Chapter Three

Is Equality of Opportunity Possible or Even Desirable?

No moral intuition is more hard-wired into Americans' conception of economic justice than equality of opportunity. While some of us may be rich and poor, and while the gap between rich and poor may be widening, we are willing to accept such outcomes as long as everyone has an equal shot at success. The moral legitimacy of the market's distribution of income rests on a presumption that our system rewards ingenuity, hard work, talent and risk-taking,rather than race or class, family of birth, or some other advantage we consider advantage.

"In every wise struggle for human betterment one of the main objects, and often the only object, has been to achieve in large measure equality of opportunity," declared President Theodore Roosevelt in a speech in Osawatomie, Kansas in 1910, laying out the "square deal" he believed was due to all Americans.

In a speech later that year, Roosevelt took pains to reassure members of the New Haven Chamber of Commerce that his notion of equal opportunity fit squarely within the context of a market economy. "I know perfectly well that men in a race run at unequal rates of speed. I don't want the prize to go to the man who is not fast enough to win it on his merits, but I want them to start fair."[1]

A century later, another president would pick up on Roosevelt's meritocratic theme in his second inaugural address:

"We are true to our creed," declared Barak Obama, "when a little girl born into the bleakest poverty knows that she has the same chance to succeed as anyone else, because she is an American; she is free, and she is equal, not just in the eyes of God but in our own."

These days, however, it is not just progressives who champion the ideal of equal opportunity. When confronted with evidence of the widening gap between the rich and everyone else, defenders of market justice invariably invoke the metaphor of the race fairly won. We need not concern ourselves with the level of equality of wealth and income, they argue, because all that really matters is equality of opportunity. To complain about how things turn out after the race is over, in their view, is merely class envy or sour grapes.

Equality of opportunity, of course, taps into the conception Americans have of themselves as a people who fought one war to shake off the tyranny of a British monarchy and landed aristocracy and another to shake off the chains of slavery, while welcoming to waves of ambitious immigrants yearning for a better life. Yet there is now a sizeable and growing body of evidence that, despite elimination of most legal barriers to equality of opportunity, the luck of the draw in terms of who the who your parents are continues to play an outsized role in determining economic success. Whether it's by way of the genes we inherit from our parents or the circumstances we are raised, the results of the parental lottery are more important than ever in determining both our natural capabilities and the degree to which we are able to develop those capabilities and bring them to an increasingly competitive marketplace. Indeed, for the first time in American history, the steady march toward greater equality of opportunity seems to be headed in the opposite direction.

Accidents of Birth

Let us begin with nature, and the question of nherited intelligence. This remains a highly controversial topic, but one that cannot be ignored in any discussion about economic outcomes. As a broad generalization, the evidence suggests that somewhere between 35 and 75 percent of our intelligence comes genetically from our parents, with the lower end of the estimates applicable to children and the higher end to adults.[2]

And how much does intelligence affect adult income? A recent review of the literature found that about a quarter of the variation in people's incomes could be accounted for directly by natural intelligence, a slightly better predictor than or parents' income or education. [3] Holding a range of other factors constant, one study found that the difference between having an average IQ score and one at the 98th percentile translates into an income difference of anywhere between $6,500 and $20,000 per year.[4] Why such a large range? Because the economic value of intelligence rises with income and education. Intelligence turns out to be a bigger factor in determining the incomes of a smart and less-smart lawyer or engineer than it does in determine the incomes of a smart and less-smart auto mechanic or insurance agent.[5]

Other highly heritable traits also have economic consequences. Based on studies of identical and fraternal twins, researchers have concluded that between 60 and 80 percent of differences in height can be explained by heredity[6], with each inch of height worth as much as $1,000 a year in added income.[7]

Equally heritable are good looks, which also lead to income differences, particularly among men.[8] Attractive people have wider social networks, are more likely to attend and graduate college, have greater self-confidence and are thought, without reason, to be smarter, more competent, with more leadership potential.[9] One study of Canadians found that, on a five-point attractiveness scale, each point translates into more than $2,500 in annual income. [10]

As any parent will attest, personality also turns out to be inheritable, including traits that have a significant impact on economic outcomes: empathy, reliability, ambition, impulsiveness, orientation toward the future, an appetite for risk and an aptitude for leadership. One recent study found that inherited personality traits explain a quarter of earnings differences, an effect comparable to that of inherited intelligence.[11]

My purpose in citing these studies is to emphasize that it's not just brainy mathematicians, beautiful supermodels and elongated basketball stars who benefit economically from inherited traits and capabilities. To varying degrees, genes play a significant role in determining everyone's relative economic success. Those who succeed may argue that there are many others who inherited the same traits and capabilities as they, but didn't put in the time or effort to leverage their endowments to maximum advantage—and it is that difference that justifies their higher earnings. But that is a straw man argument. Nobody denies that how you play your cards is important—and should be important—to the outcome of the economic game. That doesn't mean, however, that the cards you are dealt aren't important as well.

The issues raised by the parental lottery do not stop with genetic inheritance. No less important in shaping opportunity and outcomes are the things parents do to nurture their children's innate capabilities.

In considering such environmental factors, conservatives tend to focus on the importance of family structure, character development and community values, while liberals focus on nutrition and psychological stress, crime, role models and social connections—"red truths" and "blue truths," as Harvard's Robert Putnam has called them. Both set of truths, however, acknowledge the vital role of upbringing in in determining future.

The latest research confirms that the earliest environmental influences that matter most. "Virtually every aspect of early human development, from the brain's evolving circuitry to the child's capacity for empathy, is affected by the environments and experiences that are encountered in a cumulative fashion, beginning in the prenatal period and extending through the early childhood years," a panel of the National Academy of Sciences concluded in a landmark study published in 2000.[12]

For infants, the type of food they eat and the toxins they are exposed to, the amount of touching and cuddling they receive, the quality and quantity of interactions with adults—all of these have a significant effect on how a child's brain evolves and develops the capacity to learn.

Between the ages of one and four, physical, intellectual and psychological development can be significantly affected by the amount of time children have with parents and the degree of exposure to stimulating environments outside the home. The level of stress in the household, the mental health of parents and the exposure to violence and chaotic surroundings can have significant negative effects. It is also in these early years that the emotional and biological foundations are laid for traits such as self-esteem, confidence, emotional stability, curiosity, optimism and grit, in addition to verbal and mathematical skills. [13]

There is the now-famous study of Kansas families that showed that the three-year olds with upper-income, college educated parents had heard 19 million more words than the children of working-class parents, and 32 million more words than the children of parents on welfare. [14]

Other researchers have found that 72 percent of middle-class children show up in kindergarten already knowing the alphabet, compared to only 19 percent of poor children.[15]

Chaos and stress are more prevalent in poor households than rich. Children living in poor households were found to have elevated levels of cortisone in their brain, a hormone that inhibits development of memory and logical thinking. Studying brain waves, Canadian researchers found that lower-class kids had more difficulty concentrating on a simple task because their brains were conditioned to be constantly on the lookout for new threats.[16] Other brain researchers have found a significant correlation between parental income and the size of the surface area of their children's cerebral cortices, the outer layer of the brain that controls language and executive functions. The study was based on scans of more than a thousand subjects after controlling for race and genetic ancestry. [17]

In his book, *Our Kids*, Robert Putnam cites numerous studies to demonstrate that richer and better educated parents aim to raise "autonomous, independent self-directed children with high self-esteem and the ability to make good choices, whereas less educated parents focus on discipline and obedience and conformity to pre-established rules"—good traits for an industrial economy, but less so for one that pays a premium for innovation and problem solving. Upper class parents are more likely to use reasoning and guilt to discipline their children while lower-class parents incline toward physical punishment.[18]

In a paper for the Brookings Institution, Richard Reeves and Kimberly Howard found strong correlations between the quality of parenting and the income, education, age and marital status of the parents.[19] One factor that may explain such a link is the greater time pressures facing low-income households. In *Scarcity*, poverty researchers Sendhil Mullainathan and Eldar Shafir argue that what may look like a parent's lack of attention, patience, care might be explained by simply by having an ordinary mental bandwidth and an extraordinary number of things to worry about—problems that would disappear or be dealt with more easily if only there were more financial capacity.[20]

One of the first researchers to call attention to the importance of family and environmental factors on educational and social outcomes was James Heckman, a Nobel laureate in economics. Heckman and colleagues have conducted a 35-year study of what happened to three and four year-old black children from low-income families randomly chosen to attend the high-quality Perry Preschool in Ypsilanti, Mich. in the 1960s. Like similar studies of Head Start programs, Heckman found that those attending the school experienced an increase in cognitive abilities (IQ scores) that faded over time. What endured, however, was a positive impact on character traits that increased motivation to learn and succeed while reducing lying, cheating, aggression and disruptive behavior. These non-cognitive skills not only improved educational achievement during childhood, but also led to higher incomes, better health and less criminal behavior later in life. [21]

The link between family income and educational achievement, of course, has been known for a long time. What is new and disturbing is that, after a period of stability from the 1950s to the mid-70s, the educational achievement gap between high and low-income students has grown wider—not, as you might have thought, because the income gaps of parents have gotten wider, but because family income has become even more important in determining academic success.

Sean Reardon, a leading researcher at Stanford University, calculated that in 1978, the difference in scores between eight-graders of rich and poor families was 96 points on an SAT-type scale, which roughly translates into three or four years of schooling. By 2008, the gap was 131 points, with the poor kids falling another year behind. [22] While Reardon found was that scores of poor kids improved slightly over the 30 years, the scores of rich kids improved a lot more.

The liberal instinct is to assume that what accounts for this widening achievement gap is the unevenness of funding between higher-income school districts and poorer ones. Given the difference in cognitive and non-cognitive skills with which children enter the school system, poorer students should, if anything, require higher levels of spending if equality of opportunity is to be achieved. In fact, just the opposite is the case.

According to the Educational Law Center's 2104 annual report, in only 14 states do schools with high concentrations of poverty households get more in per pupil funding than districts with no students in poverty. The rest either have regressive state and local funding structures, with high-poverty schools receiving less per pupil than no-poverty schools (19 states), or are neither regressive or progressive (15 states). [23]Analysis from the OECD indicates that, among advanced economies, only the United States, Turkey and Israel have school funding structures that are this regressive. [24]

That said, there remains considerable debate about the link between per pupil spending and educational outcomes. [25] For starters, it is fairly well established that the gap in test scores between rich and poor grows only modestly during the K-12 school years. [26] Differences in educational achievement based on socio-economic factors are pretty much baked into the cake by the time kids enter kindergarten.

Moreover, to the degree schooling does widen the gap, the evidence is that it has less to do with how much is spent than with how much students are segregated by class. Students from all socioeconomic backgrounds do better in schools where there are lots of middle and upper class students, and do worse in schools where poor students dominate, even after controlling for per pupil spending. [27] There are a number of possible explanations for this: more successful peer and parental role models, more involved and demanding parents, the ability to attract and retain better teachers, less disruption from students with behavioral problems, less turnover among students. In fact, socioeconomic background of a student's classmates is actually a better predictor of academic success than his or her own socioeconomic background. [28]

The role of classmates takes on increasing importance now that Americans are increasingly sorting themselves into economically homogenous neighborhoods.[29] Schools with high concentrations of low incomes students are becoming more prevalent. A recent survey by the U.S. Department of Education found that 20 percent of public schools—40 percent in urban areas—have at least 75 percent of their students coming from households with incomes low enough to be eligible for free or reduced-price meals.[30]

The widening income-educational achievement gap is also being reinforced by what's going on at home. Anyone who has watched the spread of helicopter parenting among the urban professional class knows, as Edward Kleinbardt recently put it, how much can be accomplished on behalf of a moderately able child who is “coached, prodded, cajoled and bribed all the way into a top tier university.”[31] Greg Duncan and Richard Muriname, two leading researchers on inequality and education, used consumer expenditure surveys to estimate that lower income families, on average, now spend about $1,400 a year on things like music lessons, summer camp, travel, books, sports teams and travel for their kids, while the richest families spend $9,600.[32]

This arms race in enrichment spending probably has less impact on the prospects of their coddled children, in school or in life, than many parents believe. At the same time, given the sums involved, the sophistication of the parents and the degree to which they themselves were the beneficiaries of such enrichment, it’s hard to imagine that such spending confers no advantage. These over-eager parents may be crazed, but they’re not stupid.

Nowhere is the connection between family income and educational opportunity more visible than within the gates of America’s universities.

Much has been written about how the rapid rise in tuitions has put a college education out of reach of the poor and working class. Reduction of state support per student has more than doubled the posted tuitions and fees at four-year state colleges and universities, putting them out of reach of some students. The effect of those increases, however, has been somewhat dampened by an increase in in student aid. The average tuition and fees actually paid by full time students at four-year public universities—net tuition, as it is called—has increased about 90 percent over the last 20 years after accounting for inflation, from $2,180 to $4,140 a year. (With room and board, that rises to nearly $15,000). For private non-profit colleges and universities, the increase in net tuition has been about the same in dollar terms, but much less in percentage terms—19 percent—and now stands at $14,530 per year ($26,740 with room and board).[33]

Lack of affordability, however, may not be the main reason why so many low-income kids never make it to, and through, college. Some who are qualified simply assume that they are unable to afford the testing and admission fees, unaware of the financial aid that would available to them, and never apply. One study found that, among low-income students who, because of strong SAT scores, had a decent shot at being accepted to top ranked universities, the vast majority applied only to second and third ranked colleges, or none at all.[34]

But surely the biggest reason kids from low-income households don't attend and complete college is because their public schools have failed to adequately prepare them. Fewer low-income students graduate from high school, even fewer apply to college and are accepted and fewer still go on to graduate.[35] One study found that, among students graduating from high school, only 21 percent from the lowest income households were prepared to do college level work, compared to 54 percent from middle and upper-class households.[36]

Whatever the reasons, while more kids than ever are graduating from college, that increase has disproportionately come from those born into households at or above the median income. In the United States today, the probability of someone born into the top income quartile earning a bachelor's degree is now eight times that of someone born into the bottom quartile. [37]

The undergraduate roster at Harvard University provides a good window through which to see how the dynamics of unequal wealth and education are playing out. Several years ago, Harvard announced that, because of the growth in its endowment, its undergraduate admissions decisions would be made on a "needs blind" basis, without regard to how much financial aid would be required. It also announced a new tuition structure that insured no family would pay more than 10 percent of its income in tuition and fees, and families with incomes under $65,000 paying nothing.

Harvard's admirable intention was to insure that any qualified student from any economic background could afford to attend what some believe to be the country's best university. But despite a concerted push by the admissions students to recruit qualified lower-income applicants, the undergraduates at Harvard could hardly be said to look like America. A recent analysis by Raj Chetty and colleagues at the Equality of Opportunity Project found that just 21 percent of Harvard students came from households in the bottom 60 percent of households by income, with less than 5 percent coming from the bottom quintile.

Because of its concerted effort, Harvard has done a modestly better job at attracting low and middle-income students than other elite private universities—the Ivy League plus MIT, Duke, Stanford and the University of Chicago. But its hard to say that any of these institutions has been able to much headway in giving every American a shot at higher education, regardless of income. At all of these elite schools, there are still as many students from households in the top 1 percent – incomes above $400,000 – as there from students in the bottom 50 percent. [38]

Since the days when Horace Mann advocated for free and compulsory public schools, Americans have looked to education to be, in his words, "the great equalizer," the primary mechanism for breaking down class barriers and equalizing economic opportunity. But the harsh reality is that the education system today is having the unintended effect of reinforcing class lines rather than to blurring them, helping to further widen the lead enjoyed by those already advantaged by natural talents and family income. As the Chronicle of Higher Education recently put it, the American education system has become “an inequality machine.”[39]

Moreover, even as the link between a child’s family income and educational achievement has become stronger, so too has the link between educational achievement and adult income. *We need to recognize this for what it is: a vicious cycle in which wealth and educational achievement, just like poverty and educational failure, reinforce each other from one generation to the next.* We have created a new aristocracy—a “meritocratic” aristocracy—that is no less persistent, and only slightly less unjust, than earlier aristocracies based on inherited land and title.

Back in 1958, British sociologist, Michael Young, foresaw all this with uncanny accuracy in a now largely forgotten satire, *The Rise of the Meritocracy* (the word “meritocracy,” in fact, was Young’s invention). His fable describes a Britain in the year 2033 that had come to be dominated by an elite upper class, selected for its intelligence and skill, that comes to wield all political power and captures for itself all the benefits of economic growth. Because members of the elite married each other and lived apart from the hoi polloi, social scientists had determined that only a few random children from the lower classes had the potential to succeed. For that reason, common schools were abolished and only the children of the elite were made eligible for university and top jobs. And while equality of opportunity remained official government policy, that was merely propaganda used to placate the increasingly restless lower classes. Within the elite, genuine equality of opportunity was considered an outmoded idea.

We may have not yet achieved Michael Young’s dystopia, but we are well on our way.

Opportunity and Mobility

The fact that some people born at the bottom can and do rise to the top—or that those born at the top sometimes wind up nearer to the bottom—does not, by itself, demonstrate equality of opportunity. What matters is the overall likelihood of such outcomes. And the best yardstick for assessing that likelihood is to look at the data on where people start and where they end up – intergenerational mobility, in the argot of social science. In a rigid class society, there is very little mobility and very unequal opportunity, while in a society with perfectly equal opportunity, economic outcomes would be random: there would be so much mobility that where you start out would have no bearing on where you end up.

There are, however, different conceptions of mobility and different ways to measure it.

When Americans think of the "American Dream," they often think in terms of people have higher incomes or living standards than their parents. Economists refer to that as *absolute* intergenerational mobility, and by that measure, America has traditionally been a land of opportunity, with four in five Americans achieving incomes higher than their parents.[40]

Last year, however, our belief in this dream was called into question. Another team of researchers led by the prolific Raj Chetty, using information from tax records, found that absolute intergenerational mobility has been steadily *declining* since the 1960s, to the point that among those born in the 1980s, only half are doing better than their parents at this point in their lives. [41] While this is a preliminary finding—those born in the 80s are still in their 30s—it suggests a sea change in the American experience.

Absolute mobility may be what most of us care about as individuals or even as a society. After all, why should it matter if hedge fund managers or tech execs are becoming fabulously rich if I am the first in my family able to own my own home, drive a late model SUV, take three weeks at the lake and put two kids through college? No matter that some may be doing even better, my standard of living is still much higher than my parents'.

That kind of mobility, however, is not particularly useful in measuring equality of opportunity. That's because what absolute mobility often reflects is simply growth in the overall economy—a rising tide that has lifted all boats. To measure opportunity, we need to filter out the effect of the rising tide in order to focus on changes people's *relative* position on the economic ladder, their income relative to everyone else's.

For years, the most common way to measure relative mobility was to capture, in a single number known as income elasticity, the degree to which fathers' earnings accurately predict those of their sons, even if almost all sons earn more than their fathers (Data on women and daughters are not used because of dramatic changes in what women work and how much they are paid.) An elasticity of 0.0 meant that parental income had no statistical correlation with the economic success of children—in other words, perfect mobility and perfectly equal opportunity. An elasticity of 1.0 meant that you could perfectly predict a son's income from that of his father—in other words, no mobility and perfectly unequal opportunity.

[Figure 3.1: Corak, Inquality from generation to generation, Figure 1, Comparable estimates of intergenerational elasticity]

The accompanying chart shows the intergenerational income elasticity for 22 selected countries. Among the richest advanced countries, the United States has an elasticity of somewhere between 0.4 and 0.5. which hardly squares with the notion that ours is the land of opportunity With the exception of Britain and Italy, other advanced countries have more relative mobility.[42]
The only thing exceptional about America is that it is now less mobile than many other societies with long histories of rigid social and class structures.

Moreoever, this measure of equality of opportunity appears to be getting worse. Researchers at the Federal Reserve Board of Chicago, looking at intergenerational elasticity from 1940 through 2000, calculated that the influence of parental income, which had remained steady for many decades, rose sharply after 1979 as the economic growth began to slow and inequality began to rise.[43]

From a statistical standpoint, there are some shortcomings to the using wage elasticity as a measure of intergenerational mobility. The most serious is that, as a single average number for all fathers and sons, we can't tell whether mobility is uniform at all points on the income ladder. So other researchers have come up with other methods for analyzing the data that filter out the effects of changes in growth and inequality and provide a more granular look at where mobility occurs.

Figure 3.2: Pew chart book 2011, Figure 7, or Sawhill and Reeves in Milken Review article, July 15, 2016]

Richard Reeves and Isabel Sawhill of the Brookings Institution recently updated their "social mobility matrix" that shows the odds that an American born into one income quintile would end up in any of the other quintiles. In this graphic, each of the vertical bars tells the story of the sons born into that quintile. The squares that make up the bars tell where those sons ended up as adults.

In a world of perfect mobility, where you end up would be totally unaffected by where you start, the results would be random, and all the squares would be the same 20 percent. And, indeed, in the middle squares of the middle bars—in other words, in the broad middle class—that's pretty much how things turn out. The big exceptions are found among those born at the top and the bottom of the income ladder, where relative position tends to be rather more persistent, or sticky, from one generation to the next. Just under 36 percent of those born in the bottom quintile wind up there, while 30 percent of those born in the top quintile remain there.[44] This stickiness at the top and bottom is less pronounced in Britain, Canada and the Nordic countries,[45] and goes a long way to explaining the lower mobility now found in the United States.

Figure 3.3: Kreuger Great Gatsby Curve]

Why is American mobility so low? One hypothesis is that higher income inequality leads to lower mobility—that the bigger space between the rungs in the ladder makes it harder to move up or down. It was Canadian economist Miles Corak who first plotted the correlation between income inequality and intergenerational mobility, based on data from numerous countries,[46] but it was Alan Krueger, then serving as top economic adviser to President Obama, who cleverly dubbed it the "Great Gatsby Curve." Based on that the significant correlation, Krueger predicted that the surge in inequality in the United States during the last 40 years will wind up reducing mobility in the next generation—those born after 1980—by 20 percent. Krueger's curve created an immediate controversy because it seemed to undermine the standard conservative argument that the only thing that matters is equality of opportunity. Here was evidence that inequality of income was indeed important, precisely because of its negative impact on equality of opportunity.

Krueger's curve, however, is hardly the definitive word on that question. While the data used by Corak and Krueger demonstrated a statistical link between income inequality and mobility, like all correlations it did not answer the question of which way the causality runs. Is it that less income equality leads to less mobility, or does less mobility leads to more inequality? Or is there some third factor, such as the level of economic growth, that drives both inequality and mobility? If your head is spinning right now, it's because like many important and interesting questions in economics, the answers are never simple. But it's a good guess that, on this one, the right answer is "all of the above."

One thing we do know is that, despite 40 years of rising inequality in the United States, most measures of relative intergenerational mobility have continued to remain remarkably stable. [47] That is hardy surprising. The surge in inequality didn't really gain traction until the early 1990s, and the children born in the early 90s won't reach their prime earning age until at least 2030. It is only then that it will be possible to measure the impact of inequality in one generation on incomes and mobility in the next.

There are, however, good reasons to worry. We can already see that rising inequality of income is leading to widening inequality in such things as physical and mental health, educational achievement and marriage rates, all of which have an well-documented effect on economic success later in life.[48] So it would be surprising if the recent widening in the income gap does not reduce mobility and erode overall equality of opportunity.

At the same time, we should also be mindful that mobility and opportunity in any society is determined by factors other than parental income. Gregory Clark, an economist at the University of California at Davis, makes this point in his cleverly titled book, *The Son Also Rises,* which takes a more sociological approach to thinking about class. Digging deep into institutional archives in various countries, Clark searched for lists of people who, by virtue of simply being on the lists, could be said to have high or low social social status. He then scanned those lists looking for distinctive surnames that were over-represented, and calculated how long those surnames continued to be over-represented on those same lists in subsequent generations. The longer those family names continued to be over-represented, he reasoned, the less social mobility.

In Sweden, for example, Clark combed through lists of physicians, of university students and of members of the Royal Academy, focusing on names associated with Sweden's ancient noble families. In the United States, he combed professional and club membership lists looking for names of Ashkenazi and Sephardic Jews, French Canadians, early black slaves and Native Americans. In England, he looked for names dating back to the Norman conquerors; in India, it was names associated with high and low caste.

But no matter what the country, which lists or what time period he looked at, Clark found a surprisingly universal pattern: that it took from eight to ten generations for the over-representation of those names to disappear. Based on this data, Clark concluded that social status is significantly more heritable—and social mobility significantly lower—than suggested by one-generation studies that focus only on income. Indeed, according to Clark's calculation, social status is no less heritable than height.

Clark undoubtedly overstates his case. As he himself has acknowledged, in order for his iron law to be true, you'd have to believe that the end of primogeniture, the introduction of free universal public education, the outlawing of race and religious discrimination, the decline in occupational nepotism and the rise of government welfare programs—that none of these has had any appreciable effect on class mobility or equality of opportunity. Logic and experience suggests otherwise.

But Clark's finding also offers some useful reminder as we think about mobility and opportunity.

The first is that most of the mobility that people have experienced over the generations turns out to have been absolute mobility, not relative. Clark's point about all those progressive reforms is not that they haven't improved people's lives. Rather, it is that their greatest impact has been to raise the living standards for everyone in the society, the rich, the poor and everyone in between.

The work of Clark and others also points up the importance of culture on mobility.[49] Jewish or Asian or Northern European parents often pass on to their children distinctive values, attitudes and norms about work, savings, ambition, honesty and family that are important in shaping character and behavior. In subsequent generations, these cultural differences may manifest themselves statistically as differences in educational achievement or household income, about which data is readily available. But it is a mistake to conclude from that a child's prospects are exclusively determined by such easily measurable variables while ignoring the persistent influence that culture might have on them.

Most significantly, Clark's also offers a reminder about the importance of talents, character traits and social connections that are passed on genetically and through upbringing.[50] One son in a rich and prominent family might follow in his father's footsteps and become a successful financier, while another might choose the impecunious life of a preacher. Both sons, however, inherit the same genes, the same upbringing and the same social connections and, notwithstanding their eventual differences in occupation and income, pass these advantages on to subsequent generations. That is the simplest explanation for why social and economic advantage is so persistent over the generations, why mobility hasn't changed much over time and why rates of mobility are so similar across countries.

The Chimera of Equal Opportunity

The scientific literature is unambiguous: because of heritability and culture and the effects of parenting and home environment, there can never be genuine equality of opportunity, as much as we might wish it otherwise. As a matter of rough approximation, about half of the difference in income between one person and the next is due to the persistence of advantages relating to genes and family—in other words, of luck rather than just desert. Some countries in Europe and Asia have gone a long way toward equalizing access to health care, education, nutrition, childcare and even disposable income, and yet, for all their success, they have not come close to eliminating the transmission of family advantage or disadvantage. We might agree that, for both moral and economic reasons, still more should to be done to equalize opportunity even further, particularly in the United States and other countries where mobility is low. But we should do so realizing that there is a point beyond which the consequences of the parental lottery can never be overcome.

"Hardly anyone who has raised children believes that equalizing parents' income or providing more social services would fully equalize children's development opportunities," writes Harvard sociologist Christopher Jencks and three co-authors in a recent essay about family background and economic success, a topic Jencks has been studying for decades. "Nor do many people think that schools can fully compensate children for being shortchanged at home." [51]

Indeed, the irony is that to the degree we are successful in making family income and home environment less important in shaping economic outcomes, the effect is to make more important those genetically inherited skills and traits that no amount of social engineering can alter. A meritocratic society that reduces the role of "nurture" only winds up increasing the role of "nature," reducing one form of injustice only to increase another. [52]

We might agree, for example, that conventional equal opportunity requires that poor and rich children with high intelligence have an equal chance to succeed, but that begs the question of why the naturally intelligent child should have far more success than the naturally doltish one? If it is important from a moral standpoint to correct for success based on the luck of having been born to wealthy parents, why isn't it just as important to correct for success based on the luck of having been born with a photographic memory, or the good looks of a matinee idol, or the height to dunk a basketball?

Luck or other arbitrary factors, in other words, will inevitably play a role in shaping individual opportunity, and any systematic effort to eliminate it will put us into tricky territory—what's been called "luck egalitarianism."[53] It becomes apparent very quickly that trying to achieve this kind of deep equality of opportunity presents a series of practical and moral conundrums that are not easily resolved.

For starters, there's room for disagreement over what qualities people can or can't change. We're pretty sure height and intelligence are significantly heritable, but what about ambition, self-discipline, grit or an appetite for risk taking. Clearly these character traits affect how productively we make use of the intellectual or physical talents we have inherited, but what if these character traits are themselves largely inherited? Wouldn't that transform a lot of what looks like just desert into something that looks a lot more like dumb luck?

Moreover, even if we could decide which skills are heritable (based on luck) and require some evening up, there would still be the question of how the evening up should be accomplished. In his dystopic satire, *Harrison Bergeron*, Kurt Vonnegut conjures up a society in which an egalitarian-obsessed government hangs bags of lead birdshot around the necks of the physically strong and athletically gifted to slow their movements, while the highly intelligent are forced to wear earphones that play distracting noises to prevent them from thinking clearly. A Handicapper General requires that only people with speech impediments are hired as newscasters and people with two left feet as ballerinas so that nobody rises above average. Vonnegut means us to see that this kind of deep equality of opportunity isn't in the least bit tempting since the extraordinary contributions of the talented would be lost while the happiness of everyone would be reduced.

Perhaps the biggest barrier to achieving deep equality of opportunity is that it would require undermining the role of families in providing the basic social structure of society. The instinct to protect and nurture one's own offspring has been naturally selected through the evolutionary process, and from that flows the importance we assign the family in rearing children and shaping their values, characters and personalities. Would deep equality of opportunity require us to restrict the freedom of some parents to read to children before bedtime, to cheer for them at soccer games or teach them to be honest and frugal, simply because other parents will not?

And there's the conundrum. We know that differences in parental income, education, parenting skill are significant factors in determining the success of children. We also know that the assignment of parents is a matter of luck. What that means is that, short of taking children away from their families and rearing them in government-run residential schools, public policy can't eliminate the differences in nurture any more than it can eliminate all difference in nature.

The implications of these insights for economic justice are profound. If genuine equality of opportunity is neither possible nor even desirable, then we must acknowledge that luck must always play a significant role not only in who achieves economic success, but who has the opportunity to succeed. No matter how hard we might try to make it otherwise, we cannot all start on the same starting line. We are not endowed by our Creator with equal talents and capabilities and, just as significantly, we do not have an equal opportunity to develop those talents and capabilities. Because of that, there is a fundamental and irreducible level of unfairness to market competition, one that undermines the moral legitimacy of market outcomes and provides a justification for attempting to adjust those outcomes and make them more equal.

The sociologists Christopher Jencks, James Coleman and Daniel Bell each warned about the false promises of meritocracy back in the late sixties and early seventies, before it became the received wisdom that equalizing opportunity was the only legitimate aim of social policy and that any talk of equalizing results (incomes) must be rejected as socialist rubbish. [54] The meritocratic dynamic has played out pretty much as they warned it would, with the rise of a new aristocracy based on talent that is no less arbitrary and based on luck than the old aristocracies based on land and titles. We must now conclude, as they did back then, that if we want an economic system that is fair and just, we have to go beyond equalizing opportunity to acknowledge the necessity of equalizing incomes in ways make sense that also makes economic sense.

[break here]

So where does this leave us in our examination of American market capitalism?

The moral argument for accepting the market's determination of the distribution of income is that it reflects our individual contribution to an economic system that gives everyone an equal chance to succeed and makes all of us better off. Cheerleaders for American capitalism have relied on that argument to justify the widening gap between the rich and everyone else and to condemn all government efforts to correct it.

We learned in the last chapter that the way the market divides the pie does not, in fact, reflect a purely objective measure of economic contribution but is, and always will be, influenced by political decisions and prevailing social norms. Or to use the sporting metaphor, no matter what rules are chosen for how the race is run, the choice of rules inevitably affects the results.

In this chapter, we are reminded that the outcome of the race is, to a substantial and unacceptable degree, determined even before the race begins, based on a parental lottery that gives some competitors a head start over the others. Despite our best efforts to even the odds, the results can never be purely a reflection of individual merit. As humans, our moral instinct is to compensate for that reality by trying to redistribute the prize money in a more equitable way.

But that still leaves us with a third and final rational for market justice, the one that holds that inequality of income or opportunity, though unfortunate, are necessary features of a system that has proven itself the best at growing the economic pie and making everyone better off. As we will discover, however, that is only true until it isn't.

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