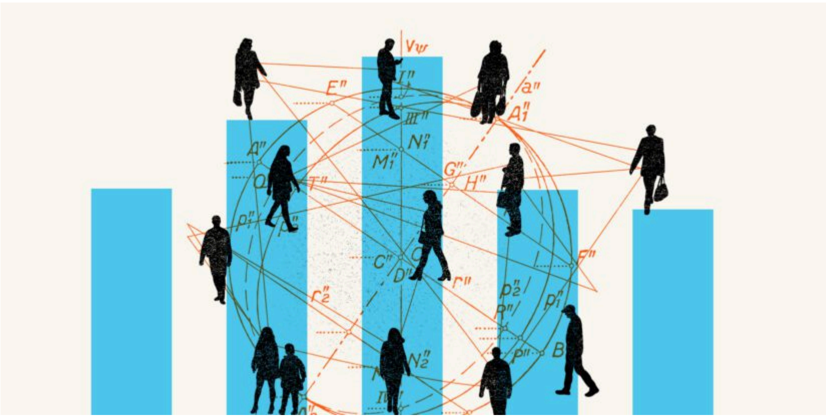
What Makes a Socially Mobile Society?

Encyclopedia: Economic Mobility, Human Rights, Inequality, Labor, Capital



“The history of the distribution of wealth has always been deeply political, and it cannot be reduced to purely economic mechanisms.”

-Thomas Piketty, Capital in the Twenty-First Century

Social mobility, or the ability to change one’s socio-economic status, is a key to almost debate in contemporary political economy. It’s often linked to the equality of opportunity within a nation, or the extent to which citizens of different backgrounds can access opportunities for economic advancement. Even as modern technological innovations and heightened global trade generate unprecedented levels of wealth, many people still find it difficult today, if not impossible, to work their way to a better life. Indeed, there is a widely-shared perception that income mobility has stagnated, making it more difficult for someone born into poverty to become a member of the middle or upper class. In his acclaimed book, *Capital in the Twenty-First Century*, French economist Thomas Piketty argues that capitalism itself may be to blame. He makes the case that income generated by accumulated capital is more unequally distributed than income derived from labor, allowing generational wealth to accumulate at the top without similar distribution of income or opportunity for advancement at the lower rungs of society.[1] Alternatively, scholars like the Cato Institute’s Michael Tanner argue that there is much more economic mobility than top-line indicators suggest, and that capitalism still provides the destitute many opportunities to improve their economic well being.[2] Given these differing perspectives, one has to wonder: how does capitalism impact social mobility?

This debate is not a novel one by any means. In fact, deciding how to design an economic system to best allow widespread access to social mobility is central to the founding of the United States. Alexander Hamilton and Thomas Jefferson famously argued over the proper role and strength of a central government in economic affairs. Hamilton, a Federalist, believed that the central government needed to be strong in order to maximize economic prosperity while also promoting the distribution of opportunity beyond the landed elites. Jefferson, an Anti-Federalist, asserted that ensuring independence and liberty was the greatest economic role of society. He envisioned an agrarian society composed of independent farmers, through which opportunity would be available for those who could seize it, unfettered by a central government.

It is clear, both in theory and in practice, that economic inequality and poor social mobility can have huge negative effects on a country, ranging from slow economic growth to increased political radicalism. This begs the question, what factors truly limit opportunities for advancement and how do we best increase social mobility within an economic system? In order to answer this, you will use data from the Data Analysis tool to determine whether low social mobility is more common in capitalist societies. Additionally, you will investigate whether certain policy interventions can help create more fluid class structure.

Assignment

1. You will be assigned a country and split into groups based on the first letter of your last name. Assignments are listed in the grid below. Use the DCA datasets to study your country's economic system. Are property rights strong? How generous is their welfare state? Are taxes very high? Make note of which variables you find important and create a short profile on the economic system in your country (i.e. how capitalist it is). (*Be prepared to explain how your chosen variables/methods helped you determine how capitalist your country is.)

First Letter of Your Last Name	**Country to Evaluate**
A-D	Finland
E-J	USA
K-P	Italy
Q-T	Spain
U-Z	Germany

2. Discuss what social mobility entails and how one might measure it. Do you have any expectations about whether or not your country has high social mobility based on the DCA data you investigated?
3. The OECD released the *A Broken Social Elevator* report in 2018, which examined social mobility in its member nations. Investigate the figures included in Chapter 1 and see how your country fares. You do not need to understand all of these figures, but discuss a minimum of two with your group. Pay particular attention to (a) Figure 1.5, Generations to Reach the Median Income, (b) Figure 1.6, Likelihood of Educational Attainment by Parental Education Background, and (c) Figure 1.7a, Percentage of Managers and Manual Workers if Parents are Managers. Do the figures suggest your country's economic system promotes or inhibits social mobility?
4. How did your country's economic system relate to its level of social mobility? Do you think this relationship is always the case, or are there specific attributes to your country that explain its mobility? If so, what might they be?
5. Finally, how might your country's level of social mobility affect its democracy? Could extremely low social mobility compromise a country's democratic stability? Why or why not?

Notes

[1] Piketty, T. (2017). *Capital in the Twenty-First Century* (A. Goldhammer, Trans.). Belknap Press.

[2] Tanner, M. (n.d.). *Five Myths About Economic Inequality in America*. Cato.org. https://www.cato.org/policy-analysis/five-myths-about-economic-inequality-america#myth-4-more-inequality-means-more-poverty-nbsp