

The government wants 'to create a Britain that is economically successful because it is socially mobile'. But new research by **Jo Blanden, Paul Gregg and Stephen Machin** indicates that social mobility is not only declining but also significantly lower than in some other developed countries.

Social mobility in Britain: low and falling

Social mobility – or 'intergenerational mobility' as economists prefer to call it – measures the degree to which people's social status changes between generations. It is seen by many as a measure of the equality of life opportunities, reflecting the extent to which parents influence the success of their children in later life or, on the flipside, the extent to which individuals can make it by virtue of their own talents, motivation and luck.

The rapid increase in UK income inequality that began in 1979 is sometimes justified by the argument that society is now more meritocratic so that it is easier for the poor to become richer if they are willing and able to work hard. In fact, our research shows that the opposite has occurred – there has actually been a *fall* in the degree of social mobility over recent decades. Children born to poor families are now less likely to break free of their background and fulfil their potential than they were in the past.

The fall in social mobility can be illustrated by comparing two sons born in 1958 and who left school in the 1970s (those individuals tracked in the National Child Development Survey) where the

parents of one earned twice as much as the parents of the other. The richer son would earn on average 17.5% more in his early thirties than his poorer friend. For two comparable boys born in 1970 and who left school in the 1980s (tracked in the 1970 British Cohort Study), this advantage increased to 25%.



The wider focus of our research is to understand better whether the extent of social mobility in Britain and its recent decline are mirrored in other developed countries. The results show that Britain has mobility levels of the same order of magnitude as in the United States, but well below Canada, Germany and the Nordic countries. What is more, the decline in mobility in Britain between the 1970s and 1980s is not replicated in the United States even though inequality was rising in both countries.

Education has been seen as a route to greater intergenerational mobility. So it is natural to ask what role education plays in the recent decline in mobility and whether it can help explain why mobility has fallen in Britain but remained constant in the other countries. Our research highlights how the relationship between family income and children's higher education attainment has grown stronger between cohorts completing their education in the 1970s and the late 1990s. This implies that the big expansion in university participation has tended to benefit children from affluent families more.

We consider two stages of educational performance: staying on at school after the compulsory school leaving age of 16; and higher education attainment. Since this

The strong relationship between family income and educational attainment is at the heart of Britain’s low mobility culture

Figure 1:
Staying on rates (proportions) by parental income group

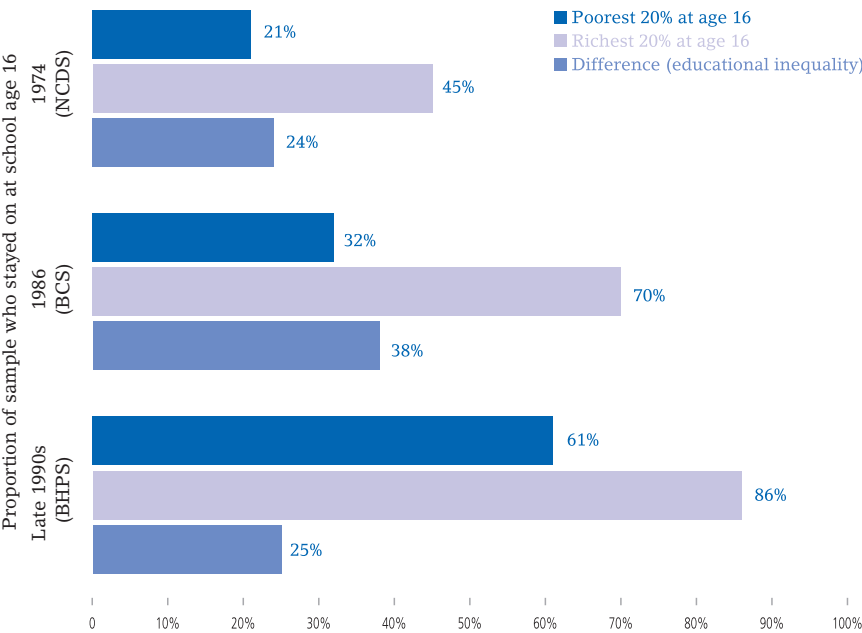
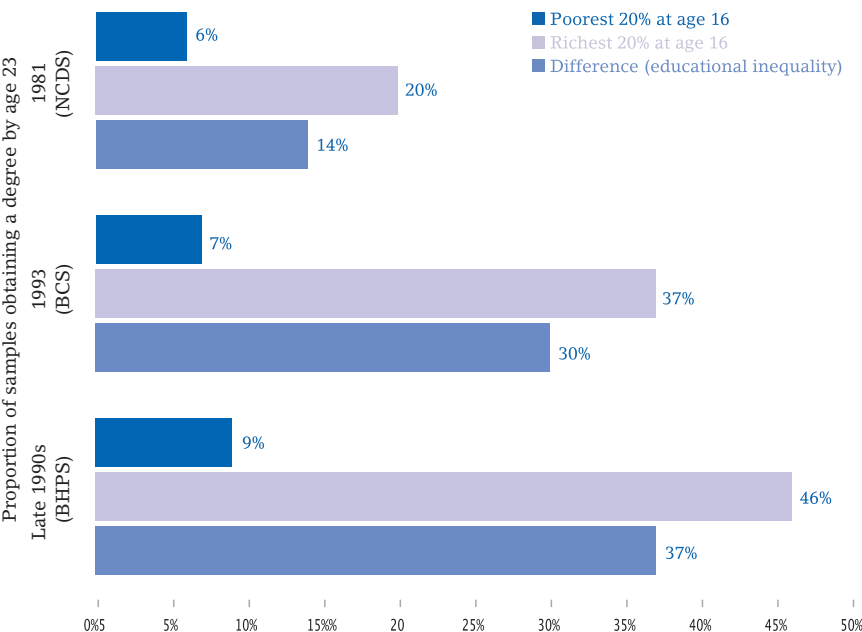


Figure 2:
Degree completion by age 23 by parental income group



involves looking at education rather than incomes when adults, we can add a third cohort to those of 1958 and 1970: children reaching the age of 16 in the 1990s. This gives a partial picture of how mobility may be changing for a more recent birth cohort.

Figure 1 shows how the proportion of young people staying in education beyond the age of 16 has evolved over time. Educational inequality is measured as the difference in the staying on rate of young people with parental income in the richest 20% compared with young people with parents in the poorest 20%.

The first thing to note is that the staying on rate has increased from 1974 to the late 1990s for young people from both income groups. The more interesting result is that the speed of the increase has varied substantially for young people in different periods. It is clear that between 1974 and 1986, staying on rates for children from the richest backgrounds were rising faster, which led to an increase in educational inequality.

But from 1986 to the late 1990s, the staying on rate of those from the poorest backgrounds rose more quickly, leading to a reversal of educational inequality. Over the 1990s, young people from poorer backgrounds have clearly taken up the opportunity to stay on in post-compulsory education as never before. This is likely to be in part a consequence of the introduction of the General Certificate of Secondary Education (GCSE).

But do the trajectories that individuals are on lead to higher qualifications? We can explore this question by considering the completion of higher education by income group in a similar way. Figure 2 presents results similar to those from Figure 1 but this time with degree attainment by age 23 as the outcome. Once again, educational expansion is evident with increases in attainment for students from all backgrounds.

But in contrast with the staying on

results, educational inequality has risen in all periods. Young people from the poorest income groups have increased their graduation rate by just 3 percentage points between 1981 and the late 1990s, compared with a rise in graduation rates of 26 percentage points for those with the richest 20% of parents.

The clear conclusion is that the expansion in higher education in Britain has benefited those from richer backgrounds far more than poorer young people. This occurred over a period when means-tested student support declined sharply. We have used this evidence as a cautionary tale in the recent debate around the introduction of top-up fees for universities in England and Wales. In the past, increasing the numbers of students has failed to increase the participation of the poorest groups. It is crucial that this situation changes for further expansion of higher education – and that means commitments to provide more generous grants and fair access.

So to what extent is the relationship between education and income a causal one? In other words, does 'money matter' or is it that richer families produce more educated children because parental education, motivation and other aspects of family culture differ?

Separating the effect of income from the impact of other aspects of the family is a difficult identification problem. In our research, we use a number of techniques that net out permanent differences in income, which will be related to factors such as parents' education, to focus on transitory differences in income and their impact on educational outcomes. This can be done in a number of ways focusing on differences across siblings or across time for the same child.

Overall, the results provide consistent evidence of a significant causal impact of family income on educational attainment. They suggest that a one-third reduction in

income from the average increases the probability of a child getting no A-C GCSEs by 3 to 4 percentage points and reduces the chances of achieving a degree by a similar magnitude. Unfortunately, it is not possible to judge if the causal effect of income on education has changed across cohorts. But what is clear is that family income differences between the rich and the poor do have an important impact on children's educational outcomes.

At the same time, it must be clarified that the impact of income on education is small compared to the overall gap in attainment between rich and poor children. This implies that policies to raise intergenerational mobility also need to focus on raising children's attainment through targeted services in addition to considering income redistribution.

In this area, meeting a target of equalising educational opportunities needs to use more direct means such as early years education, improved schools for poor communities and steps to promote participation in post-compulsory education. Indeed, this is the policy direction that the government seems to be taking through Sure Start, Excellence in Cities and the Educational Maintenance Allowance (EMA). It is important, however, that these policies have solid evaluation strategies, such as has been pursued with the EMA, so we can improve our knowledge of what really works.

The evidence suggests that intergenerational links in Britain are particularly strong, which means that the current extent of policy development may be insufficient for the task at hand. We need to adopt a strategy to equalise opportunities coupled with careful policy evaluation to help us understand how policies can begin to narrow intergenerational inequalities.



The expansion in higher education has benefited those from richer backgrounds far more than poorer young people

Jo Blanden is a research officer in CEP's programme on education and skills. **Stephen Machin** is Professor of Economics at University College London and CEP's research director. **Paul Gregg** is Professor of Economics at the University of Bristol and a senior research fellow in CEP's labour markets programme.

More details on the research discussed here are in 'Intergenerational Mobility in Europe and North America' by Jo Blanden, Paul Gregg and Stephen Machin (<http://cep.lse.ac.uk/about/news/IntergenerationalMobility.pdf>), a report supported by the Sutton Trust; and in 'Educational Inequality and Intergenerational Mobility' by the same authors, a chapter in *What's the Good of Education? The Economics of Education in the UK* (Princeton University Press, 2005).

Further reading

Jo Blanden and Paul Gregg (2004), 'Family Income and Educational Attainment: A Review of Approaches and Evidence for Britain', *Oxford Review of Economic Policy*.

Jo Blanden (2005), 'Essays on Intergenerational Mobility and its Variation over Time, Place and Family Structure' (PhD thesis, University of London).

Children born to poor families are now less likely to break free of their background than they were in the past