

ECONOMICS

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Is Social Mobility Essential to Democracy?

It depends on the size and assumptions of the middle class.

 BASED ON THE RESEARCH OF

Daron Acemoglu

Georgy Egorov

Konstantin Sonin

How essential is social mobility to a stable democracy?

When social mobility is high, the thinking goes, people know they are likely to move into a different social class in the future—and will vote in the interests of those future selves, not necessarily their current selves. This notion dates back to at least to the mid-19th century, when French philosopher and political scholar Alexis de Tocqueville described just this kind of relationship between social mobility and democracy in his seminal book *Democracy in America*.

Now, that conventional wisdom is being tested. [Georgy Egorov](#), a professor of managerial

economics and decisions sciences at the Kellogg School, and his colleagues believe that the relationship between social mobility and democracy is much more nuanced than Tocqueville and others have proposed.

Political economic models to date have failed to capture how people's *beliefs* about social mobility affect their voting preferences and, consequently, the political system in place, says Egorov. So he, along with [Daron Acemoglu](#) of MIT and [Konstantin Sonin](#) of the University of Chicago, created the first model to do just that.

They found that voters' beliefs about their likelihood of ending up in a higher or lower social class can cause them to shift from supporting democracy to undermining it. For example, if you are currently in the middle class and believe, correctly or not, that you are more likely to become rich than poor, this may lead you to favor an autocratic government that benefits the wealthy, rather than a democratic one that works in the interest of the middle class.

The research shows that the size of the middle class is an important predictor of democracy's stability. Additionally, the amount and direction of social mobility needs to lead people to believe they will likely end up middle class. This allows voters to see that their long-term interests are most likely to be served by a democracy and to avoid any short-term temptations to undermine democratic institutions.

A Game Theory Model of Social Mobility and Democracy

The researchers use game theory to develop a mathematical model for situations where citizens experience different rates of social mobility. In the model, this mobility then impacts the stability—or instability—of political institutions.

“Up until recently, we lacked the mathematical tools to deal with dynamic collective decision-making,” Egorov says.

In defining “stability,” they allow for short-term deviation from democracy, so long as the path returns to democracy—like a rubber band that is stretched but snaps back to its original form.

The Impact of a “Thin” Middle Class

The research examines differences between societies with a “thin” middle class, which is comprised of a third or fewer of the citizens, and a larger, “thick,” middle class.

To start, the researchers used an example of a society where 40 percent of citizens are rich, 40 percent are poor, and 20 percent form a “thin” middle class. The team then analyzed what happens over two election cycles with three political regimes: a left-wing dictatorship where the poor are in control; democracy, which favors the interests of the middle class; and a right-wing dictatorship where the rich are in control.

When social mobility is high, it affects all classes equally, meaning everyone knows they could end up in any class in the future, regardless of where they start. Given that, a member of the middle class expects to stay there, since the middle class is the average position in this 40/20/40 division. This means that democracy is stable, since the middle class would not prefer any other system, neither in the short nor the long run.

Furthermore, even a rich person expects to move into the middle class, on average. So while he will favor pro-rich policies in the short run, he would want the middle class to rule in the future. This means that even if events gave more power to the rich temporarily, rich voters would return it back to the middle class, keeping democracy stable. This finding is in line with Tocqueville's argument.

Next the authors created a scenario where social mobility was unevenly applied.

The researchers presumed high mobility but only for the middle class and the rich. Given this, a middle-class person could expect a 67 percent probability that she would later be rich and a 33 percent probability that she would remain middle class. Thus, she would favor pro-rich policies in the long run and would undermine democracy.

This, then, is the counterargument to Tocqueville: high mobility alone does not necessarily make democracy more stable. What matters is how this mobility affects the prospects of the current pivotal decision-makers.

This is why the "thickness" of middle class matters. Consider a scenario where the class breakdown is 40 percent middle class, with 30 percent rich and 30 percent poor. Even if mobility was again limited to only the middle class and the rich, a middle-class person would be likely to remain middle class in the future, and would be reluctant to give power to the rich, meaning democracy would remain stable.

The Long Term Matters for Democracy

The initial model spanned only two election cycles. Next, the researchers extended the model to accommodate an infinite number of election cycles, which allowed them to study the trade-off between long-term perspectives and short-term temptations.

Having many election cycles means that even with low mobility, the likelihood that a person's decedents will eventually end up in another class is high. Egorov compares it to two lakes connected by a narrow straight. In the short term, they will not exchange much water. But over the long term, that small exchange will grow and grow until the waters are quite mixed.

So even if a person is tempted to act in their own short-term best interest—perhaps by favoring policies that undermine democracy—they will resist that temptation so that their children and grandchildren, who could end up middle class, will live in a stable democracy, Egorov explains.

“They know the value of democratic institutions for their children and grandchildren,” he says. “They know that if they resist temptation now, democracy will prevail.”

To illustrate the point, the researchers again considered a society with a thin middle class: 40 percent of the people are rich, 40 percent poor, and 20 percent middle class. This society has a high level of mobility between the middle class and the rich, and a low level of mobility between the middle class and the poor.

The question becomes how far into the future the middle class will look in determining their best interest. In the near term, they will likely move up to the larger upper class. But, over time, they or their descendants can expect to end up back in the middle class, which would encourage people to avoid the temptation to undermine a stable democracy. This leads to two possibilities: either middle-class voters resist short-term temptation or they do not.

The researchers found that political states tend to be stable as long as middle-class people trust that future middle-class voters will also resist the temptation to undermine democracy. In this case, current middle-class voters understand that their decision to preserve democracy now implies long-term stability of democracy, which they favor.

But if they expect future middle-class voters to succumb to temptation, democracy will become unstable right away. After all, today’s middle-class voters only value democracy in the long run: if they do not expect democracy to be stable in the future, then preserving it for the near future does not make sense, because in this time period they expect to be richer and thus favor a regime where the rich are in control.

“In a certain sense, expectation of stability begets stability,” Egorov explains.

What It Means

Taken together, the research shows that social mobility alone will not ensure democracy.

“The important thing [for democracy] is that social mobility affects different parts of society equally,” Egorov says, so that people believe they have an equal chance of ending up in another class.

Additionally, those future selves need to be best served by democracy. One way to ensure this is to have a thick middle class.

“A thick middle class makes democracy more stable than a thin one,” Egorov says. “The U.S. has so far boasted a thick middle class, but there have been some arguments recently that it might be shrinking. Our research highlights the problems that may follow from a shrinking or thin middle class. Additionally, if the belief in the stability of democracy is undermined, people might well decide it’s not worth defending.”

FEATURED FACULTY

Georgy Egorov

Professor of Managerial
Economics & Decision
Sciences

ABOUT THE
WRITER

T. DeLene Beeland is a
science writer based
in Asheville, NC.

ABOUT THE
RESEARCH

Daron Acemoglu, Georgy
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