



Challenges and Opportunities in Ensuring Social Mobility Today

By Dhannea Rohaizad

Background

The Ministry of Social and Family Development (MSF) and the Institute of Policy Studies (IPS) held the inaugural International Conference on Societies of Opportunity on 29 and 30 April 2025. The conference is a platform for international policymakers, researchers, and practitioners to exchange ideas on creating access to opportunities and fostering social mobility.

A dialogue session between the two keynote speakers Danny Quah, Dean of the Lee Kuan Yew School of Public Policy and Raj Chetty, Professor of Public Economics at Harvard University. The dialogue was moderated by Senior Research Fellow Dr Gillian Koh from the Institute of Policy Studies.

Economic Growth and Social Mobility – A Virtuous Cycle?

In his speech, Professor Quah discussed the dynamic and reciprocal relationship between economic growth and social mobility, proposing that past economic growth can be a key driver of social mobility. In contrast, he highlighted Professor Chetty's perspective that higher social mobility can itself stimulate economic growth, forming a virtuous cycle that links macroeconomic trends with micro-level interventions.

Professor Quah referenced the Great Gatsby Curve to illustrate how high inequality widens the gaps between economic rungs, making upward mobility more difficult. He pointed out that

while the relationship between inequality and growth is complex, introducing growth into the conversation allows policymakers to reimagine models of social mobility.

He argued that periods of economic growth create broader opportunities, especially for those at the lower end of the economic spectrum. These opportunities, when framed and supported by targeted micro-level interventions which Prof Chetty suggested, can be transformative. Professor Quah asserted that policymakers should view growth as a lever for mobility, and vice versa, paving the way for holistic and creative policy design that strengthens both dimensions in a reinforcing cycle.

Professor Quah said that to examine the complex relationship between economic growth and inequality, it is important to look at the measure of inequality used, the time period examined, and which segments of society are being considered. His preferred approach focuses on the income gap between the bottom 50 percent and the top 10 percent. He explained that while growth often coincides with rising inequality, it typically also results in significant income gains for the bottom 50 percent. Therefore, rather than asking whether growth worsens inequality, he argued that the more important question to ask is: "What happens to those at the bottom of the income distribution?".

In this light, economic growth is a valuable tool for poverty alleviation. However, he cautioned that growth also brings social and psychological pressures, as individuals face new expectations and societal shifts. Ultimately, Professor Quah called for a balanced view - recognising that growth helps improve material well-being but also requires careful management of its wider social effects.

The Potential of Social Capital in Promoting Economic Mobility

Professor Chetty's speech focused on the compelling link between economic mobility and local employment conditions, arguing that children who grow up in areas with higher employment rates are more likely to experience upward mobility. This effect is not just due to access to stronger labour markets but also because of aspirational influence - young people are more likely to invest in education and pursue ambitious careers when surrounded by working role models.

He stressed the connection between macroeconomic growth and microeconomic outcomes, especially when interventions are designed to bridge economic and social divides. For example, in the United States, billions are spent annually on affordable housing, particularly through housing vouchers aimed at helping low-income families move to higher-opportunity areas. However, these programmes alone have proven ineffective, as most families remain in high-poverty neighbourhoods.

To address this, Professor Chetty and his team ran a pilot experiment involving "navigators" - low-cost social support agents who assist families in the housing search. This simple intervention led to a four- to five-fold increase in families moving to better neighbourhoods and an estimated lifetime income gain of \$200,000 per child, all for an average cost of \$2,500 per family.

He emphasised that effective interventions must go beyond financial support, highlighting the importance of social capital and personalised support. Place-based investments, like replacing high-poverty public housing with mixed-income developments, can work only if they foster real social connections within and across communities.

Professor Chetty acknowledged that mobility strategies must be tailored, noting that some groups, like the Ethiopian community in Seattle, may prefer staying within familiar communities due to cultural ties, language, and support systems. Hence, he advocates for a diverse bundle of policies, including housing, education, and community-level interventions, to effectively support economic mobility in a way that respects individual and group preferences.

Professor Chetty highlighted the causal link between greater social mobility and increased economic growth, arguing that unlocking untapped talent, particularly from lower-income backgrounds, can lead to higher innovation and productivity. He pointed to data showing that high-impact business startups in the U.S. are disproportionately founded by individuals from wealthy families. If more talented individuals from disadvantaged backgrounds had access to opportunity, they could contribute similarly, boosting both their own prospects and overall economic growth.

Professor Chetty emphasised that exposure to role models matters, using the example that girls growing up around female inventors are significantly more likely to become inventors themselves, and often in the same field. In contrast, male inventors in the same area have little impact on this outcome, suggesting the importance of identity-based inspiration and representation.

He concluded that the patterns of inequality and missed opportunity are not fixed. With the right interventions, such as changes in environment, education access, and mentorship, children's life trajectories can change dramatically.

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