

It was CEP research that first established that the life chances of children born into poor households in 1970 were worse than those for children born twelve years earlier.

Now **Jo Blanden** and **Stephen Machin** look at more recent evidence to find out what happened to the life chances of children born into poor families since then.

Recent trends in intergenerational mobility: **Will the downward trend continue?**

Since 1997, the government has launched a variety of initiatives designed to improve the life chances of poor children. The logic was clear: every child should have an equal chance to succeed in life regardless of how well-off their parents are. Whether parental background is becoming more or less important in determining child outcomes is of interest in itself, and it may help us to evaluate the policy initiatives designed to increase social mobility from one generation to the next.

We have shown in work with Paul Gregg (Blanden et al, 2005, 2007) that, on average, the life chances of a child born into a poor household in 1970 were worse than those of a child born into a similar household in 1958. In particular, we showed that the earnings of individuals born in 1970 were more strongly related to the income of their parents than those of the earlier cohort. But until now, we have not been able to assess whether intergenerational mobility has declined further since then.

To do so is especially important since children even from the second cohort would have been in their late twenties by the time New Labour came to power in 1997 and would not have been affected

by policies such as Sure Start (which provided services for pre-school age children) and the Excellence in Cities programme (which directed more resources to inner city schools).

Our new study, funded by the Sutton Trust, uses more recent data to attempt to determine what has happened to social mobility since 1970. It uses information on the children of both the 1958 and 1970 cohorts: on average, the children of those born in 1958 were born in 1985, and the children of the 1970 cohort were born in 1999.

In addition, we use information on young adults from the British Household Panel Survey (BHPS), a nationally representative sample of 5,500 households, as well as children born in 2000 and 2001 from the Millennium Cohort Study.

One problem with looking at the mobility of these later cohorts is that children born recently have not entered the labour market yet. So instead, we investigate the link between parents' income and the intermediate outcomes of their offspring. These outcomes include acquiring a degree by the age of 23, cognitive test scores during the early years, and parents' reports of behaviour during childhood.

We then analyse whether the link between parental income and these outcomes has been strengthening over time based on the principle that if the relationship has strengthened, then this is likely to lead to a decrease in intergenerational mobility later in life. We can check if this principle is true by using the 1958 and 1970 cohorts, for which we



Illustration: Jenny Mumford

have information on intermediate outcomes and for whom we know that intergenerational income mobility fell.

Figures 1 and 2 show how the intermediate outcomes that we use are related to parental income. Figure 1 shows that although children born in 1970 were more likely to have a degree by the age of 23 than children born in 1958, the growth in degree-level education was strongest among those from the richest backgrounds.

Although 7% of children born in 1970 from the poorest fifth of households had a degree (up from 5% of the children born 12 years earlier), degree attainment from those from rich backgrounds grew much more quickly: from 20% to 37%. So inequality in degree attainment widened from 15 percentage points to 30 percentage points between the two cohorts.

Figure 2 repeats this exercise for reading test scores (at age 11 in the 1958 cohort and age 10 in the 1970 cohort) and shows the average test score percentile achieved by those from different backgrounds. Inequality also grows across the cohorts by this measure.

We then compare the changing relationship between these outcomes and family income between 1958 and 1970 with recent trends. If intermediate outcomes are ever more strongly related to parental income, this suggests that the trend of declining social mobility has continued.

A key assumption is that educational outcomes for children are a good (and reasonably constant) predictor of what they will earn as adults. This has been borne out by other studies: the more educated you are, the more you earn.

Figure 3 compares the degree achievement of the 1970 cohort with that of more recent 'pseudo-cohorts' drawn from the BHPS. Unlike the earlier period, there is little to suggest that the gap between the rich and the poor (in terms of degree attainment) widened. Indeed, the gap in degree attainment between children from the poorest households and the richest remains static between the 1970 cohort and the first BHPS sample (who are on average six years younger).

The gap appears to widen slightly between the first and second BHPS groups, but the change is too small for us to rule out the possibility that it is an artefact of the data. So the recent evidence should be interpreted as 'no change': it appears (from this measure at least) as though the decline in intergenerational mobility has been arrested.

Degree attainment is only one of the

Figure 1: Inequality in degree attainment – 1958 and 1970 cohorts

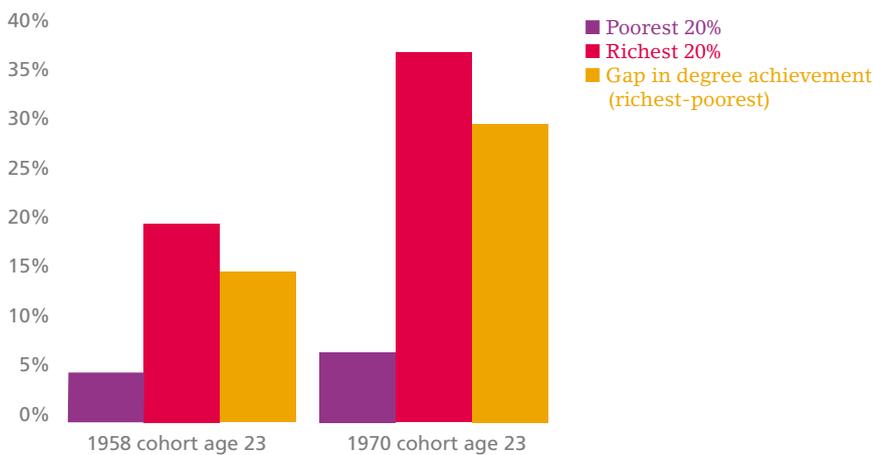
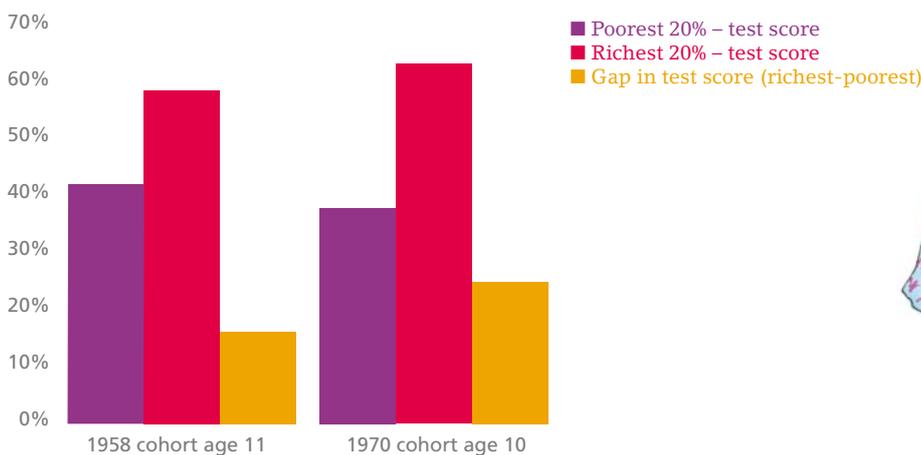


Figure 2: Inequality in test score percentiles – 1958 and 1970 cohorts



Inequality in degree attainment and test scores widened between the 1958 and 1970 cohorts

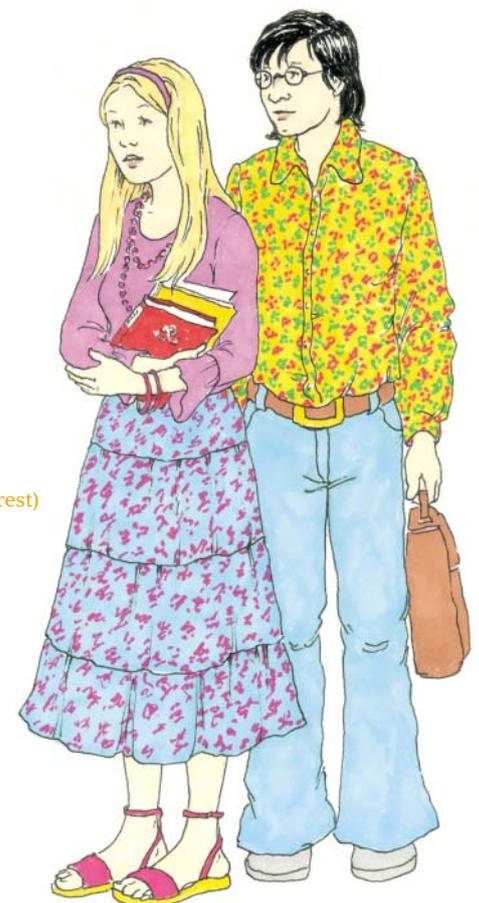


Figure 3:
Inequality in degree achievement - 1970 onwards

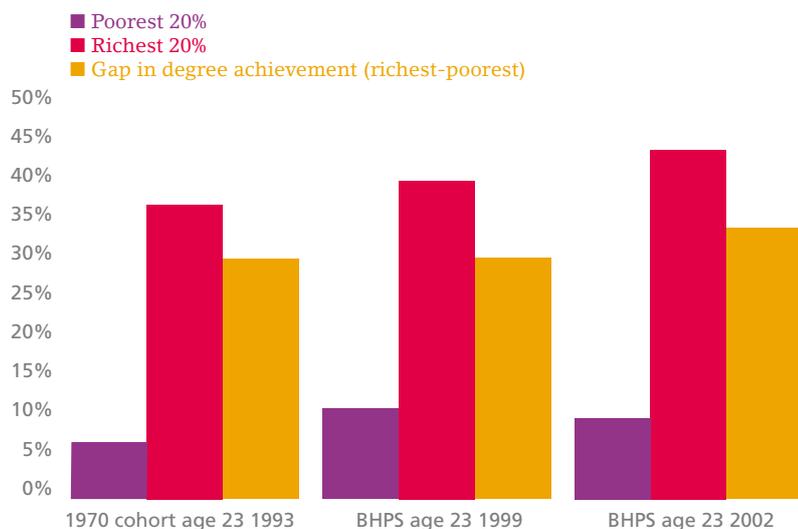
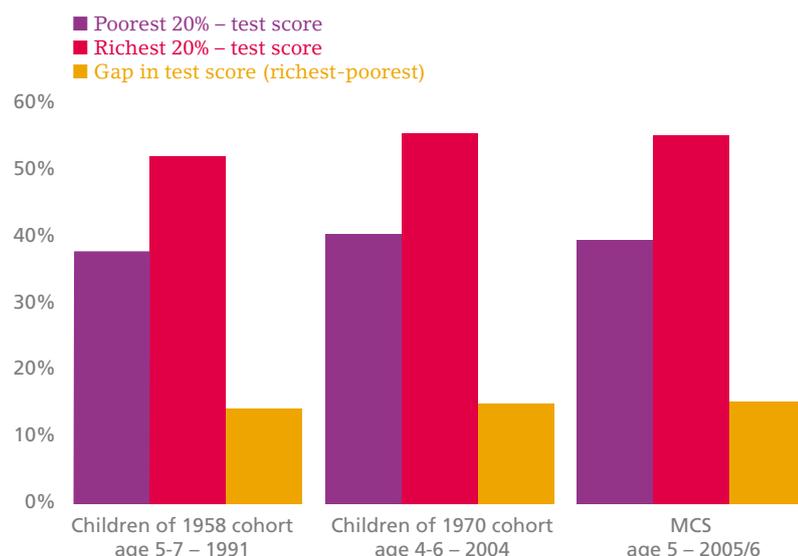


Figure 4:
Inequality in test score percentiles - more recent cohorts



intermediate outcomes in which we are interested. But as it turns out, the story from the other measures is similar: the gap between rich and poor children has not widened in recent years.

Figure 4 shows this for test score performance at around the age of 5. The bars look almost identical across the three datasets, indicating that there has been no change in the relationship between test scores and family income in the cohorts born from the mid-1980s to the turn of the millennium.

Evidence from behavioural tests confirms and consolidates our findings. The relationship between family income and externalising or 'acting out' behaviour increases in the earlier cohorts but shows

no change for those born since the mid-1980s.

As far as we can tell, therefore, it seems that our previous finding of a fall in intergenerational mobility between the 1958 and 1970 cohorts will not continue for children born more recently. Looking at the connection between intervening factors - educational attainment, test scores and behavioural measures - and family income for more recent cohorts we find little evidence of change.

It appears that the decline in social mobility may well have flattened out. This may be either good or bad news for policy: while it may have stopped the previous decline, it has failed to lead to an overall improvement in mobility.

The fall in intergenerational mobility between the 1958 and 1970 cohorts has not continued for children born more recently

This article summarises 'Up and Down the Generational Income Ladder in Britain: Past Changes and Future Prospects' by Jo Blanden and Stephen Machin, *National Institute Economic Review* 205: 101-17. This work originally appeared in December 2007 as the Sutton Trust report 'Recent Evidence on Intergenerational Mobility'. The authors gratefully acknowledge the financial support of the Trust.

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Further reading

Jo Blanden, Paul Gregg and Stephen Machin (2005) 'Educational Inequality and Intergenerational Mobility', in *What's the Good of Education? The Economics of Education in the UK* edited by Stephen Machin and Anna Vignoles, Princeton University Press.

Jo Blanden, Paul Gregg and Lindsey Macmillan (2007) 'Accounting for Intergenerational Persistence: Non-cognitive Skills, Ability and Education', *Economic Journal* conference volume: C43-60.