
New Research Confirms Importance of Social Capital and Two-Parent Families for Upward Mobility

JEC REPUBLICANS | AUGUST 2022

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Joint Economic Committee Republicans

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KEY POINTS

- New research from Opportunity Insights shows the importance of social capital for economic mobility. Specifically, “economic connectedness” is strongly associated with upward income mobility for people with lower income.
- The Joint Economic Committee’s Social Capital Index shows a similar link between social capital and economic mobility.
- Both the Opportunity Insights study and the Social Capital Index find a strong link between family stability and economic mobility.

INTRODUCTION

New research by Raj Chetty and his collaborators at Opportunity Insights examines the connection between social capital and economic mobility.¹ The researchers bring to bear an unprecedented dataset containing 21 billion friendship connections across 72 million Facebook users ages 25 to 44 in the United States.² They find that having more friends of high socioeconomic status—what they call “economic connectedness”—is the form of social capital that is most strongly linked with upward income mobility for people from low socioeconomic backgrounds.

To examine economic connectedness, the Opportunity Insights team first imputed each individual Facebook user’s income based on the neighborhood in which they live and other personal characteristics. The researchers were then able to determine for each low-income person (i.e., below average income), what share of their friends are high-income (i.e., above average income). A value of 0 represents no high-income friends and a value of 1 represents an equal number of high-income and low-income friends. Figure 1a below shows the average economic connectedness among all low-income people in each county.

The Joint Economic Committee’s Social Capital Index, released in 2018, also measures social capital by county.³ The Social Capital Index is made up of several sub-indices, including: family unity, community health,

¹ Raj Chetty et al. “Social Capital I: Measurement and Associations with Economic Mobility.” *Nature* 608, no. 7921 (August 2022): 108-121. Accessed August 5, 2022.

<https://opportunityinsights.org/paper/social-capital-i-measurement-and-associations-with-economic-mobility/>

² Ibid.

³ U.S. Congress Joint Economic Committee. “Social Capital in America.”

<https://www.jec.senate.gov/public/index.cfm/republicans/socialcapitalproject>.

institutional health, and collective efficacy. The Opportunity Insights map of economic connectedness (Figure 1a) and the Joint Economic Committee map of social capital (Figure 1b) look strikingly similar, confirmed by a strong correlation between the two measures ($r=0.71$).⁴ Among the sub-indices of the Social Capital Index, family unity is most strongly linked with economic connectedness ($r=0.71$) compared to the other sub-indices: community health ($r=0.35$), institutional health ($r=0.51$), and collective efficacy ($r=0.46$).⁵

A key goal of the Opportunity Insights study is to determine which forms of social capital, if any, are most closely linked to upward income mobility (see Figure 2a). The researchers find that among all social capital measures they examine—including community cohesiveness and civic engagement—economic connectedness is the most strongly linked with income mobility ($r=0.69$).⁶ The Joint Economic Committee Social Capital Index is similarly strongly associated with income mobility ($r=0.61$).

The family unity sub-index of the Social Capital Index is even more strongly correlated with income mobility ($r=0.71$) than the Opportunity Insights measure of economic connectedness. The remaining sub-indices show lower correlation: community health ($r=0.18$), institutional health ($r=0.24$), and collective efficacy ($r=0.51$). Figure 2b shows the Joint

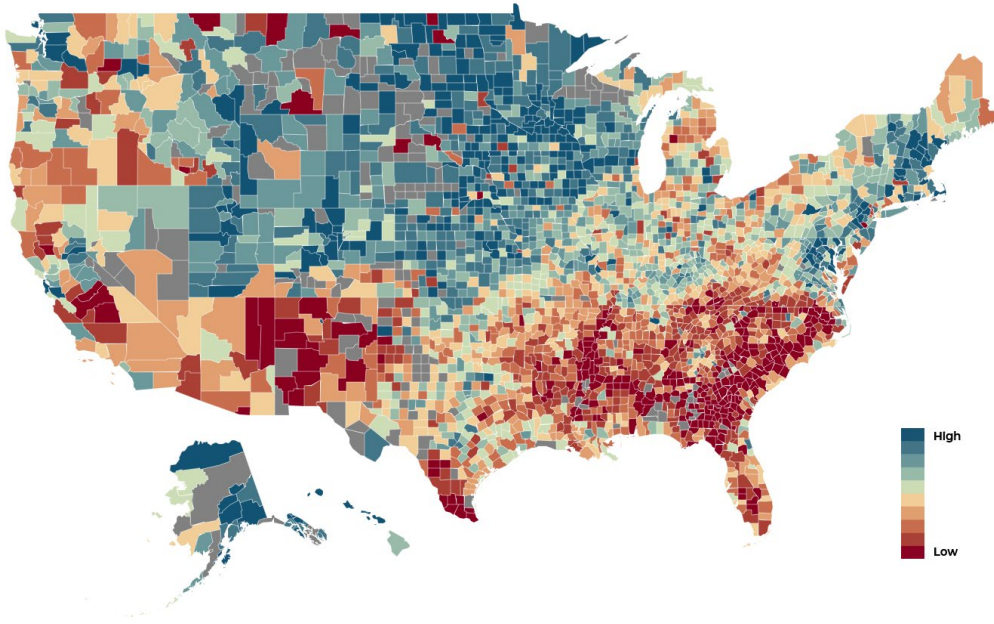
⁴ To provide a congruent comparison between the various measures of social capital and economic mobility shown in this report, all maps exclude any county for which any measure is unavailable in either the Opportunity Insights or Joint Economic Committee data. All remaining counties for a given measure are bucketed into deciles with consistent color coding used for all maps. This means there are an equal number of counties assigned to each of the ten colors for each map. Colors for the maps are taken from Raj Chetty et al. where red represents the counties in the lowest decile of the distribution and dark blue represents the counties in the highest decile of the distribution.

⁵ The family unity sub-index consists of three items: share of births to unwed mothers, share of women ages 35-44 currently married, and share of children living in a single parent home. The community health sub-index consists of eight items: number of non-religious non-profits per 1,000 people, religious congregations per 1,000 people, percent who have volunteered with a group in the past year, percent who have attended a community meeting regarding community affairs, percent who have attended a community meeting regarding political affairs, percent who have worked with a neighbor to improve or fix something, percent who have served on a committee or as a group officer, and the percent who have participated in a demonstration. The institutional health measure consists of five items: voting rate in the 2012 and 2016 presidential elections, mail-back response rate to the 2010 census, **the percent with** great confidence that corporations will do what is right, the percent with great confidence in media, and the percent with great confidence in public schools. The collective efficacy sub-index consists of one item: violent crimes per 100,000 people.

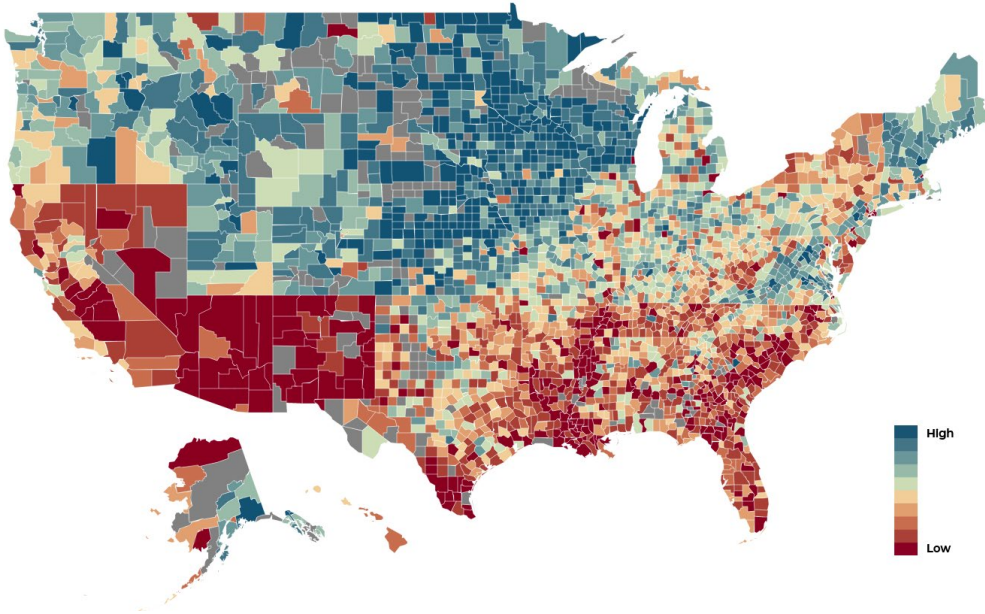
⁶ Chetty et al. measure income mobility as “the predicted household income rank in adulthood for children in the 1978–1983 birth cohorts with parents at the 25th percentile of the national income distribution,” as measured in the Opportunity Atlas <https://www.opportunityatlas.org/>. Chetty et al. “Social Capital I: Measurement and Associations with Economic Mobility,” 114.

Figure 1. Comparing Economic Connectedness and Social Capital by County

1a. Opportunity Insights Economic Connectedness



1b. Joint Economic Committee Social Capital Index



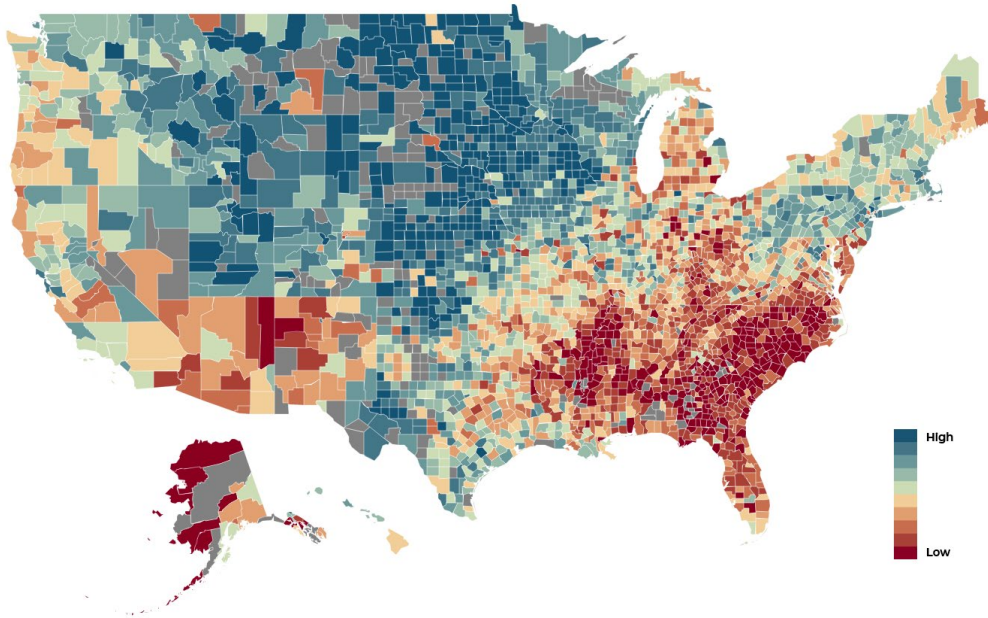
Source: Opportunity Insights. Social Capital I: Measurement and Association with Economic Mobility. <https://opportunityinsights.org/data/>; U.S. Congress Joint Economic Committee. Social Capital in America.

<https://www.jec.senate.gov/public/index.cfm/republicans/socialcapitalproject>.

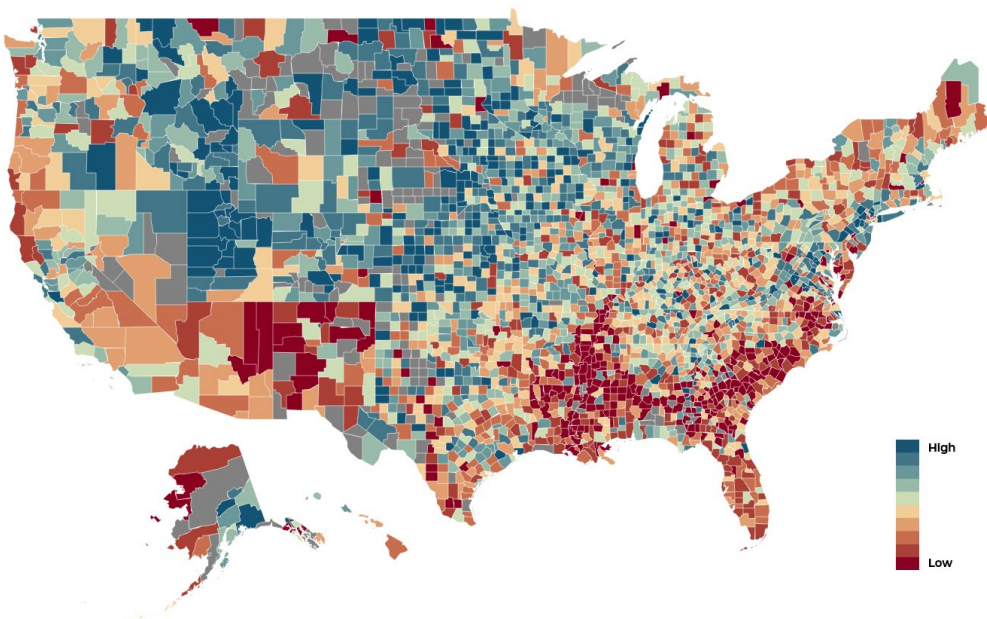
Note: Colors represent counties by decile of the Economic Connectedness or Social Capital Index, where red is the lowest decile of the distribution and dark blue is the highest decile.

Figure 2. Comparing Economic Mobility and Family Unity by County

2a. Opportunity Insights Measure of Economic Mobility



2b. Joint Economic Committee Family Unity Sub-Index



Source: Opportunity Insights. Social Capital I: Measurement and Association with Economic Mobility. <https://opportunityinsights.org/data/>; U.S. Congress Joint Economic Committee. Social Capital in America.

<https://www.jec.senate.gov/public/index.cfm/republicans/socialcapitalproject>.

Note: Income mobility is measured as the predicted household income rank in adulthood for children with parents at the 25th percentile of the national income distribution. Colors represent counties by decile of the Economic Mobility or Family Unity Sub-Index, where red is the lowest decile of the distribution and dark blue is the highest decile.

Economic Committee’s family unity sub-index by county, which looks quite similar to the income mobility map in Figure 2a.

The Opportunity Insights study provides further evidence of the importance of strong families for income mobility. In a multivariate regression model, the researchers find that the share of single-parent households in a county is nearly as strong a predictor of income mobility as economic connectedness. Other studies by the Opportunity Insights team have similarly found family stability to be an important factor in predicting upward mobility.⁷

DECLINING SOCIAL CAPITAL

In a second paper using the Facebook data, the Opportunity Insights researchers examine what types of institutions have the highest amount of economic connectedness. They find people are least likely to bridge socioeconomic lines in their neighborhoods, workplaces, and schools (high schools and colleges), and most likely to bridge socioeconomic lines in religious and recreational groups. The authors note, “people with low SES [socioeconomic status] are about 20% more likely to befriend a given high-SES person in their religious groups than in their neighbourhoods... [I]f friending bias in all settings was reduced by an amount equal to the difference in friending bias between neighbourhoods and religious groups, most of the disconnection between low-SES and high-SES individuals in the US would be eliminated.”⁸

Unfortunately, religious participation in the United States has declined over the past couple decades, which may mean less interaction between low- and high-income individuals.⁹ According to a Gallup study, the share of Americans reporting they are a member of a church, synagogue, or mosque hovered around 70 percent between 1940 and 2000. Then starting in the early 2000s, religious membership began declining steadily and reached 47 percent by 2020.

⁷ Raj Chetty and Nathaniel Hendren. “The Impacts of Neighborhoods on Intergenerational Mobility II: County-Level Estimates.” *Quarterly Journal of Economics* 133, no. 3 (August 2018): 1163-1228; Raj Chetty, Nathaniel Hendren, Frina Lin, Jeremy Majerovitz, and Benjamin Scuderi. “Childhood Environment and Gender Gaps in Adulthood.” *American Economic Review* 106, no. 5 (May 2016): 282-288; Raj Chetty, Nathaniel Hendren, Maggie R. Jones, Sonya R. Porter. “Race and Economic Opportunity in the United States: An Intergenerational Perspective.” *Quarterly Journal of Economics* 135, no. 2(2020): 711-783.

⁸ Raj Chetty et al. “Social capital II: Determinants of Economic Connectedness.” *Nature* 608, no. 7921(August 2022): 122-134. Accessed August 5, 2022. <https://opportunityinsights.org/paper/social-capital-ii-determinants-of-economic-connectedness/>.

⁹ Jeffrey M. Jones. “U.S. Church Membership Falls Below Majority for First Time.” *Gallup*. March 29, 2021. Accessed August 5, 2022. <https://news.gallup.com/poll/341963/church-membership-falls-below-majority-first-time.aspx>.

Besides religious membership, other forms of social capital in the United States have declined over time as well: family stability has decreased, as the number of single-parent families has climbed; the share of prime-age adults who are connected to the workplace has declined; and civic participation has dwindled.¹⁰

Another trend that bodes poorly for economic connectedness, and thus economic mobility, is that Americans have increasingly sorted themselves geographically by socioeconomic status. In a previous Joint Economic Committee report, we find that highly-educated adults have increasingly moved to a handful of states with major metropolitan areas during the last several decades, while other states have increasingly lost highly-educated adults.¹¹ This geographic sorting may reduce the likelihood of upward mobility if it reduces opportunities for economic connectedness. Beyond geographic self-sorting, zoning restrictions that artificially drive up home prices make it more difficult for those with less income to live in the same communities and attend the same schools as those with higher income, further reducing economic connectedness.¹²

CONCLUSION

To strengthen social capital and increase opportunities for economic connectedness, policies can work to remove the barriers to connectedness in our neighborhoods, schools, workplaces, and marriages. Reforming zoning laws and increasing the supply of land for housing construction can promote home building and reduce housing prices, giving individuals and families access to neighborhoods which they might be currently unable to afford.¹³ Policies that allow for educational choice can open up doors to schools that some families may

¹⁰ U.S. Congress Joint Economic Committee. "What We Do Together: The State of Associational Life in America." May 15, 2017. <https://www.jec.senate.gov/public/index.cfm/republicans/2017/5/what-we-do-together-the-state-of-associational-life-in-america>.

¹¹ U.S. Congress Joint Economic Committee. "Losing Our Minds: Brain Drain across the United States." April 24, 2019. <https://www.jec.senate.gov/public/index.cfm/republicans/analysis?id=581865E8-F994-44C1-AD45-48644F31E624>.

¹² Vanessa Brown Calder. "Zoned Out: How School and Residential Zoning Limit Educational Opportunity." U.S. Congress Joint Economic Committee. November 12, 2019. <https://www.jec.senate.gov/public/index.cfm/republicans/analysis?id=E4DD88F7-4D98-4FD4-B68A-20689CB4F94C>.

¹³ Alan Cole. "A Time to Build: Unleashing the Construction Industry to Support American Families." U.S. Congress Joint Economic Committee. <https://www.jec.senate.gov/public/index.cfm/republicans/analysis?id=0F1C70C0-C2D7-42B3-B329-56BF30B480C1H>; Hugo Dante and Kevin Corinth. "The HOUSES Act: Addressing the National Housing Shortage by Building on Federal Land." U.S. Congress Joint Economic Committee. August 4, 2022. <https://www.jec.senate.gov/public/index.cfm/republicans/analysis?id=E33DF6B6-3E2A-4985-B706-CCA9677BD38E>.

not currently be able to access.¹⁴ Reforming policies that create disincentives to work can encourage connection to the labor force and the networks forged among co-workers.¹⁵ Removing marriage penalties in the welfare system and encouraging healthy marriage through marriage education programs can help encourage family unity, which is particularly weak in lower-income communities.¹⁶ And protecting religious liberty can allow religious organizations to continue connecting people of different socioeconomic backgrounds at higher rates than any other institution in the United States.

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¹⁴ Patrick Brown. "Multiple Choice: Increasing Pluralism in the American Education System." U.S. Congress Joint Economic Committee. December 10, 2019.

<https://www.jec.senate.gov/public/index.cfm/republicans/2019/12/multiple-choice>.

¹⁵ Christina King, Scott Winship, and Adam N. Michel. "Reconnecting Americans to the Benefits of Work." U.S. Congress Joint Economic Committee. October 27, 2021.

<https://www.jec.senate.gov/public/index.cfm/republicans/analysis?id=50C6EBFB-B2C7-4AB2-BF64-DCDBC0C1E869>.

¹⁶ Rachel Sheffield and Scott Winship. "The Demise of the Happy Two-Parent Home." U.S. Congress Joint Economic Committee. July 23, 2020.

<https://www.jec.senate.gov/public/index.cfm/republicans/analysis?id=E63AEB04-2C68-40B8-9A8D-9426D4091CF9>;

Rachel Sheffield. "Building a Happy Home: Marriage Education as a Tool to Strengthen Families." U.S. Congress Joint Economic Committee. March 4, 2022.

<https://www.jec.senate.gov/public/index.cfm/republicans/analysis?id=851F2569-A6FF-4573-AC42-D903E7BB74A7>.