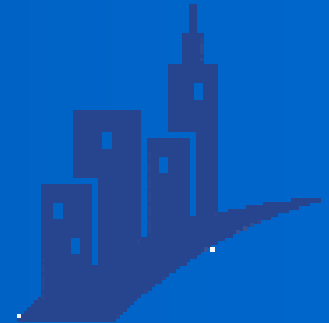


The Brookings Institution

Metropolitan Policy Program

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Mobility and place: Lessons from the US for the UK

Social Mobility and Life Chances Forum

HM Treasury

November 14, 2005



Overview

The USA and UK share similarly low rates of social mobility

Highly deprived neighbourhoods may constrain social mobility

Targeted policy interventions may help lower place-based
barriers to social mobility



Roots of this US/UK Policy Exchange





Social mobility as a cornerstone of American identity

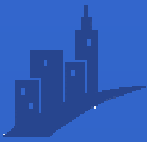


- Benjamin Franklin: paragon of American social mobility
- 15th child of a candle-and-soap-maker
- Started as penniless printer's apprentice
- Retired to life of politics and diplomacy at 42

Do you think it's still possible to start out poor in this country, work hard, and become rich?

	Yes	No
1983	57%	38%
2005	80%	19%

Source: *New York Times*



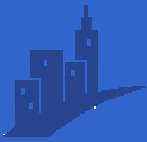
“Mobility” can be construed in a number of ways

What’s being measured?

- Income, wealth, education, occupation, family type, values system
- Social scientists gravitate towards the easily measurable (economic)

Over what period is it measured?

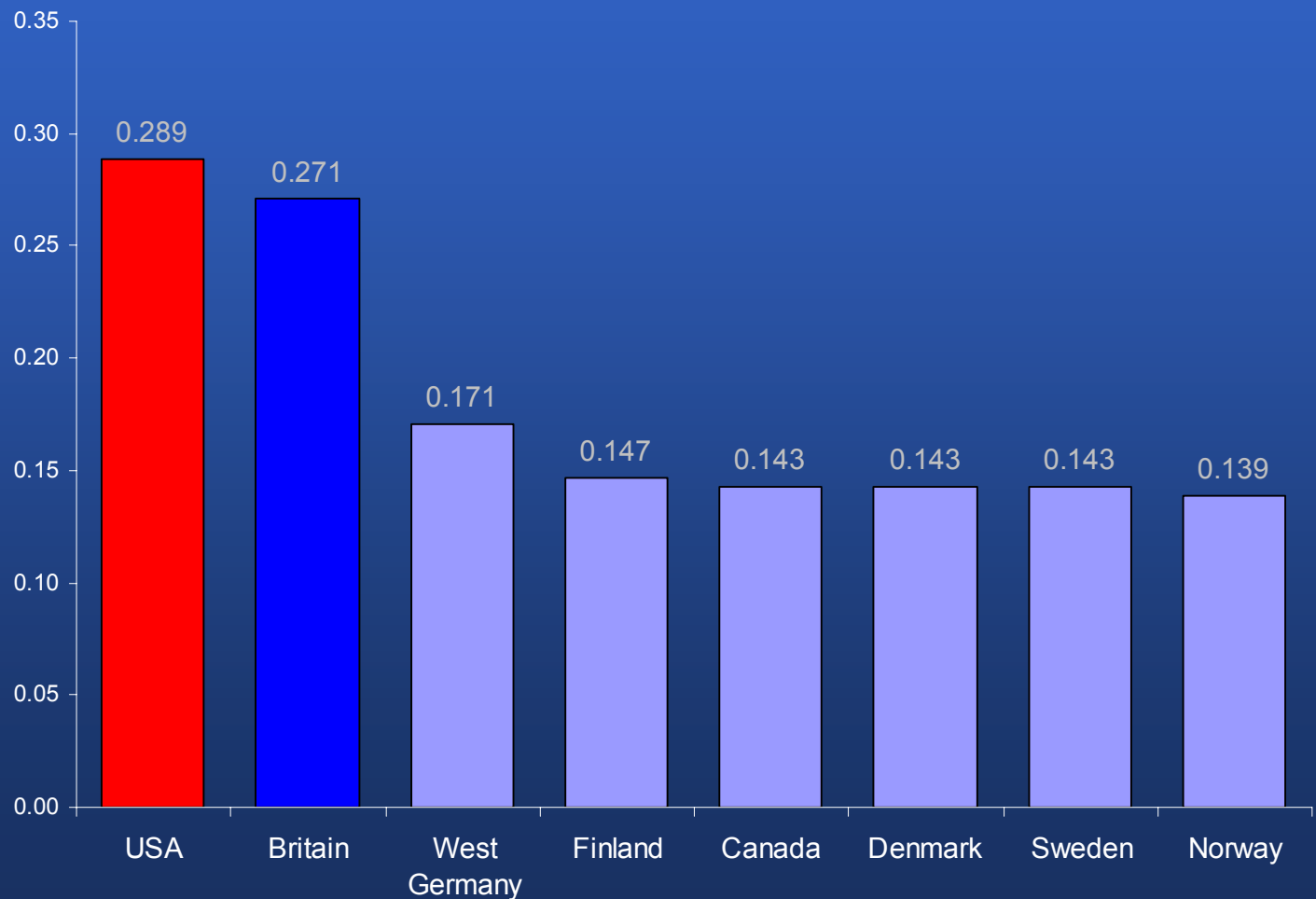
- Intergenerational—comparing children to their parents
- Intragenerational—comparing now to 10/20 years ago
- Both inquiries are relevant for policy making



Britain and the US exhibit low rates of intergenerational income mobility compared to other developed nations

Partial correlations between parents' and sons' earnings, by country

Source: Blanden, Gregg, and Machin (2005)





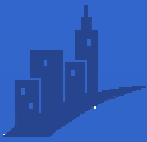
This accords with recent US-based research suggesting relatively low rates of intergenerational income mobility

Solon (1992, 2004)

- Correlation between child and parent earnings ≈ 0.4
- Child born into bottom 20% has 25% chance of achieving median earnings, 5% chance of earning in top quintile
- Rate of income mobility remained stable from 1977-2004

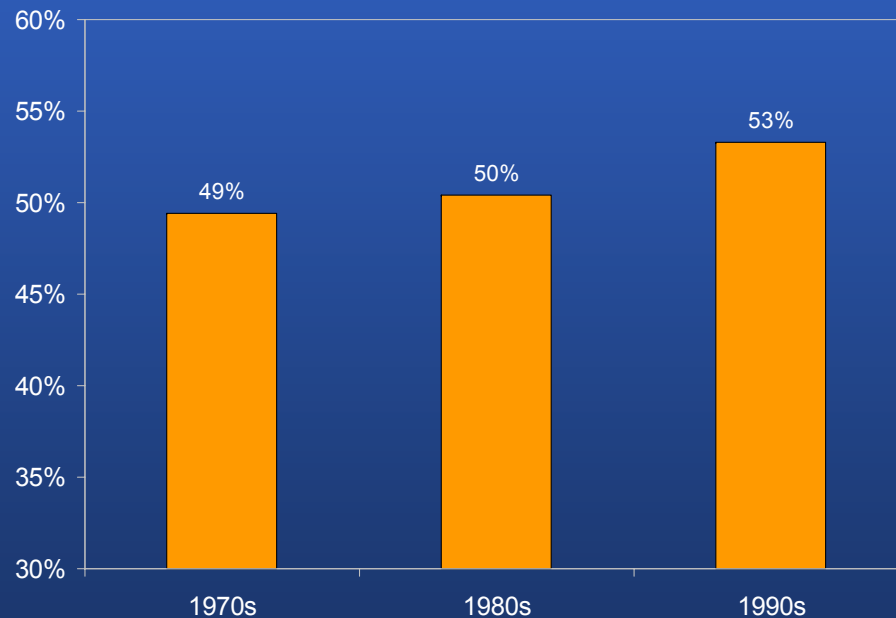
Hertz (2004); Gottschalk and Danziger (1999)

- Mobility closely associated with race
- Poor black children more likely to grow up to be poor adults than poor white children
- 17% of whites born into bottom income decile remain there, versus 42% of blacks



Income mobility within generations has slowed in the US, in part because of growing income inequality

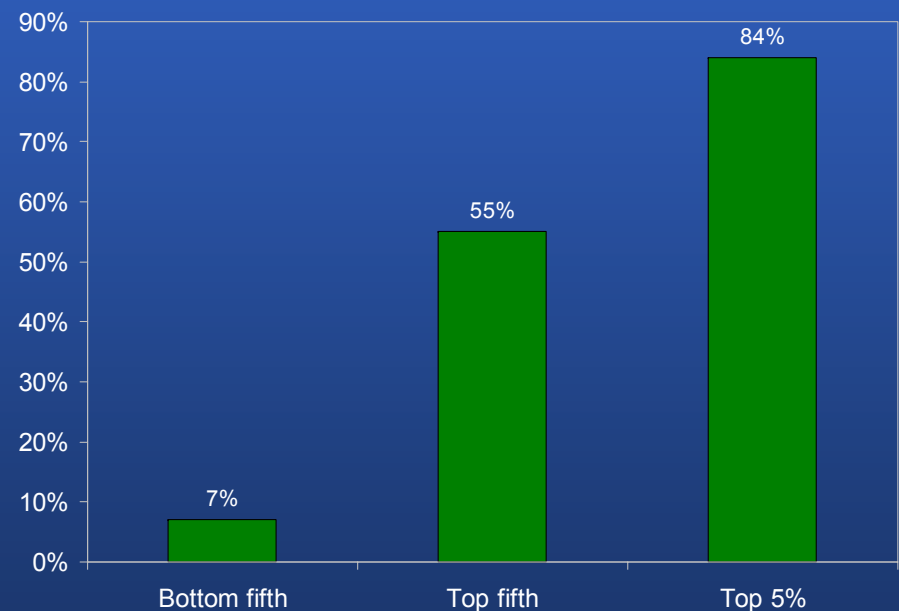
Income mobility declined



% of families remaining in same income quintile across decade, 1970s-1990s

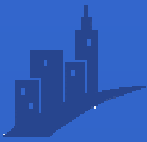
Source: Bradbury and Katz (2002)

Income inequality increased



% income growth by family income percentile, 1979-2000

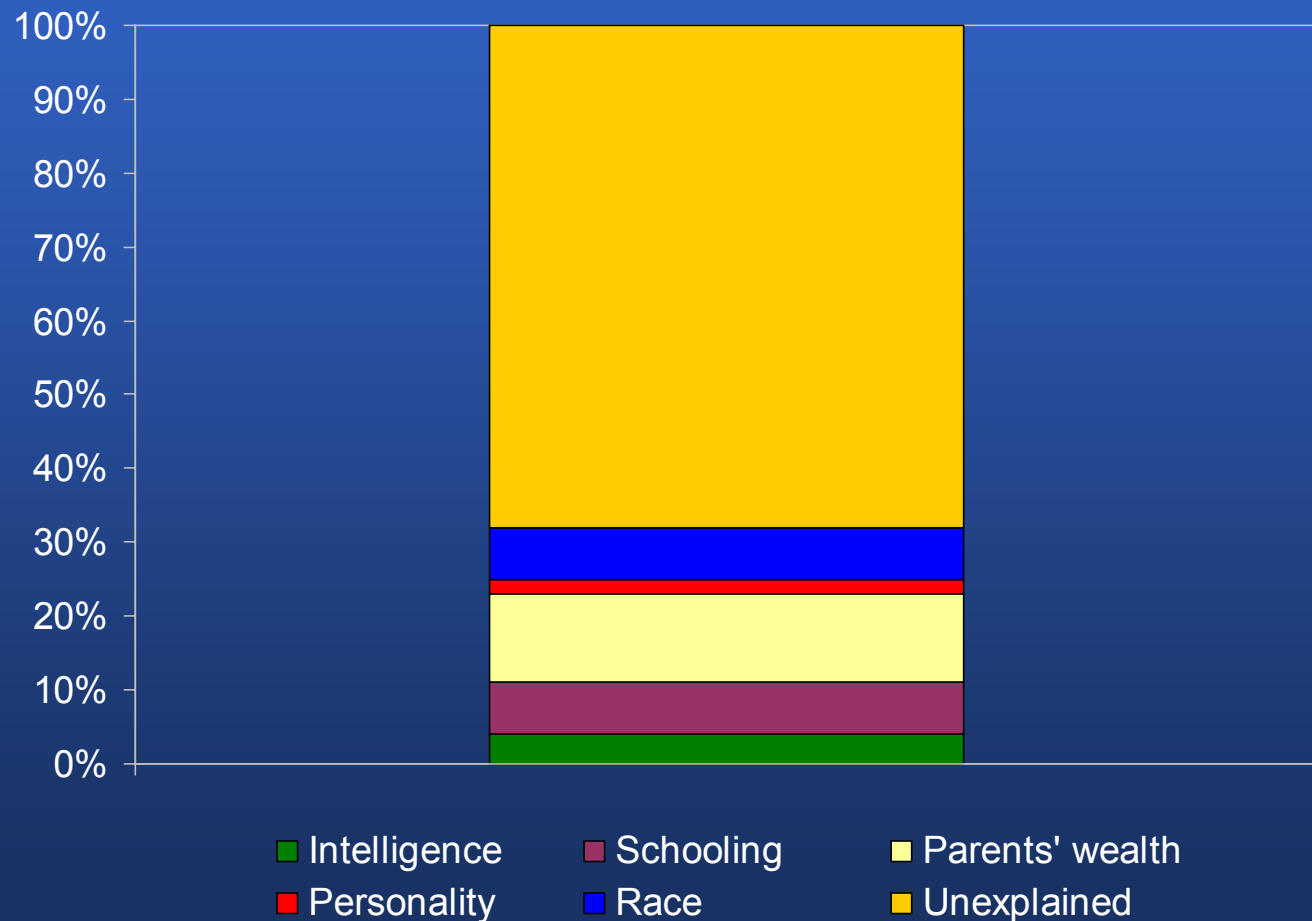
Source: Mishel, Bernstein, and Allegretto (2004)

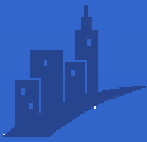


The mechanisms accounting for intergenerational transmission of income are largely unexplained

Intergenerational correlation in income resulting from “channel”

Source: Gintis and Bowles (2002)

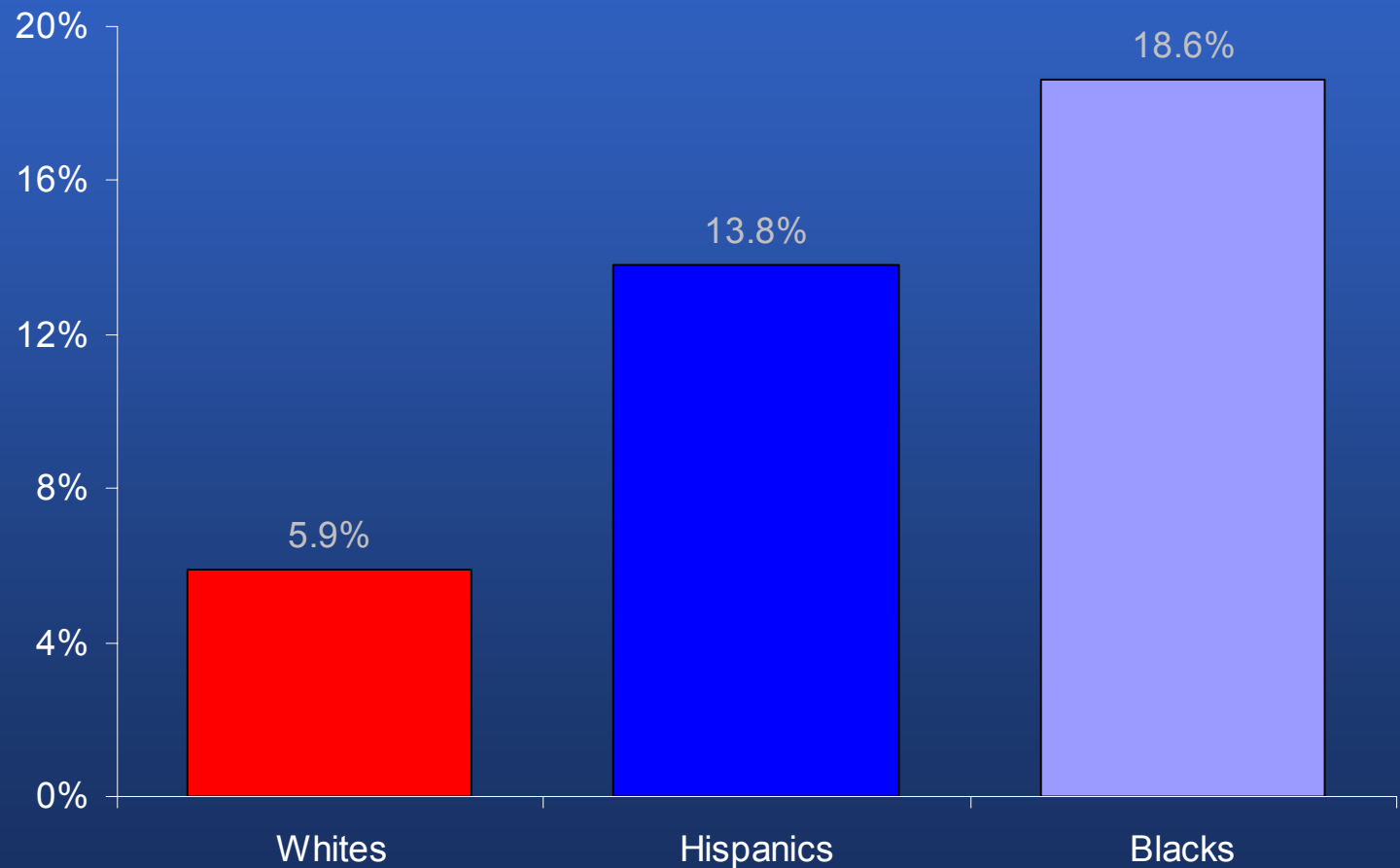




Large panel studies are unable to examine role of place; but worth noting large place differences for poor families by race

Percentage of poor individuals living in extremely poor (40% poverty rate) neighbourhoods by race, 2000

Source: Jargowsky (2003)





What role might “place”—particularly living in a deprived area—play in determining social mobility?

Employment

- Create geographic separation from jobs & job networks
- Modify social norms around work

Education

- Reduce access to well-resourced, high-functioning schools
- Expose students to negative peer effects

Crime

- Economic need, lower opportunity costs raise crime levels
- Criminal activity lowers future income potential

Health

- Reduce access to high-quality health care
- Physical health problems from substandard housing
- Mental health problems from elevated stress levels



American research and policy experimentation have shed light on “neighbourhood effects”

Gautreaux Program (from 1976)

- Court-ordered desegregation of Chicago public housing
- 7,000 low-income families assisted in moving to private housing in racially mixed neighbourhoods

Moving to Opportunity (from 1994)

- Public housing families in five cities offered opportunity to move to apartments in low-poverty neighbourhoods
- Experimental design, significant evaluation

HOPE VI relocation (from 2001)

- Families relocated from public housing slated for redevelopment, through vouchers or other public housing

Other research

- Some panel studies track neighbourhood status



What has the US learned? Income and employment

Non-experimental research	<ul style="list-style-type: none">• Spatial mismatch exists between inner-city neighbourhoods and suburban job sites• Most low-wage workers advance by changing jobs, not staying with same firm
Gautreaux Program	<ul style="list-style-type: none">• 75% of suburban movers ended up in employment, vs. 41% of city movers• Lower rates of welfare receipt for suburban movers
Moving to Opportunity	<ul style="list-style-type: none">• No significant difference in employment for experimental and control groups (both up)• Some small gains for younger adults
HOPE VI	<ul style="list-style-type: none">• Overall earnings/employment rates for mover adults did not improve• Health and young kids significant barriers



What has the US learned? Education

Non-experimental research	<ul style="list-style-type: none">• Attending a middle-class school reduces chances of adulthood poverty• Increases in economic segregation exacerbate rich/poor attainment differences
Gautreaux Program	<ul style="list-style-type: none">• Suburban movers more likely to enrol in challenging classes, go on to college• Similar grades at more challenging suburban schools
Moving to Opportunity	<ul style="list-style-type: none">• No significant difference in test scores or behaviour problems for experimental group• Marginal gains in school quality for movers
HOPE VI	<ul style="list-style-type: none">• Significant gains in school quality, parental satisfaction for voucher holders• No data yet on student performance



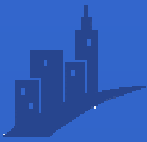
What has the US learned? Crime

Non-experimental research	<ul style="list-style-type: none">• Residents of high-poverty neighbourhoods more likely to be crime victims, to perceive problems with crime
Gautreaux Program	<ul style="list-style-type: none">• Safety primary reason for relocation among suburban movers• 70% of suburban movers still in suburbs 10-20 years later
Moving to Opportunity	<ul style="list-style-type: none">• Experimental group perceived significant improvements in safety, crime victimization• Girls much less likely to be involved in crime• Boys traded violent crime for property crime
HOPE VI	<ul style="list-style-type: none">• Voucher parents perceived improvements in school safety, male youth behaviour



What has the US learned? Health

Non-experimental research	<ul style="list-style-type: none">• Neighbourhood abandonment associated w/ higher disease rates, premature mortality
Gautreaux Program	<ul style="list-style-type: none">• No evidence on health outcomes; some evidence that suburban movers less satisfied with health care options
Moving to Opportunity	<ul style="list-style-type: none">• Significant improvements in mental health, obesity rates for experimental adults• Girls achieved significant gains in health, reduced risky behaviours; boys experienced adverse outcomes
HOPE VI	<ul style="list-style-type: none">• Relocates reported significant health problems at baseline• Voucher movers report improvements in housing quality



So...does “place” matter to social mobility?

Not as much as individual/family background

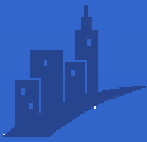
- Almost all literature agrees on this point

May depend on actual gain in neighbourhood quality

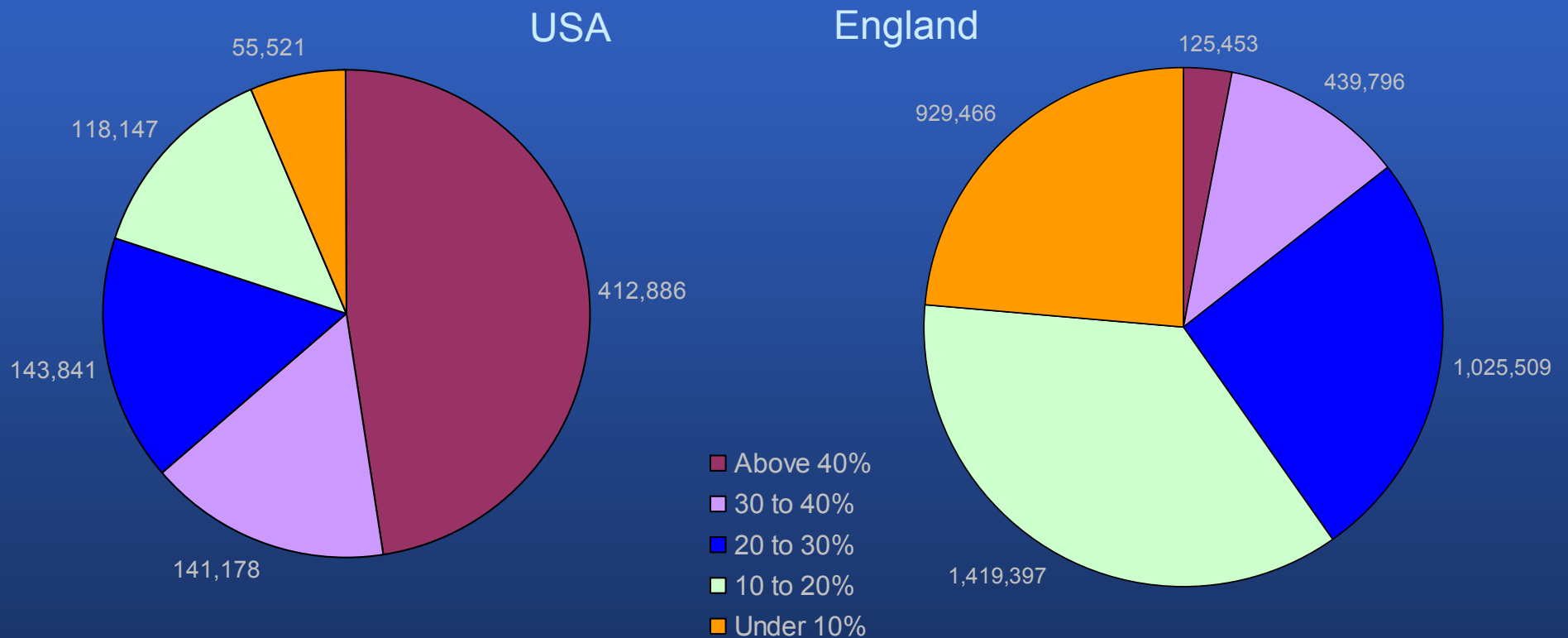
- Gautreaux not strictly experimental in its design; but participants experienced real change in economic/racial mix
- MTO results are “intent to treat”—relevant for policy, but not necessarily a measure of how neighbourhoods “matter”

Valuing the qualitative as well as quantitative

- Effects explored here discount research on stigma, limited social networks associated with poor neighbourhoods
- Day-to-day life in highly deprived areas can be very difficult
- Social justice vs. economic grounds



Compared to US, England has smaller proportion, though still significant number, of social housing units in “extreme deprivation” areas



Location of public housing units by % neighbourhood poverty, 1990

Source: HUD, 1990 Census

Location of social housing units by % in ward on IS/JSA, 2001

Source: NeSS, 2001 Census



#1: Enhancing the mobility of low-income households

Portable housing subsidies

- USA: Housing voucher holders live in much lower-poverty, safer neighbourhoods than those in public housing

Some considerations for the UK

- Ability to use Housing Benefit across local authority lines
- “High-touch” counselling for benefit recipients
- Active outreach to social/private rented sectors
- Quantitative/qualitative evaluation of family outcomes
- Continued support to prevent “backsliding” into highly deprived neighbourhoods



#2: Fostering greater economic integration

Mixed-income communities

- USA: The HOPE VI program has helped transform the nation's most distressed public housing projects into safe, healthy, mixed-income communities
- Income mix promotes greater collective efficacy

Some considerations for the UK

- Targeting overlap between crime, health and economic deprivation in social housing sector
- Greater focus on attracting economically active/higher-income households, improving public services in more moderately deprived areas



A better neighbourhood as first step towards longer-term social mobility

From New Orleans' Lower Ninth Ward (source: Greater New Orleans Data Center)

In a poor community, the upward mobility is not there. The aspiration to seek out and have a better life, to have better finances isn't there. Those in poverty don't have money to go anywhere, so they are not stimulated. Their perspective becomes very narrow about possibilities in life. Mostly families here are simply fighting to survive.

—75 year old African American social worker (2003)

From a deprived London social housing estate (Source: Page, "Communities in the Balance")

You have to make a decision whether you want to live in a stressful situation all the time or whether you would, perhaps, prefer to move on. I have two children and it is getting to the stage where I have had enough. I really have had enough.

—Mother (2000)