

Increasingly it seems that the rich and poor of Britain are destined to stay on the same rungs of the economic or social ladder for successive generations. A new book by **Lee Elliot Major** and **Stephen Machin** calls for an alternative model of social mobility, one that develops all talents, not just academic, but vocational and creative too – and which creates opportunities across the whole country, not just in London.



Social mobility and its enemies

One David was born in a terraced house in East London, his father a kitchen fitter, his mother a hairdresser. The other David grew up in an idyllic village in the English countryside, his father a stockbroker, his mother the daughter of a baronet. The first David left school at 16 without any qualifications; the second studied at Eton and Oxford. One married an Essex girl; the other married the daughter of a wealthy aristocrat.

Both Davids in their own way highlight Britain's social mobility problem. David Beckham's meteoric rise is a rare occurrence: few children born to poor parents climb the income ladder of life. Meanwhile, David Cameron continued a tradition that has seen successive generations of social elites retain their grip on the country's most powerful jobs: he is descended from King William IV who ruled in the 1830s.

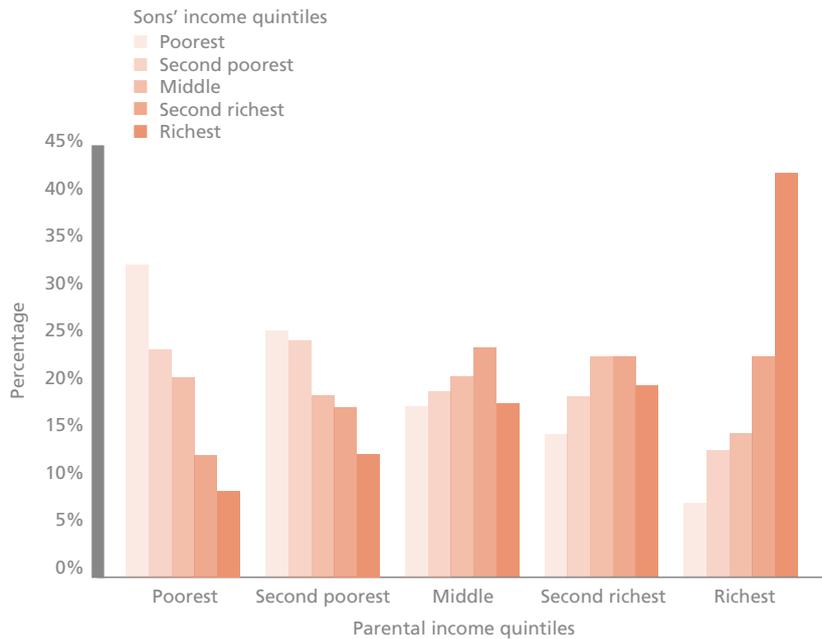
Social mobility tells us how likely we are to climb up (or fall down) the economic or social ladder – and too many of us are destined to end up on the same rungs as our parents. That's what we conclude in our new book – after reviewing the evidence.

The analysis confirms how Britain became less mobile – particularly at the top and bottom of society. A quarter of sons born in 1958 from the poorest homes remained among those on the lowest incomes as adults, while 32% of those born into the richest families stayed among the top earners when they grew up.

Rather than opportunities getting better for more recent cohorts, they have got worse. Around a third of sons from a cohort born 12 years later in 1970 from the poorest background remained among those on the lowest earnings as adults. And over 40% of those born into the richest

Today's younger generations face a bleak future: greater income divides, falling wages and shrinking opportunities

Figure 1: Intergenerational mobility in the 1970 British Cohort Study



fifth of society remained there themselves as adults. This strong U-shape of social mobility with people stuck at the top and bottom of the distribution across younger generations is shown in Figure 1.

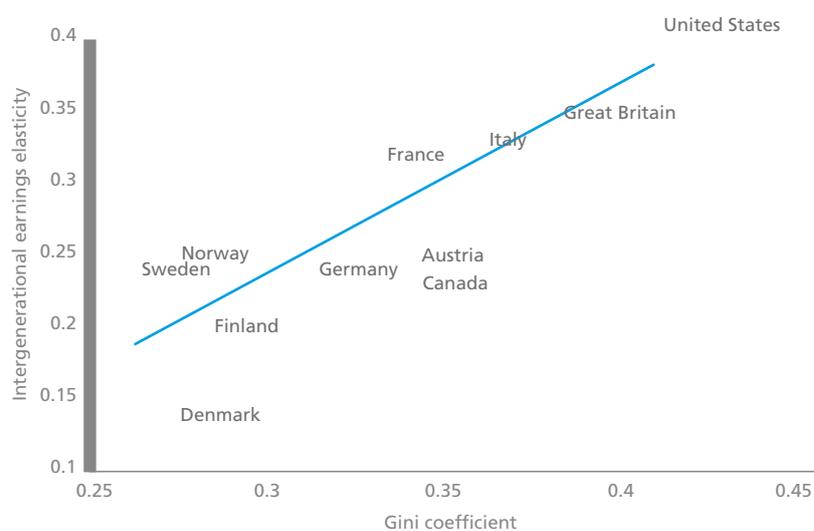
What's more, today's younger generations face a bleak future: greater income divides, wider gaps in abilities to enter the housing market, lower relative wages and shrinking opportunities.

The dream of just doing better, let alone climbing the social ladder, has been dying.

The well-known 'Great Gatsby curve' (pictured in Figure 2) reveals a strong link between countries' Gini coefficients (which measure income inequality) and their intergenerational earnings elasticities (which measure immobility).

There is mounting evidence to suggest that wide gaps between the rich and

Figure 2: The Great Gatsby curve



Sources: Jo Blanden (2011) 'Cross-country Rankings In Intergenerational Mobility: A Comparison of Approaches from Economics and Sociology', *Journal of Economic Surveys* 27: 38-73.

poor lead to more rigid societies. And the problem for Britain is that, as in the United States, we have high inequality and low mobility. It does not bode well. By much more than earnings, wealth – financial investments and property – sets the elites (including the two Davids) apart from the rest of us.

Meanwhile, workers' wages have declined sharply in real terms. In the decade from 2008, median wages fell by 5% in real terms. Employees are now worse off than their equivalents ten years earlier. In contrast their parents, three decades earlier, were enjoying rising real wages compared with the generation before. Just as their counterparts in the United States have been for some time, our young are now facing falling levels of absolute social mobility.

Enemies

We all agree that talent and hard work rather than background should determine success in life. Yet the enemies of social mobility are powerful and plentiful: 'opportunity hoarders', privileged parents playing or cheating the system to stop their children sliding down the social ladder; exploitative employers failing to invest in their staff; and detached ruling elites, vowing to work for the many, but pursuing policies for the few.

We persistently cling onto the hope that education can act as the great social leveller, enabling children from poorer backgrounds to overcome the circumstances into which they were born. But the evidence shows that on average

schools and universities have failed to live up to these lofty expectations. It's an impossible task when inequality is so wide outside the school gates.

We estimate that hundreds of thousands of young people continue to leave school without the basic numeracy and literacy skills to get on in life. Meanwhile, private school alumni have maintained their stranglehold on our political and professional elites, as well as leading positions in other areas of public life, including the film and TV industry, the arts, music and sport.

Low mobility incurs economic, social and political costs. It leads to greater regional divides and to polarised and populist politics. Elites have become regionally concentrated and more detached from, and uninterested in, the rest of society. Marginalised voters feel left behind and are more likely to vote for extreme parties.

Failure to do something will only store up greater problems for the future. Life prospects will be linked not just to the status of your parents, but also to that of your great-great-grandparents as multi-generational mobility becomes stickier.

A new model of social mobility

Britain desperately needs a new model of social mobility that develops all talents, not just academic, but vocational and creative – and creates opportunities across the whole country, not just in London. Employers need to treat employees as a long-term investment, and offer training and skill

development that can raise productivity. Britain's booming gig economy has created an employment underclass lacking security, training, progression or rights, stuck on short-term and temporary contracts (or 'gigs').

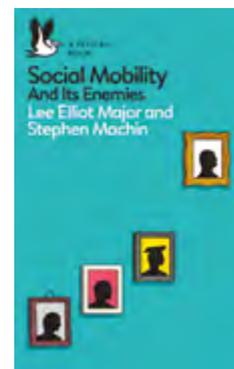
We could also do more to open up access to the top employers and universities. All work experience placements and internships at elite firms, for example, should be paid and openly advertised.

Bombarded by thousands of A-grade candidates, sought after universities are resorting to 'hyper-selectivity' – ever more refined but unreliable ways of selecting the 'very best' academic talent. They could instead identify the minimal grades that are good enough to get in. Undeniably, the most equitable way to allocate places to equally deserving candidates would then be to pick them randomly. 'Losers' could be guaranteed a place at another university. Overnight, we could diversify student intakes.

Meanwhile, the government could raise inheritance tax and close the tax loopholes that allow the super-wealthy to entrench their privilege. But such moves require political courage, not empty rhetoric.

David Cameron's advisers came up with a clever phrase for the then prime minister to demonstrate his aspirations for a classless society: 'It's where you're going to, not where you're from that counts.' But that mantra was a fallacy. In Britain, it has become increasingly the case that where you come from – whom you are born to and where you are born – matters even more for where you are going to.

More needs to be done to open up access to the top employers and universities



Social Mobility and Its Enemies by Lee Elliot Major and Stephen Machin is published by Penguin.

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