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Determinants of Intergenerational Mobility: Does (In)equal Opportunity occurs?

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ABSTRACT

Declining possibility of upward generational income mobility is documented by plenty of empirical studies for developed countries, especially in United States. This study is on regional differences of income mobility in Turkey, whose regional disparities remain. Firstly, extent to which children in different parts of Turkey have equality of opportunity measured as intergenerational income elasticity i.e. the income relationship between father and his son was identified. Then, we examined the correlation of this mobility with measure income inequality and return of holding at least B.A degree compared to high school diploma. Our results based on TurkStat Household Labor Force Survey for period between 2004-2015 show that the elasticity for whole sample (Turkey) (0.16) is lower than the OECD average but this value varies with the NUTS2 regions, ranging from 0.26 (Mardin) to 0.06 (Aydın). Moreover, the elasticities are highly correlated with current Gini estimates, meaning that inequality today may be fed by the family background of households. Lastly, contrary to empirical findings of OECD countries, at least B.A. earning premium relative to high school diploma is weakly correlated with the elasticities. Thus, these findings call for the future research related with the developing countries to identify the determinants of inequality of opportunity and to assist policy-making processes.

KEYWORDS Regional Income Inequality; Intergenerational Mobility; Equality of Opportunity

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