

# Towards a socially mobile Europe:

What can policymakers learn from Dynamics of Inequality Across the Life-course (DIAL) research?

## Key Findings

- Educational opportunity is the most powerful tool in improving the life chances of those born into disadvantaged families.
- Family and community background can have a much greater impact on life chances than what is predicted by typical estimates of social mobility.
- Environmental circumstances are not the only driver; genetic differences between individuals have similarly large effects and can modify environmental effects.
- Human capital is vital – when it comes to social and emotional skills the gap between the richest and poorest has significantly widened in the past 30 years.
- Selective education systems which separate pupils into academic and non-academic streams play a major role in perpetuating social inequality.

### Contributing Projects

GEIGHEI  
GUODLCCI  
IMCHILD  
LIFETRACK  
PII  
TRISP

### Editors

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### About DIAL

*Dynamics of Inequality Across the Life-course (DIAL) is a multi-disciplinary research programme consisting of thirteen European projects. The projects examine the sources, structures and consequences of inequalities in contemporary societies. The programme is funded by NORFACE for the period 2017–2021.*

## Policy context

Across Europe there has been long-standing and increasing concern about intergenerational patterns of inequality. A recent Eurofound report <sup>1</sup> highlighted a number of key barriers to greater social mobility within the EU:

- The importance of family social connections for access to top jobs
- Increasing polarisation between the life chances of the richest and poorest
- Mixed progress on child poverty
- The high cost of access to early childhood education
- Polarisation in the labour market.

The European Pillar of Social Rights in 20 Principles<sup>2</sup> is central to efforts to create greater social mobility across Europe. Initiatives associated with this policy include:

- The European Child Guarantee, which aims to break cycles of disadvantage caused by poverty and exclusion at an early age.
- The European Skills Agenda, which aims to ensure access to education and lifelong learning for all.
- The Youth Employment Support Package, which aims to create more inclusive transitions from education into the labour market, with a focus on disadvantaged groups.

## Long-term trends

Research examining the long-term picture in absolute mobility in real incomes between parents and children born between 1960 and 1987 found significant differences between countries.<sup>3</sup>

The US, Canada and Denmark saw declines of around 10 percentage points from peak upward mobility rates, but this was not the case elsewhere (Finland, the Netherlands, Norway, Sweden, the United Kingdom). The idea that living standards should continue to rise from one generation to the next is a core promise of market economies, the authors say. But there is dramatic variation in the extent to which rich countries achieve this.

To achieve more upward mobility, countries need institutions capable of encouraging economic growth and of distributing it to all. There are several countries that have been able to do this.

## Social capital in families

When we study social mobility we usually ask whether children are better off than their parents. But to what extent do families actually drive these trends? And what are the mechanisms?

Two DIAL studies have looked at different ways of examining intergenerational inequality and have concluded that while broader approaches are valuable, looking closely at different factors within the family home is also a powerful tool for understanding how policy can have an impact on these deeply-rooted issues.

The first study compares four different approaches to studying family background using Swedish data.<sup>4</sup> It shows that by studying siblings we can capture a much broader impact of family and community background than typical estimates of social mobility do.

By looking in detail at what happens within families, it is possible to gain a much richer picture of their influence on children's later lives. Parental involvement in schoolwork, parenting practices, and maternal attitudes can all be powerful. These researchers ask whether the bulk of inequality in education and income is due to individual effort, or whether "circumstances" beyond the individual's control are more important. The answer, they say, is that that these individual factors should be given more weight.

The second study re-examines evidence from the baby boomer generation in Sweden, and compares the impact of neighbourhood and family factors with that of a factor specific to the individual.<sup>5</sup> Both sets of factors includes ones that are external to the individual's control and which can cause unfairness. Individual factors might also include grit, determination, and risk-taking.

This study finds that variations in levels of skills between families do contribute to the transmission of inequality. Half of measurable inequality in Sweden is explained by an individual's overall circumstances, including both changeable and unchangeable factors. About two thirds of this effect is attributable to social circumstances, and a third to cognitive and socio-emotional skills

A third piece of DIAL research homes in on a factor which is increasingly seen important for policymakers: the transmission of social and emotional skills within families.<sup>6</sup> This study looks at inequalities in skill levels between children aged five in the UK. It finds over a 30 year period the

gap between the least and most advantaged children has widened significantly.

The study suggests factors such as being born to a mother who was unmarried, who smoked in pregnancy or who had only basic-level education are associated with poorer and decreasing levels of social and emotional skill.

This is significant because these skills, when measured at age five, are good predictors of later health-related outcomes including our body mass and whether or not we smoke. The results, the researchers say, show the importance of inequalities in early years development for health and human capital across the life course.

A further piece of research looks at links between the lifetime earnings of parents and their children and concludes that these are mainly driven by high-income parents' investments in children leading to improved intellectual progress.<sup>7</sup> The study looks at differences in years of schooling, cognitive skills, parental investments in time and school quality, and family background. It finds most of the link – 54% for males and 62% for females – is accounted for by these factors.

Cognition and years of schooling appear to be most strongly linked to direct effects on earnings. But when allowance is made for investments parents make in their child's early years, the picture changes – differences in cognitive ability and in years spent in education are fully explained by these inputs and by family background. So background and investments are by far the most important mechanisms in determining the intergenerational transmission of earnings.

## Education

The DIAL program has produced compelling evidence that early academic selection has detrimental effects on social mobility. A number of articles focus on academic 'tracking' across numerous countries, and the conclusion is clear: intergenerational inequalities are reproduced through selective education systems.

These processes take place in various different kinds of systems: across France, England and Denmark, researchers find the divide between academic and vocational tracks as well as ability-based placement into different schools (e.g., grammar schools in the UK) to contribute to intergenerational social reproduction.<sup>8, 9, 10, 11</sup>

A further study looks at the choice of studying advanced maths at secondary level in Finland and

## Absolute and relative social mobility

Social mobility can be examined in two ways: 'absolute' mobility and 'relative' mobility. The first refers to change from one generation to the next, whereby societies have higher rates of absolute social mobility when more children differ from their parents (in terms of income, education, social class or housing, for example) by being either better or worse off. When more children are on average better off than their parents, rates of upward social mobility in a society are high.

The second refers to the chances that children coming from different social origins have of being able to move up – or down – the social ladder. It's possible to achieve a high level of absolute (upward) social mobility because everyone is better off, but still to have a low level of relative social mobility if the position that individuals end up in is highly linked to their social origins – in other words, if children's relative position on the social ladder is very similar to that of their parents even though the ladder as a whole is higher up.

finds this tends to stratify students into divergent educational and occupational pathways. In other words, subject choices can act as a further, hidden form of tracking within academic tracks.<sup>12</sup>

## School to work transitions

Two further DIAL studies examine the interplay between school systems and job prospects. They conclude that education is a powerful tool in helping children from poorer backgrounds to become more successful than their parents.

Researchers examine the career outcomes at age 44 of siblings born in Denmark in order to see what difference their varying educational achievements have made: is their shared family background still an important factor?<sup>13</sup>

They find the Danish system appears to be almost totally meritocratic: 90% of the difference in occupational attainment can be explained by fine-grained differences in educational attainment. When it comes to differences in earnings, the effect is slightly weaker – around 75% could be explained by educational attainment. The authors suggest the rest of the advantage gained by those from privileged backgrounds comes through social networks which help them gain entry to high-paying professions, and maybe through skills

learned in the family which enable them to be more productive in the workplace.

A study from Germany also supports the notion that education is key to helping children escape disadvantage.<sup>14</sup> It examines education selection and how it affects jobs at age 34, and finds that, regardless of background, educational attainment is a powerful predictor. There was no evidence of pupils from privileged families doing better than classmates with the same level of qualification.

## The role of genetics

In addition to environmental circumstances affecting individuals' life chances, two studies have shown that genetic inheritance is similarly important and that it can modify the effect of environmental circumstances. This interplay between nature (genes) and nurture (environment) is important to consider when planning initiatives to tackle inherited inequalities.

One piece of DIAL research examines how nature and nurture interact to affect education in the UK and finds support for the theory that parental investments early in life lead to greater gains for children who already have genetic advantages.<sup>15</sup> The researchers looked at 15,000 siblings and asked whether firstborn children gained more from the greater parental investments that they tend to receive in their early years if they also had a higher genetic predisposition for education. They found this to be the case. In other words, extra parental investments are more 'effective' in children who randomly inherit genetic endowments for education. The results of the study provide evidence against genetic or environmental determinism, showing that genes and environments interact in important ways.

Research on Finland finds similar results.<sup>16</sup> The study focused on 6,500 pairs of twins and their education, socioeconomic status and income at around age 30. It finds the influence of siblings' shared environment on their later outcomes to be negligible. By contrast, genetics play a significant role, particularly in higher social groups.

The research finds that the strongest genetic influences are linked to educational and occupational status. Genes have considerably less impact on children's future income than on their education or occupation. The study suggests genetic inheritance has more influence than social environment in perpetuating social inequalities, especially for those growing up in wealthier families.

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