Inequality and intergenerational mobility in Africa

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The analysis of a unique set of large-sample surveys in five comparable Sub-Saharan African countries (Côte d’Ivoire, Ghana, Guinea, Madagascar and Uganda) allows measuring for the first time inequality of opportunity in Africa, aside inequality of resources and of living standards. This is made possible by having survey information on the social origins of adult household members: parents’ education, parents’ occupation and place of birth. A total of twelve sample surveys are used, over a thirteen year period (from 1985 to 1998).

I confirm the prevalence of high levels of income inequality among the region’s countries, in line with previous results that have been accumulated since ten years by United Nations and World Bank Statisticians.1 However, the sources of this large income inequality in Africa are still not very well understood, perhaps with the exception of South Africa that makes a singular case and has also been much more studied than other countries in the region.

Measurement biases on the extent of income inequality are a first issue that I consider: noisy measurement of income, survey questionnaire differences, equivalence scales, and regional price level differentials.

Next, I show that the five countries under review share a low inequality in the size distribution of landholdings, a large inequality in education, and a disproportionate weight of non-agricultural labor income inequality in total income inequality.

However, I also find considerable between country differences in the extent and features of inequality. Ghana stands out as one country with limited earnings differentials between sectors, occupations, and education levels, and thus consequently smaller income inequality, when compared for example with its neighbor Côte d’Ivoire. Furthermore, in keeping with the Björklund and Jäntti result regarding the comparison between Sweden and United States (American Economic Review 87(5), 1009-18, 2001), income inequality seems quite lower in

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countries where the equality of opportunity for income between social origins is greater, such as Ghana and Uganda, than in countries such as Côte d’Ivoire, Guinea and Madagascar where it is more restricted. Intergenerational educational mobility is in particular substantially higher in the same countries where returns to education are low (Ghana and Uganda); likewise, intergenerational mobility into and from agriculture is higher where income dualism against this sector is limited. Consistently enough, intense and less selective internal migrations characterize countries with higher intergenerational mobility and income equity. Even among non-migrants, income source diversification and occupations mixing through secondary jobs is also more frequent in more equal countries.

Semi-parametric decompositions are implemented in order to disentangle the main sources of inequality divergence between neighbor countries such as Ghana, Côte d’Ivoire and Guinea: distribution and intergenerational transmission of land and education, returns to land and education, intersectoral income differentials and household level income source diversification, spatial polarization, migrations patterns, and ethno-regional discriminations.

Finally, three kinds of legacies of long-term history are considered as potential explanations for between country differences in inequality patterns: (i) from the pre-colonial period, the existence of centralized states in parts of Ghana, Uganda and Madagascar and the associated population spatial concentration, as well as the persistence of caste-like social hierarchies linked to slavery; (ii) from the colonial period, the institutions put into place by the British and French colonial rulers, in particular the education system, the labor market and wage regulations, and the decentralization of the State; (iii) after the independences, the institutional trajectories experienced by each country, along with political developments and economic shocks. Differences attributable to the national identity of the colonial power (British or French) are more particularly scrutinized, in keeping with the spirit of the new comparative economics and institutional economics literature.

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