

# Three reasons why not study intergenerational income mobility

Harry BG Ganzeboom

Department of Sociology, VU University Amsterdam

Workshop “Intergenerational Pathways to Self-Sufficiency”

Melbourne, November 28 2019

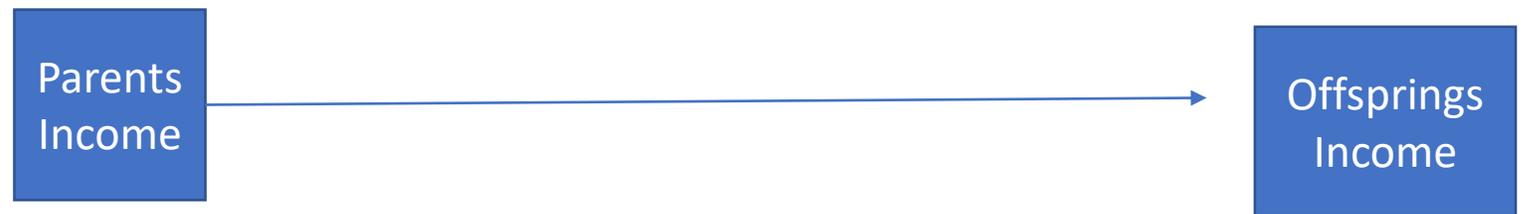
# Three reasons not to study intergenerational 'mobility' using income

- There are no reliable data. **NO LONGER TRUE**
- Intergenerational 'transfer' of income is not causal, it is a by-product of more fundamental social processes.
- Intergenerational transfer of income is an indirect effect of more fundamental social processes.
- Upward social mobility is a fictional concept.

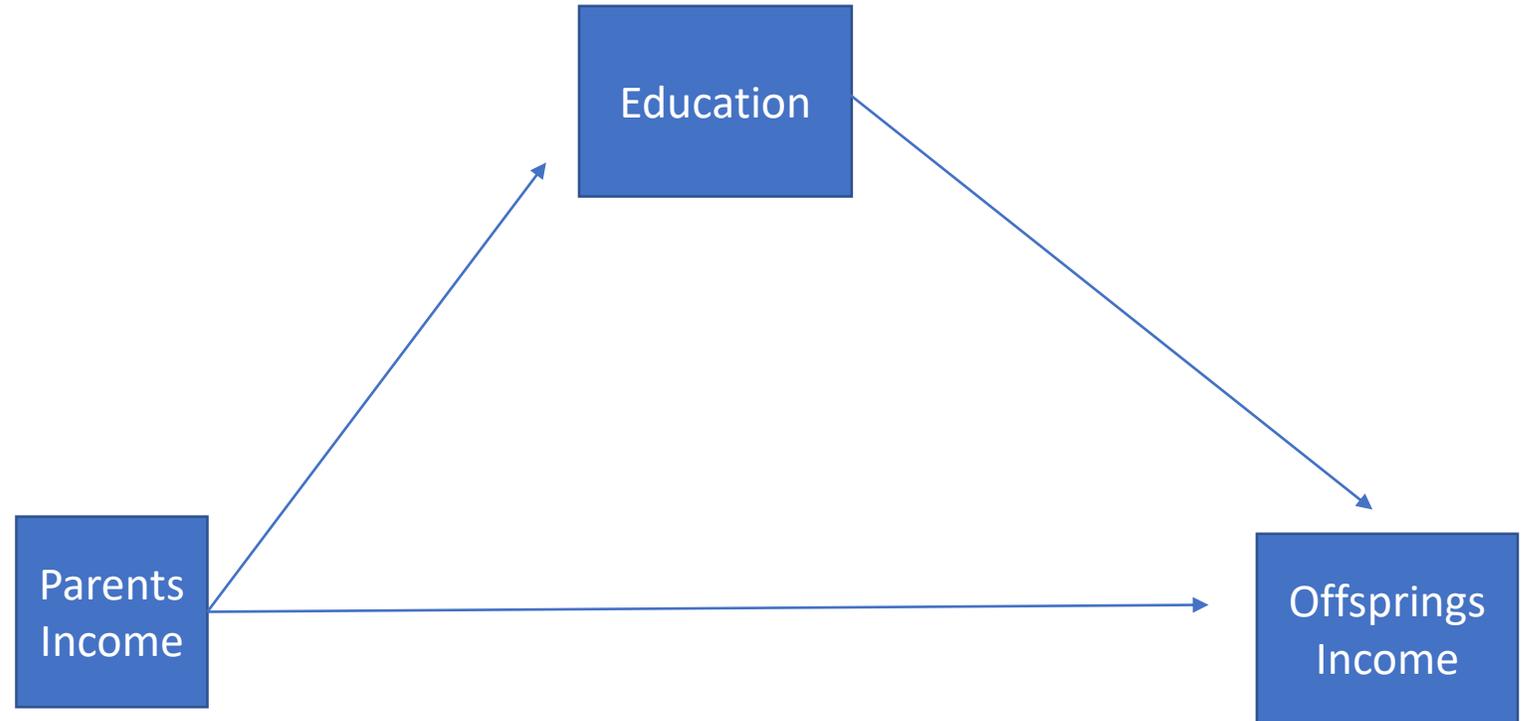
# Why not study bivariate intergenerational mobility

- The intergenerational mobility relationship is a compound relationship:
  - Mediated by education
  - Confounded by parents occupation, parents education and IQ.
- Inequality of educational opportunity, returns to education, intergenerational inheritance of occupation, and generical / social inheritance of IQ should be studied (and we have done so in the past).

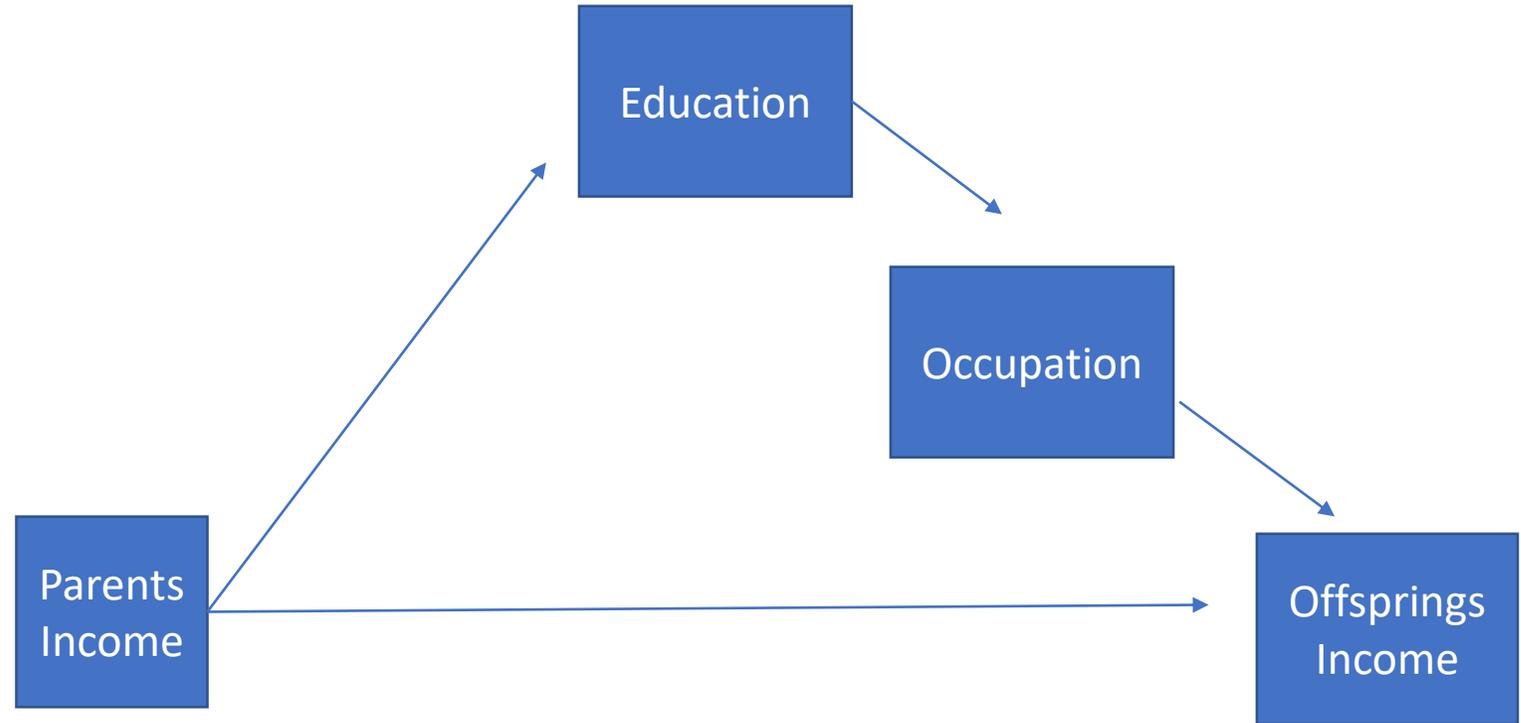
# Bivariate relationship: only two variables



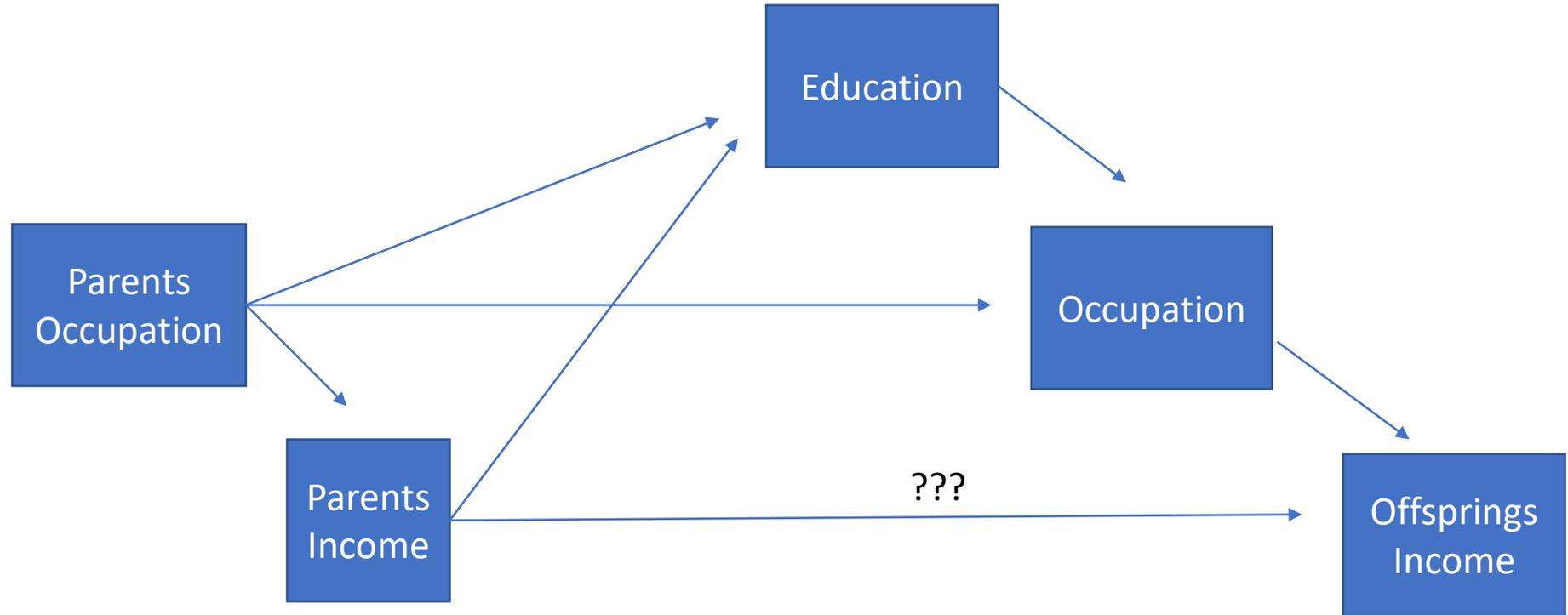
# Most obvious mediator: education



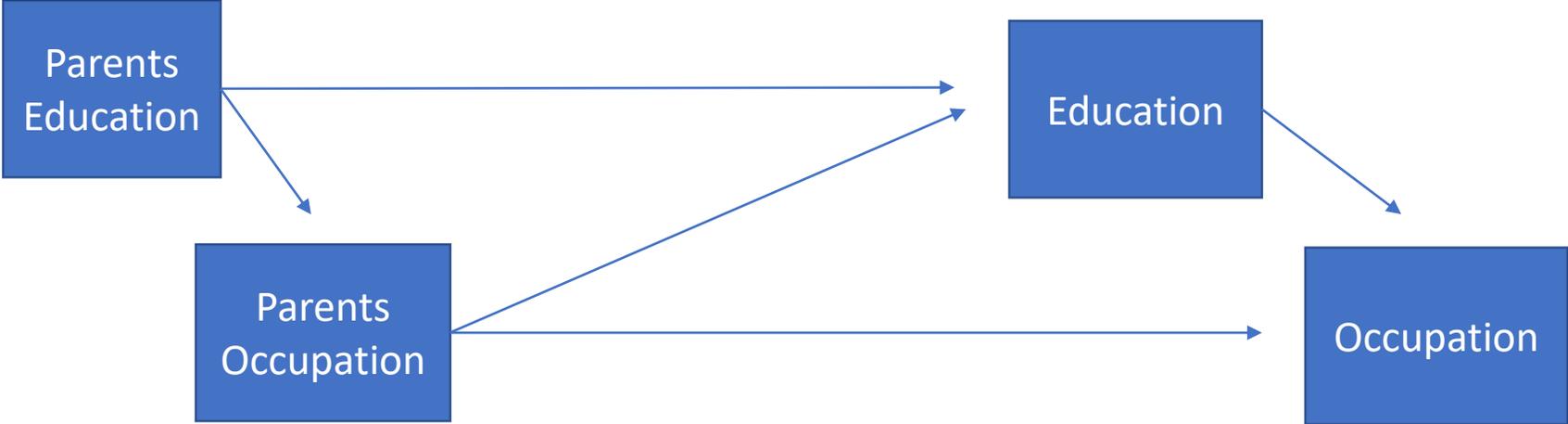
# Refining the mediation: the role of the labour market ...



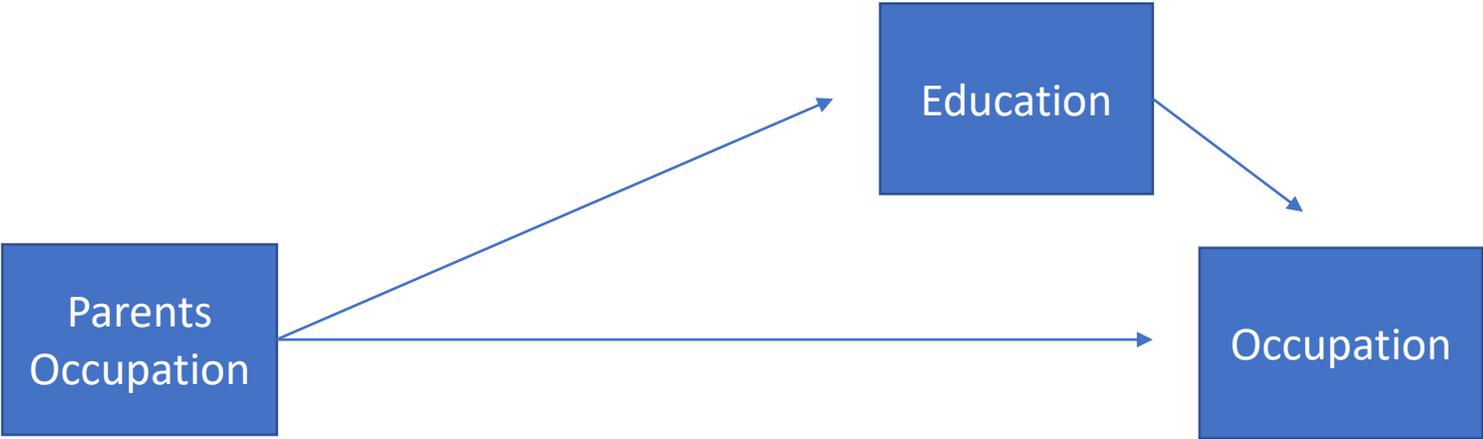
.. brings in an additional confounder



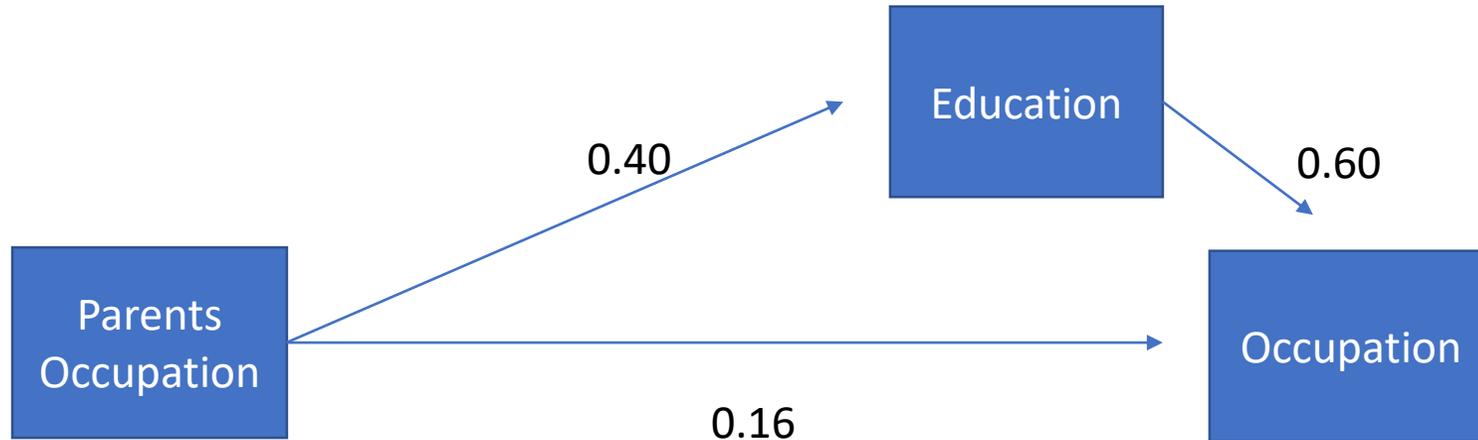
# The Blau-Duncan Status Attainment Model



# The OED model: simplification of the BD model



# The OED model: simplification of the BD model: world-wide estimates



$$\text{Total effect} = 0.40 * 0.60 + 0.16 = 0.40$$

# OED model

- Decomposes OD relationship into three components:
  - Direct effect  $O \rightarrow D$
  - Indirect effect  $(O \rightarrow E) * (E \rightarrow D)$ .
- These components react differently to exogenous conditions:
  - Modernization decreases  $O \rightarrow E$
  - Modernization increases  $E \rightarrow D$
  - Modernization does not affect  $O \rightarrow D$ , but it affects the marginals of O, D and E.
- **➔ *The change in the total effect OD is undetermined and hence theoretically (causally) meaningless.***
- **➔ *Study the components, and the total effect only as a byproduct.***
- These components (inequality of educational opportunity, returns on education, intergeneration occupation immobility have been studied quit a bit.

# Structural and relative mobility

- Much technical discussion in sociology is about separating structural and relative mobility:
  - Structural: how the marginal distributions of parents and offspring differ
  - Relative: how the distributions of parents and offspring are associated.
- This separation is particularly complicated for occupations, because:
  - Association between occupations is dominated by inheritance / immobility: offspring is in the same occupation as their parents. These are non-linear effects (cannot be captured with a linear equation).
  - Marginal distributions of occupations change / differ in non-linear ways, and this cannot be summarized with means and variances.
- Mobility analysis in sociology uses loglinear / multinomial models to separate marginal distributions from association. These models are complicated (many parameters for a bivariate distribution).
- Intergenerational relationships between continuous variables, such as (log/rank) income or IQ, can be safely decomposed with linear models, that standardize marginal distributions with M and SD.

# Structural mobility is not so important

- Media mobility stories (“the decline of social mobility”) implicitly assume that mobility is always upward, (and a good thing).
- Upward / downward mobility is mainly a story about structural mobility: how the parents’ distribution differs from offspring’s distribution.
- ***In relative mobility upward / downward is symmetric – there are as many moves upward as downward.***

# Comparing between generations: parents and offspring

- Intergenerational reproduction / mobility is often cast in historical terms: parents represent the past, offspring the present.
- But the parents 'generation' is not representative of any historical reality (Duncan, 1966):
  - Children are born at different ages of parents
  - Some parents have more children than other parents.
  - Some people never become parents.
  - Parents live in different countries / areas as their parents.
- So comparing the distributions of parents and offspring ('structural mobility') is different from comparing distributions of the present and, say, 35 years ("one generation") ago.
- ***The 'decline' of (upward) mobility is a story about how parents in more recent generations have escaped poverty. What is bad about this?***