

[SYNTH MUSIC PLAYING]

**SARAH BALDWIN:** From the Watson Institute at Brown University, this is Trending Globally. I'm Sarah Baldwin.

Social mobility is a defining element of American identity. It's the American dream. But by many measures in many parts of the country, that dream rarely becomes a reality. And while it's a nationwide problem, some parts of the US are doing a much better job of raising people up than others.

Watson Economics Professor John Friedman and colleagues have identified those places, right down to specific neighborhoods. They've used vast amounts of data to create something called the Opportunity Atlas. It's a map of social mobility in the United States-- where it's happening, and where it isn't, block by block.

For this episode of Trending Globally, Political Economist Mark Bly sat down with John Friedman to talk about the Opportunity Atlas and what his research can teach policymakers and community organizers.

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**MARK BLY:** John, along with his colleague Raj Chetty, has got some amazing new work which we think everyone should know about called *The Opportunity Atlas-- Mapping the Childhood Roots of Social Mobility*. And John is here to talk to us today about what's in there and why it's important. Good afternoon, John.

**JOHN FRIEDMAN:** Great to be on here again, Mark.

**MARK BLY:** There's a lot of work in the academy and a lot of discussion in society about inequality. There's lots of general talk about social mobility, with the main claim being that it's down in the US and pretty much everywhere else. Your work, *The Opportunity Atlas*, gives us a way of thinking about social mobility and inequality together in the same space.

Can you talk us through that? What's it all about? And how do inequality and mobility come together in your study?

**JOHN FRIEDMAN:** Sure. so a lot of the previous literature has measured upward mobility in different countries around the world. And what they found is that mobility in places like the US, which is a very

high inequality country, is substantially lower than it is in a place like Sweden. So just to give you a specific number to hang onto, kids born in the 20% poorest families have just about an 8% chance of making it to the top of the income distribution in the US.

But kids born to similarly poor families in the Swedish income distribution have about a 15% chance of doing that. So this upward mobility, this American dream, is almost twice as prevalent in Sweden as it is in the US. Now, it's hard to know what direct policy lessons we can find in Sweden to think about our situation in the US.

And so what we're doing is digging into the US and showing that, even in high inequality places, and places that have the demographic mix of the US, and all else that's going on, you can find pockets of opportunity where upward mobility rates are similarly high as in Sweden. And in fact, you can do even better than just doing in the United States. Our data breaks it down by neighborhood within each city. And there is an incredible amount of variation, even within each city, such that you can find high opportunity pockets in almost every city in the country.

**MARK BLY:** And this is one of the things that I encourage people to do. Go get on the website. What's the URL for the website?

**JOHN FRIEDMAN:** The website is [www.opportunityatlas.org](http://www.opportunityatlas.org). It's all one word. And it's an interactive app, where you can search for your own neighborhood. You can play around with the US. Think of it as like Google Maps, but with opportunity.

**MARK BLY:** And there's amazing data you can pull out of that just by playing around with the map. So I was playing around with Providence and the neighborhoods around Providence. And of course you go to the richest neighborhood, which is over by Brown University in the East Side.

But then you're looking at these different measures of mobility and opportunity you've got. And you would think the richest neighborhood, the most advantaged in many ways. But it's not the case. It's much more fine-grained. It's much more heterogeneous and variegated than you'd think, even in a place like Providence.

So let's get into the study itself. Your work has some really surprising findings. Politicians talk a lot about the importance of job growth. That's really important-- more jobs, right? And given stagnant wages, we also hear, well, wages have stagnated for 20 years, in some cases, for 60% of the income distribution. So therefore, we need more wage growth.

But what you show is something really surprising, which you call what matters is the company you keep. Can you explain what that's all about?

**JOHN FRIEDMAN:** That's right. So what we find, just to start with the fact, is that the level of opportunity in each place across the country-- and it turns out, you can do this both for neighborhoods within a city and cities across the country-- the level of opportunity-- that is, the places where kids do well-- are not necessarily the places which have had the strongest economic growth, measured either by jobs, or wages, or any of that. In fact, those measures are almost uncorrelated.

What's going on? Well, it turns out that there are a lot of places in the US like Atlanta, which has been just a booming local economy for the past 20, 30 years. It has been an economic engine of the entire southeast. Tons of new jobs, tons of good-paying jobs. And it's even grown in a pretty diverse way. There's a thriving black middle class in Atlanta, a lot of very high-paid jobs held by minority households.

Now, what's the problem? That's been great for many aspects of Atlanta. But for kids who were born in Atlanta, growing up especially in poor families, they do very poorly. And in many respects, they have not benefited from this boom in economic growth. In a mechanical sense, what's going on is when companies like Coca-Cola, or Delta in Atlanta create these good jobs, they're being taken by people who were born outside the city and who are coming in.

Atlanta is importing its talent rather than producing its talent. So what's happening on a deeper level? The factors that drive job growth are not the same as the factors that drive development of human capital in local children, especially those poor families.

Now, to be clear, we're not saying that job growth is a bad thing. We think it's a great thing for many reasons. However, we should just not think of it as the same thing as helping to develop opportunities for poor kids. Now, you mentioned it's the company you keep, not the jobs, right? So if it's not jobs, what is it?

That's exactly it. To give you a striking example, it's not the number of jobs in your community that matters. It's the number of employed people. It's do adults in your community, on average, get up and go to work in the morning, or are they doing other things? And we think it points much more to a model of some kind of social influence, whether it's mentoring, role modeling, all sorts of things.

**MARK BLY:** The simple expectation is you get up and go to work.

**JOHN FRIEDMAN:** That's right. I think, obviously, it's a much more complicated model. But we think that it's very important for mayors and policymakers to understand that these two different objectives, both very legitimate-- economic growth and development of their own kids-- are just two separate things.

**MARK BLY:** So let me just hypothesize from this, then. So imagine that I've got kids and a family in a poor neighborhood, where lots of people are not working. And we take them, and we put that kid at a young age into a neighborhood where there's very high-- they may not be rich. But there's very high labor force participation going on. That's going to be good for that kid's lifetime income and lifetime mobility. Is that right?

**JOHN FRIEDMAN:** That's right. And what we show in the paper is that these differences in neighborhood outcomes that we measure are to a large extent causal. That is, if we move a child from one neighborhood to another neighborhood, what matters is the number of years you spend in the neighborhood. So you've got to do it when the kids are young.

But if you do that move, that will increase the outcomes of the kids. And we've actually seen a number of examples of this. So for instance, there's a very famous policy experiment called the Move Into Opportunity Experiment, where they actually gave families vouchers, who lived in housing projects in five cities across the country. As a result of randomly receiving a voucher or not, these families actually moved to better neighborhoods or not. And what we can show is that those kids that randomly moved to better neighborhoods as a result actually do about as well as you would have thought, given this style of estimation.

**MARK BLY:** That's cool. So here's a line from the paper that nearly made me fall off my chair, because the number involved is huge. So, "Our estimates imply"-- and I'm quoting, by the way-- "Our estimates imply that moving at birth from a neighborhood in the 25th percentile of the distribution of upward mobility within one's county to a neighborhood of the 75th percentile would increase the lifetime earning of a child growing up in a low-income family by \$206,000." Now, although you're talking about 25th percentile of the distribution of mobility, they're poor. So let's just call them bottom 20%, right?

**JOHN FRIEDMAN:** Yeah, so I think there are two things we want to say. So first of all, what's the population we're talking about? We're talking about children in poor families.

**MARK BLY:** Right.

**JOHN FRIEDMAN:** And so if you want to pick a number, think about a family that's earning about \$25,000 a year.

**MARK BLY:** What's the numbers on that bottom end?

**JOHN FRIEDMAN:** Right. So now, OK, we've got that kid in a poor family, and we're going to move them from a bad neighborhood to a good neighborhood. Well, what do I mean by that?

We're not going to move them all the way across the country. We're going to move them from a typical below-average neighborhood in their county to a typical above-average neighborhood in their county. And what we're trying to give you is a sense for when we say there's a lot of variation, what do we mean by that?

What's the practical value of that? And as that statistic that you cited implies, there's real money on the table, here. It can have enormous impacts on children's outcomes. And it's not just for the kids.

When kids earn more, they pay more taxes. We also show that these kids are less likely to be incarcerated later in life. And all of that means that we think that type of move generates not just about \$200,000 for the kid, him or herself, but it generates about \$40,000 worth of value in higher taxes and lower costs of incarceration for the local government.

**MARK BLY:** So the policy consequences of this go well beyond social mobility. I mean, this is why I find it particularly interesting. Because in a sense, this is another form of redistribution.

**JOHN FRIEDMAN:** Well, I think it's not just redistribution, because redistribution is going to--

**MARK BLY:** I don't see it as a pejorative, by the way. I think it's a good thing. But it kind of seems that way in the following sense. You're able to say, if we do this, these kids, these families, not only will they have better lives, they'll pay more taxes. Which means, in a sense, we are creating the conditions for better public goods, or however you want to finance it, without saying let's just tax the people at the top. It's an entirely different way of growing the pie in a sense.

**JOHN FRIEDMAN:** That's exactly what I'm going to say, is I think if it's only about redistribution, then that's saying that we want to take some of the pie from you and give some of the pie to me. And there are many circumstances where we think that's perfectly justified. But I think it's not-- people are going to agree with me when I say that's a little bit more controversial of a policy sometimes.

**MARK BLY:** Yeah, absolutely.

**JOHN FRIEDMAN:** Where we think these opportunity neighborhoods seem to have the most potential is that we can actually increase the pie. And these increase in taxes paid are just one example. There is another study that some of my co-authors have, showing that children who grow up in poor circumstances, even if they do really well on math tests when they're young, are much less likely to become inventors than kids who are similarly talented from an academic perspective, but who grow up in much richer circumstances. And we think it's a very similar theme that is about exposure.

So for instance, you see the gap not just between rich and poor children. You see it between boys and girls as well. The girls who do really well on the math tests, they're likely to become inventors when there are a lot of female inventors living around them, but not when they're not. And so we think that, and that's just another example of how providing more opportunity for all of these underrepresented groups, it's not just about redistributing to them. It's about growing the pie for everyone.

**MARK BLY:** So to clarify one point again, we think in terms of inequality and mobility in dollar terms. But you're also saying-- and what you're primarily saying, I think, is 25th percentile of neighborhoods where you get a limited amount of mobility moving to the 75th percentile, you're getting much more mobility.

**JOHN FRIEDMAN:** That's right.

**MARK BLY:** Is that a one to one correlation with income, or does not vary? In the sense that higher, richer neighborhoods are basically just better?

**JOHN FRIEDMAN:** Yeah.

**MARK BLY:** Is it the income that does it, or is it or is mobility independent of income to some degree?

**JOHN FRIEDMAN:** Well, that's a great question. So we're measuring the actual kids outcomes as the beginning point. So we can tell you there are some neighborhoods where kids do really well from poor families, some neighborhoods where kids from the same poor families do really poorly.

Now we can ask, well, what explains the differences between those high-opportunity and low-opportunity places? And it is true that on average, places with higher median household incomes, where like everybody's richer, places with lower poverty rates, places with a greater share of two-parent families or more social capital, those places put kids from poor families on

a better trajectory. But you can only explain about half the variation with all of these characteristics put together.

And so what that's saying is that yeah, it is somewhat the extent that it's about rich versus poor neighborhoods. But it's a lot more than that. And I think this is actually where there is the greatest policy hook. We can find not just opportunity pockets in given cities, where lots of rich people live. Maybe there's a little bit less we can learn from those neighborhoods for neighborhoods with poorer families.

We can find poorer neighborhoods in cities where kids do succeed, and then try to learn from them to understand what's going on in those neighborhoods where they're not succeeding. And in so many cities around the country, you see really sharp examples of two neighborhoods, often literally next to each other, both equally poor, but one where kids do great, and the other where kids don't do great. So for instance, in Miami there's a neighborhood called Hialeah which is right next to a neighborhood called Liberty City.

They're both very poor neighborhoods. Kids in Hialeah do great. In Liberty City, not so much. You can focus in on Hispanic children who are men in both places to try to iron out as much as you want. The fact is, these places are strikingly different in ways that we don't understand. So what we're trying to do now actually in many of these cities is to go in, understand what's going on between these two neighborhoods. We think that's the next step towards trying to actually improve mobility in these low-mobility neighborhoods.

**MARK BLY:**

So when we talk about social mobility, a correlate of that, an obvious one, is physical mobility. Literally getting people to move. And one of the points you make in the work is that there are these opportunity bargains, exactly. Let's move from Liberty City to Hialeah, and the kids will do much better, right? And people don't make those moves, or not as much as we would like.

And that's a great policy intervention, because then you can design systems to make that happen. But if they don't move as much, why don't they move? You propose two answers. The first one is information. They simply don't know that that's going to happen, so they don't do it.

But there's another one which of course looms large in the American context, which is racial segregation. So housing in this country, in particular, is highly racially segmented. So are there racial barriers to the price of opportunity?

If you're a black family in an area and you want to move to a better area, are there really

cultural and quasi-legal barriers to actually stop you doing this? Is there a price tag that has to be paid per racial group?

**JOHN FRIEDMAN:** Yeah, I think there absolutely is. Now, I think that's not all that's going on, because you can look at only places where there's a minimum share of black families to try to define opportunity bargains for black households. You can do that.

What I think might actually be a similar barrier, but one which might be especially prevalent among this relatively disadvantaged group, is that when you're going to move to a new house, you think about lots of neighborhoods. You go house-shopping. Process lasts a little while. You get a new house. You renovate the house. It's like a whole thing.

Many poorer families that move, move because they suddenly learn they're getting evicted from their household. They move because someone lost a job, and they need to find a place that they can live. Moves that happen under these types of duress do not afford the opportunity to think in a very broad way about where to live.

People also may need to live very close to some of their friends or social network in order to maintain the social safety net that wealthier families may be able to provide themselves. And so I think that for all of these reasons, we think that there are just these barriers which may limit the extent to which people are able to move to take advantage of these seeming bargains. Now, I think it's important to say that from a policy perspective, there's going to be a limit to how much policies can move people around.

I think that if you're giving people housing vouchers as a form of support, we might as well encourage them to use them in places which are better than worse. But I think the real scalable solution is to actually improve these neighborhoods. Because that's what's going to have, first of all, the largest impact on families.

But it's also going to actually improve average opportunity as opposed to just one family moves out of a low-opportunity neighborhood and then someone else moves back in. And it's musical chairs. And then all we're doing is kind of choosing who we want to live in each neighborhood, and I don't think that's a productive way to make progress.

**MARK BLY:** So another way of doing it than on a higher scale then is, to extrapolate from what you're saying, think in terms of urban renewal or urban development. Find the neighborhoods that basically have the opportunity bargains and invest in them as neighborhoods. In a sense, grow

the neighborhood so there's more opportunity for it to have that effect.

**JOHN FRIEDMAN:** That's right. And, you know, to the extent that growing an opportunity neighborhood is about figuring out what's going on in that neighborhood and helping to spread that geographically. I think that's exactly right. Coming back to a point we talked about earlier, I think many cities have thought about urban renewal in the context of jobs and companies.

And I think what we're showing is that, especially in a local context, again, that may have lots of benefits for the city. But it doesn't necessarily mean that you're improving the outcomes for these local kids.

**MARK BLY:** So one last question on this. Let's assume that people think more like economists, which is probably a good thing and a bad thing that they don't. But imagine they did.

And there was relatively good information. And people were able to move a bit more around. And people started to price in and act upon these opportunity bargains. Is there a danger that the opportunity bargains get snapped up and the effect disappears?

**JOHN FRIEDMAN:** Absolutely. I mean, I think that's just one of the type of effect that you might imagine. So if you really have people moving at great scale, the places which are high-opportunity could become priced. Or even the inflow of a large number of people into these neighborhoods might even start to disrupt many of the essential character of what those neighborhoods are.

And I think a very difficult thing to predict, because the underlying combination of whatever is going on is very complex. We'd be the first to admit that we do not understand it yet. And so it could get worse. It could get better. But certainly, something might change. I think that's yet another reason why actually improving the quality of neighborhoods rather than just trying to move people around is, in the end, the only way to make large-scale progress.

**MARK BLY:** Thanks very much, John. It's been really great.

**JOHN FRIEDMAN:** Always a pleasure, Mark.

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**SARAH BALDWIN:** This episode of Trending Globally was produced by Dan Richards, Jon Maza, and Alex Laferriere. Our theme music is by Henry Bloomfield. I'm your host, Sarah Baldwin.

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