My Argument

1) Top is pulling away from majority on most dimensions

2) Challenge to basis of welfare policy & focus for redistributive policies

3) Biggest worry impact on status maintenance (ie. social mobility)

4) Education policy must focus on the middle-top gap and on ‘opportunity hoarding’
Income Inequality: All the Action is at the Top…

Average after-tax income (2009 dollars)

Source: Author’s tabulations of CBO’s July 2012 report *The Distribution of Household Income and Average Federal Tax Rates, 2008 and 2009*
Also true for the Wealth gap...

Income from wealth by income group

...and the Wage Gap

Cumulative change in 90/10 and 50/10 wage gap for men

And for College Completion:

Fraction of students completing college, projected

And for College Completion:

Fraction of students completing college, actual

And Maternal Age at First Birth

Age at first birth by education quartile and birth cohort

Note: The figure plots age at first birth among women ages 36 or older, by birth cohort, using the June Current Population Survey (1910 through 1959 cohorts) and the National Survey of Family Growth (1957 through 1970 cohorts). All computations use the recommended population weights and are either 3-cohort (CPS) or 5-cohort (NSFG) moving averages.

And Marriage Rates

Women’s marriage rates by education

Source: Richard V. Reeves, “How to save marriage in America,” in the Atlantic (February 2014).
And in time spent with children

Developmental time spent with parents by mother’s education

Lead wagon pulls ahead: who cares?
Why We Might Care...

- *Normative* concerns about kind of society we want to live in: just wrong [Occupy]
- *Economic* concerns if money increasingly stuck at the top: growth slows [Bernstein/Kenworthy]
- *Social* concerns about perpetuation of inequality over generations: opportunity hoarding
- This is the main concern: that the *opportunity gap* will widen between the middle and top
The ‘Glass Floor’ and Mobility

- Upward relative mobility requires equal amount of downward relative mobility
- Stickiness at top = stickiness at bottom
‘Sticky’ Top and Sticky Bottom for Mobility

% moving up or down family income ladder by parents’ income quintile
(all teens)

More ‘Elite’ Status Maintenance in US & Sweden than Canada

Rates of Significant Downward mobility in earnings from top 5%

“...Downward mobility in earnings is particularly large in Canada at the very top of the distribution (96th percentile and higher) where 55% of sons fall 20 percentiles below their fathers. The comparable estimate is 46 percent for Sweden and 44 percent for the US.”

-Corak, Lindquist, and Mazumder (2014)

The ‘Glass Floor’ and Mobility

- Upward relative mobility requires equal amount of downward relative mobility
- Stickiness at top = stickiness at bottom
- Some who ‘should’ fall (on measures of ability) do not:
  - Why? A. College education
What Inhibits Downward Mobility?

Factors affecting probability of staying in the top two-fifths of income, for high-income adolescents predicted to fall

- Gender: 3%
- Race: 4%
- College education: 23%
College: Equalizer or Dis-equalizer?

Figure 6: Chances of Getting Ahead for Children with and without a College Degree, from Families of Varying Income

Source: Brookings tabulations of PSID data.
Education: A Double-Edged Sword?

- Education key ingredient in economic mobility
- But unevenly allocated
- Gaps are growing, especially in HE
- Education can also *perpetuate* inequality
- Policy need to focus on *middle-top gaps in opportunity*. 