Three reasons why not study intergenerational income mobility

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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 occupation, 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

Parents Education

Parents Occupation

Education

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

Total effect = 0.40 \times 0.60 + 0.16 = 0.40
OED model

• Decomposes OD relationship into three components:
  • Direct effect \( O \rightarrow D \)
  • Indirect effect \( (O \rightarrow E) \times (E \rightarrow D) \).

• 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 \( E \).

• \textit{The change in the total effect OD is undetermined and hence theoretically (causally) meaningless.}

• \textit{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?