



Boletim nº 2 - novembro/2018



OBSERVATÓRIO DAS
DESIGUALDADES

Inequality, mobility, and Brazilian-style meritocracy:

Anatomy of a **fallacy.**

Introduction

In the public debate on inequalities in Brazil, there has often been a position that inequality should not be seen as a problem. Poverty, yes, would be a problem to be tackled – and it would be so through economic growth, which would ultimately benefit everyone. Tackling inequality would be pointless, unfair, and even counterproductive.

In this reasoning, inequality would be, on the one hand, fair since it would mean the reward that society confers on its most enterprising, competent, and hardworking members. However, even if inequality is considered undesirable, it would be, in this view, at least a necessary evil: if society is competitive, unequal rewards would be necessary to give individuals the necessary incentives to seek to graduate, to dedicate themselves to work, to innovate, or in today's language, to enterprise and seek their differential, which ultimately, again, would benefit the whole society. On the contrary, if everyone received something similar, people would have no motivation to dedicate themselves,

seek training, invest, or take risks, leading to stagnation in society and loss of productivity and efficiency, which would generate an equally bad situation for everyone.

The above reasoning expresses a diffuse type of ideology that is, roughly speaking, known

as meritocracy and is quite in vogue among self-described liberal currents of opinion. It is the meritocratic ideology, its foundations, the conditions for its validity, and what the available evidence tells us about it that we will discuss in this bulletin:

Merit, inequality, and mobility

The appeal of meritocratic ideology is perfectly understandable because, at its origin, lies a rather egalitarian foundation that accompanies the process of modernization and industrialization of society, as opposed to the aristocratic conception of traditional societies. In such societies, members of the social elite did not have the slightest doubt that their position was a birthright. Their status, privileges, and wealth were nothing more than the expression of the social and moral

superiority conferred on them "from the cradle" and which, moreover, they would have not only the right but the duty to transmit to their heirs. Modernization and democracy have overthrown the legitimacy

of this kind of justification for social inequality, although, unfortunately, it survives more or less hidden in more people than we would like, coming to light occasionally.

BOX 1

The Meritocratic Society. Conditions and assumptions for its viability

- 1. The first assumption is that social positions are distributed according to merit and qualification, not according to hereditary filiation.**
- 2. The second assumption is that the qualifications that would determine what social positions one will occupy would be acquired, not inherited.**
- 3. The third assumption is that formal education would be the primary means of acquiring these qualifications. Meritocratic societies are school or academic societies.**
- 4. Finally, the fourth assumption is that for each and every individual, the possibility of access to formal education depends only on their preferences and capabilities. In meritocratic societies, there is equality of opportunity regarding education.**

Modern, industrial, post-industrial, and democratic societies would then be a type of society in which the rewards – income, salary, prestige, social position – would be distributed more and more by performance and less by the characteristics of origin – family context, sex, gender, race, ethnic group, place of birth, etc. Thus, firstly, individuals would be increasingly rewarded for what they would demonstrate to be able to accomplish and not for their social background. Secondly, if inequality in monetary or other rewards would correspond, on the one hand, to the ability and commitment of individuals, it

it would follow, on the other hand, from the need to attract the most capable, prepared, and dedicated individuals to those most critical and demanding functions for the functioning of society. Therefore, according to this conception, the resulting inequalities would be not only fair but necessary. We then have a kind of justification for inequalities that may be compatible with the principle that everyone is born equal in rights.

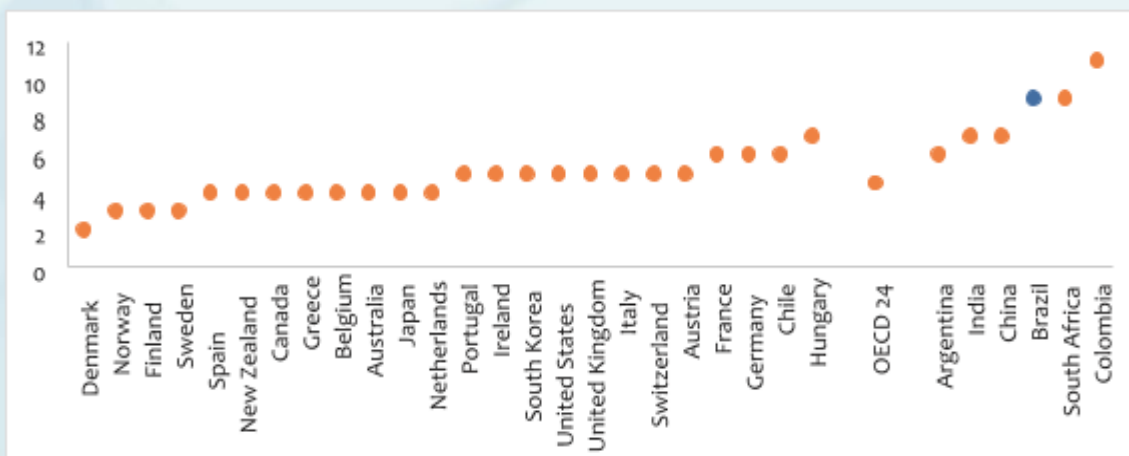
The appeal of meritocratic ideology comes precisely from the fact that its foundations seem, at first glance, quite reasonable. But is it so? Let us analyze each of these assumptions more calmly to assess to what extent they are indeed proven.

Mobility and Meritocracy

The first assumption is that social positions are distributed according to merit and qualification, not according to hereditary filiation. This implies the distinction between inequality and mobility or between equality of outcome and equality of opportunity. The meritocratic conception will assert that there are no

significant problems – or at least no major injustice – in a society that unequally distributes social rewards – salary, wealth, positions in occupation, prestige, etc. – insofar as access to these positions and rewards is open to all and depends essentially on the abilities and effort of each one: hence comes the notion of merit or worthiness.

Chart 1 – Expected number of generations it would take for a descendant of a family in the bottom 10% to reach the average income of their country



Note: These estimates are based on simulations and are intended to be illustrative. They should not be interpreted as providing the exact time a person from a low-income family will need to reach the average income. The estimates are based on continued earnings (elasticities) of parents and children, the current household income level of the poorest decile, and the mean, assuming constant elasticities, following Bowles and Gintis (2002). Low income is defined here as the first decile of income, i.e., the poorest 10% of the population.

Source: "A Broken Social Elevator? How to Promote Social Mobility" (OECD, 2018); OECD database.

In specific and precise terms, a meritocratic society would necessarily be a society with high social mobility. The term "mobility" indicates how much a more or less unequal society is "open" or "porous". In other words, what chances does it

provide for people to change their social position. Intergenerational mobility refers to the probability that a person will come to occupy a social position different from that of their parents; if they occupy a better position, in material or prestige terms, one

speaks of upward mobility; if they occupy a position worse than that of their parents, downward mobility. In turn, intragenerational mobility indicates the chances of a person "going up or down in life", that is, the probability that a person, at the end of their professional career, will occupy a position (type of position, remuneration, etc.) significantly different from the one they occupied at the beginning of their life. In a very simplified manner, one may say that if knowing the social position of your parents (occupation, salary, education level) allows me to correctly predict what your social position will be, this society has low intergenerational mobility; if knowing how you started your adult life (in the same terms – occupation, salary, etc.) allows me to correctly predict in what position you will be at the end of your life, this society has low intragenerational mobility. Therefore, a society with low mobility indicates that the most valued positions and rewards are not open to all social groups and do not depend only on commitment and competence but result from inherited conditions or discrimination of race, gender, sexual orientation, and ethnicity or other types of prejudice, in short, from their social origin.

Is this really the case? OECD (2018) recently published an international study on mobility, including

Brazil. The result points to societies (and the Brazilian case is even worse) far from the meritocratic forecast. In assessing

intergenerational income mobility, the study pointed to what it called a "broken social elevator". Chart 1 makes the point quite clear.

The chart estimates how many generations it would take in each country for the children of a family in the bottom 10% to reach the average income of their country. The greater the intergenerational mobility, the less time it would take for this to occur. As one may observe in the graph, there is much variation among countries, but, on average, it would take from four to five generations for this to occur. In other words, in most countries, on average, if someone belongs to the poorest 10%, only their great-great-grandchildren will reach the average income of that country. The case of Brazil is even more severe because, in our country, it would take not five but nine generations for the children of low-income families to reach the average income of the population. This means that, in the Brazilian case, about 70% of the income differences among the parents of a generation are transmitted to their children. The study also pointed out that the countries studied have "sticky floors" and "sticky ceilings": those in the lower portion of the distribution have more difficulty ascending, and, on the other hand, those at the top are less likely to descend. In the OECD, about 31% of the children of parents in the **fourth** part of the lowest income of the population remain there, and 17% reach the **fourth** highest part. By way of inexact comparison, in Brazil, 35% of the

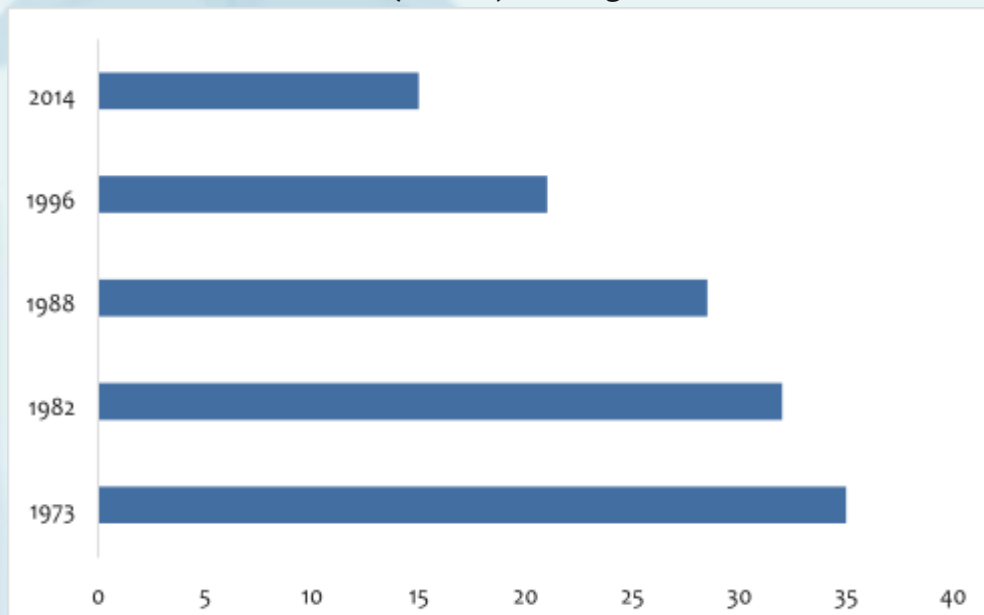
children of parents in the **fifth** lowest income portion of the population remain there, and only 7% make it to the **fifth** highest part.

On the other hand, 43% of those born among those of the highest income remain in this range, and only 7% fall to positions of lower incomes. As the study said, a broken elevator.

We may also assess social mobility from the point of view of access to the occupations considered most prestigious by society, which the social sciences call socio-occupational status. We all know the righteous pride of the "bricklayer's son turned doctor", or the "maid's daughter turned doctor". How frequent is this? What are the chances of it happening? Have these chances increased over time? Researcher Carlos Antônio Costa Ribeiro evaluated this for the Brazilian case in 2017. The news here is also quite ambivalent, depending on whether we analyze the current situation or the trajectory over the

past decades – the photo or the film of mobility. The photo is far from beautiful and shows again how far we are from the meritocratic assumption. In 2014, as shown in Graph 2, the child of a high-level professional or manager had a 15 times greater chance of remaining in this type of occupation than the child of a skilled manual worker had of occupying this position as an adult. In other words, the opportunities are very unevenly distributed, and in no way can it be said that there is justice, or only effort and competence, in the occupation of the different social positions. However, on the other hand, Brazil has already been much worse in this item: in 1973, the chance was 35 times higher. Therefore, social mobility in Brazil has increased a lot in recent decades (in future editions of the bulletin, we will ask ourselves what explains this), but the idea that occupations are basically filled by the merit, ability, or effort of citizens is not justified in any way.

Chart 2 – How many times greater are the chances of the child of a high-level professional (Class I) remaining in this class relative to the chances of the child of a skilled manual worker (Class VI) reaching Class I as an adult – Brazil



Note: class groups: (I) high-level professionals and managers; (II) low-level professionals and managers; (III) routine non-manual workers; (IVa) smallholder employers; (IVb) self-employed smallholders; (V) manual labor technicians and supervisors; (VI) skilled manual workers; (VIIa) unskilled manual workers; and (VIIb + IVc) rural workers and smallholders.

Source: "Tendências da Desigualdade de Oportunidades no Brasil: Mobilidade Social e Estratificação Educacional", Carlos Antonio Costa Ribeiro.

Education Level, Occupation, and Income

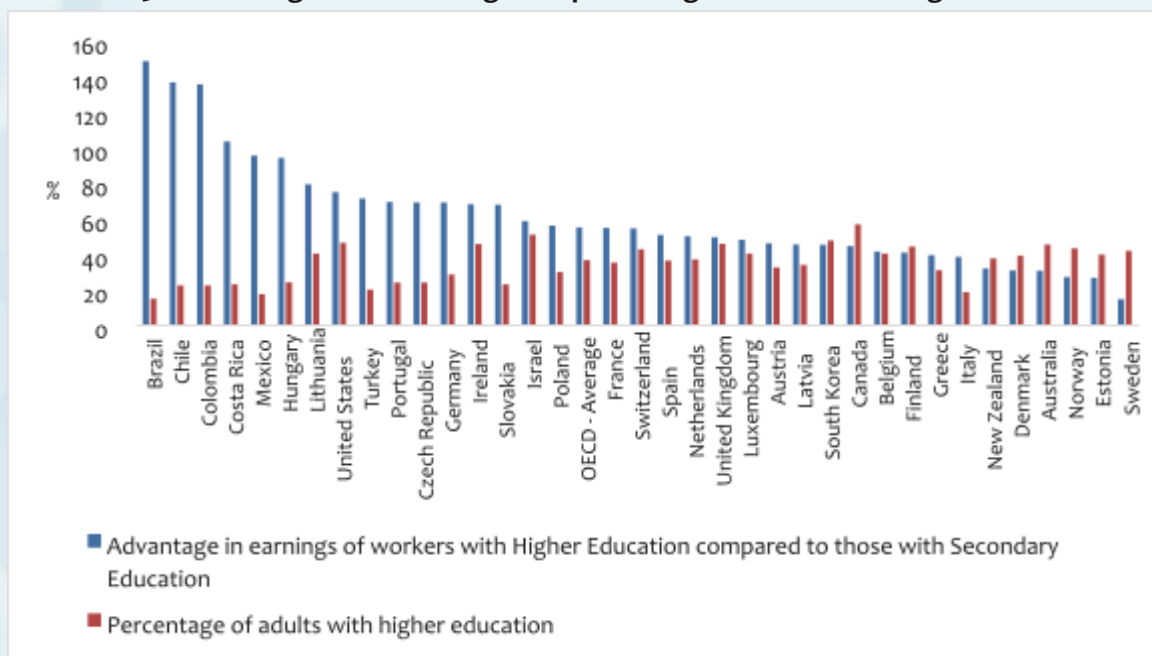
The second assumption is that the qualifications that would determine what social positions one will occupy would be acquired, not inherited. And formal education would be the primary means of acquiring these qualifications. Meritocratic societies are school or academic societies. At this point, there is consensus on one point and much controversy about other characteristics. The consensus is that

formal schooling is an important determinant of the social rewards of citizens worldwide, including, very firmly, in Brazil. Chart 3 leads to four important conclusions: a) in all the countries analyzed, the completion of higher education is associated with higher incomes, showing that education is indeed an important resource; b) how much more someone with a higher education degree receives varies significantly from country to country, showing that several other factors also

influence the monetary rewards that education provides; c) in general, the countries that have a lower percentage of people with higher education are those where the salary increase resulting from the education level is higher, showing that if education is not egalitarian, it may be an instrument to perpetuate the privileges of few and not to secure the rights and

opportunities of many; d) among all the countries analyzed, Brazil is the one with the lowest percentage of adults with higher education and, not by accident, the highest premium for education: in Brazil, those with higher education receive on average 149% more than those who only completed high school, but only about 15% of adults have completed higher education.

Chart 3 – Advantage in the earnings and percentage of adults with Higher Education



Source: OECD Stat, "Education at a Glance" database. For each country, the most recent data made available by the OECD from 2014 to 2017 were used.

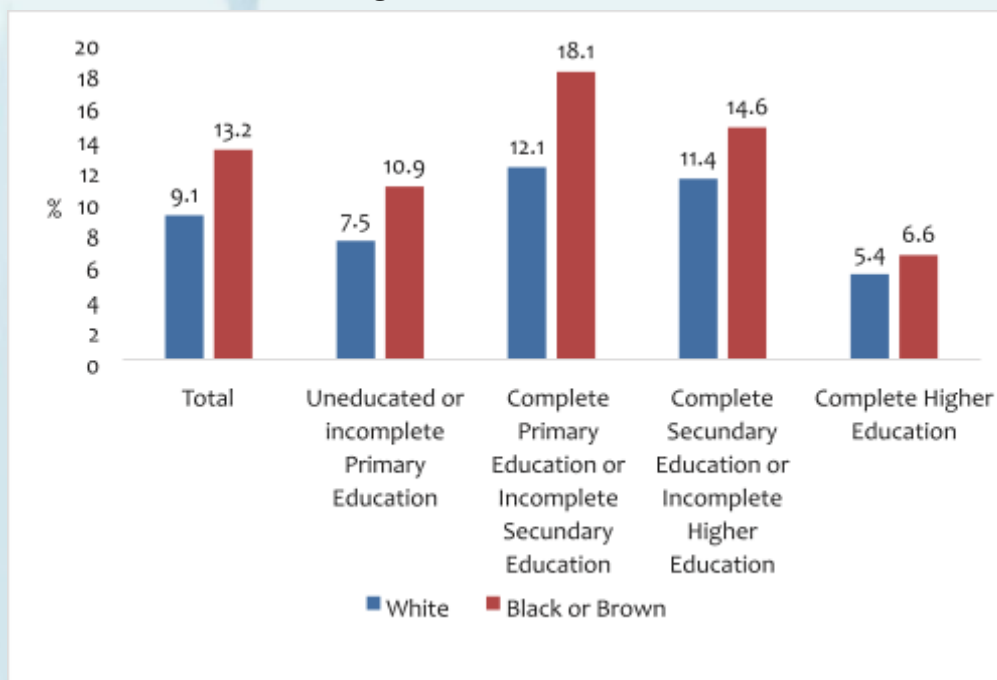
However, if the education level tells an important part of the history of the social structure in Brazil, it does not tell the whole story. For example, the Synthesis of Social Indicators that IBGE released in 2017 showed that opportunities are not equal even among those who reach the highest levels of education. When observing Chart

4, which shows the unemployment rate in 2016, one may notice that a) the unemployment rate is much lower for those with higher education, as predicted by the meritocratic conception, but b) whatever the level of education they reach, black people are more exposed to the risks of unemployment and precariousness of the labor market than white people. The

same could be said about inequality between men and women. In other words, access to positions and social rewards do not respond exclusively to the

qualifications demonstrated by each person; there is also an element of discrimination in this process.

Chart 4 – Unemployment rate of persons aged 16 years and over by skin color or race according to levels of education – Brazil – 2016



Source: Synthesis of Social Indicators 2017.

The same conclusion is obtained when, in addition to access to work, we also observe remuneration through Graph 5, produced in 2013 by IPEA as a subsidy for reflection on the occasion of the International Year for People of African Descent. As shown in the graph, higher education levels correspond to higher incomes for all social groups. However, here too, formal schooling does not say everything. As one may observe, in any educational group, race and gender are

vectors of inequality that overlap: white men have the highest incomes, followed by white women, black men, and black women, showing that the labor market is not "blind" to race and gender either.

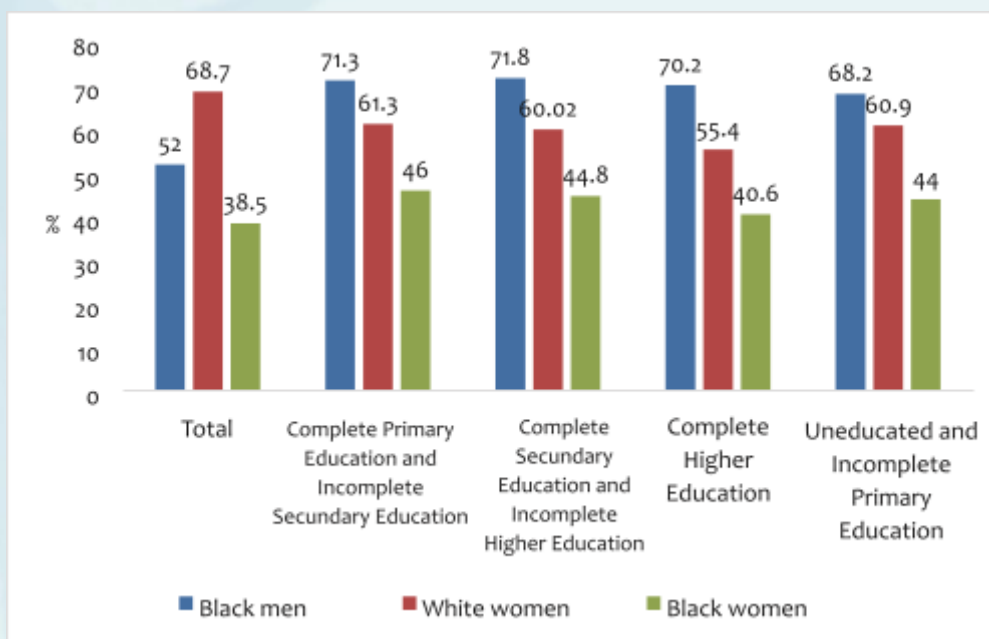
Educational inequality, opportunities, and merit

Finally, one last assumption would have to be verified for the meritocratic scheme to work (on its own terms). The assumptions of meritocracy are only

sustained to the extent that, for every individual, the possibility of access to formal education depends only on their preferences and capabilities. In meritocratic societies, there is equality of opportunity regarding education. The need for this assumption is evident, given that if the positions and social rewards (occupation, prestige, salary) are distributed according to the education level achieved by individuals but the education to which one has access depends on the social origin of

each one (socioeconomic conditions of the family, gender, race, place of residence, etc.), education will only be mediating the relationship between the origin and destiny of each one, between the birth and inherited conditions and the position they will occupy, as if it were a transmission belt of inequality. Chart 6, from the IBGE 2016 Synthesis of Social Indicators, illustrates this point, which is already well known to everyone.

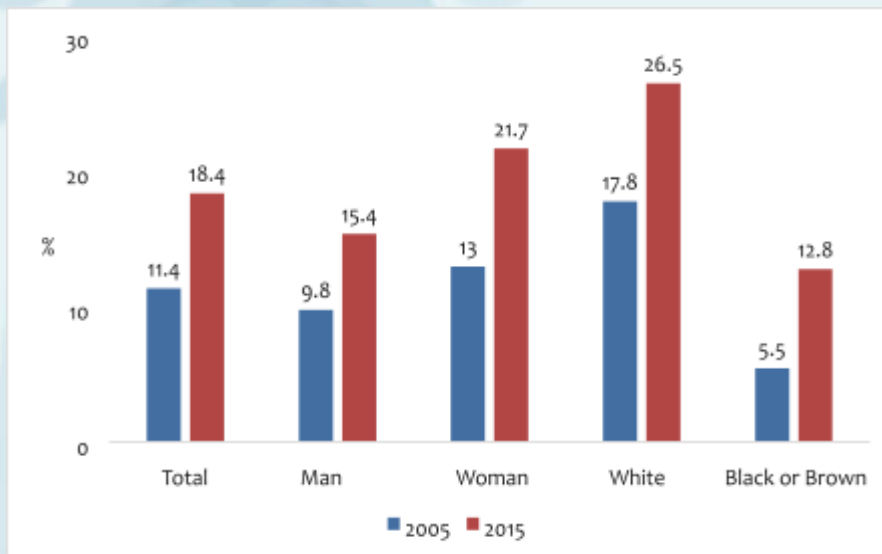
Chart 5 – Brazil: percentage of average income in all jobs of workers aged 16 years and over relative to the white male worker, by skin color or race and sex (2010)



Note: The population with undetermined education levels was not considered in the calculations.

Source: IPEA – Racial Equality in Brazil, 2003.

Chart 6 – Net attendance rate in undergraduate higher education of the population aged 18 to 24 years according to sex and skin color or race – Brazil – 2005/2015



Source: IBGE – Synthesis of Social Indicators 2016.

The different faces and trajectory of educational inequalities will be the subject of one of the following bulletins, but by way of illustration, one may already notice for the interval from 2005 to 2015 the same trend that we will find in other educational indicators: a) access to higher education in Brazil increases by almost 62%, which is very expressive, b) racial inequality in access to higher education decreased, and c) the access to higher education for black people is still much lower than for white people.

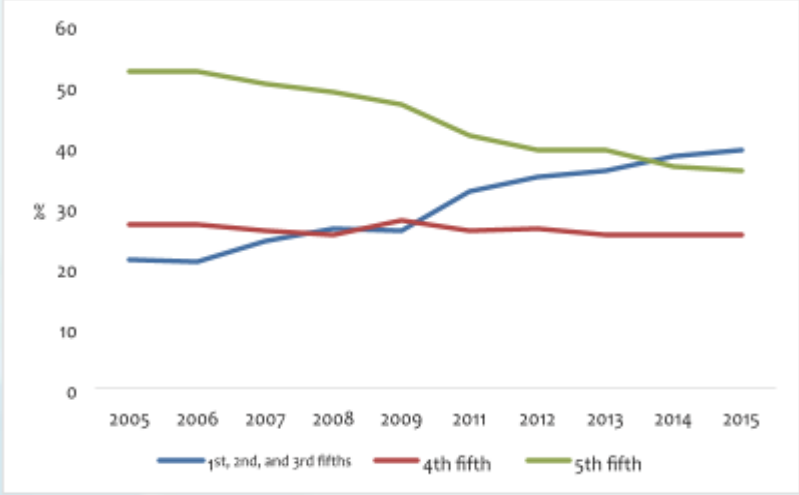
We may also see another expression of the same inequality of educational opportunities drawn from the same source. Charts 7.1 and 7.2 show that in Brazil in 2005, the wealthiest 20% of the population accounted for 52% of university students in public institutions

and 65% of university students in private institutions. In turn, the poorest 60% of the population represented only about 21% of higher education students in public institutions and 11% of university students in private institutions. In other words, in this case, far from being an instrument of democratization of opportunities, higher education ended up lending itself to a mechanism by which those who were already in privileged positions transmitted these advantages to their children. When, on the other hand, 2015 is observed, it is verified that there were important and unprecedented advances in the decade: the poorest 60% doubled their participation among public higher education students (increasing to 40% of students) and nearly tripled their

participation in the private network (reaching 31%). Here there is also a seemingly ambivalent message: if there has been a significant reduction in the inequality of educational opportunities,

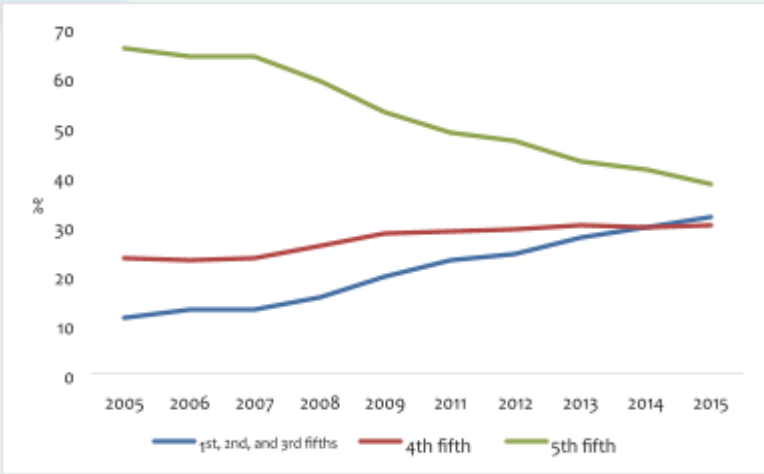
we are still a long way from being able to say that opportunities basically depend on the effort and ability of individuals.

Chart 7.1 – Percentage distribution of students in the public higher education network by fifths of monthly household income per capita – Brazil – 2005/2015



Source: IBGE – Synthesis of Social Indicators 2016.

Chart 7.2 – Percentage distribution of students in the private higher education network by fifths of monthly household income per capita – Brazil – 2005/2015



Source: IBGE – Synthesis of Social Indicators 2016.

Indeed, the mystification of the meritocratic ideology in our society is based to a large extent on this point: the view that passes is that each person achieves a position – a job, a certain amount of salary – according to the qualifications they have achieved, expressed mainly by education; however, since inequalities in the conditions of access and use of educational opportunities are not evident, the educational achievements of each person are presented and perceived as resulting from their individual effort and ability, not as a (less visible) expression of the social, family, and economic inequalities of origin. Inequalities are thus legitimized: those who achieve good positions consider themselves justly deserving of them (hence the term merit) since they see them as a result of their choices and dedication, and those who do not achieve good occupations or salaries see their condition as bad luck or individual failure, not as a result of the mechanisms of reproduction of inequality. We thus have a society of "winners" and "losers" in which the status quo – unequal and unfair – is always justified.

Conclusion: merit, inequality of opportunities, and inequality of outcomes.

One last point for reflection. We showed here that, since the main assumptions that the validity of the meritocratic ideology requires are not verified in facts, it ends up fulfilling a role of justifying injustice and inequality rather than

explaining it, i.e., it functions as a veil that prevents us from seeing reality clearly, which would force us to take a position in the face of it. But what if the opportunities were equal? Would any inequality of outcome be acceptable? It is a perfectly legitimate debate, at the level of values and ideas, to discuss whether, with equal opportunities, some level of inequality of outcomes would not be necessary and even fair in order to provide an adequate structure of incentives and rewards for the commitment, dedication, innovation, and risks of citizens, from which the whole society would benefit. In terms of ideas, it is a defensible statement, and few of those who point out the disaggregating effects of high levels of inequality advocate a total equality of outcomes, except perhaps on the most profound plane of a distant utopia about a society entirely based on fraternity, which may warm our hearts and motivate us, but which we know is not feasible on the visible horizon.

Which inequalities and how much would be acceptable, necessary, or fair? There is a broad tradition in philosophy that addresses this debate – the problems and conceptions of distributive justice – with John Rawls, Amartya Sen, and Van Parijs, among several others, being references in this field. This is an important debate, but in our real historical moment and our real country, far removed from the facts. This is because, as stated above, no matter what one thinks about these issues, the reality is that the idea that most economic and

occupational inequalities are explained by differences in ability and effort "on merit" is frankly disproved by the available evidence.

Moreover, because in the complex tangle of the social fabric, inequality of opportunities and inequality of outcomes do not exist so independently that would allow us to tackle one without worrying about the other. Chart 8, produced for the OECD study, shows that current social mobility depends on what economic inequality looked like 25 years ago. The fact is that the roots of today's inequality of opportunities lie in the inequality of outcomes of the past. In conditions of substantial economic and social inequality, opportunities and the means to achieve better conditions – education, appearance, networks of contacts and relationships, and expectations – are also concentrated and transmitted to the next generations.

Finally, in countries like Latin American countries, there is no way to promote equality of opportunities without facing the tragic inequality of outcomes that haunts us. Without this, it may be comforting for the privileged to think that their privileges are not privileges but the fair reward for their effort and ability. If they really believe this, they are mistaken. If they do not believe it, they are deceiving everyone. The most dangerous thing about this fantasy in such a profoundly unequal society, however, is that the necessary counterpart of someone believing that they really deserve their privileged position is to spread the idea that the vast majority of dispossessed are responsible for or deserve the degrading conditions in which they live, in a country with so much wealth. For a few, meritocratic ideology may even be a fairy tale; in fact, however, it resembles more a vicar's tale.

Chart 8 – Past Gini Index versus intergenerational earnings mobility



Note: The earnings mobility is represented by 1 minus the intergenerational earnings elasticity of parents with children.



Countries: Ireland, Estonia, Austria, Australia, Belgium, Iceland, Poland, Denmark, Germany, France, Finland, South Korea, Luxembourg, Canada, United States, Mexico, Norway, United Kingdom, Chile, Portugal, Japan, Sweden, Switzerland, Slovakia, Slovenia, Turkey, Spain, Greece, New Zealand, and Italy. Source: OECD (2018) – "A Broken Social Elevator? How to Promote Social Mobility".

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Note: the opinions expressed in this bulletin do not necessarily correspond to the position of the João Pinheiro Foundation and the Regional Council of Economy of Minas Gerais.

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