

# **Transport Infrastructure and Economic Opportunity**

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## Location matters for social mobility

- Growing body of evidence shows that where children grow up has substantial causal effects on their prospects for upward income mobility.  
[Case and Katz 1991; Massey and Denton 1993; Cutler and Glaeser 1997; Sampson et al. 2002; Chetty, Hendren and Katz 2016; Chyn 2018; Deutscher 2018; Laliberté 2018 building on Wilson 1987]
- Transport infrastructure has the potential to play an important role on the economic opportunity of individuals
  - Lower-income populations tend to suffer from restricted transport options (e.g. Chetty and Hendren 2018; Chetty et al. 2014)
  - In the long-run, this has the potential to break the link between parents' economic status and their children's outcomes, that is, to increase social mobility.

# Train to Opportunity?

**Can transport infrastructure break the link between parents and their children's economic status?**

- Exploit census records and the expansion of the railroad in 19th Century England and Wales
- Estimate the causal effect of having better access to the railroad network on intergenerational mobility



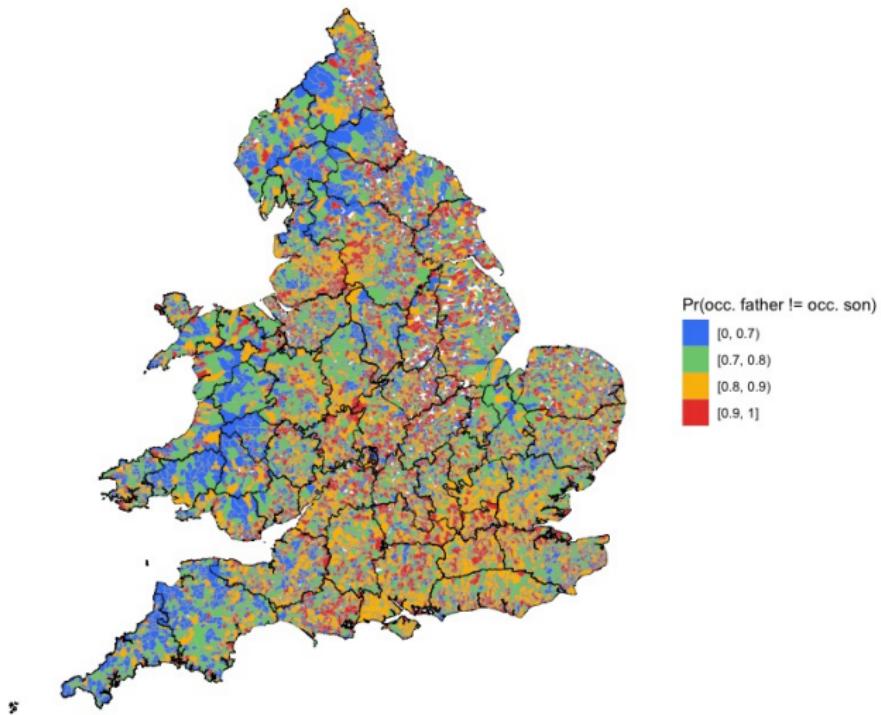
# Railroad Network



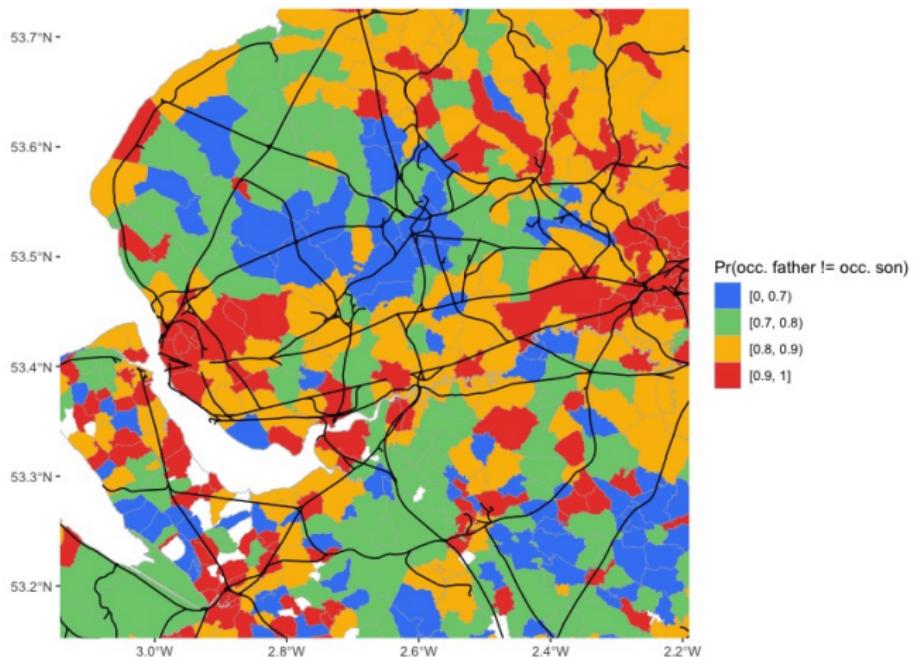
## Historical Records

## England 1851 Census

# Spatial Pattern of Social Mobility



# Spatial Pattern of Social Mobility



## Three Main Findings

1. Better access to the railroad network led to significant changes in social mobility patterns
  - Sons who grew up approx. 5km closer to the train station were 6pp more likely to work in a different occupation than their father and 5pp more likely to be upward mobile
2. Better access did not benefit everyone equally
  - It benefitted families at the top and bottom of the occupational ranking
3. The majority of the effect is driven by changes in local labor market opportunities
  - Better connected sons were significantly more likely to work in new industries and in occupations requiring literacy and skills