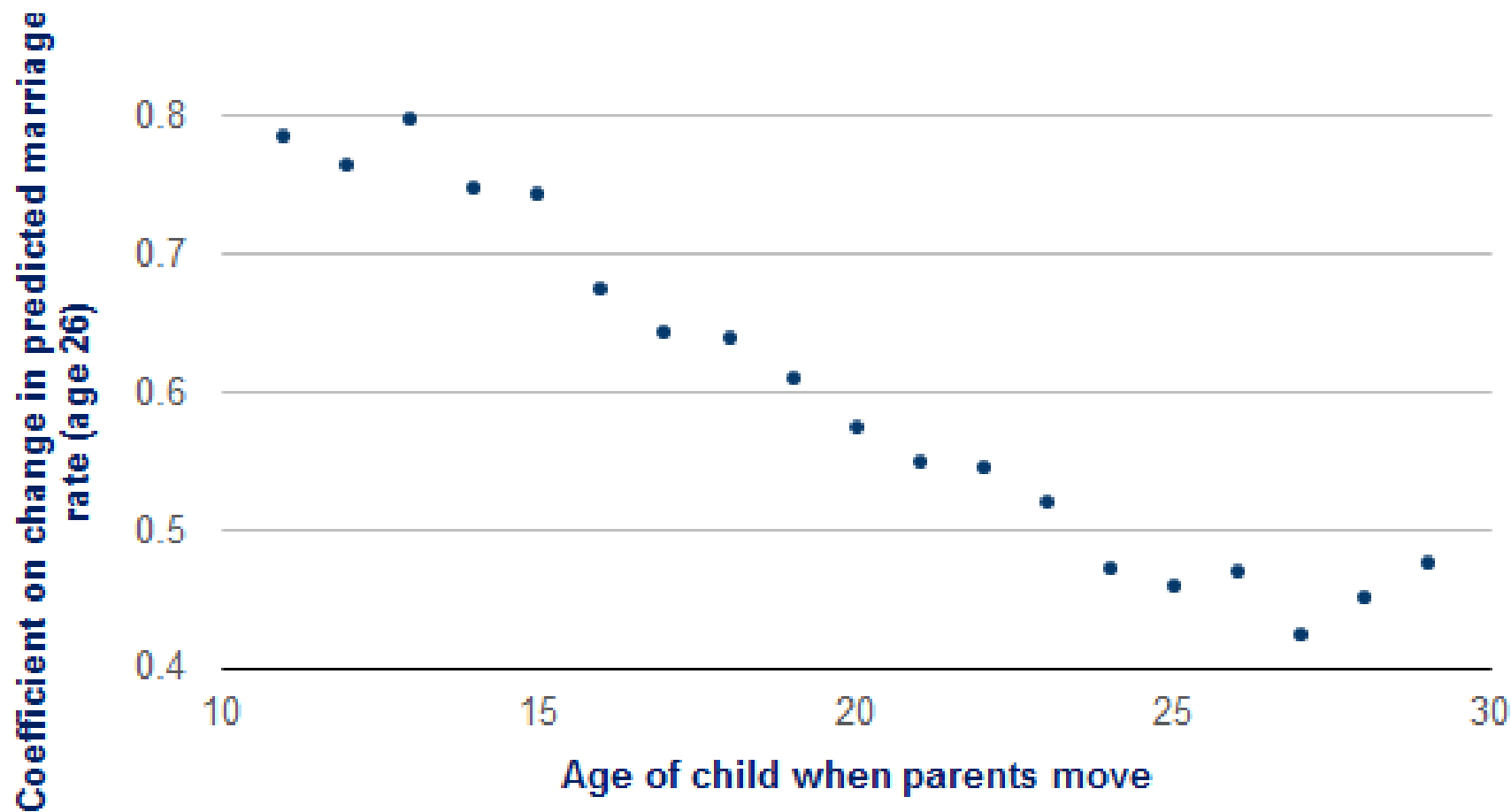
Mean Child Percentile Rank for Parents at 25<sup>th</sup> Percentile ( $Y_{25}$ )



*Note: Lighter Color = More Absolute Upward Mobility*

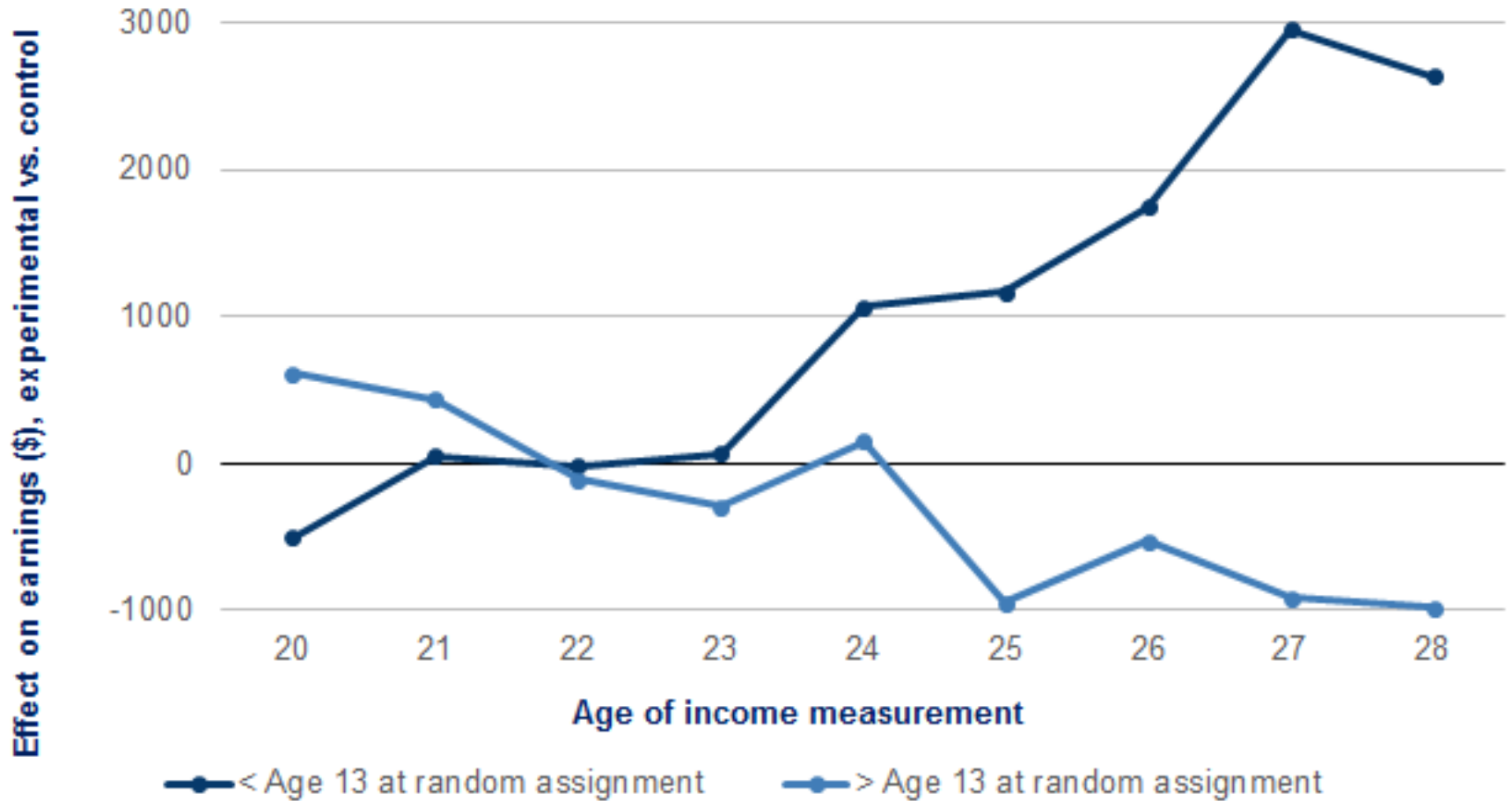
6. Given that place matters for mobility, we would expect children who move from a low-mobility area to a higher-mobility area to do better in life. And they do. The benefits are greatest for those who move earliest, and can be seen in earnings, education, and even in marriage rates.

## Move to Opportunity, More Likely to Marry?



**7. Housing vouchers that help families move to higher-opportunity areas significantly boost the later earnings of their children, if the children were young enough (i.e., under 13) when the move took place.**

## Housing Vouchers Work, For Younger Children

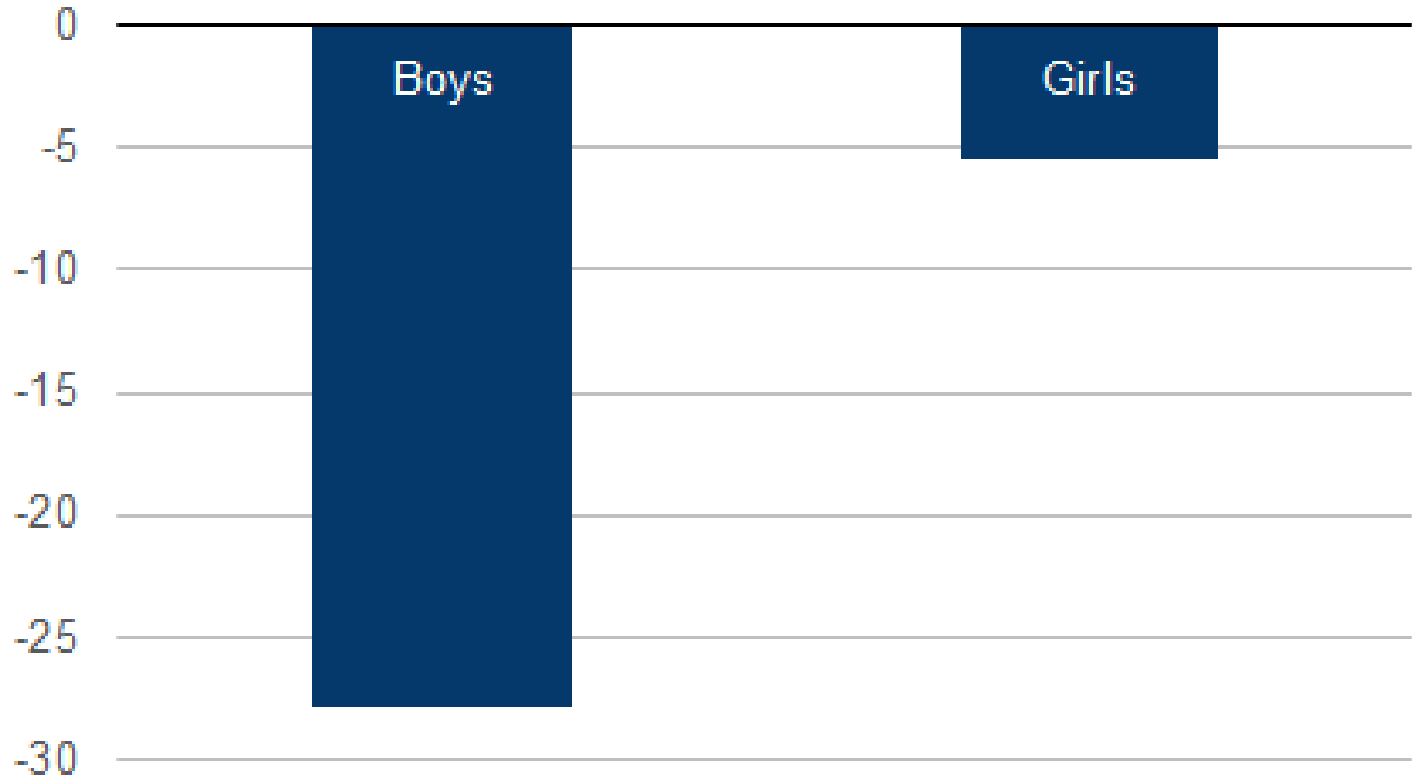




8. There is a gender gap in terms of the impact of place. Boys who grow up in low-opportunity places feel the effects much more strongly than girls. Growing up in Baltimore City, for example, reduces boys' household income by 27.9 percent.

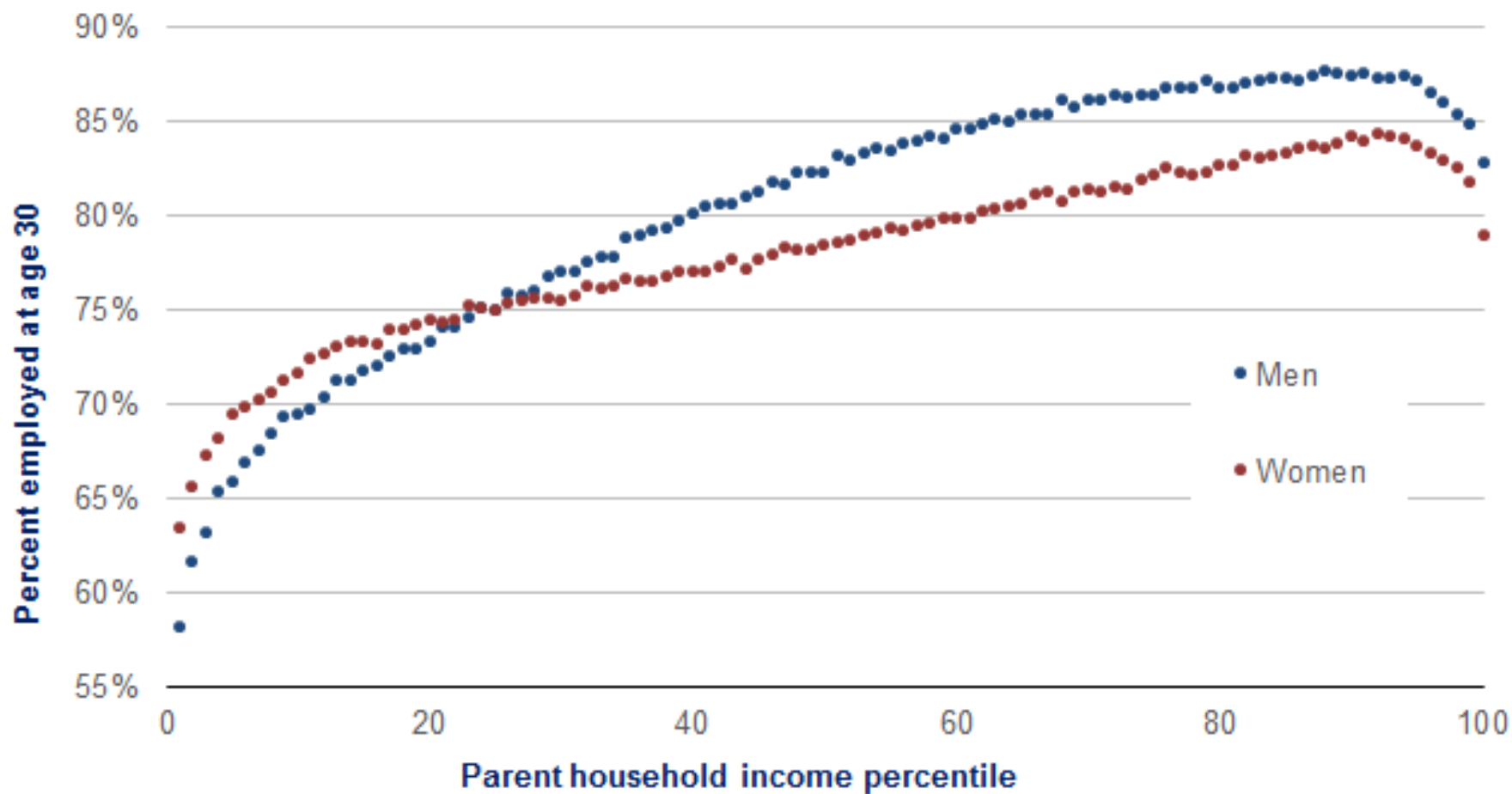
## It Matters Where Boys Grow Up

**Effect of growing up in Baltimore City, MD  
household income, relative to mean (%)**



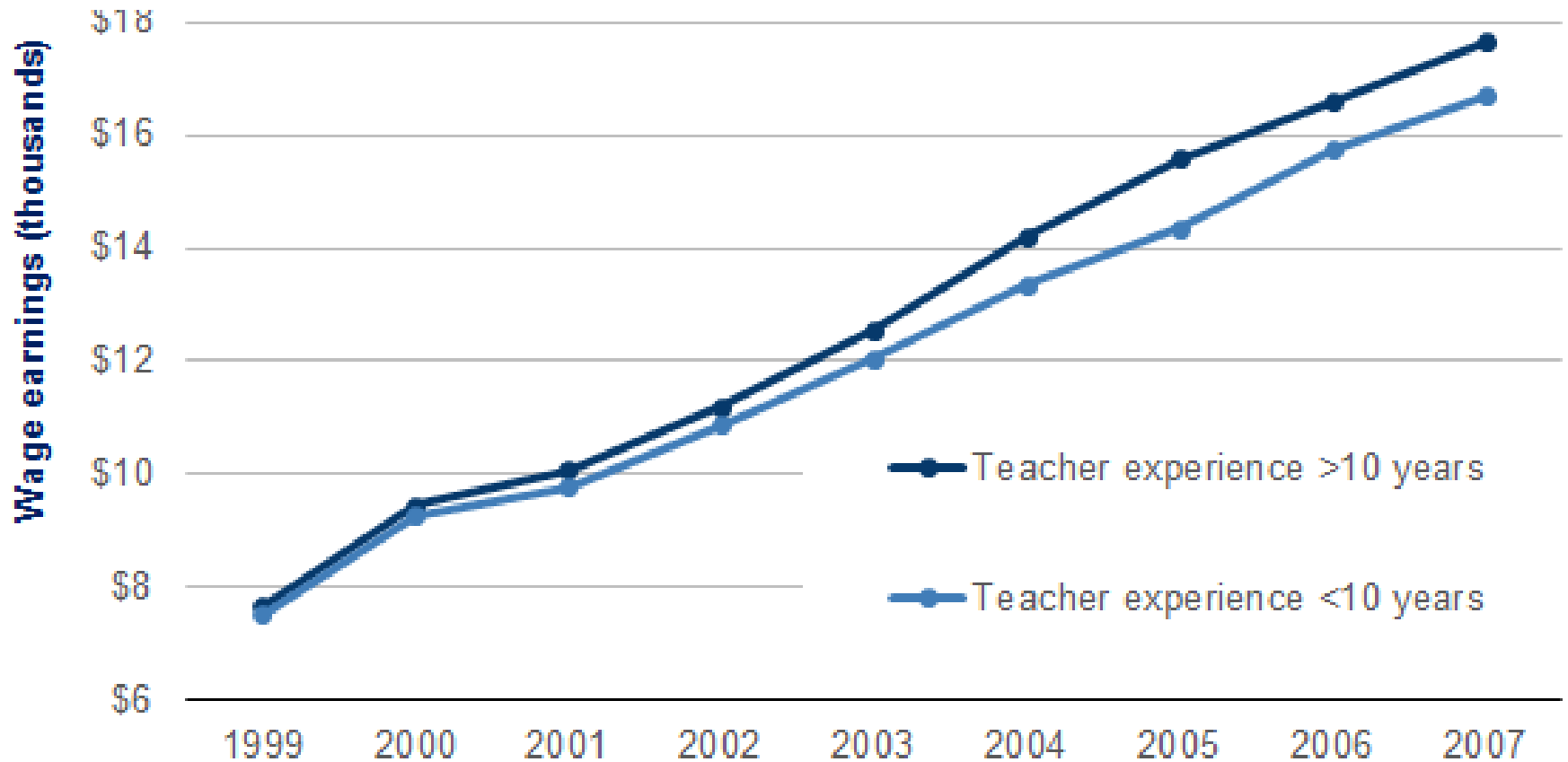
**9. Poverty in childhood also seems to damage outcomes for boys more than girls, for example, in terms of employment.**

## Boys Born Poor Are Less Likely to Work



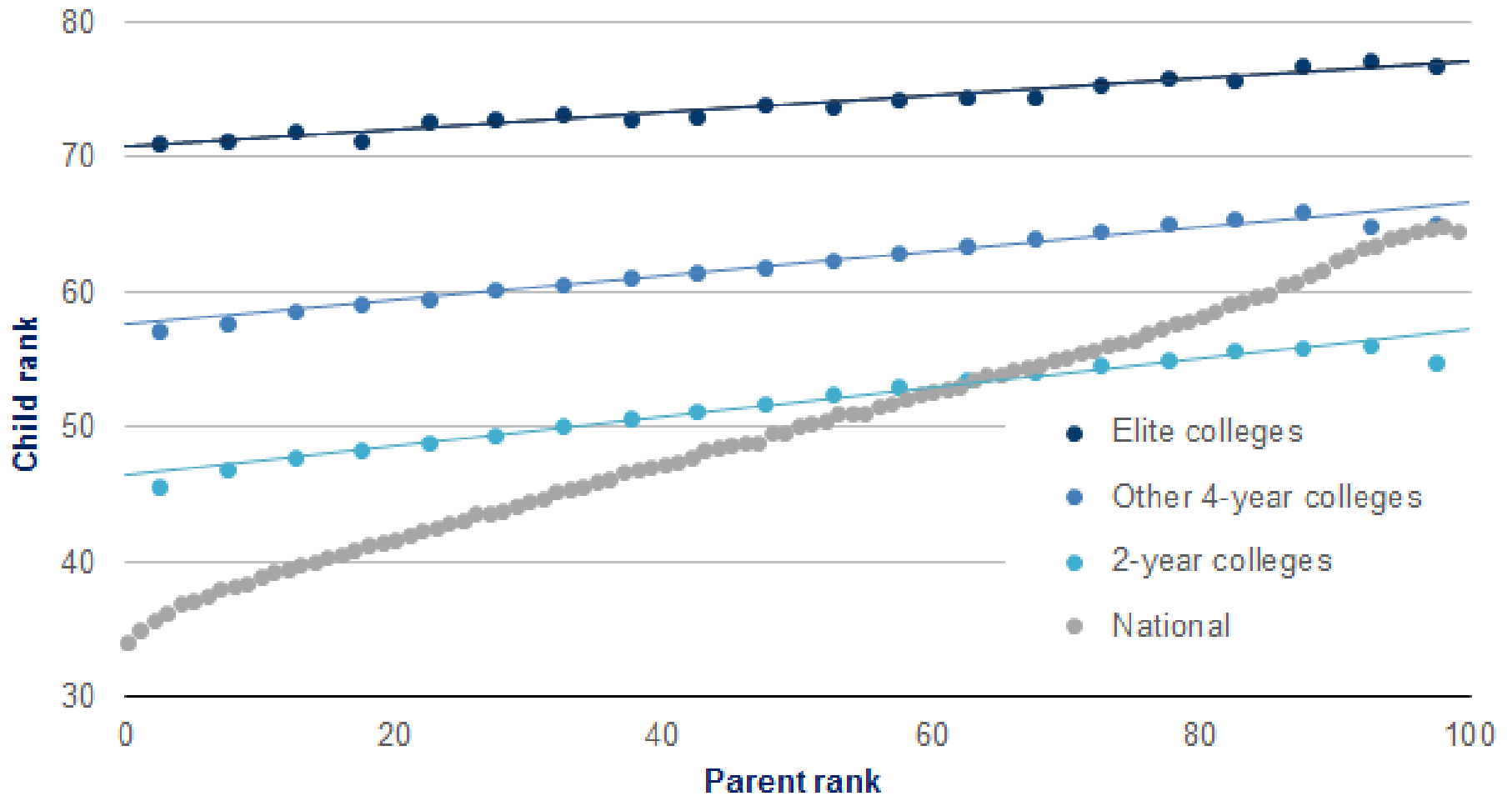
**10. Education helps to boost outcomes, starting at the pre-K level. An experienced kindergarten teacher boosts earnings by \$1,104 on average.**

## A Good Kindergarten Teacher = Higher Earnings



**11. A college education acts as a leveler, dramatically reducing the correlation between parents' income and the adult incomes of their children. This is true for elite colleges, other four-year institutions, and community colleges.**

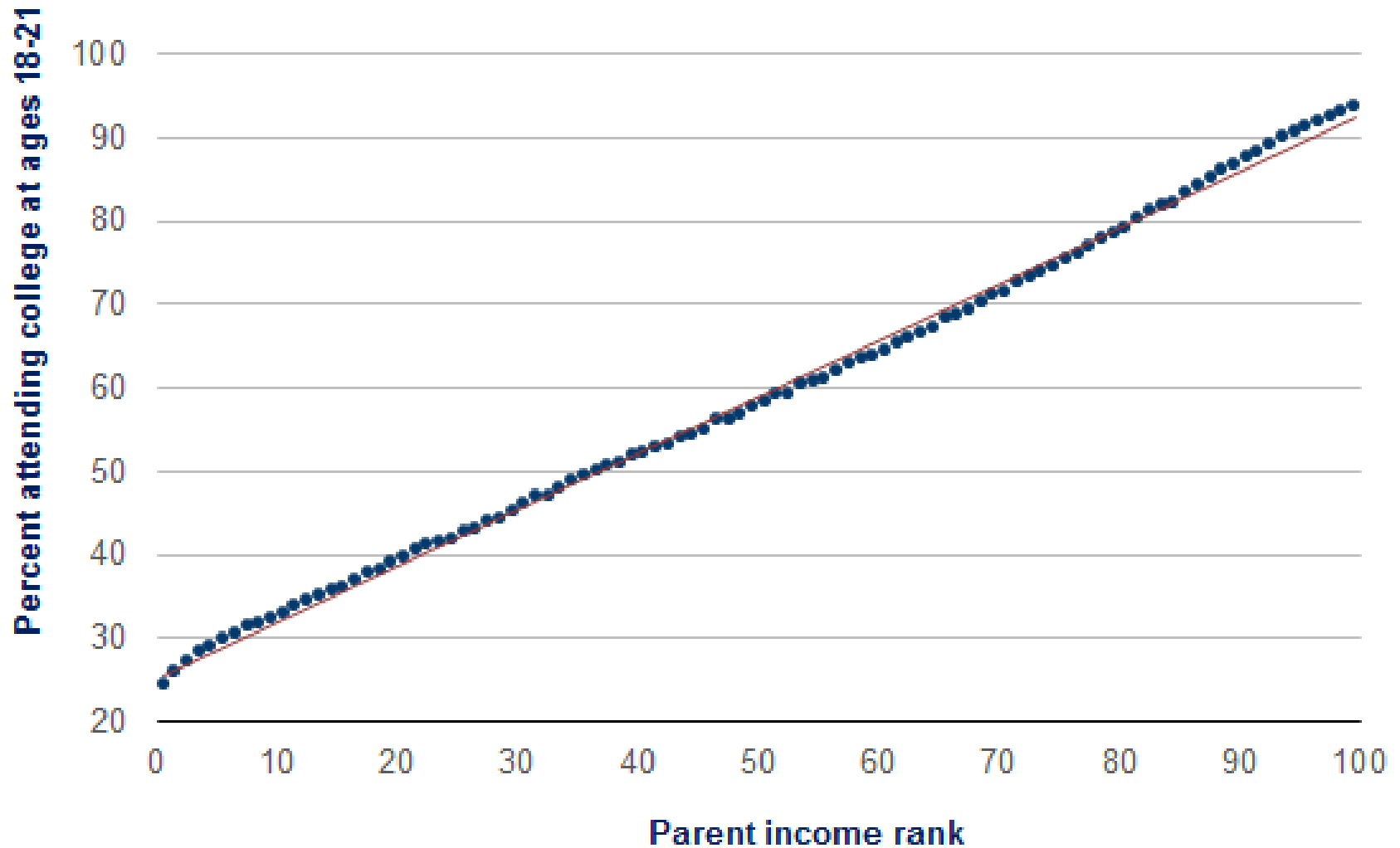
## College Education Levels the Playing Field





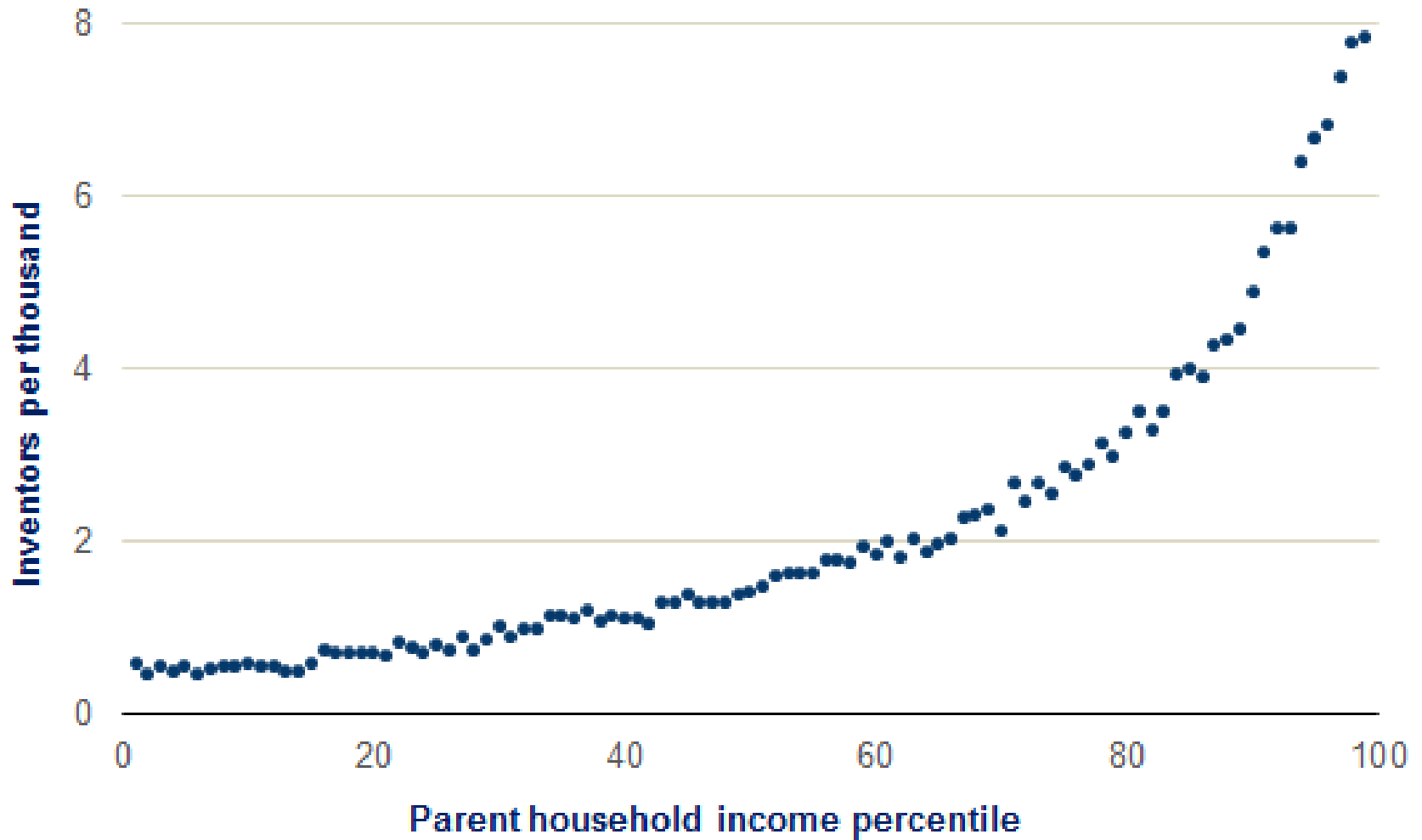
12. The chances of going to college soon after high school are very strongly related to household income. In theory, college education is the great equalizer; in practice it is the great stratifier. (This is one of those Chetty charts where the regression line is really almost redundant).

## Headed to College? Depends on Family Income



13. Americans are fond of seeing innovation and entrepreneurship as a way to break down class barriers, and promote opportunity. But the truth is that inventors, at least as measured by patent acquisition by the age of 30, are much more likely to have been raised in an affluent family

## Inventors Are From Rich Families



14. Being poor has implications for how long we are likely to live. In this sense, it is not an exaggeration to say that inequality is a matter of life and death. Again, the effect is most pronounced for men. Poverty takes nearly 10 years off their lifespan (from the age of 40).

# Poor Men Die a Decade Earlier

