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# THEORETICAL INSIGHTS ON INTERGENERATIONAL MOBILITY AND INEQUALITY: AN EXPLORATORY STUDY

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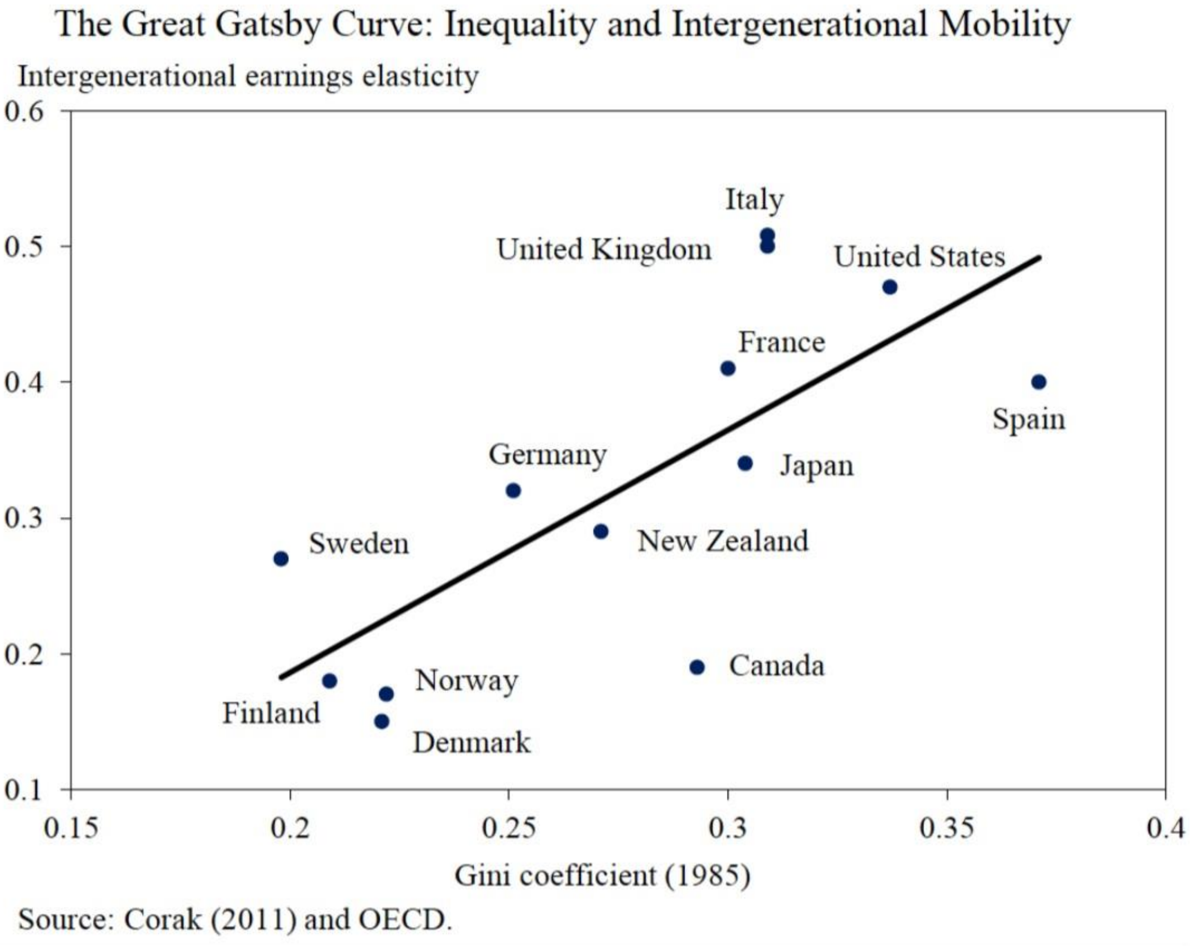
**ABSTRACT:**

Is Mobility a multidimensional perspective with varied range of paradoxical considerations and conflicting ideas? The objective of the study is to find an answer to this question which is surrounded by multiple conjectures. The exploratory study attempts to unravel the penetrating theoretical insights with deep rooted implications and ramifications. It primarily revolves around the dynamic approaches on Intergenerational mobility but also illuminates upon its role through interdependence and substantial influences on inequality. The paper relies on works of varied genre, literature reviews and axiomatic findings and therefore it is entirely theoretical. However, it opens new vistas of stimulating ideas through broadening the horizon of conventional thinking patterns beyond the domain of contemporary existing limits. The exploratory study examines and concludes the relevance of socio-economic-politico historical genesis in a larger interpretation of mobility and inequality through absolute as well as relative terms through integrated means and glimpses of subjectivity.

Key Words: Intergenerational mobility, Inequality

## INTRODUCTION:

Intergenerational mobility measures the degree to which children can achieve a different socioeconomic status than their parents. Miles Corak defines Intergenerational mobility as "the extent to which economic and social status is transmitted from one generation to the next. It is commonly measured as the association between parents' and children's economic and social outcomes, such as education, occupation, and income." (2013). On the contrary, other types of mobility such as Intra generational mobility refers to a change in social position that occurs during a person's lifetime. Social mobility refers to the ability to change positions within a social stratification system. When people improve or diminish their economic status in a way that affects social class, they experience social mobility. Exchange mobility means when large numbers of people move up or down the social ladder but on a type of balance. "The essence of exchange mobility is that income recipients change places within a structure in which all income amounts are held constant but the final distribution is permuted to preserve the initial order." (Fields, 2021) For example, with the prevalence of technology and artificial intelligence, some people lose their jobs to automation and start performing low-paying jobs. At the same time, as a result of technology, new, prestigious job opportunities emerge for high-skilled employees. Vertical mobility refers to the social transition between jobs and positions that have different standings in the social hierarchy. Horizontal mobility takes place when someone moves from one job or occupational position to another, without their social standing changing. "Horizontal mobility is the process of making changes in the same status level while vertical mobility is the process of changing from one state to another either to a higher or lower level" (Reddy, Reddy, & Naik, 2023). In nutshell, there exists several types of mobility such as absolute mobility (a good example is getting a university degree), vertical mobility (a good example is getting a promotion at work), Horizontal mobility (example Hyper gamy ie marrying up someone), Intergenerational mobility (unexpected inheritance), Intra generational mobility (for example business success). These varieties of mobility clearly indicates and reflects the over lapping of interpretation, implications and ramifications. Thus it emerges a daunting task to examine the exact nature of intergenerational mobility through multi-dimensional perspectives.

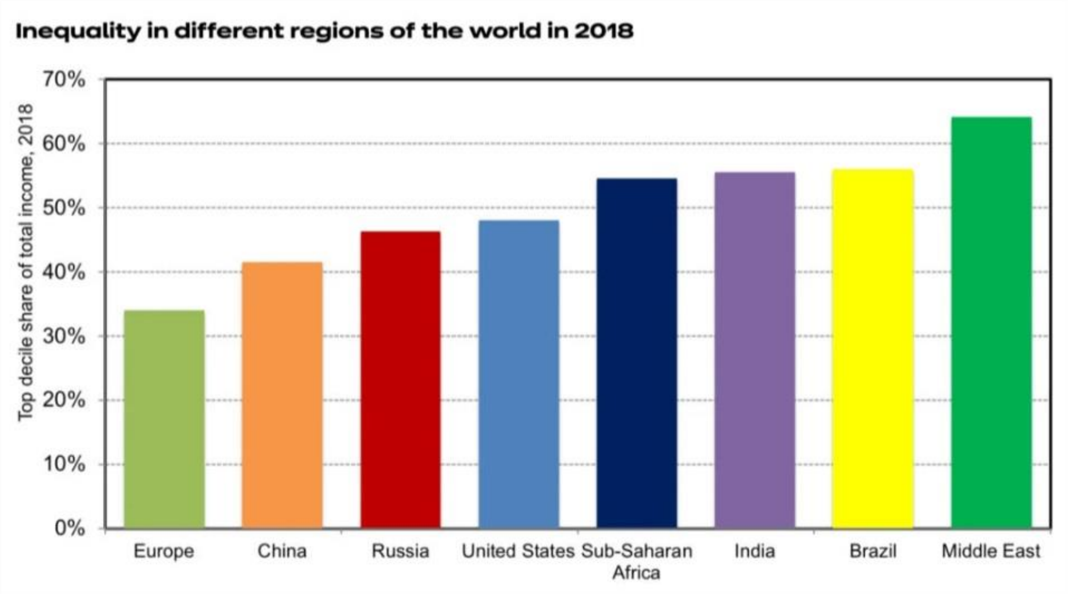



## LITERATURE REVIEW:

Pawel Bukowski, Gregory Clark, Attila Gaspar and Rita Petohave measured social mobility rates in Hungary during the period 1949 to 2017, using surnames to measure social status. There were two different social regimes. First was the Hungarian People's Republic (1949-1989), which was a communist regime and second is modern liberal democracy (1989-2017), which is a free-market economy. There are 5 surprising results from this research study. First, social mobility rates were low for both upper and lower class families during 1949-2017, with an underlying intergenerational status correlation of 0.6- 0.8 . Second, social mobility rates under communism were the same as in the subsequent capitalist regime. Third, the Romani minority throughout both periods showed even lower social mobility rates. Fourth, the descendants of the 18$^{th}$ century noble class in Hungary were still significantly privileged in 1949 and later. And fifth, although social mobility rates did not change measurably during the transition, the composition of the political elite changed rapidly and sharply. The scholars have used surnames as variables, modelling, equations and correlation techniques to bring their results. The scholar M Schad has observed that family background plays an important role for individual prospects of success. That is, income levels are to some degree persistent across generations. However, this is disadvantageous for society in many respects. The aim of his thesis was to examine when policy measures that aim to reduce economic inequality and/or promote greater equality of opportunity are successful in increasing intergenerational income mobility. Part 1 of the thesis covers education policy and how it influences intergenerational income mobility within society. Public education can be understood as intergenerational transfer payment with a redistributive impact. This affects children's prospects of success and thus income mobility across generations. Part 2 , capturing the issue whether policy measures that promote greater equality of opportunity also increase income mobility, addresses their dependence on social beliefs regarding the main determinants of economic success. Summing up, generations are connected through various channels. Two of these, namely education and individual beliefs regarding self-determination rather than exogenous determination, are examined in the thesis. Both have to be considered in designing public policies. The scholar has used descriptive statistics, elasticity, correlation and mathematical equations to bring results. The scholars Paul Gregg, Lindsey Macmillan and Claudia Vittori have observed that studies of intergenerational mobility have typically focused on estimating the average persistence across generations. They used the relatively new unconditional quantile regression technique to consider how intergenerational persistence varies across the distribution of sons'earnings. They have found a J-shaped relationship between parental income and sons' earnings, with parental income a strong predictor of labour market success for those at the bottom, and to an even greater extent, the top of the earnings distribution. Worryingly they found that the association with childhood parental income dominating that of a high level of education at the top of the distribution of earnings. In methodology, the intergenerational elasticity (IGE) is estimated using an ordinary least squares (OLS) regression of log son's income or earnings (Yi Son) on log parental income in childhood (Yi Parent). Jordi Caballe has presented some popular measures of mobility in economic outcomes within a family across generations. He discusses two of the most important factors preventing intergenerational mobility: existence of financially constrained individuals and transmission of tastes from parents to children. He has shown how these two factors could give raise to dramatic reversals of fortune affecting successive generations of the same dynasty. He casted the results of different models in terms of the previous measures of intergenerational mobility. Transition matrix, Rank rank regression, Great Gatsby Curve and other graphs have been demonstrated to find the results.

## MULTIDIMENSIONAL PERSPECTIVES:

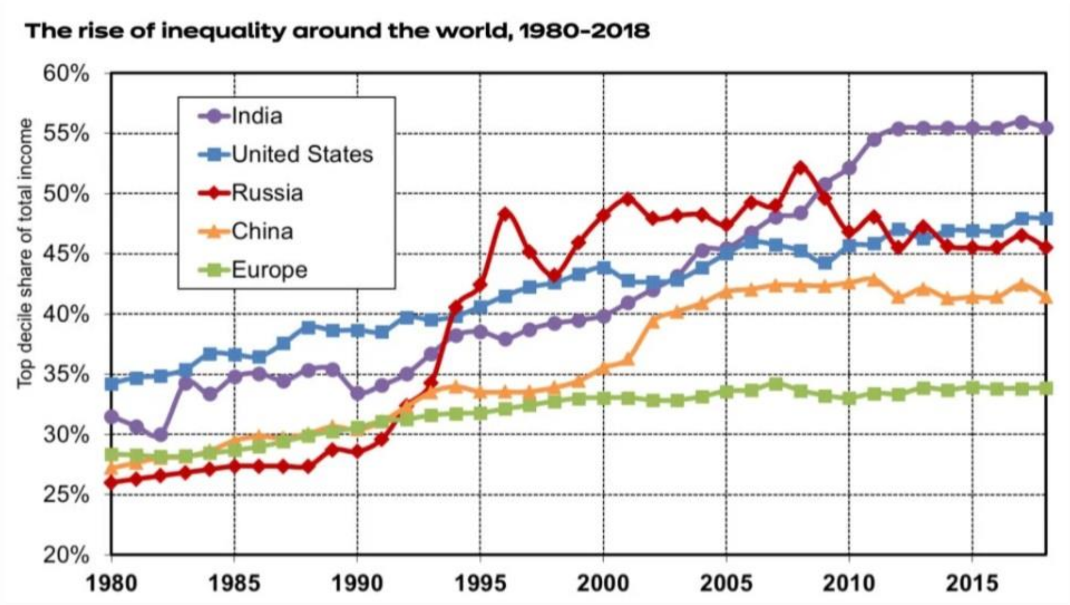
Maximilian Stockhausen has done comparison of absolute and relative intergenerational labour income mobility in Germany and the US. He has written that, "are children better off than their parents?" High quality panel data is used to get the answers. The SOEP for Germany and the PSID for the US. In Germany, 67% of sons born between 1955 and 1975 earned a significantly higher real long-run labour income than their fathers. Those with fathers from the lowest earnings bracket were particularly mobile in absolute terms. In contrast, the fraction of US sons earning more than their fathers is 60% on average for the same cohorts. Their share decreased from 66% in the 1956-60 birth cohort to 48% in the 1971-75 birth cohort, while it changed very little in Germany than in the US. This indicates that economic growth has been distributed more broadly in Germany than in the US. While the majority of German males has been able to share in the country's rising prosperity and are better off than their fathers, US males continue to lose ground. Income transition matrix, distribution of labour income is used to find the results. Alexi Gugushvili's article explores the consequences of intergenerational social mobility on perceptions of popular explanations of poverty. It is hypothesised that those who experience improvements in socio-economic status through social mobility are more likely to blame poverty on individual characteristics such as laziness and lack of willpower and are less likely to attribute failure to injustice in society, and on the macro-level , the effect of social mobility on perceptions of popular explanations of poverty is moderated by contextual environment. The described hypotheses are tested by using multinomial and multilevel logistic regressions and two complementary datasets- European Values Studies and the Life in Transition Survey. The derived findings suggest that social mobility is indeed associated with perceptions of individual blame and social blame of why some people are in need. However, these effects are manifested primarily among subjectively mobile individuals and are also conditioned by the legacy of socialism and the level of economic development of countries where individuals reside. Francesco Bloise and co-authors have observed that much of the global evidence on intergenerational income mobility is based on sub-optimal data. In particular, two-stage techniques are widely used to impute parental incomes for analyses of lower-income countries and for estimating long-run trends across multiple generations and historical periods. They proposed applying machine learning methods to improve the reliability and comparability of such estimates. Supervised learning algorithms minimize the out-of-sample prediction error in the parental income imputation and provide an objective criterion for choosing across different specifications of the first-stage equation. Their approach is based on data from the United States and South Africa to show that under common conditions it can limit the bias generally associated to mobility estimates based on imputed parental income.




In 2018, the share of the top decile (the highest 10 percent of earners) in national income was 34 percent in Europe, 41 percent in China, 46 percent in Russia, 48 percent in the United States, 54 percent in sub-Saharan Africa, 55 percent in India, 56 percent in Brazil, and 64 percent in the Middle East. Sources and series: see piketty.pse.ens.fr/ideology

## PARADOXICAL CONSIDERATIONS:

In his paper, "A Multigenerational view of Inequality", Robert D Mare have highlighted the importance of grandparents, ancestors and non-resident contemporary kin. Multigenerational influence also works through demographic processes because families influence subsequent generations through differential fertility and survival, migration, and marriage patterns, as well as through direct transmission of socioeconomic rewards, statuses, and positions. Markovian and Non-Markovian inheritance , multigenerational effects and inequalities have been analysed. The concepts of exchange and structural mobility are introduced and their relationship with the notion of Equality of Opportunity discussed by Anil Markandya (1981) in his paper. It is then shown that exchange mobility can have an impact on social welfare when the utility of any one generation is dependent on the consumption levels of overlapping generations. Whether such consumption interrelationships imply a preference for mobility or the reverse depends on whether the marginal utility of current consumption is raised or lowered by an increase in the consumption level of the associated generation. A specific utility function is taken, in which the fathers' utility depends not only on his own consumption but also on the average consumption of his son and himself. Model and Utility function is used to find the results. Richard Breen has observed criticisms of the analysis of social mobility using the structural mobility/exchange mobility distinction are discussed, and its replacement by an absolute/relative mobility perspective, following Goldthorpe(1980), is advocated. Based on this perspective a framework for cross-population analyses of mobility is developed and illustrated using well-known English/Welsh and Danish data. Trevor Noble in his paper, "In pursuit of pure mobility" has written that of course social mobility is a derivative or, rather, a second order concept. One cannot describe individuals as being socially mobile without having first conceived of society as divided into classes or strata. At the same time where we are concerned not merely with social difference or even inequality but with their institutionalization and perpetuation, that division concurrently implies the possibility of the transfer or exchange of people across the dividing lines. Indeed, limitation upon such movement has been seen by many writers as central to the idea of stratification as a social institution. Gary S. Fields in his paper, "But that is not what Economic Mobility Is!" , talks about different interpretations of economic mobility such as micromobility, macromobility, decomposability, relative and absolute mobility, markov chains and pseudo-panels. According to him different people understand economic mobility in different ways. He believes that income mobility is a vague term and therefore it must be replaced with a more precise term such as 'directional income movement' or 'positional movement' or whichever other concept or sub-concept we are working with at a given time. Marcello D' Agostino and his co-authors have mentioned in their paper, "The Measurement of Mobility: A Class of Distance Indices" about the great importance of social mobility at first by mentioning the quotes of Plato's Republic which says about the children of gold, silver, bronze and iron born from different metal parents and what they must do as per the prophesy of God. The authors talk about the mobility measurement, absolute and relative mobility, Axiomatic approach, Mean squared distance, Euclidean distance, Correlation coefficient.




The share of the top decile (the 10 percent of highest earners) in total national income ranged from 26 to 34 percent in different parts of the world and from 34 to 56 percent in 2018. Inequality increased everywhere, but the size of the increase varied sharply from country to country, at all levels of development. For example, it was greater in the United States than in Europe (enlarged European Union, 540 million inhabitants) and greater in India than in China. Sources and series: see piketty.pse.ens.fr/ideology.et

## DYNAMIC APPROACHES FOR INDIA

Sam Asher, Paul Novosad and Charlie Rafkin (February 2021) have observed in their paper, " Intergenerational Mobility in India: New Methods and Estimates across Time, Space, and Communities" that the modern set of rank-based mobility measures can be at best partially identified with education data. They developed a new measure of upward mobility that works well under data constraints common in developing countries. They found that intergenerational mobility in India has been constant and low since before liberalization. Among boys, rising mobility for Scheduled Castes is almost exactly offset by declining mobility among Muslims, a comparably sized group with few constitutional protections. Mobility among girls is lower , with less cross-group variation over time. Mobility is highest in places that are southern, urban, and have high average education levels. A natural experiment suggests that affirmative action for Scheduled Castes has substantially improved their mobility. According to the scholars , their measures are relevant for the study of mobility in poorer countries and in historical contexts. They used the government data and maps. Anustup Kundu and Kunal Sen , in their WIDER Working paper (February 2021)- 'Multigenerational mobility in India" have noted that most studies of intergenerational mobility focus on adjacent generations, and there is limited knowledge about multigenerational mobility- that is, status transmission across three generations. They have examined multigenerational educational and occupational mobility in India, using a nationally representative data set, the Indian Human Development Survey, which contains information about education and occupation for three generations. They found that mobility has increased over generations for education, but not for occupation. Viktoria Hnatkovska, Amartya Lahiri and Sourabh B Paul have noted in their paper-"Breaking the Caste Barrier: Intergenerational Mobility in India" that amongst the various inequities typically associated with the caste system in India, probably one of the most debilitating is the perception that one is doomed by birth i.e., social and economic mobility across generations is difficult. They studied the extent and evolution of this lack of mobility by contrasting the intergenerational mobility rates of the historically disadvantaged scheduled castes and tribes (SC/ST) in India with the rest of the workforce in terms of their education attainment, occupation choices and wages. They used household survey data from successive rounds of the National Sample Survey between 1983 and 2005, they found that intergenerational education and income mobility rates of SC/STs have converged to non-SC/STs levels during this period. Moreover, SC/STs have been switching occupations relative to their parents at increasing rates, matching the corresponding switch rates of non-SC/STs in the process. Interestingly, they have found that a common feature for both SC/STs and non-SC/STs is that the sharpest change in intergenerational income mobility has been for middle income households. They concluded that the last 20 years of major structural changes in India have also coincided with a breaking down of caste-based historical barriers to socio-economic mobility. NSS government data, mobility matrix, correlation, OLS Regression techniques, graphs are used to find the results. Vegard Iversen, Anirudh Krishna and Kunal Sen have examined intergenerational occupational mobility in India among males using the Indian Human Development Survey of 2011-2012 in their paper- "Rags to Riches? Intergenerational occupational mobility in India". Their analysis differs from previous work in two important aspects. First, they used a finer-grained categorisation that takes into account differences in skill levels across different occupations as well as their place in India's social hierarchy of labour. Second, they examined both sharp and moderate occupational ascents and descents – that is, both large and not-so-large movements up or down the social status ladder. They compared India with historical occupational mobility elsewhere and examined how such ascents and descents are linked to social identity and urban location. They found that vast differences exist in the upward mobility prospects of urban versus rural residents and upper-caste Hindus versus Scheduled castes and Scheduled Tribes. Simultaneously, the prospects for downward mobility are large in India, larger among rural residents and among Scheduled castes and Scheduled Tribes. They also found striking parallels between upward mobility prospects and sharp descent risks in India and China. Educational and Occupational Mobility matrix has been used to find the results. P K V Kishan in his paper , “Intergenerational Education Mobility in India: Nonlinearity , and the Great Gatsby Curve” has explored aspects of and factors affecting intergenerational education mobility in India. He employed IHDS-II (2011-12) and prepare a representative dataset that goes beyond “co-resident only” son-father pairs. Through appropriate cohort analysis, it is found that there is still a high degree of intergenerational persistence in education. However, the same is decreasing steadily over time. He detected nonlinearity in the relationship between fathers’ and sons’ schooling outcomes across the education distribution through quantile regressions. Moreover, the mobility gap between the historically advantaged subgroups (urban population, upper castes, Hindus etc.) and the others (rural population, lower castes, Muslim etc.) increasingly widens along the middle and upper quantiles of the distribution. Finally , “Higher Inequality (during fathers’ generation )- Lesser Mobility” nexus in education plays out for the Indian scenario and thus corroborates the “Great Gatsby Curve”. Other macro variables, economic growth, and public expenditure in education bear a positive association with education mobility. Rajiv Sethi and Rohini Somanathan, in their paper- ‘Caste Hierarchies and Social Mobility in India”, writes that Since the 1950s an expansion in public education and affirmative action programs have combined to reduce group inequalities in India. One of the puzzling patterns within this overall picture of greater social equality in India is the asymmetry in the gains made by the Scheduled castes and the Scheduled Tribes. Both groups were equally disadvantaged in the pre-independence period and there was much more overt discrimination against the castes than the tribes. Yet, many of the formerly Untouchable Castes have performed better than the tribes in terms of educational levels, jobs and political representation. They documented these changes and explained them by using a model in which individuals have both geographical and social identities and social groups compete for public goods from the state. They argued that many of the observed empirical patterns can be explained by the relative geographical isolation of the tribes and the co-habitation of the castes with politically active groups. Gregory Clark wrote the paper-“Caste versus Class: Social Mobility in India, 1860-2012”. Using surname distributions, he compared long run social mobility rates for elite and underclass groups in India 1860-2012, with those of other societies such as Sweden and the USA. It is not clear whether recent social mobility rates in India should be higher or lower than in the West. The caste system notoriously embedded privilege in elite castes. But since Independence a quota of places in higher education, and in government jobs, have been reserved for the former lower castes. These quotas are now as great as 50% of such positions. Social mobility rates in India, however, prove to be extremely low, and not any higher now than under the Raj. Despite extensive social engineering India seems to be an unusually immobile society. He hypothesized that this immobility stems from continued strong marital endogamy in India.

## CONCLUSION:

The present analytical study illuminates that everyone talks about Income Inequality but it the continuous flow of income and accumulation of income over the past several decades or centuries which results into wealth and this “Wealth” influences Intergenerational mobility. Income has passive role but Wealth has active role. Past Wealth and Distribution factor has an important role to play in Social Mobility which is largely ignored. This Wealth is a past accumulation i.e., it comes from past generations which effects social mobility. The importance of Wealth and Income Exchange Mobility which is responsible for social immobility and income inequalities and theoretical Consideration of Linkages of all economic variables and issues such as migration, unbalanced growth, urbanisation , gender discrimination, minority are absolutely necessary for better analysis of policy prescription which are failing to alleviate income inequality. The scholar Gordon Anderson has observed citing the 2014 Thomas Piketty’s book, “Capital in the Twenty-First Century” about the ubiquitous rise in “snapshot” inequality, took the world by storm, eliciting an almost immediate riposte from some quarters- that a rise in “snapshot” inequality was neither here nor there, and that what was important was mobility across generations and equality of opportunity. In response to this proposition, Stiglitz (2015) and Kanbur and Wagstaff (2014) argued that inequality of outcome was important because it would affect inequality of opportunity. The arguments were of course related to the technical results in an unpublished discussion paper by Kanbur and Stiglitz (1986) linking mobility to dynastic inequality which was obviously highly germane to the current debate. This analytical and exploratory research paper provides new vistas and ample scope of further research in new perspective that intergenerational mobility and inequality share intricate complex intrinsic interdependence primarily due to socio-politico-economic roots which has historical genesis.

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