Abstract
We characterize the long-term effects of neighborhoods on children's earnings and other outcomes in adulthood by studying approximately 4 million families who move across counties. We begin by showing that children whose families move to a better neighborhood – as measured by the outcomes of children already living in that area – have better outcomes in adulthood in proportion to the time they spend growing up in that area. We separate the causal effects of neighborhoods from confounding factors by comparing the outcomes of siblings within families, studying moves triggered by displacement shocks, and exploiting sharp variation in predicted place effects across birth cohorts, genders, and quantiles. Next, we use the sample of movers to estimate the causal effect of growing up in every commuting zone and county in the U.S. Neighborhood effects are substantial, especially for children for low-income families. The county in which a child grows up explains nearly half as much of the variation in her earnings as her own parents' incomes. Finally, we characterize the properties of good neighborhoods. Low-income children are most likely to succeed in counties that have less concentrated poverty, less income inequality, better schools, stronger family structures, and greater social capital. Better areas have higher rents on average, but there is considerable variation in neighborhood quality conditional on rent.