

## **Winter School on Inequality and Social Welfare Theory – IT19**

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### **Mobility in Changing Societies**

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#### **Intergenerational Mobility in South Asia: New Evidence on the Female Urban Mobility Premium**

Intergenerational mobility measures whether children's socioeconomic outcomes depend on their parents' status—with high mobility indicating children can rise regardless of family background. This lecture examines mobility across South Asia using 39 harmonized living standard surveys spanning seven countries. South Asia has the world's lowest mobility rates: less than 9% of individuals from bottom-half educated families reach the top educational quartile—the worst global performance.

We measure intergenerational mobility for education using "bottom-half mobility"—where children from bottom-half families end up on average. If parents' education doesn't matter at all (perfect mobility), these children would be randomly distributed across the entire rank distribution, averaging the 50th percentile. If parents' education determines everything (no mobility), children would remain at their parents' average position—the 25th percentile, which is the midpoint of the bottom half (0-50). South Asian children from poor families average only the 40th percentile (compared to 42 in the United States and 47 in Denmark). These methods use partial identification to handle coarse education data typical in developing countries.

These findings carry critical policy implications. Low mobility signals misallocation of talent, reduced economic growth, and threatens social cohesion—particularly urgent given rising public demands for greater equality of opportunity across the region.

We document a novel finding: an urban mobility premium. Children from poor families in cities reach the 44th percentile versus 37th in rural areas. This is not obvious—in the United States, Chetty and colleagues found cities actually have lower mobility than rural areas. Yet in South Asia, cities appear to be not only engines of economic growth but also of social mobility, with important policy implications for understanding urban opportunity structures.

Most remarkably, we uncover a previously unknown Female Urban Mobility Premium (FUMP): urban women born to parents in the bottom half of the education distribution rise to the 47th percentile—surpassing both rural women (36th) and urban men (41st). This pattern holds in 50 of 65 states representing 87% of the population. This finding is notable given persistent gender inequalities in South Asia, particularly in labor force participation, indicating that urban areas create pathways for educational advancement for daughters from less-educated families even as other gender disparities remain.

We examine three potential mechanisms. First, returns to education are substantially higher for urban women: 10.2% wage premium per year of schooling versus 6.4% in rural areas, creating economic pathways for talented daughters from poor families. Beyond labor markets, education also provides marriage market returns, enabling upward mobility through advantageous matches even given low female labor force participation. Second, we document a novel empirical finding: cities have measurably less patriarchal gender norms than rural areas across South Asia. Areas with less conservative norms show higher female mobility, with this relationship twice as strong for girls as for boys. Third, we test whether higher urban incomes alone explain the FUMP—but find income effects have little explanatory power. The urban mobility advantage for women persists even after accounting for urban-rural income differences, indicating the mechanisms operate through returns to education and changing social norms rather than wealth alone.

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