



AN ESSAY COLLECTION

MOVE ON UP?

**Social mobility,
opportunity and equality
in the 21st century**

**IP
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and equality in the 21st century**



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Contents

Introduction	
<i>Carys Roberts and Tom Kibasi</i>	4
The myths of social mobility	
<i>Selina Todd</i>	11
Off target: We need to talk about child poverty again	
<i>Louisa McGeehan</i>	21
Solving poverty: A necessity for social mobility	
<i>Campbell Robb</i>	30
The £13 trillion elephant: Wealth, inequality and social mobility	
<i>Torsten Bell and Conor D'Arcy</i>	40
The UK's regional imbalance: Five challenges for social mobility	
<i>Sarah Longlands</i>	49
A new politics of institutional classism	
<i>Mike Savage and Sam Friedman</i>	59
The blank slate: Toby Young and social mobility	
<i>Danny Dorling</i>	69
Social mobility and the labour market in 21st century Britain	
<i>Paul Gregg, Lindsey Macmillan and Tzvetan Moev</i>	80
Beyond mobility: From individual success stories to community uplift	
<i>Faiza Shaheen and Liam Kennedy</i>	97
Social mobility at the heart of government	
<i>Jonathan Portes</i>	110

Introduction

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Two decades of focus on improving social mobility have been two decades of failure. An ‘equal opportunity’ agenda has been pursued by the last four prime ministers: Particularly in the drive to widen participation in higher education and invest in early years; increase the employment rate; and more recently through programmes including the Social Mobility Business Compact. While these efforts have often been worthwhile in themselves and have made some progress, the overall picture of social mobility in the UK today is damning. The 2017 report *Time for Change*¹ found that after 20 years of explicit government focus on social mobility, individual policy successes are outweighed by policy failure at every life stage.

Today, there is no prospect of child poverty ending in the UK, and we are more than 40 years away from closing the attainment gap between poor five-year-olds and their better-off peers. Two-thirds of disadvantaged children still do not get five good GCSEs at age 16. Since 2008, young people’s wages have fallen 16%, taking their pay to below 1997 levels, and across age groups one-in-five people in the UK are stuck on low pay – a consistently higher proportion than other comparable nations. We are an increasingly divided nation; by generation, region, income and wealth. While employment is high, real earnings have stagnated and some five million people are working in jobs below the skill level that they have already attained.²

For a concept to be useful, it must helpfully diagnose the problem. Now, 20 years of concerted but ultimately failed effort towards social mobility should lead us to scrutinise the value of the concept, and also consider what it really is that we’re interested in. During the post-war years, with labour market expansion and an increase in skilled work, upward mobility was possible without directly challenging the position of those who already held elite positions or reducing opportunities for their children. But that dynamic could not continue indefinitely.

Social mobility must be about mitigating the consequences of moving downwards as well as increasing the probability of moving upwards. This not only is difficult to achieve while those at the top seek to maintain their position, but policies that would bring about this outcome are extremely difficult to drive politically.

For a just society, living standards cannot be determined by class. If social mobility is understood in terms of the link between class and outcomes, it is hugely important. Yet an exclusive focus on social mobility can distract from the task of creating a more equal society, by instead focusing attention on increasing access to the top of a hierarchy without thinking about those who will never rise to the 'top', or considering the structural issues that shape outcomes. An individualistic focus can undermine the broader collective endeavour of a better society for all.

At IPPR, our starting point is that social mobility is an outcome of a fairer economy, not an input. The societies with the least equal income distributions are also the societies with the least social mobility.³ Attempts to increase social mobility to generate a fairer economy will always fall short on their own, because they do not change the underlying structure of our economy. A just economy would reduce the need for a social mobility focus. Where there are smaller gaps between different groups, it is less important for those at the top to defend their own position, and that of their children. It is also less important to be upwardly mobile in an equal society. Accepting that there must be permanent poverty and lower life chances for parts of society reflects a paucity of political imagination. Our goal should surely be that all can live good lives, contributing to and sharing in the common good. We have more agency and control about our economic future: The current economic model has kept people behind, rather than simply left them behind.

This is not to downplay the importance of civil society programmes aiming to help individuals within the economy we have. But for a truly equal society, and for a programme for government, we need bigger ideas for change. The final report of the IPPR Commission on Economic Justice, *Prosperity and justice: A plan for the new economy*, sets out what a more prosperous and just economy would look like, and how we can get there.⁴

First, we need a more balanced economy, so that everyone can live in an area where there are good, well-paid, secure jobs. That includes an

industrial strategy for the everyday economy (the large employment, low productivity sectors such as retail or social care), regional economic decision making and retraining for workers displaced by automation. We do not believe in the ‘get on your bike’ mentality – place and relationships matter. It cannot be right that to succeed, people must leave the places to which they are rooted.

Second, we need more good-quality, well-paid and secure jobs. Productivity has flatlined, and while the economy has grown, earnings have stagnated and the quality of work has declined. In *Prosperity and Justice*, we argued for a managed acceleration of automation to improve our lousy productivity record in a way that benefits everybody, particularly those working in the everyday economy. It also argues for strengthening workers’ rights and unions in the parts of the economy where this is most needed. Without strong unions, workers will not see an improvement to their pay and job quality.

Third, we need to look beyond income to assets. It cannot be just that in the modern economy, inheritance is increasingly the route to security and opportunity, while those who work hard cannot have the same security and opportunity. *Prosperity and justice* argued for a focus on spreading asset ownership both collectively and individually, including through a Citizens’ Wealth Fund, increased employee ownership, and major reform of the land and housing market.

Fourth and finally, outcomes in the labour market are not only influenced by class but also by gender, ethnicity and disability: These disadvantages also interact in important ways. So *Prosperity and justice* argued that opening up the best work opportunities to everybody requires ensuring transparency on pay gaps and pay structures within firms and occupations.

The Social Mobility Commission has begun the task of recognising the broader context of social mobility in its own research. The commission was originally set up as a Social Mobility and Child Poverty Commission and had a correspondingly larger remit, but the child poverty element was dropped in 2016, following the scrapping of child poverty elimination targets. The commission’s *State of the nation 2017* report focussed on structural changes needed for more equal life chances: Specifically, the place-based divide that splits areas with opportunity and those without in modern Britain. In a welcome move it also broadened out the debate beyond education and the labour market to assets.

*'It has become obvious that the scale of the problem extends well beyond the bottom decile in society or the few thousand youngsters who miss out on a top university. There is a fracture line running deep through our labour and housing markets and our education system.'*⁵

But achieving change that cuts across government policy areas requires political leadership, prioritisation of the problem and authority of those pushing the agenda. With Brexit taking up the government's attention, it proved impossible for the commission to drive this agenda, and the commissioners resigned. With a renewed set of commissioners, now is the time to think if and why social mobility is an important goal for government, and if not, what should stand in its place.

The essays in this collection shed light on the meaning of social mobility and meritocracy, and many of them, like us, challenge the usefulness of social mobility – if understood in a narrow sense of helping the 'able' reach the top – as a useful guiding concept for politics and policy. The pieces enrich our understanding of class in the UK today, what goals government needs to set, and what it would mean to have an equal economy and society.

Relative mobility – or the different outcome between individuals of the same generation dependent on parental background – has declined in the UK over the course of the 21st century. Gregg, Macmillan and Moev show that the destinies of the cohort born in the late 1950s were far less fixed than those of the cohort born in the early 1970s. They focus on the labour market and show that educational outcomes can only explain about half of later earnings: A broader look at structural factors is required. They show for the first time the link between background and the likelihood of being in insecure work, which has grown hugely since the 2008 financial crisis.

Several of the pieces reflect on the declining usefulness of understanding class purely in income terms. Friedman and Savage argue that we should instead understand class in terms of capital: Financial, social and cultural. Elites are able to maintain their position by perpetuating advantage in intangible ways, including through the transmission of behaviour and attitudes that exclude people without that cultural capital from the best jobs. While in the past we could understand class in terms of occupation, within occupation income

inequality has rendered that understanding far less useful than it used to be. Bell and D'Arcy focus on financial capital, arguing that as aggregate wealth in the UK has grown, the cash difference between the haves and the have-nots has increased. For an equal society we must look to policies that reduce wealth inequality. These include building council housing, a more progressive replacement for council tax, and a lifetime gift tax.

Other contributors question the value of the social mobility frame for progressive policymaking. Shaheen and Kennedy argue that we must move away from a politics of aspiration that aims to allow people to escape their position, and towards a politics that raises everyone's position. Selina Todd uses historical evidence to debunk the social mobility myths regularly perpetuated by politicians and the press. Danny Dorling takes apart the argument that natural ability determines outcomes, and therefore the usefulness of thinking about meritocracy.

Others focus on poverty as the important question in determining mobility and living standards. McGeehan looks at the impact of rising living costs and welfare cuts on child poverty, and argues that to reduce child poverty a focus on social security to ensure adequate family incomes is required. Robb argues that a comprehensive, long-term approach beyond benefit spending is required: To solve poverty, root causes of high housing costs, poor education and low pay must be addressed.

Creating an equal economy and society will require not just ideas, but a strategy to implement and drive those ideas to real outcomes. Portes looks at what can be learned from the New Labour years in terms of using the myriad arms of government to effect real change. In particular, he argues that political leadership to drive forward a cross-Whitehall programme is vital, as is proper consideration of measurement and accountability. What is measured is often what matters in policy. Longlands takes a different approach, arguing that if the UK is to become more regionally balanced, and if the call to 'take back control' is to be answered, there must be more local and democratic involvement in decision making.

These essays do not intend to undermine the work of the social mobility campaign groups and charities delivering programmes to improve individual lives, or of employers seeking to improve access to good jobs. Those are important in the society we have. But a political programme, for the long-term, must have larger ambitions: The reach

of government should not be restricted to improving the lot of a few, but instead to bring about the fairer society. Only in an economy of prosperity and justice, will true social mobility materialise. It is for that reason that our economy needs fundamental reform, not simply an attempt to 'muddle through'. We can bridge the gap between the country we are and the country we would wish to be. The first step is to have the vision and ambition to do so – and this collection of essays makes a vital contribution to that task.

Notes

- 1 Social Mobility Commission (2017) *Time for change: An assessment of government policies on social mobility 1997-2017*. <https://www.gov.uk/government/publications/social-mobility-policies-between-1997-and-2017-time-for-change>
- 2 *Ibid.*
- 3 This is demonstrated by the 'Great Gatsby Curve', as shown in Gregg, Macmillan and Moev's essay for this collection
- 4 IPPR (2018) *Prosperity and justice: A plan for the new economy*, Polity Press. www.ippr.org/cej
- 5 Social Mobility Commission (2017) *State of the nation 2017: Social mobility in Great Britain*. <https://www.gov.uk/government/publications/state-of-the-nation-2017>

The myths of social mobility

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That talent and hard work will be rewarded with wealth and power is an enticing notion. It is a dream that has galvanised individuals' ambitions and been harnessed by politicians who tell us that 'social mobility' is our best promise of a better life.

These claims are based on scant evidence. Statistics – and the experiences of those who have experienced mobility over the past century – suggest we should be very sceptical of social mobility as a policy goal. I want to use that historical evidence to debunk several myths about social mobility regularly peddled by politicians and the press.

MYTH 1: SOCIAL MOBILITY CAN BE UNDERSTOOD THROUGH STATISTICS ALONE

Using occupational classes similar to those adopted by the Registrar General, sociologists have busted the contemporary political myth that mobility has declined in the UK over the past few decades. They suggest that social mobility was relatively stable over the first half of the 20th century, when slightly more people moved up than down the hierarchy. It then increased during the 1950s and 1960s, before declining slightly since the 1980s – though the latter conclusion differs depending on whether occupation or income is used to measure social mobility.

These data work by comparing a person's occupation in their mid-30s to the occupation their father had at roughly the same age. But it's important to note that this can't produce particularly revealing conclusions for women – 52% of the population. The sex-based division of labour means that women and men have followed very different types of work. From the 1960s, large numbers of women from most social classes went into clerical work in large numbers – considered 'upward' mobility for the daughters of manual workers, but 'downward' mobility for the daughters of professionals or managers.

This example shows how little statistics really tell us about the operation of social mobility – including how and why certain people are unable to enter certain kinds of work, and how and why certain jobs have become valued as ‘higher’, and better paid, than others. Too often, social mobility statistics imply that upward mobility is a ‘good’ thing, and accept unquestioningly the hierarchies of work and wealth with which we live.

There are plenty of other ways of finding out about social mobility. We can use interviews, and archived and published autobiographies and oral histories to analyse people’s mobility and their experience of mobility. These sources can also tell us more about the causes and consequences of social mobility. My own work and this essay draws on all of these sources, and also on an open-ended questionnaire about social mobility, which was filled out by 300 people in 2016, whose ages ranged from 22–90. The results of this questionnaire are available for anyone to consult at the Mass Observation Archive in Brighton.¹

MYTH 2: ENTREPRENEURIALISM IS THE BEST ROUTE TO UPWARD MOBILITY

Television programmes like *Dragon’s Den* and *The Apprentice* perpetuate the idea that those who ‘get on’ in life are ‘self-made’ individualists (Alan Sugar, and, less credibly, the public school educated Richard Branson are cited as examples). But the ‘self-made man’ who battles it alone is rare in real life. It is true that becoming self-employed was a widely-shared aspiration during the last century. For some migrant families, setting up their own small business was also a way of avoiding racial discrimination in the wider labour market, or compensating for lack of UK qualifications. It could also be a means of embedding into a community. But whether migrant or British born, the self employed tended to see their ventures as a one- or two-generation strategy, not a permanent way of life. The children of self-employed people were often encouraged by their parents to get into the professions or into managerial positions in larger firms. The modicum of control that self employment could offer was consistently offset by the medium and long-term insecurity it brought.

MYTH 3: SELECTIVE EDUCATION HAS ENABLED SOCIAL MOBILITY

This conclusion is based on the increase in upward social mobility in the years after 1945. Very often this increase is assumed to be

caused by the 1944 Education Act, which enabled pupils to gain entry to academic grammar schools purely on their performance in the 11-plus examination. Before this, grammar schools had been fee-paying institutions.

However, the proportion of working-class children gaining entry to grammar schools was extremely low. Less than 20% of the children of manual workers passed the 11-plus, compared with more than 60% of the children of professionals and managers.

Despite this, the generation born in the 1940s and early 1950s did experience upward mobility to a greater extent than any generation before or since. This was not due to educational change but to the expansion in white-collar work and in some public-sector occupations, particularly teaching and nursing. This was brought about by the post-war expansion of the welfare state and by investment in industry, both innovations of the 1945 Labour government.

MYTH 4: LOW ASPIRATION PREVENTS WORKING-CLASS PEOPLE FROM RISING UP THE SOCIAL LADDER

In 2009, Prime Minister Gordon Brown established a panel to investigate how access to the most lucrative professions could be made fairer, chaired by former Labour minister Alan Milburn. In his foreword to the panel's report *Unleashing aspiration*, Milburn summed up the prevailing political ethos. While calling for the government to 'equalise opportunities', he suggested that the real solution lay with 'individual drive and ambition'. The message was that anyone could get on if they aspired to and worked hard enough.

In reality, limited upward social mobility is not explained by what working-class children and parents lack, so much as by the behaviour of elite institutions and their members. After the Second World War, countless surveys showed that working-class parents' ambitions for their children were very high. Their confidence in being able to realise these ambitions grew due to the security and opportunity offered by the welfare state, full employment and free education. If we wish to ensure that people's aspirations are high, providing them with this foundation on which to build their dreams is essential.

But despite the high ambitions of their parents, the upward mobility of working-class children remained limited in the 1950s and 1960s. Older professions like medicine and dentistry remain dominated by the children of professionals. This was because the gatekeepers of

these professions discriminated in favour of their own children and those of their social peers. The creation of opportunities for upward mobility over the last century was almost always brought about by the expansion of old institutions and jobs – like the expansion of white-collar work and teaching – or by the development of entirely new opportunities. For example, some of the technical jobs that were created by the welfare state and post-war investment in industry were given pay, security and autonomy that reflected their high value. It has never been the case that the upwardly mobile have knocked those already enjoying privilege off their perch.

MYTH 5: GETTING UP THE LADDER MEANS IMITATING THOSE A FEW RUNGS UP

There's an assumption in initiatives of the Sutton Trust and charities that seek to teach state school pupils the self-confidence of their privately educated counterparts that those at the bottom lack the 'social capital' or 'cultural capital' that their more privileged peers have. So, great emphasis is placed on teaching children in state schools about public speaking, to modify their accent or to present themselves differently.

But imitation of your social 'superiors' has never been an effective means of getting up the ladder or surviving once you get there. Working-class entrants to private schools or the most selective grammar schools were expected to show that they were both 'bright' and 'hardworking'. The same was true of bank clerks and civil servants in the first half of the 20th century. Their presence was due to their school or employer's alleged commitment to meritocracy, so these entrants had to be brilliant to justify this. Usually a scholarship entrant to a school, or a working-class entrant to banking or the civil service, had to do far better than their middle-class counterparts both to earn their place and subsequently to earn promotion.

They simultaneously had to be seen to work hard to achieve this success. In Britain, the longstanding entrenched power of the aristocracy has fuelled a belief that 'true' superiority is hereditary and that the very best talents are innate. Middle-class or upper-class schoolchildren, bank clerks or doctors might be praised for their effortless brilliance. But working-class entrants had to show themselves 'diligent' and 'focussed', to be deserving of their special chance. They also had to show themselves – in the words of Billy Fisher, protagonist of Keith Waterhouse's 1959 novel *Billy Liar*, about

a young man who wants to escape his dull clerical job, as 'grateful, grateful, grateful' for their chances.

Banks are a great source of information for those of us interested in social mobility, because they have offered a clear career structure, and kept meticulous records of their employees, since the 19th century. In the early 20th century, a working-class boy with some secondary education could aim to become a bank clerk, a position open to anyone who could pass the exam. Banks therefore appeared highly meritocratic. But if we delve into the extensive records of the Bank of Scotland from the 1900s to the 1940s, we see that working-class entrants often had to achieve higher results in the entry examination than their middle-class peers. Once in post, they were praised for diligence and deference, while their middle-class counterparts were praised for their confidence and leadership skills. Working-class young men had to distance themselves from stereotypes of their class as rough, dirty or loud. Their managers might praise their middle-class for displays of assertiveness or even disobedience, citing these as evidence of 'leadership'. If working-class bank clerks exhibited similar behaviour they were admonished for being brash or uncouth.

The self-consciousness and effort that this role required of upwardly-mobile people provoked stress and strain. And over the long term, this role did not help them to climb very far up the ladder. Middle-class networks, patronage and the display of social confidence (often defined as 'talent') tended to be prized in promotion to managerial posts. The Bank of Scotland's working-class entrants very rarely became senior managers, despite outperforming their middle-class counterparts on every test. Those who rise up the social ladder are often expected to be docile, obedient conformists; but these are rarely the skills that organisations need to succeed.

MYTH 6: SOCIAL MOBILITY IS A SOCIAL GOOD

Even if we assume this refers to upward mobility, the impact on individuals is variable. Until recently, policymakers and epidemiologists concluded that upward mobility was highly positive. But this is not always the case. The upwardly mobile do not experience life in isolation. Most of them keep in regular touch with their families. Many feel guilty that they have had chances denied to their parents or siblings. This guilt that becomes particularly sharp in periods of greatest economic inequality, like the 1930s and the 1980s, when

being at the 'bottom' can mean living in poverty. This guilt is often compounded by the great help they receive from relatives, not only as children but as teenagers who are allowed to stay at school rather than contribute to the family's income; as indebted university students whose families help them with food, clothing or money; or as young adults who need help to get a tenancy or mortgage. During the 20th century, very many families, at every income level, have tried to help out children in these situations, but most working-class families have only been able to afford to help one child in this way. Siblings do without. And so many of those who are helped also feel shame that they have not risen 'higher' up the social scale after all their hard work and their family's investment.

On the other hand, it would be inaccurate to suggest that working-class people experienced upward mobility as a traumatic culture shock. Many relished going to grammar schools, elite universities or into a professional career. But very often they experienced a moment of crisis, often around the time when they appeared to have fulfilled their ambition – whether by entering an elite university, graduating with a good degree, or establishing themselves in a profession – which resulted in illness and sometimes complete mental breakdown. C. P. Snow, the son of a lower-middle-class family who got to Cambridge University and eventually became a Labour peer, had several serious bouts of illness on his way 'up' the social ladder. Melvyn Bragg and David Starkey have both written about the nervous breakdowns they endured as working-class grammar school boys in the post-war years.

Women, perhaps, found it slightly easier than men to adapt to socially elite spaces. Men were far more likely to experience the loss of a regional accent, or donning a suit, as not being true to themselves. But women have long been brought up to believe that working on their bodies and characters was a form of real work, for which they should be compensated, and often tell long, detailed stories about the ways they adapted to their new colleagues and friends, taking pride in this achievement. That did not mean they found studying at a socially elite school or university, or entering a profession, easy, but they were often able to relish the challenges they faced. Very often, they had grown up aware of sex discrimination as much as class discrimination, and for some of them education provided a means of escaping the very limited employment prospects open to working-class women.

Sharing one's experience with others is very important. Because of women's limited employment choices, many of them tended to end up in jobs where large numbers of other entrants shared their social origins – like nursing or technical work after the Second World War. The post-war generation – men as well as women – were less likely to experience upward mobility as isolating or unhappy. Ascribing their widespread upward mobility to political and economic changes after the war enabled them to make sense of their good fortune, and the reasons why their parents had not experienced this. This group talk less of an individual struggle to 'make it' and more of a collective social uplift.

By contrast, people born in the 1970s – 'Thatcher's children' – tended both to blame themselves for their very limited upward mobility, and to feel very isolated if they did achieve some mobility. The demise of manual work means that many of these children – particularly the daughters – of manual workers have entered service-sector jobs or professional roles. But they frequently feel disappointed with their pay (which is rarely sufficient to buy a house without a very large mortgage), their long-term security and, above all, their ability to control their lives, by making choices to change career, retrain, undertake adult education or travel. This control is lacking because they have to work so hard to attain, and maintain, a relatively modest middle-class lifestyle. In a neoliberal society which suggests anyone could have anything they worked for, these children tend to ascribe their circumstances to their 'laziness' or lack of talent. Women were more likely to feel very isolated, blame themselves for their perceived failures and to express this through self-harm or eating disorders, or by developing depression. Brought up to believe they could 'have it all', and that identity – especially sex and gender identity – were made and remade by the individual, they grew up convinced that they could and should be high achievers academically and socially, and be conventionally beautiful. When they found that in fact most jobs for women remained in the service sector and in relatively low-paid professions (teaching, nursing and other health professional roles) whose status and security was being severely eroded by the 2000s, they blamed themselves for their lack of security and control.

MYTH 7: SOCIAL MOBILITY IS THE ONLY MEANS BY WHICH POLITICIANS CAN OFFER PEOPLE CONTROL OVER THEIR LIVES

Control and security were clear goals shared by successive generations during the last century. But there have always been groups who have

suggested that equality, not meritocracy and mobility, could achieve these ambitions. In the early 20th century, the Workers' Educational Association and the labour colleges like Ruskin in Oxford promoted the 'educational highway', arguing for broader educational opportunities for the vast majority of working-class people, not simply the 'brightest'.

Throughout the first half of the 20th century the Co-operative Movement, the trades unions and the Labour Party provided routes to education and professional employment for generations of working-class men and women. It is notable how many of the first Labour MPs came through these routes. But perhaps even more significant is the very large number of teachers, shop managers, local government officers and adult education tutors who owed their training and livelihoods to the labour movement.

As Diane Reay, Emeritus Professor of Education at the University of Cambridge, and the daughter of a trade union activist, has written,² the children of these socialists tended to feel a sense of entitlement to the good things in life. They didn't believe they deserved an education or the job of their choice because they were bright, gifted or sensitive, but because everyone should have access to this. This group did not adopt the persona of grateful quietism I described in Myth 5. Many of them managed to have professional careers inside the labour movement and the post-war expanded public sector. Some became instrumental in campaigns to broaden educational access. In the 1960s and 1970s, the successful campaign for comprehensive education owed much to parents who wanted the best for their children, but was organised on the ground by activists who shared a belief in equality with some Labour politicians. Only with the establishment of comprehensive education did we see a rise in working-class children's participation in post-compulsory education.

Similar beliefs motivated some of those socialist and feminist activists of the 1970s who questioned the social and occupational hierarchy. These included radical social workers, who both demanded their occupation be granted professional status, while at the same time seeking to empower their clients to take an active part in the formulation of social work policy. They included the pioneers of law centres, which gave more people access to the law, but also provided more jobs for lawyers outside the established networks of solicitors' firms. And the Workers Educational Association (WEA) and the Open University – a creation of the 1960s' Labour governments – are the

organisations most frequently cited by Mass Observers³ as crucial in enabling them, or their parents, to gain an education and professional employment. These institutions were less concerned with ensuring that the 'right' people won the top places, than with questioning the legitimacy of a society divided between winners and losers.

These voices were always a minority. And yet policy debate has been fixated on the minority who experienced upward social mobility in the last century, and has suggest that their gains - uneven and ambivalent as they were - outweigh all the injustices perpetrated by a hierarchal capitalist society on the majority.

Social mobility hasn't worked. We live in a society that is profoundly unequal and in which most people seem to believe we need huge social transformation to make it better for all of us. The voices asking for equality may not have won back then. But now that we know how limited the gains of meritocracy truly are, we should acknowledge that they are worth listening to.

Notes

- 1 Mass Observation Directive no. 105 Spring 2016: Social Mobility.
http://www.massobs.org.uk/images/Spring_2016_final.pdf
What follows is a summary of some of the conclusions derived from this directive and from extensive additional research which I will discuss at greater length in my forthcoming book *Snakes and ladders: Social mobility in Britain since 1900* (2020) Chatto and Windus
- 2 Reay D (2017) *Miseducation: Inequality, education and the working classes*, Policy Press
- 3 This refers to those who responded to the Social Mobility Directive of 2016.
http://www.massobs.org.uk/images/Spring_2016_final.pdf

Off target: We need to talk about child poverty again

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The last Labour government's pledge to eradicate child poverty in a generation was hugely ambitious. Many in government thought it was over ambitious and 'extremely brave' in the sense of the 'Yes Minister' euphemism that really meant 'you are completely crazy and this is bound to end in failure and political embarrassment.' And yet, the pledge was made with strong support from children's organisations, targets were set and the machinery of government was mobilised as never before to achieve something we all wanted to succeed.

And it worked. Between 1998 and 2010, the number of children in poverty in the UK fell by 1.1 million. We saw the largest reductions in child poverty in the whole of the OECD. Alongside this huge achievement, the Institute for Fiscal Studies suggested that a further 900,000 children were prevented from falling into poverty in the same period. Against the official measure of poverty at the time (60% of median income before housing costs), child poverty fell by a third, from 26% in 1998/99, the baseline year, to 18% in 2010/11.¹

To achieve a fall in child poverty and to maintain it, the incomes of the poorest had to increase faster than the median income. Children's wellbeing and educational attainment improved. The number of lone parents in work increased from 45% to 57% and now sits at 67% because investment in high-quality childcare provision has meant that parents can work and care for their children. As family incomes grew, the extra money was usually spent on things that improved the quality of children's lives such as fruit, vegetables and books (with less spent on tobacco and alcohol).²

Rather tragically, the full extent of the achievement was not known until the data became available in 2012 and, by this time, the Coalition government's austerity regime was well under way. However, there remains much that we as a nation should be extremely proud of.

This recent history of tackling child poverty is important for a number of reasons – most importantly it shows what can be achieved when there is the political will and it disproves the chorus of dismay that says poverty is inevitable. On the contrary, in the UK we have shown that child poverty is policy responsive. The strategy consisted of both income transfers through tax credits and Child Benefit, and focussed policy effort across government, including through employment support, health, education and local government. It resulted in the first ever Childcare Act and, of course, Sure Start. It is important because it provides a recent reference point for looking at the current picture of child poverty in the UK and because it demonstrated what worked.

CHILD POVERTY TODAY

Today we are facing a child poverty crisis. All the progress that has been made is in the process of being unraveled and child poverty is on the increase again. The Child Poverty Act that once had all-party support has been abolished. And now rising child poverty is met with denial by government, rather than action. The government points to increases in the numbers of people in employment, blinkered to the fact that employment is not, in itself, sufficient to prevent poverty in families with children or where someone has a disability.

Over the past ten years, life has grown progressively tougher for families on low or modest incomes and those receiving in-work and out-of-work benefits have been hardest hit. Today, in a class of 30 children, nine are growing up in poverty. Of these, six have parents who work. We have a changing picture of poverty in the UK today. On the whole, it is not now about worklessness but is instead characterised by insecure, minimum wage jobs, irregular hours and lack of certainty with hours that vary between minimum and zero-hour contracts and the 'gig economy'.

While low-paid working families have benefited somewhat from the growth in jobs and higher minimum wage, much of the benefit goes to two-earner households. The policy to raise the personal tax allowance has been shown not to be pro-poor because 80% of the benefit goes to the richest half of the income distribution.³ Meanwhile, the financial

support that low-paid workers rely on such as tax credits, Universal Credit, housing benefit and council tax support has been cut. Child Benefit, a lifeline, will lose 23% of its value by 2020.

Being in work turns out not to be the route out of poverty we used to think it was, mainly because of the focus on deficit reduction – £21 billion cuts to benefits and tax credits announced in 2010 and a further £15 billion in 2015. These have been concentrated on family and working-age benefits (as pensioners have been protected) with those in paid work losing the most in cash terms. A few examples are: benefit and tax credit freezes; the bedroom tax; the introduction of the benefit cap that breaks the link between needs and support; the two-child limit that denies support to the third and subsequent children in a family; and the introduction of Universal Credit that was slashed in the July 2015 Budget and now is demonstrably not working for working people. The Autumn 2018 Budget’s increase in work allowances for families with children and disabled people with limited capability for work from April 2019 was very welcome and will restore work allowances to pre-cuts level for those claiming housing costs. However, if this is set against the annual cut of £37 billion each year from social security it does not look so generous.

THE COST OF RAISING A CHILD

Minimum household costs have grown faster than the Consumer Prices Index as the price of many essentials such as food, energy and transport have risen more quickly than prices generally. Child Poverty Action Group’s (CPAG) annual report on the cost of a child calculates what it costs to raise children up to the age of 18 in a variety of families, based on a minimum standard of income that covers the costs of essentials such as food, clothes and shelter, as well as other costs necessary to participate in society. It looks at the needs of different family types and is informed by what ordinary members of the public feel is necessary for both couples and lone parents bringing up children.

The basic cost of raising a child over 18 years in 2018 has remained stable since 2017 at around £75,000 for a couple and £102,000 for a lone parent. If the full costs – including rent, childcare and council tax – are factored in, the costs rise to just over £150,000 for a couple and £183,000 for a lone parent.

Despite the introduction of the National Living Wage, low-paid parents working full-time are still unable to earn enough to meet their

families' needs. The gains from modest increases in wages have been clawed back through the freezing of tax credits and cuts to Universal Credit. A couple with two children where both work full-time on the national living wage will have an income that falls 11% short of the cost of a child. The picture is, however, bleakest for non-working families – those with two children who have to rely solely on benefits have to live without 40% of the budget they need for a socially acceptable minimum standard of living.

The cumulative effect of cuts, frozen benefits and new punitive measures hit lone parents particularly hard. For lone parents with two children, even a reasonably-paid job (on median earnings) will leave them 15% short of an adequate income because of the high cost of childcare. The same lone parent working full-time on the National Living Wage will be 20% short of what they need to achieve a minimum standard of living but, if they have to rely solely on benefits, they will go without 40% of the budget they need for a socially acceptable minimum.

With the introduction of the two-child limit, families with three or more children fare worst – a third child born after 1 April 2017, for whom no additional support will be provided, costs around £86,500 or £4,800 a year. Some larger families who avoid being hit by the two-child limit will instead be hit by the benefit cap, which restricts support to £23,000 in London and £20,000 outside London regardless of family size. The impact of the benefit cap means that an out-of-work family with three children living in a privately-rented home will receive just a little over a third of what they need to meet their needs with a shortfall of around £400 per week. Almost all the increase in absolute poverty projected by the Institute of Fiscal Studies up to 2021/22 is due to the two-child limit.⁴

UNIVERSAL CREDIT - ROLLING OUT CUTS

Although Universal Credit received cross-party support in Parliament because of its promise to simplify payments and provide a bridge between unemployment and work, in reality it is causing problems for a great number of people relying on it as it is rolled out. And due to the freezes and work allowances cuts, it is now rolling out cuts. Because of its complexity, inflexibility and high number of administrative errors, the DWP is now facing calls to stop further roll out by those working to support the people caught in its grip.

CPAG's early warning system has been tracking and compiling the most common problems with Universal Credit and feeds these back to government to dispel the notion that problems are simply an anomaly, and to seek systemic solutions. Cases of particular concern are submitted by welfare rights advisers around the country. The top eight major issues, which each consist of more than 20 individual reports since 2017, include:

- Difficulties making and maintaining a claim because people lack the digital skills necessary and the support provided to assist them is inadequate
- Communication with the Department for Work and Pensions (DWP) and processing of evidence e.g. requests for inappropriate evidence or messages not being received via the online journal
- Administrative errors e.g. terminally ill claimants not being supported under the special rules available
- Problems with housing costs e.g. erroneous calculations or failing to pay housing costs at all
- Issues affecting migrants e.g. DWP staff not recognising an individual's right to reside in the UK
- Long delays exceeding the five weeks intended and delays in making decisions later in people's claims
- Issues with the award of disability-related elements not carrying through to Universal Credit from employment and support allowance (ESA)
- Problems with appeals and mandatory reconsiderations e.g. claimants being deprived of an opportunity to challenge a decision.

One of the perceived advantages of Universal Credit was that it could support people seamlessly from unemployment into employment. However, this will also be a major disadvantage when it brings people already in work supported by tax credits – with their light-touch means-testing and longer-range adjustment of support – onto Universal Credit – with its rigid and inflexible approach to assessing earned income and other costs such as childcare on a monthly basis to decide how much should be paid.

The CPAG early warning system has also flagged up problems that working people on Universal Credit are experiencing with the inflexibility of the monthly assessment period. The way the system calculates monthly earnings to decide on the level of the award is

too rigid to take account of pay periods that depart from the ‘norm’ of a monthly salary received on the same day every month. Even for those paid monthly, some workers are treated as having two salaries in one month if they are paid a day or two early due to a bank holiday, receiving little Universal Credit, and no earnings in the next month. This leads to unpredictable payments and can mean the loss of a month’s work allowance or even people being benefit capped when they are seen by the system as not earning enough in certain months.

The government’s claims about the success of Universal Credit were roundly disputed by the National Audit Office earlier this year⁵ and while the DWP is planning to migrate millions of additional people onto Universal Credit, it is clear that to do so now would amount to rolling out further misery to millions of families with children.

A CHILD POVERTY STRATEGY FOR POLICYMAKERS

So, what should future policymakers do in response? Undoubtedly the landscape has changed over the past 20 years and any new approach must take account of the shift to in-work poverty, while also protecting those who cannot work – generally people with disabilities and parents caring for very young children. Increasing social mobility remains a stubborn objective while poverty and inequality continue to blight the lives – and directly influence the life expectancy – of those at the bottom of the income scale.

Policymakers need to start from first principles again and, if looking to improve the life chances and quality of life for society as a whole, it can do no better than starting with investing in children. This remains the best long-term investment the UK can make in its future prosperity. It requires balancing universal policies aimed at promoting the well-being of all children to prevent poverty and boost social cohesion as well as targeted policies aimed at supporting the most disadvantaged.

We need an integrated approach looking at childhood wellbeing in its broadest sense – high-quality early years education, extended schools and strong public health services that prioritise early childhood. Universal, high-quality childcare would not only be good for children, but reliable and affordable childcare plays a major role in preventing child poverty and tackling inequality by enabling parents to work more and make work pay.

But, most importantly of all, we need to talk about family income. In 2017, a systemic review of data of a large number of studies found that poorer children have worse cognitive, social-behavioural and health outcomes because they are poor, and not just because poverty is correlated with other household and parental characteristics.⁶

We need a social security system that, like the NHS, is regarded as an investment for all and available to all when they need it. To achieve this, we need an integrated and comprehensive strategy to prevent child poverty, with targets and measures – because we tend to value what we measure and can then track progress.

Policymakers need to think carefully about Universal Credit and assess whether – with the freeze lifted, restored work allowances, better ways to respond to varying income, more flexibility, reduced conditionality, fewer sanctions, more support and better staff training – it is capable of providing what people need. It won't be a quick or easy fix but, with the political will to recognise its failings and put them right, it may be possible to make it work better. Otherwise, it will be necessary to halt the roll-out of Universal Credit, prevent any further migration of cases and possibly take people already on Universal Credit back to the previous benefits system. The National Audit Office thought this would be unachievable in its recent assessment of the roll out.

As a very minimum, any government that doesn't want to preside over increasing child poverty will need to abolish the benefit cap and the two-child limit, two policies that work as if they were designed to increase the numbers of children growing up in poverty.

There is one very simple quick win policymakers could adopt in the battle against child poverty. By restoring the value of Child Benefit, which goes directly to families to help with the costs of bringing up children, policymakers could send a very clear signal of intent to invest in Britain's children. For families currently struggling with delayed payments, sanctions or the harsh impact of the two-child limit, it is a lifeline. Often when families come to food banks in desperation, Child Benefit is their only source of income. Today, it covers just barely a fifth of the cost of a child for a couple and less than a sixth for a lone parent. Investing an extra £5 per child per week would restore the value of this universal income for children, instantly moving thousands of children out of poverty.

Another anti-poverty measure that would improve all children's wellbeing and reduce inequality would be to make free school meals universal. This would ensure that all children, regardless of family circumstances or income, receive at least one healthy hot meal per day without the stigma of being singled out. We don't means-test people in hospital before providing a meal, so why do we do this in schools where lunch is an integral part of the school day?

With integrated strategies that address both material security, growing inequality and social exclusion, policymakers could set about removing the barriers that prevent children growing up with the means and confidence to achieve their full potential. The recent British Social Attitudes Survey⁷ found that 70% of people support government wage top-ups of low earning single parents and 58% support top-ups for low-earning couples with children. If this sentiment continues, a new child poverty strategy need not be achieved 'by stealth' but with the backing of the public.

Child poverty is not inevitable. It is a matter of political choice and targeting child poverty is the right choice. The current generation of children growing up under austerity need a government to invest in their future and enable them to reach their full potential. They deserve nothing less.

Notes

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Solving poverty: A necessity for social mobility

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An order of things which condemns a fifth of the population to financial hardship and excludes them from the norms taken for granted by everyone else cannot hold in the long term. A society where that number is growing – as it now is in the UK – must pause to consider what this says about our social and economic health and our values.

Explanations for why poverty persists in Britain tend to emphasise one factor: Whether the labour market, for delivering poor wages or insecure work; the state, for providing low levels of benefit; or the individual, for failing to acquire skills or take up job opportunities. In reality, poverty arises from the interaction between designed and regulated systems, such as the housing and labour markets; the social security system; and the circumstances, capacities and choices available to individuals and families. It is a social phenomenon, not a natural one. We see its designed elements in the sanctions and built in benefit system payment delays that cause people to become destitute. We see it in the industry of high-cost credit that exploits people on low incomes and in the way that a speculative housebuilding model creates shortages and higher prices for everyone.

Whereas poverty was once associated with old age and worklessness, people in poverty now are more likely to be working and younger. Low wages, high housing costs and benefit cuts have imposed a major drag on the living standards of people on the lowest incomes, negating policy achievements such as strong employment and the National Living Wage. Now, in-work poverty is rising faster than employment. Low pay and scarce progression prospects are becoming the hallmark of the ‘jobs miracle’ for people stuck at the bottom. With what

should be the most productive and hopeful periods in people's lives effectively blighted by the restraints that do so much to lock them out of prosperity, or even the prospect of prosperity. A recent participant in a Joseph Rowntree Foundation (JRF) focus group about life on Universal Credit put it like this:

'You think you have solved one problem, you done something and what is going to happen next? No money, negative mindset.'

M, Newcastle¹

Some claim that increasing social mobility is the solution to reducing poverty. But although connected they are not the same thing. Increasing social mobility implies more equality of opportunity so that people with talent and skills can succeed, no matter what their original circumstances. Reducing poverty, on the other hand, entails achieving decent living standards so that everyone has the freedom to participate in society, whatever their talent or potential. A focus on increasing mobility alone and not reducing poverty risks ignoring the low standard of living experienced by many people, and not just children (solutions for which are outlined in Louisa McGeehan's essay in this collection), in the UK today. Yet is also impossible to imagine a society with high levels of social mobility that also has high levels of persistent poverty – reducing the latter is a necessary condition for those concerned with improving social mobility.

Solving working-age poverty requires an approach that considers the impact of market and state structures – as well as people's capacity to act.

In the UK today, three key factors merit priority action:

- Low wages, insecure jobs and unemployment
- An ineffective benefit system
- High costs, especially housing.

CLOSING THE 'JOBS GAP'

Rising employment, skills and pay have contributed greatly to reductions in poverty over the last 20 years. However, they have also led to a shift in the composition of poverty away from being primarily concentrated in workless households and towards greater in-work

poverty. Poverty in the UK today is fairly evenly split between workless households and those in work. The question facing the UK is how to shape a labour market that will deliver even greater reductions in poverty, particularly given that the UK already has historically high employment and a rising minimum wage.

Recent research identifies a 'jobs gap' that affects four groups of people who cannot get work, or as much work as they would like:

- Unemployed people who are not in work but are available and actively seeking it
- Economically inactive people who would like a job, including those who are seeking work but not available to start in the short term, and those not currently seeking work
- Involuntary part-time workers, who started to work part time because no suitable full-time work was available
- Underemployed workers, who are working and want more hours but are unable to get them, including those who want more hours in their current job, those who want a different job with longer hours, and those who want an additional job.²

In 2016–17, around 17% of working-age people were affected by the jobs gap, about 7.6 million people in total. The percentage has decreased in recent years but is still higher than in the years before the 2008–09 recession, with the proportion of people classified as involuntarily part-time or underemployed about two percentage points higher than 10 years earlier. The proportion who were either unemployed or inactive but wanted a job was slightly lower (0.6 percentage points).

Despite improvements in pay for those on the lowest wages, low pay remains endemic in the UK economy. Once in a low-paid job it is difficult for many workers to move to a better paid one: Three out of four low-paid workers are still low-paid after 10 years.³ Although the UK has seen rising numbers of working-age people with qualifications (and this has contributed to increasing employment rates and supported earnings growth) there is still a significant minority of people with no or very low qualifications who are increasingly disadvantaged in getting work. The difference in pay between those who are highly qualified and those who are not is increasing, despite a rising minimum wage. It is also noticeable that people with mid-level qualifications (GCSEs or A-levels) are seeing their pay fall further behind those with higher qualifications.

Pay, skills and hours of work are also linked. Workers with lower levels of qualifications are more likely to be part-time workers: in 2016, 32% of workers with no qualifications worked part-time and this was true for a similar proportion educated to GCSE level. Fewer than 20% of workers with a degree worked part-time. Part-time workers are more likely to be low-paid at each skill level. It is also striking that part-time workers with the equivalent of GCSE or A-level qualifications are paid very little more than those with no qualifications.⁴ There are several steps that government, in partnership with employers, could take to address these problems.

Rebalancing the economy and spreading the gains from economic growth is a priority for reducing poverty. Closing the gap in growth rates between regions would have a big impact on employment and income prospects. National and local governments, together with business and industry leaders, should set a bolder vision for inclusive and sustainable growth. This must be backed by funding and finance to deliver on the vision. A good starting point would be to ensure that the new Shared Prosperity Fund that will replace EU structural funds is designed to improve the living standards of the least well off in society.⁵ Resources should be allocated according to need and weighted towards the places with the most ground to make up.

There are also huge unexploited opportunities through national and local governments' procurement and spending budgets to make the economy more inclusive. The UK Government alone has £128 billion of construction spending planned for 2014–2020, and there should be a pipeline of local skills development to complement these projects.

There are already good examples of social housing providers and local authorities using their capital investment to create opportunities for employment and apprenticeships, either through their own direct hiring or through the requirements set out in contracts. Since the introduction of the Public Services (Social Value Act) 2012, those commissioning or buying public services can secure added economic, social or environmental benefits for their local area.⁶ This means the nearly £250 billion spent by the UK public sector annually on procuring services could be put to work in reducing poverty. The reach could be extended if non-public anchor institutions and other businesses adopt the same practice.

In the 21st century, basic skills cannot simply be understood as literacy and numeracy. The internet is seen as a need by all age groups,

as public services increasingly take a 'digital first' approach and access to good-value essential goods and services is often online. Digital skills should be seen as essential for participation in society. An estimated 5 million people lack core literacy and numeracy skills, while an estimated 12.6 million adults lack basic digital skills.

With high levels of immigration into the UK, basic English for Speakers of Other Languages (ESOL) should be a priority. Speaking English helps migrants to integrate and participate in society and can help prevent poverty by reducing the chances of labour market exploitation. Being able to speak English clearly influences employability, while accessing quality provision ESOL courses can also extend social networks. An estimated 850,000 people living in the UK have basic ESOL needs.

Currently, basic skills training is inflexible and too focused on individual qualifications rather than outcomes. The most effective training is delivered in community or employer settings in ways that are engaging and relevant to people's lives. A new 'Citizen Skills Entitlement', as proposed by the Learning and Work Institute, should be developed offering:

- An individually tailored, programmatic approach, where people undertake the modules they need to develop literacy, numeracy, digital and/or English language skills
- Learning in the context of 'real-life' applications, such as budget management, finance planning and health information.

This should be judged on outcomes achieved, such as progress made, whether participants find work, increase earnings or go on to further learning, rather than by qualifications gained.

Beyond basic skills provision, the wider adult skills system should play a more significant role in reducing poverty by supporting people to get on and working with employers to meet their business needs. It also plays a vital role in engaging people in communities and building community cohesion. Refocusing the wider adult skills and training system would better address poverty by:

- Targeting resources – allocating public resources based on need and income, rather than age and previous qualification level
- Focusing on outcomes – including helping those without work find a job, and boosting the incomes of those in work and the productivity of employers

- Being person-centred – focusing on individual needs and outcomes
- Integrating services – learning and skills services must be integrated with the employment system and work with businesses to meet local skills needs
- Being transparent – data on outcomes achieved by providers should be made available to individuals, employers and commissioners to enable informed choices.

Short, targeted training courses delivered in conjunction with employers outperform longer, classroom-based training programmes in terms of increasing employment and earnings. However, longer training programmes can be more effective when the content is skill intensive, with the benefits typically playing out over a longer period.

The proposed devolution of the adult skills budget creates a significant opportunity for local areas to align the provision of skills with the needs of employers and growth sectors, and make connections between employment support, job creation and support for businesses to grow and develop their workforce. The local labour market level – or city region – is a practical level at which to broker relationships between employers, employment support providers, training and skills providers and business support to design course content that meets business needs and connects people in poverty to economic opportunities.

Finally, economic policy must also support higher productivity. UK productivity lags behind that of other developed economies, and productivity in low-pay sectors – such as retail and hospitality – is part of the problem. While these constitute about 23% of the UK economy, they account for around a third of the productivity gap with leading Western European economies. Improving productivity could help to improve overall economic performance and curb working poverty. Sector-based strategies look to increase productivity and growth by tackling common challenges such as filling skills gaps and developing new technologies.

Typically, these focus on high-value-added sectors, such as advanced manufacturing, and high-skilled engineering. But the importance of low-wage sectors should not be overlooked. Compared with their Western European counterparts, UK low-pay sectors have a smaller proportion of innovative firms, poorer management quality and a short-term focus. Businesses and industry bodies in low-pay sectors should work with governments to develop sector strategies to increase

productivity. Promising approaches in low-pay sectors include: Taking a broader view of innovation, to include processes, design and marketing; improving management skills through training and business support services; and encouraging business models that ensure firms invest in employees' skills.

MORE EFFECTIVE SOCIAL SECURITY

A 21st century social security system must work with the labour market we now have: one that has a large proportion of low-paid, low-skilled jobs, is flexible and sometimes insecure. The system is also there for times in life when full-time work (or any work) is not possible. For example, for parents when children are young; for those caring for other adults; or for people experiencing ill-health or disability. It should also help people meet additional costs such as those associated with disability or having children.

'When I was full time my children went in Monday to Friday and my nursery bill was £1,050 every month, they went in 37 hours a week. And that were before I had even paid a bill in my house or anything... It is expensive. I couldn't wait for them to start school, then you are wishing their lives away, but they needed to be in school because I wasn't there 37 hours a week.'

F, Rochdale⁷

Priority support should be for those in or at risk of poverty, especially those in severe and/or long-term poverty or who are destitute. People on the lowest incomes or with highest costs should receive the most help when it is not possible or not practical for them to reduce their costs. People in less severe or long-term poverty should also get help when they cannot adequately provide for themselves through earnings or savings, to prevent them slipping into more severe poverty. Similarly, there should be assistance for those on the margins of poverty to get on and build a buffer against the risk of future poverty.

In addition to cash benefits the social security system plays an important role in helping people back into work. Overall, there is strong evidence that active labour market policies (ALMPs) which offer

support with job searches backed by sanctions are effective at helping people into jobs, especially those with few barriers to work. But moving quickly into work is not the same as reducing poverty. Trials in the US demonstrate a personalised and flexible approach, where services are tailored to individual needs and can include training, is more effective in raising people's income over five years than either mandatory work-first or mandatory education-first programmes.⁸

A more effective social security system combined with better jobs, a stronger place-based focus on inclusive growth and stronger support services: together these four steps would make a big difference to the poverty rates among working age adults.

TACKLING HIGH HOUSING COSTS

As a society, we believe that everyone should have access to a decent and affordable home. However, a consistent failure of successive governments to deliver low-cost rented homes on the scale we need in England has resulted in many families being locked out of the housing market. Since 2002/3, housing costs for low-income families with children have risen four times faster than costs for middle-income families.

Pressure from housing costs is increasing: The proportion of people in the poorest fifth of the working-age population who spend more than a third of their income (including Housing Benefit) on housing costs has risen from 39% in 1994–95 to 47% in 2015–16. In part, this is because in recent years, more low-income families have found themselves swept into the private rented sector, where costs are higher. This has a knock-on impact on the Housing Benefit bill.

Increasing the supply of housing cannot be achieved by the market alone. Current rates of housebuilding in England are at around half the level needed to meet existing and anticipated demand. For decades, there has been a failure to build enough homes. Since private developers have no interest in flooding the market with new properties, increasing the supply of social and intermediate housing is critical.

In recent years, there has been a shift in funding for social housing, away from public subsidy and towards greater reliance on increasing rents and borrowing on the part of social housing providers. However, higher rents to finance new development are projected to increase poverty over the long term, as people's housing costs increase. Many of the homes that are planned will be out of reach for people on the

lowest incomes. Fewer than 3% of new social tenants could afford shared ownership or starter homes.

JRF has produced a costed plan, with the National Housing Federation and Savills for delivering the required volume of affordable housing in England. It aims to keep rents more genuinely affordable than the 80% of market prices allowed under the current 'affordable rent' policy, which links rent to a dysfunctional housing market.⁹

Under a Living Rent policy, rents would be affordable for any household with someone in full-time employment. The calculation begins with the lower-quartile earnings for people in the local area. At the time the model was developed, the base would be equivalent to a person working full-time on the then minimum wage.

A rent is then set for each area, based on charging a fixed percentage (28%) of the net local earnings figure. Annual rent rises would be linked to inflation through the Consumer Price Index (CPI) but rebased periodically according to changes in earnings (we suggest every five years). Rents would vary according to local labour market and pay rates. The figure of 28% is in line with the current share of income spent on rent by social renters, and substantially lower than the share of income spent by low-income private renters. Moving from Affordable Rents to Living Rents would save UK Government £5.6 billion a year by 2040, at 2011 prices.

CONCLUSION

Additional spending on benefits without addressing the root causes of high housing costs, poor education and low pay will not permanently reduce poverty. Bringing down poverty levels requires a comprehensive, long-term approach. More investment on prevention and improving people's prospects needs to be sustained over a long period of time. Too many promising reforms are undermined or unravelled before they can prove their worth. Without a sustained drive, welcome initiatives can have contradictory effects that may, in fact, hamper progress.

But we can solve UK poverty if we choose to. And why would we choose not to? We know that UK poverty is real. We know this from a wealth of evidence built up over many years. We know it from what people have told us about their experiences. It cannot be right that in our country today, millions of people simply do not have enough to make ends meet.

Notes

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The £13 trillion elephant: Wealth, inequality and social mobility

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At last count, British households had £13 trillion in wealth, give or take a few hundred billion. That massive sum, if spread evenly across Great Britain's households, would mean each got close to £500,000. Of course, that's not the case; wealth is very unequally distributed, with important consequences for social mobility and exclusion.

But given its size and importance, wealth has historically often been oddly absent from debates around these issues. The difficulty of accurately measuring it may play some role. The £13 trillion figure is the Office for National Statistics' (ONS) best estimate, based on a survey of nearly 19,000 households. But that involves making complex decisions on how you value pension schemes decades from payment, stock prices that fluctuate from minute to minute and houses that may never be sold by their current occupants. Income and expenditure are, in contrast, much easier to track.

These considerations, however, do not mean we should ignore wealth. As the ONS has illustrated, wealth can be counted. And focusing solely on income and expenditure while overlooking wealth is like supporting a team, caring hugely about each individual result but then only taking a passing glance at the end-of-season league table. Thanks to increasing attention in research, policy and political circles, there are signs that wealth is no longer as often the elephant in the room on living standards, opportunity and mobility.

There are a number of reasons for its rise up the agenda. As well as much-improved data, the work of academics, most notably Thomas Piketty and the late Tony Atkinson,¹ has given wealth a much greater

role in political economy discussions. And their research has attracted new attention because of its coincidence with wider economic and social change.

As is the case with so many of today's major issues, the immediate roots can be traced back to the 2008 financial crisis. The contrast between bank bailouts and average wages failing to keep pace with inflation helped push inequality into the spotlight. As already noted, wealth is particularly unequally shared, with the Gini coefficient for household wealth approaching twice the figure for incomes.

But while wealth is very unequal, a common misconception is that we're living through a period in which wealth inequality is soaring towards new highs. In fact, wealth is less heavily concentrated now than it was for most of the 20th century. One hundred years ago, the wealthiest 1% in the UK controlled 60% of all wealth.² A combination of wars and policy change greatly reduced that figure so that, today, their share is about 20%. This is still shockingly high – and likely to understate the total assets of the super-rich – but is a far cry from past peaks. And wealth is also less unequal in the UK than many other countries, including the US but also countries commonly thought of as more equal, like Sweden or Germany.

If wealth inequality is low historically and internationally, maybe we should simply relax about its impact on who this country does and does not work for? But this would be a huge mistake, because headline results about wealth inequality conceal a wide range of ways in which wealth inequalities affect people's daily lives and long-term prospects, influencing where people live, learn and work, the risks they face and their relative social status. The following paragraphs discuss three reasons why being relaxed about wealth is the wrong answer in 21st century Britain: Its scale and what that means about anyone's ability to overcome absolute wealth gaps between rich and poor; growing generational gaps and a surging role for inheritance; and the fact that wealth taxation has totally failed to keep up with these shifts.

First, wealth is just a much bigger deal in Britain today than we are used to. In 2014, Piketty's *Capital in the Twenty-First Century*³ became a shock bestseller. The accuracy of the book's central thesis – that the wealth of a country tends to grow faster than its economy – has been contested. That, however, has certainly been the case in the UK over recent decades. For the period 1955–1980, household wealth totalled was on average 2.6 times bigger than GDP. Since

then it has grown over twice as fast as our economy so that today it is 6.8 times larger.⁴

More wealth to go around is clearly no bad thing, but wealth growing relative to our national income alongside significant, even if not rising, wealth inequality does raise serious questions for anyone concerned with social mobility. In a static sense, this is because one reason household wealth has grown faster than our national income is because existing assets – think mainly houses and defined benefit pensions – have become more valuable, rather than just because there are actually more of them. The result is that the wealth gaps between those with significant assets and those without grow in cash terms, even if measured wealth inequality does not increase.

Thinking about wealth accumulation dynamically raises related concerns. Wealth growing faster than national income also means it outpaces household earnings and incomes. This in turn leads to a world in which, for households, simply earning your way to being wealthy becomes much harder. The old story that if you work hard, get a well-paid job and save money, you'll be able to become wealthy isn't true in a society where household wealth is so high relative to family incomes.

Here's one way of thinking about it. Today, for a household on a typical income, it would take 44 years of saving every penny to make it into the top 10% of wealthy households – which is to say it can't be done. Now, that might not be surprising, but earning your way to the top wealth-wise isn't much more achievable for even the highest earners. A household at the 90th percentile – that is, with an income in the top 10% of households – would need to save every penny for 19 years to move into the top 10% on wealth terms. Once again, that cannot be done. For those primarily concerned about people who are struggling, a well-off family's odds of being among the very richest may seem a secondary issue. After all, one-in-four households report being in financial debt or having no savings at all. But growing wealth gaps and the dangers of those gaps being entrenched should worry egalitarians and meritocrats alike. It certainly does not reflect a healthy, inclusive, mobile society.

Second, new fault lines have opened up too. The old have always had more wealth than the young; wealth that we each build up during working life and then draw down on in retirement. But we have come to expect that, with a growing and wealthier economy, each

generation will be wealthier than their predecessors were at the same life stage. This expectation has now broken down for many cohorts. Those born in the 1980s had a staggering one-third less net property wealth at age 29 than those born during the previous decade. The struggle younger people face in buying their own home has been well-documented and is a key contributor to this failure to keep pace with previous generations.

Homeownership shouldn't be allowed to completely dominate the discussion around housing; many people across all generations are or will be renters for life, either in the private or social rented sector. Ensuring tenancies are longer-term, rent rises are fair and that properties are safe is vital. But the continuing popularity of homeownership shines a light on a number of the reasons wealth matters. It offers security and, looking ahead, reduced housing costs in later life when incomes are often lower.

Seeing wealth through this generational lens is particularly key, since it determines our living standards not solely at one point in time, but through a complex web of impacts over our lifetimes. Wealthier parents can provide for their children when young, but also help them overcome some of these challenges of much weaker asset accumulation for younger generations. The bank of mum and dad is becoming increasingly important in determining whether young adults will become home owners, and we are in the middle of a period in which inheritances will become much more influential.

As with overall inequality, we're not back to the bad old days: inheritances are nowhere near as big as they were a century ago. Estates passing on death totalled around 6% of national income just before the financial crisis, compared to around 16% at the start of the 20th century.⁵ Nonetheless, and with the baby boomers – those born in the 20 years after the end of the Second World War and the wealthiest ever generation – approaching old age, the role played by inheritance is set to expand. Indeed, inheritances are set to double over the next two decades, having doubled over the preceding two.

There are positives in this. Older generations aren't spending down all their wealth in later life and more of them say they expect to leave an inheritance. For those worried about younger people today ever building up assets, these transfers will provide some relief. The passing on of property could also reverse some of the decline in homeownership for younger generations.

But a strong case can be made for pessimism, too. Any society in which the pot-luck of parental wealth is relied upon to solve poor outcomes for a younger generation is far from ideal. To become very wealthy, most millennials will have to either be born to parents with wealth or have a partner lucky enough to do so. And, of course, higher-income millennials are more likely to inherit, and the amounts they will receive are set to be larger than for those on lower incomes. Inheritances won't solve the inability of many millennials to become homeowners; despite more than three-quarters of baby boomers owning their own homes, nearly half of renting 20-35 year olds don't have homeownership parents.⁶

Timing is also an important question. On current life expectancy trends, the average young adult today will be 61 before their parents have both died. While longer lives are self-evidently a good thing, this does mean that seeing the coming inheritance boom as some kind of answer to the challenges millennials face is misguided; the expensive phase of life when people are having children will be long over when inheritances are peaking.

As well as class differences in terms of who inherits, geography is also a crucial component. The typical property wealth of homeowners in London totals £351,000, compared to £107,000 for homeowners in the North East. House prices will of course vary but how that translates into cash, opportunities and the protection from risk varies greatly too. And wealth gaps of that scale seriously impinge on people's opportunities to move between regions for work or other reasons.

Alongside the increased role of inheritance, these generational trends do not offer much by way of optimism about wealth inequality continuing to fall. Net property wealth comprises 36% of total household wealth in Great Britain. Widened homeownership held wealth inequality down for much of the last 50 years, but that appears to have run out of road, with homeownership rates falling among young adults since the beginning of the 1990s and among the population as a whole in this millennium.

But there is some very welcome news on wealth inequality. Unlike property wealth, private pension wealth – accounting for 42% of total wealth – has become more equally held in the past few years. Auto-enrolment into workplace pensions has been a major factor in this as millions of workers who previously did not have a pension have begun saving. Questions still remain about what happens when the

contribution rates from employees are raised, and whether that leads to a rise in opting-out, but progress to date has been encouraging.

This clash between current living standards and future ones – do you take your income now or put it away for retirement – is perhaps one of the central challenges for policies aiming to help less wealthy households build assets. That's especially true for the two-fifths of low- to middle-income families that report that they cannot afford to save £10 a month.⁷ The role of wealth as a short-term shock absorber, allowing people to deal with a lost job or a broken boiler, is often undervalued.

And this brings us onto the third caution against relaxation on wealth: its taxation, or the lack thereof. As discussed, wealth has more than doubled as a proportion of national income since the 1980s. The tax raised from wealth, however, has stayed stuck at around 4% of GDP. This matters because it means that on wealth, taxation is doing much less to equalise the distribution than it is on income. It matters too in the context of funding our public services. Ongoing debates about funding the NHS and social care, and ensuring public services more broadly have sufficient resources, are not going away, and are likely to be a key battleground for post-Brexit politics in the 2020s. If taxes on wealth are not contributing their fair share, either taxes on incomes or consumption will have to rise further or we will have to accept the deterioration of those services just as a growing ageing population comes to rely on them.

The wealth taxes we have are also fundamentally flawed. The biggest of those – council tax – cannot truly be considered a wealth tax. What a household pays bears little relationship to the value of the home they live in and even less to their property wealth (given that it is paid by the occupier). Its level is so poorly linked to current property values that it has come to resemble in many ways the flat rate poll tax it was introduced to replace. The huge capital gains made from house price rises are also almost completely untaxed. The fact that these windfalls are taxed so much more lightly than earned incomes is all the more unfair given their scale: four-fifths of the growth in households' property wealth in the 1990s and 2000s was due to the overall rise in the market rather than investment in their home.

The tax most synonymous with wealth is inheritance tax. It also happens to be deeply unpopular and badly designed. Instead of taxing the person who receives an inheritance, the tax falls on the estate of the person who has died, boosting the perception of being taxed twice

on the same income. The marginal rate of tax charged is high and there is a widespread perception that wealthy people can plan their way around it.

So yes, wealth inequality has not increased, despite many claims that it in fact has. But that does not mean those who care about a fairer, more inclusive and mobile society should ignore it. Far from it. Wealth gaps are growing, calling into question the idea that you can earn your way to being wealthy in 21st century Britain. Generational divides have also risen. Hoping that a surge in inheritances will benefit those most in need of additional wealth and fix these deep-seated problems is a highly insufficient answer to how we respond as a society. And our taxation of wealth is inadequate both in scale and nature of our main taxes. So what would a reform agenda recognising the importance of wealth look like?

Building significantly more houses and continuing to reduce incentives for those seeking to buy their second or third homes would be a helpful first step. As well as boosting families' chances of buying a home, helping people build other assets up is also needed to tackle wealth inequality. Learning the lessons from auto-enrolment and considering how it could be adapted to help the self-employed or the lowest earners would be welcome. A rediscovery of the idea of asset-based welfare is also overdue, especially for those among the younger generations who haven't been lucky enough to be born to wealthy parents. More broadly, collective inheritances, such as social housing and infrastructure, can help raise the odds of a secure and successful life, even if your parents can't write a cheque.

None of this will entirely dislodge wealth from the role it plays in society. But through taxation, it can be made to pay its fair share. A half-cocked election manifesto raid on wealth is not advisable, but given the pressures on public services, neither is doing nothing. A sensible place to start would be with council tax, replacing it with a more progressive property tax paid by the owner and linked to the current value of homes. And with an eye to the growing role of inheritances, a lifetime receipts tax should take the place of inheritance tax, bringing with it lower rates and fewer exemptions, and levied on recipients rather than donors.

Some degree of wealth inequality is inevitable. And compared to a century ago, the level of inequality in the UK today is much lower. But there is a real risk that wealth plays a bigger and bigger role in

some of the main facts of people's lives: where they live, learn and work. The aim of policy should be to minimise that role. This should be achieved through helping people to build up wealth as well as preventing whether or not you inherit from becoming the decisive factor in whether or not Britain has something to offer you. That's why those concerned about inclusion and social mobility can't afford to ignore wealth.

Notes

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The UK's regional imbalance: Five challenges for social mobility

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The UK's economy is one of the most spatially unbalanced in Europe, with 40% of UK's economic output concentrated in London and the South East. This imbalance between London, the South East and the rest of the country is often sensationalised as a 'North-South' divide but in reality, is much more complex.

We argue that the debate on devolution in the North, and indeed elsewhere in England, needs to move on. In particular, the agenda needs to be driven by a clear social as well as economic purpose and be implemented using a coherent and transparent process of negotiation which make the terms of the negotiation clear. The opportunity to rectify the UK's regional inequalities is not just a matter of drawing down powers and resource from Westminster. Future devolution must also provide flexibility and freedom that enables a devolution of mindset, whereby local decision makers have the flexibility to take a different approach to policy development and implementation that better fits the characteristics of their place and the needs of the people who live there. Above all, the debate must move on to consider what a progressive trajectory for future prosperity could mean for people and their ability to live a life they have reason to value.¹

This essay outlines five challenges for policy makers seeking to address the challenge of regional disparity in the UK. It highlights the scale of imbalance; the role of centralised systems of governance; the reliance upon the conventional wisdom of theories such as agglomeration and trickle down which have dominated the debate on urban policy in the UK; and it argues that devolution policy in the future, needs to be underpinned by a robust framework for implementation which sets

out a clear set of social and economic objectives for the future. Finally, it suggests that tackling the challenge of regional imbalance is critical for social mobility but that it must be underpinned by a commitment to a people-based approach to economic policy making.

REGIONAL INEQUALITY: THE SCALE OF THE CHALLENGE

Nationally, London dominates England and the UK. The capital generates 38.6% of UK output and 34% of businesses are accounted for by London and the South East alone, despite it being home to only 30.9% of employment, and 27.1% of the population.² London's productivity is significantly higher than the rest of the UK, at £43.55 per hour compared to £32.58 per hour nationally – 33.7% more productive than the national average. However, while the headlines focus on London's productivity, this masks the spatial divide within London. Inner London-West (which contains the City of London and Westminster) is 26.1% more productive than outer London; a smaller gap than between outer London and the rest of the UK (22.7%).³

But regional inequality goes beyond earnings and productivity. There are also significant disparities in the way in which public expenditure is used to support physical and social infrastructure. Recent IPPR North research has shown that, if the North had received the same amount of public transport spending as London over the last decade, it would have received £63 billion more.⁴ IPPR North's research also highlights the gap between expenditure on transport in the North compared with London per head of population which works out at £1,600 *in the North* and £4,155 *in London*, a gap of £2,555. Similarly, analysis of expenditure on schools has shown that primary schools in the North receive, on average, £4,600 per pupil, which is £900 less than in London. Northern secondary schools receive £5,700 per pupil, which is £1,300 less than in London. This disparity is particularly problematic given that, on average, Northern schools have a harder job with the 'early years gap' between children from poorer and wealthier homes. This is almost twice as large in the North as it is in London.⁵ Similarly, analysis undertaken by IPPR North in 2017 revealed a £691 million gap in Arts Council Funding per head.⁶

A KEY DRIVER OF REGIONAL INEQUALITY: CENTRALISED GOVERNANCE

Figures on government expenditure help evidence the London centric nature of the UK's governance system and indeed, IPPR North

have long argued that while globalisation and deindustrialisation have contributed to a widening regional imbalance, the centralised system of governance in the UK has had a very negative impact on regional development. But this is not just an economic concern, it also has wider implications for social challenges and democratic engagement. Indeed, some commentators have suggested that the vote to leave the EU in 2016 can be understood as a backlash against what people increasingly see as a remote and unaccountable system of governance at Westminster, particularly in the North, which voted overwhelmingly for Brexit.

There is also evidence of the way in which a centralised system of governance exacerbates economic divergence by offering a generic 'one size fits all' approach. When the majority of decisions are in the hands of centralised governance, it means that local decision makers in local government particularly, have less funding and power to make decisions that match the economic and social context in which they are working. For example, the planning system in England and Wales is highly centralised under the National Planning Policy Framework (NPPF) which can mean that it is difficult to tailor planning policy to accommodate, what can be, complex land and housing market challenges. Similarly, skills policy is highly centralised which means that local providers are invariably encouraged to respond to national rather than local needs and priorities.

A centralised system of governance can also result in policy bias simply because central government does not have the knowledge or awareness of how economic and social needs are manifest in different parts of the UK. This means that policy is made on the basis of assumptions about economic and social infrastructure which may or may not be accurate. In addition, historical patterns of public spending on economic affairs show London and Scotland receiving considerably more than the rest of the UK. This is often justified on the basis that every public pound should be invested where it will deliver the greatest net aggregate growth, but such logic becomes self-fulfilling and, in the longer term, leads to the need for ever greater fiscal transfers from richer to poorer regions.

AN OVERRELIANCE ON AGGLOMERATION AND TRICKLE DOWN

As described above, one of the consequences of a centralised policy and governance structure is that London has enjoyed a higher proportion of public investment in its social and physical infrastructure. This is

justified on the basis that the capital works as an 'engine' for aggregate UK economic growth which means that the investment of public funds in infrastructure in London, will net higher aggregate returns to the UK economy, more bang for your buck, so to speak. It is argued that this agglomerative effect of the city's growth will not only be good for London, but that the benefits will, in time 'trickle down' to people and places across the UK. For example, the much publicised 'best placed for Britain' campaign⁷ for the expansion of Heathrow Airport was strongly justified based on argument that there were wider UK benefits of a central aviation hub at Heathrow.

However, research suggests that, in reality, this 'spreading' mechanism doesn't work as well as the theory would have us believe and that London isn't pulling its expected economic weight. Philip McCann⁸ points out that there is less correlation between the business cycles of the UK regions in comparison with London's than there was between major Eurozone countries and Germany. McCann also argues that, in reality, London, the East of England, the South East and the South West are increasingly diverging from two other 'super-regions': The rest of England, Wales, and Northern Ireland; and Scotland, which looks different from both.⁹

But McCann also calls into question the theoretical context behind agglomeration, arguing that, contrary to popular belief, there is no clear relationship between either urban scale or urban density and levels of productivity. This is an argument which IPPR North have explored further in our publication on the importance of small and medium sized towns and cities in the North.¹⁰ The recent emphasis placed on the importance of towns in the UK policy agenda is symptomatic of the way in which UK urban policy has implicitly undervalued the different roles that small and medium towns and cities play in the wider economic and social ecosystem of the UK.

The idea that the more money a country has overall, the more will 'trickle down'¹¹ into people's pockets and the places where they live, is a core belief at the heart of UK economic decision making but one for which the evidence is, at best, incomplete. Whilst proponents of trickle down point to improvements in living standards in the Western world in the post-war period¹² others argue that may have more to do with investment in public health provision.¹³ The IMF has argued that if the income of the top 20% increases, then GDP growth actually declines over time, suggesting that contrary to popular belief,

the benefits of aggregate growth do not trickle down. If you take the period between 1979 and 2012, just 10% of the overall economic growth in the UK benefitted the poorest households. Indeed, as some commentators have suggested, because economic growth is unlikely to start everywhere at the same time, interregional inequality is almost an inevitability.¹⁴ Subsequently, the choice to prioritise public investment in areas that are already successful may actually reinforce market conditions, further exacerbating regional disparity; effectively, a self-fulfilling cycle.

THE DEVOLUTION OPPORTUNITY: STILL A WORK IN PROGRESS

Devolution in the UK has begun to address some of these challenges but is still as yet a 'work in progress'. The debate on devolution has been progressing on and off for decades. In 1997 the New Labour government took bold steps in relation to devolution in Scotland, Wales, Northern Ireland and London. However, the devolution project stalled in England following the public rejection of a regional assembly for the North East. Given the paltry nature of the regional powers and resources offered through regional assemblies in comparison with what was available in Northern Ireland, Scotland and Wales, perhaps it should have come as little surprise that they were rejected.¹⁵ The abolition of Regional Development Agencies in 2011 felt like a repatriation of power and resources to the centre, although was presented as part of a commitment to localism. The 11 RDAs were swiftly replaced by 39 Local Enterprise Partnerships (LEPs) which were to be business led, locally initiated and designed to be more flexible than their RDA predecessors.¹⁶ However, many LEPs have tended to lack both purpose and adequate resources, challenges which have been reflected in the Government's Review of LEPs in July 2018.

While the move towards devolution in recent years is encouraging with new combined authorities and elected mayors now established in six areas, devolution is still incomplete with large areas of England uncovered by any form of devolution 'deal'. Where devolution structures are in place, they have largely been negotiated behind closed doors with significant variations in the final settlement between one place and another. In addition, devolution has been driven by an emphasis on aggregate economic growth as an end in itself, with little room for debate about the quality of that growth, its distribution or the extent to which it is closing the gap between one region and another.

In future, devolution needs to be underpinned by a commitment to economic justice which means reducing regional disparity and ensuring that growth is a means to a better quality of life, particularly for those who are most marginalised.¹⁷ In addition, IPPR North have consistently argued for the need for a framework to help inform future devolution arrangements. This framework could include a set of clear and explicit principles concerning the geography and scale of devolution areas; a 'menu' or framework of the powers that could be devolved; and a range of options for reforms to governance that are commensurate with the level of devolution an area is seeking.¹⁸

The challenge of Brexit makes the need for a coherent process of devolution more urgent. For example, there is a need to examine how the repatriation of powers from the EU to Westminster could be devolved to support the future prosperity of regions outside London. In addition, the government is grappling with the question of how to replace EU structural funds after Brexit. Currently, EU funding is an important source for regional development across the UK and also provide a strategic rationale for supporting so called 'lagging regions'. Devolved authorities have a key role to play in helping to inform the spend of the shared prosperity fund through their local knowledge of the challenges and opportunities of different places, particularly in the North. However, to date, there is still a lack of clarity as to how any future 'shared prosperity fund' will be implemented.

TOWARDS A CHANGE IN POLICY EMPHASIS: PEOPLE RATHER THAN THINGS

The debate on reducing regional disparities is important for a progressive agenda because it is, ultimately, an argument for greater social and economic justice for people. But to date, policy has tended to focus on 'things' rather than people. The debate on the Northern Powerhouse is a case in point. Its strategy to date has considered the people of the North in quite an abstract way, making assumptions about the effects that new infrastructure, trains, roads, housing will have on their quality of life. These assumptions are influenced by how standard economic theory chooses to understand human behaviour and preferences which tends to be relatively narrow. And of course, if the desired effects do not come to pass - we prefer to blame the people rather than the policy. This abstraction is exacerbated by the way in which policy thinks about the economy with a reliance upon statistics which measure productivity and economic output such as Gross Value

Added (GVA). Figures which bear little relationship with how people actually experience the economy in their everyday lives.

Perhaps the effects of this ‘things rather than people’ approach can be seen most clearly in urban development and planning where policy has tended to understand improvement as the upgrading of physical space with new uses, more private ownership and encouraging new people with higher incomes while, at the same time, the removal or erasure of what are seen as inferior uses and people.¹⁹ For the policy maker, the measure of progress is the physical redesign of the area, based on the assumption that this is a proxy for improvements in human welfare. Centralised planning policy makes it difficult for a local authority to take a different approach.

However, the ability of a place to steer a more people-based approach towards future prosperity is vital for the future of the regional debate. A focus on people rather than physical or material progress as the end needs to start with the question, how are people in this place ‘more able’ to participate in employment, education, civil society as a result of the policy we develop? And how can we use the influence that we have, whether that is in terms of investment decisions, procurement and supply chain management or skills support to increase their ability to participate?

Secondly, it’s about ensuring that our efforts to devolve decision making are also accompanied by a devolved process of holding policy makers to account. This is about actively encouraging citizen participation in the process of decision making rather than slipping into the lazy but oft repeated assumption that people are uninterested and apathetic. If people don’t show up to consultation events or fail to vote in elections, the fault is with the system, rather than the people. In an age where communication methods are becoming increasingly sophisticated and people’s expectations are rising, we need to work much harder to get people’s attention. IPPR North have long advocated the use of more deliberative forms of decision making in the North, for example, the use of citizens’ assemblies to hold combined authorities to account.²⁰

Thirdly, the rallying call of Brexit was for people to vote to ‘take back control’, but this was bigger than just the EU. It was also an expression of many people’s frustration with a political and economic system which they felt, actively marginalised their interests. Many people in the UK do not feel in control of the ‘things’ in their lives, whether that’s

housing, income or working conditions. This is testimony to the way in which systems of economic power can actively reduce people's sense of agency – the freedom which they feel they have to shape their own lives, 'to be their own master.'²¹

In the context of the UK's regional disparity, this is problematic because if we focus solely on the things, rather than people's ability to control and influence then we risk exacerbating regional inequality, as well as people's sense of disconnection from the economic and political process. In the context of improving people's opportunity to develop and progress, a greater emphasis upon the human as well as the economic development of our regions, is long overdue.

Notes

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A new politics of institutional classism

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The Labour Party came into being at the turn of the 20th century as a party of the working class. Its *raison d'être* was to allow the previously unrepresented voices of the manual labouring classes – especially those associated with the trade union movement – to gain a lever on power. This should not be romanticised: sexist and racist currents were powerful forces. But the Labour Party's early – though often qualified and ambivalent – support of feminist and anticolonial struggles should also be acknowledged.

In the early 21st century we must ask ourselves what remains of this kind of class-based political movement. One powerful argument, first voiced as long ago as 1978 by the eminent Marxist historian Eric Hobsbawm,¹ sees this traditional concept of the Labour movement as increasingly outdated. We, the authors, have always believed in the continued importance of class, but in order to understand its current significance, it is necessary to reflect on how old models of class are now very dated. In this article, we make the case that progressives must recognise the power of 'institutional classism' if we are to comprehend the importance of class today. This involves distancing ourselves from older conceptions of the manual working class as the bedrock of the Labour movement.

THE END OF THE WORKING CLASS?

In the early 21st century, the classic world of working class manual culture has pretty much ended. Even as late as the 1950s nearly half the workforce was in manufacturing. Most young people left school with few or no qualifications, began working at the age of 14 and could anticipate a life of manual graft with few prospects of career

advancement. Over only half a century this culture has collapsed. The percentage of the labour force doing professional and managerial work has risen from 15% in the 1920s to 45% today. Those who continue to work in manufacturing are often in 'clean' hi-tech establishments, such as engineering or information technology. Trade unions, whose membership has halved since the late 1970s, have largely become the preserve of public sector employees, often relatively well-off professionals. Educational provision has massively expanded and the proportion of young people with no qualifications has declined to a small minority. Some social scientists see this shift as one from 'Fordist' social systems to a 'knowledge economy'. No matter how one construes it, the shift is dramatic.

The old model of class was based on one's job, and especially whether it was manual or non-manual. This was always a problematic exercise since substantial numbers of people did not have jobs. Until the 1970s, these were often female 'housewives' who were characteristically seen to share their husband's class by virtue of his job. This grates today when couples are generally both in paid employment. There are also increasing numbers of people who are retired or in education. How could or should they be characterised in occupational class terms?

Furthermore, for many workers, a job title is not likely to predict income. The breakdown of national collective bargaining, which held sway over many sectors of employment until the Thatcherite reforms of the 1980s, has had an important effect. Across many sectors there has been a widening spread in pay, especially at the 'top end'. Some economists see this as the development of 'winner takes all' markets, whereby in highly competitive markets, employers who want to be pre-eminent have to hire the very best employees, not just those who are well trained and highly competent. This effect is seen most visibly in sport where the incomes of the very best players is often exponentially better than those who are simply 'world class'. The same dynamic can also be identified in finance, the cultural sector, academia, and across many professional and managerial occupations. The highest paid BBC journalists earn over half a million pounds annually, but plenty of other similarly skilled journalists struggle to earn a five-figure annual salary. In this situation, what sense does it make to say that if you are a journalist you are 'middle class'?

Finally, when the Labour Party was formed, the vast majority of the population had no financial resources other than their income so

their job largely determined their financial situation. Today, however, many people have other assets. This is especially true with respect to owner-occupied housing, which for many older people has boomed in value over recent decades, but also pension schemes, savings and investments. These assets are highly unequally divided but for those fortunate enough to have them, income from work is of less significance.

In short, the old model of the ‘traditional working class’ which was the foundation for the Labour Party at its inception has broken down. This does not mean that class itself is unimportant. We have been at the forefront of a group of British sociologists who have argued that we need to see class in different ways. In our work with the BBC’s Great British Class survey we reasserted the power of class divisions in Britain today. However, rather than see it as defined by occupational class, we see it instead as the product of assets – people’s ‘capitals’. Capitals can here be seen as resources that can be used to enhance one’s situation in life. Most obviously it includes economic resources, not only income but also wealth. But following the argument of the influential French sociologist Pierre Bourdieu,² it can also be seen to extend to cultural capital – notably the resources made possible by educational credentials which are also resources which can be used to enhance one’s position. In a similar way, cultural confidence and ability to engage with ‘highbrow’ culture might also convey advantages. We should also not forget about social capital – the way that social networks can make a difference.

There are major advantages to thinking about class in this way. First, we avoid having to assign people without a job to a class. Everyone – whether retired, working, in education, caring for others or on benefits – has different amounts of capital at their disposal. Second, this way of understanding class is much closer to people’s sense of their daily life, as they try to balance their budgets, maximise assets at their disposal, improve their income and so forth. Rather than seeing class as a fixed category, class is dynamic and highly variable.

The crucial point is this: If we see class in these terms, as linked to the capitals at our disposal, then far from class somehow disappearing, it has become far more significant in recent decades as Britain has become more unequal. We argued in *Social Class in the 21st Century*³ that, at one extreme, there is a small elite class of highly privileged people who enjoy the use extensive capital of all kinds. At the other extreme, there is a precariat of around 15% who have little capital of

any kind. We need to guard against the simplistic assumption that this is a group of workshy 'benefit claimants'. In fact, this is predominantly a group of badly paid and insecure workers. This is the contemporary manifestation of 'the haves' and the 'have nots'. Between these two extremes lie the majority of the population who have some capital, which allow them a degree of leverage, but generally in constrained ways. As capital has become more unevenly distributed, so class divisions are hardening – and it is these divisions that are playing out in numerous walks of life.

A NEW POLITICS OF INSTITUTIONAL CLASSISM

What kind of politics follows from our diagnosis of class? We want to make a series of radical proposals that follow through the logic of our position. The old politics of class fixates on two prime welfare principles, income redistribution (through taxation and benefit), and the construction of a welfare safety net for those who are seen to be vulnerable and unable to effectively participate in the labour market. Important as it is, this politics is very limited as it does not address the distribution of capital more widely. The acquisition and use of capital has been seen in the past as predominantly a private matter that is subject to only minor political adjustment, mainly through setting taxation rates. However, since we all have some capital – however limited – at our disposal, there tends to be too strong resistance to raising taxation.

Our concept points to the need for a much fuller engagement with institutional forms that allow capital to be acquired and deployed. The idea of 'institutional classism' is useful here. There is now increasing recognition that the 2010 Equality Act, which has done a great deal to mainstream concerns with discrimination across crucial 'protected characteristics' needs to engage with the issue of class. Partly as a result of anti-racist campaigning in the wake of the Stephen Lawrence case, organisations have come to accept, with differing degrees of willingness, the power of institutional racism to shape working practices, often in unconscious ways. The significance of institutional sexism has also been emphatically demonstrated by the increasing visibility of gender pay gaps produced by gender audits, as well as more broadly through the #MeToo movement, which has revealed the staggering extent of sexual harassment that women typically endure. Up to now we have not had an equivalent recognition of the power of institutional classism, but there are clear indications that it can affect, indeed blight, people's lives.

THE CLASS CEILING AND THE MISRECOGNITION OF MERIT

One way to detect the power of institutional classism is to look at the class inequalities that exist within rather than between occupations, particularly the most prestigious or elite professions. There is currently a strong social mobility narrative fixated on the issue of 'fair access'; who gets top jobs and how this relates to their class background. This is of course very important. But we would argue that there is a danger of reducing social mobility to this sole issue of access. In particular, it ignores the long shadows that our class origins potentially cast over our lives; how inherited resources of economic, cultural and social capital may continue to have long-lasting effects on people's career trajectories; and how those from disadvantaged backgrounds face institutional barriers.

This suspicion has been emphatically confirmed in recent research we have carried out using Britain's largest employment survey, the Labour Force Survey. In contemporary Britain, it quite literally pays to be privileged. Even when individuals from working class backgrounds are successful in entering Britain's elite occupations they go on to earn, on average, 16% less than colleagues from more privileged backgrounds.⁴ And more significantly, this class pay gap is not explained away by conventional indicators of 'merit'. A substantial gap remains even when we take into account a person's educational credentials, the hours they work, and their level of training and experience.

The question this raises, of course, is why – a question we have been interrogating over the last three years through 175 interviews across four case study industries – television, accountancy, architecture and acting.⁵ This work has revealed many drivers of the class pay gap; from the financial patronage provided by 'the Bank of Mum and Dad', to the power of informal and often hidden channels of career sponsorship. Perhaps the most powerful driver that relates to the way class biases have become embedded is the way industries and institutions define and recognise 'merit'. There are powerful behavioural codes that dominate elite occupations and carry the stamp of class. These codes look different in different fields. In accountancy, for example, employees are encouraged to project an aura of corporate 'polish' – encompassing a Received Pronunciation accent, smart dress, interactional poise, and a general sense of 'gravitas'. In television, in contrast, this formal, even stuffy, idea of polish is eschewed in favour of 'studied informality'. This involves casual but hip dress (there was

a lot of discussion about the right kind of trainers), a ‘knowing,’ often ironic humour and a level of interpersonal familiarity – hugs and kisses rather than handshakes – not normally associated with the professional workplace.⁶

While these codes may look different, our research suggests they are similarly connected to class background. In particular, they both pivot on a package of expectations – relating to vocabulary, accent, inflection, gesture, posture, dress, taste and etiquette – that are strongly associated with, or cultivated via, a privileged upbringing; what Pierre Bourdieu called ‘embodied cultural capital.’⁷ It is also often about the history of these occupations. In professions such as accountancy, for example, and more specifically in places like the City of London, the historical legacy of an overwhelmingly privileged (white, male) majority is that ideas about the ‘right’ way to act and work have become embedded and institutionalised over time. Certain classed behavioural codes like ‘polish’ have come to shape perceptions of who it is appropriate to promote and progress – even though such codes arguably have little connection to the expertise required to do the job effectively. Decision makers largely express this sense of fit as an instinctive ‘gut’ feeling, an intuitive sense, as one very senior accountant put it, that some people simply ‘feel like a partner.’

Behavioural codes are particularly important in more elite environments. They take on a heightened significance in areas of work like television commissioning or accounting advisory services, where performance is especially hard to evaluate, and where notions of ‘merit’ are particularly uncertain and contestable. In both these environments, the success of the ‘final product’ – whether financial advice or a television programme – is very hard to foretell and therefore the knowledge and expertise of the professional is inherently ambiguous. Presenting or performing the right image, then, when advising a client or pitching a programme idea, becomes integral as an act of persuasion, a proxy for a competence that cannot be reliably or definitively demonstrated by a concrete outcome in a given moment.

The important point about these behavioural codes more generally is that they are rarely associated with credible measures of skill, intelligence or ability. Of course, this is not a straightforward issue, particularly if these things are valued by the clients that elite professionals rely on for business or funding. But it is telling that the majority of our interviewees – speaking within the safe confines of an

anonymous interview – readily acknowledged the arbitrary nature of the codes that dominate their own profession.

We would go further. Such codes actually illustrate how the self-presentational baggage of a privileged class origin is frequently misrecognised as a marker of a person’s talent or potential. We call this the ‘performance of merit’. Merit is thought to have a fixed nature and conventional indicators are widely considered ‘objectively measurable’ and equally recognised by all. But merit has to be continually and actively demonstrated in the workplace, and others – especially senior decision makers – have to recognise and be persuaded of its value. In many ways, we might see this as akin to a performance; in carrying out job-related tasks one has to activate what might be considered their ‘objective’ stocks of merit – qualifications, experience, expertise – via a particular embodied self-presentation that encompasses dress, accent, taste, language and etiquette. And the key point here is that supposedly objective measures of merit are often actually received, assessed and valued very differently according to how they are performed. This is particularly clear in interviews with those from working-class backgrounds.⁸ Their accounts underline the difficulties of fitting in, or faking it, when the culture of work is not made for you – of continually misunderstanding, or failing to master, what one called the ‘the real rules of the game’. This, then, is institutional classism in action; designating that certain, heavily classed, performances of merit ‘fit’ while others definitively do not.

BREAKING INSTITUTIONAL CLASSISM

So how do we tackle this kind of institutional classism? A three-pronged strategy would be a start.

The first step toward meaningful change is accurate measurement of class inequality through measuring the power of institutional classism. At present, there is little consensus across sectors about the measurement and monitoring of class or socioeconomic background. But this is changing. In June 2018, after consulting with stakeholders including ourselves, the government published advice on how employers can measure class background in their workforce. This recommends that organisations collect data from employees in four areas – parental occupation, type of schooling, free school meal eligibility and parental experience of higher education. But it’s also important that they do not stop there. We urge firms to investigate

whether they have a class ceiling. This can be achieved by both looking at how class composition varies by grade or position or by investigating whether there is a class pay gap, and whether this can be explained by indicators that are clearly connected to job performance or skills, such as training, job tenure or appraisal ratings.

The second step is for employers. They need to begin critically interrogating the 'objective' measures of 'merit' and 'talent' they rely on and thinking carefully about whether such measures have a subjective, or performed dimension; whether there are contextual factors that may underpin how 'merit' is recognised; and to what extent it can be reliably connected to demonstrable output or performance. It is critical that organisations create opportunities for open and frank conversations to take place, and that they ensure those at all levels contribute.

There also remains a powerful need for government intervention. The 2010 Equality Act⁹ ensured legal protections for a range of minority groups but, as mentioned, did not include class or socioeconomic background. Yet what is less known is that the Act actually contains a section entitled 'the Socioeconomic Duty', which requires government and all public bodies to have due regard for 'reducing the inequalities of outcome which result from socioeconomic disadvantage'. Notably, successive governments have declined to bring this section into effect, which – among other ramifications – would provide a clear mandate for making class background a protected characteristic.

But momentum is gathering around advancing this legal agenda. Scotland recently introduced the 'Fairer Scotland Duty', modelled on the Socioeconomic Duty. In England, Harriet Harman has instantiated Early Day Motion 591, which calls upon the government to enact the Socioeconomic Duty. To date, 78 MPs have pledged their support for the motion. Campaigners such as Just Fair and the Equality Trust have made it easier for members of the public to support this cause through the creation of a template for constituents to write to their MP urging support for the Early Day Motion.

These important initiatives can challenge class inequality. They are universal issues that affect all of us and are not confined to a specific class group. They need also to be part of a bigger politics of redistribution which addresses the unequal stocks of capital – and not just the effects of its uneven distribution. We can see institutional classism operating in numerous arenas and exposing and challenging this is vital. An educational system that is a 'neutral' device for the

creation of human capital needs an infrastructure that systematically allows the uneven creation of cultural capital. The economic and career rewards of attending the 'top' universities are much larger than can simply be attributed to the supposedly superior education that may be on offer there. The organisation of the owner-occupied housing market systematically favours those with existing assets who are looking to trade up. A recognition of the power of institutional classism will help to make visible the class divides in numerous arenas of life and can generate support for wider redistribution.

Notes

- 1 Hobsbawm E (1978) 'The forward march of labour halted', *Marxism Today*, September, 279-286
- 2 Bourdieu P (1985) *Distinction*, Routledge
- 3 Savage *et al* (2015) *Social class in the 21st century*, Penguin
- 4 Laurison D and Friedman S (2016) 'The class pay gap in higher professional and managerial occupations', *American Sociological Review* 81 (4) 668-695
- 5 Friedman S and Laurison D (2019) *The Class Ceiling: Why it Pays to be Privileged*, Policy Press
- 6 *Ibid.*
- 7 Bourdieu P (1986) 'The Forms of Capital', in J. Richardson (ed) *Handbook of theory and research for the sociology of education*, Greenwood Press
- 8 When we talk about class *origins*, we use three broad class categories based on the UK government's National Statistics Socio-economic Classification (NS-SEC). The people we say are from 'professional and managerial', 'upper middle-class' or 'privileged' backgrounds all had at least one parent whose job was in the top two classes of the NS-SEC; those we refer to as from 'intermediate' or 'lower-middle-class' origins had a parent who was self-employed or doing a clerical, technical, or lower-supervisory job; finally, we use 'working-class' backgrounds to describe people whose parents did routine or semi-routine jobs, or were long-term unemployed
- 9 <https://www.gov.uk/guidance/equality-act-2010-guidance>

The blank slate: Toby Young and social mobility

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Just a few days before his well-documented fall from grace – in response to the publication of an academic paper that Sally Tomlinson and I published a year earlier¹ – Toby Young, the commentator and, briefly, appointed by the Government to the board of the Office for Students² posted on Twitter:

*‘Wow! Didn’t know about the Danny Dorling paper.
Incredible how robust the myth of the Blank Slate is!’*

Three people liked it. A few days later, Young was spending his Christmas holidays deleting thousands of his Tweets,³ but he left this one up, maybe for posterity.⁴

The blank slate is the idea that children are all born alike. They are slates just waiting to be written on and what they go on to do is almost entirely a product of how they are brought up rather than their inherent nature.

Young’s argument is that children are born with greatly varying potentials due to their differing genetic endowments. He suggests that only a few can go on to be great and the Young view of social mobility is that education should be used to identify those few who have the potential within them to be hugely able, who have within them the genes for great cleverness. This short article is about why Young, and those who agree with him, are wrong.

All slates are, of course, different. Blank slates, like newborn babies, may look very similar, but within them the grain always varies slightly. Of course, some babies are male and others female, some are browner

and others pinker. But they are all human babies and few people today would try to argue that these variations mean greatly differing potentials. No two slates are ever exactly identical. The shale they are made from varies. Cut two slates from the very same piece of rock and they will look identical, like identical twins; but, even then, the way they have been cut, chance (most especially chance) and how they are later transported will alter them.

Young didn't mention my co-author, Sally Tomlinson, but it would have helped him to know that she knows a thing or two about potential and meritocracy. She was a very good friend of his father, Michael Young. She was a council member of the Advisory Centre for Education (ACE), one of the many organisations started by Michael. She was Chair of ACE in 1993 and a member of Michael's Education Extra – a Learning from Experience Trust from 1992–1999.

Tomlinson often talked with him about how one's children turn out. Michael wrote the 1945 Labour Party manifesto *Let us face the future*⁵ and, in the Guardian on 29 June 2001 under the headline 'Down with meritocracy'⁶ explained: 'I have been sadly disappointed by my 1958 book, *The Rise of the Meritocracy*. I coined a word which has gone into general circulation, especially in the USA and most recently found a prominent place in the speeches of Mr Blair. The book was a satire, meant to be a warning... it is good sense to appoint people to jobs on their merit. It is the opposite when those judged to have merit of a particular kind harden into a new social class without room for others...'

Michael continued, 'a social revolution has been accomplished by harnessing schools and universities to the task of sieving people according to the education's narrow band of values... in the new social environment the rich and powerful have been doing mighty well for themselves... General inequality has become more grievous with every year that passes and without a bleat from the party who once spoke up so trenchantly for greater equality'. Michael Young died in 2002. Were he alive today he would see that the Labour Party does not just bleat, but now loudly proclaims the case for greater equality, and not just of opportunity, but of respect, rights and understanding.

In that 2016 article, Tomlinson⁷ and I explained how the idea of great inherent differences between children dates back to Plato and his belief in golden children. Plato thought that others, those unlike him, were silver, iron or brass children, destined to be farmers and craftsmen, not

philosophers – and that you should ‘breed according to your kind’. We understand now that Plato’s guesses were wrong.

Tomlinson and I explained in the paper that Toby Young disliked so much, how the differences between the average level of ability at mathematics between nation-states could not be explained by genes but had to be due to the different nature of their differing societies and educational systems. The paper went on to show that young adults in the US, UK and Ireland, were worst amongst the citizens of affluent countries at problem solving; whereas those in Sweden, Finland, South Korea and Japan did best. We plotted the home post codes of students who secured a place at Oxford University and suggested these were not the home locations of special ‘golden children’, but far better reflected wealth. We explained that geneticists know that ‘genes only matter greatly when everything else matters hardly at all’ and that in 2015 they calculated that ‘raw parent-child correlations in education may reflect one-sixth genetic transmission and five-sixths social inheritance.’⁸ We showed how people like Dominic Cummings believed the very opposite but had been misled. We went on to say a lot more than that, but we suspect Young read little of it before he Tweeted.⁹

Only within the last decade have we had access to genome-wide studies. These suggest that our inherent variation in nerdiness only explains up to 3.4% of the differences between people in terms of mathematical ability.¹⁰ In 2010 this research revealed that for measured English ability for children aged 11–14 the genome-wide association is similarly very small, or as the researchers themselves stated, ‘put another way, these differences approximate to a tenth of that seen across the sexes for performance in English at this age’. We know that nowadays girls tend to be much better than boys, on average, at these particular ages. Children with what appeared to be a special genetic advantage in English had, on average, only a very small greater natural affinity.¹¹

We now know that the idea of using an exam at age 11 to try to identify children with such tiny additional traits for nerdiness, is futile. The inherent differences between our children are just too narrow, never mind all the other disadvantages that come from separating children from each other at such an early age into separate schools by ‘ability’ and labelling a few as clever and most as stupid.

If you are older than me, or were unlucky enough to have grown up in an English county that preserved the 11-plus and were forced to

take that test, at least you now know that if you failed the test, this tells us almost nothing about your inability. If you passed it, in the vast majority of cases, that was because you were coached, or it was due to your upbringing and social advantages. The testers did not actually discover something special in you. Ignore the IQ score you were given as a child. It is no great measurement of achievement and neither should you treat it as a curse.

Attempting to unlock the hidden potential in children is a futile exercise as almost all children have great potential. And almost all of us are very capable of being stupid. We all have disabilities, but what matters is preventing our disabilities becoming handicaps. There are no golden children. Social mobility cannot be about allowing those with the potential to do best to rise to the top, because that group, the golden children, do not exist.

Social mobility, if it is to serve any useful purpose, has to be about allowing people not to be constrained by circumstance and not to have to follow in the footsteps of their parents. Who would want to constrain the child of a banker to being a banker? How cruel would that be!

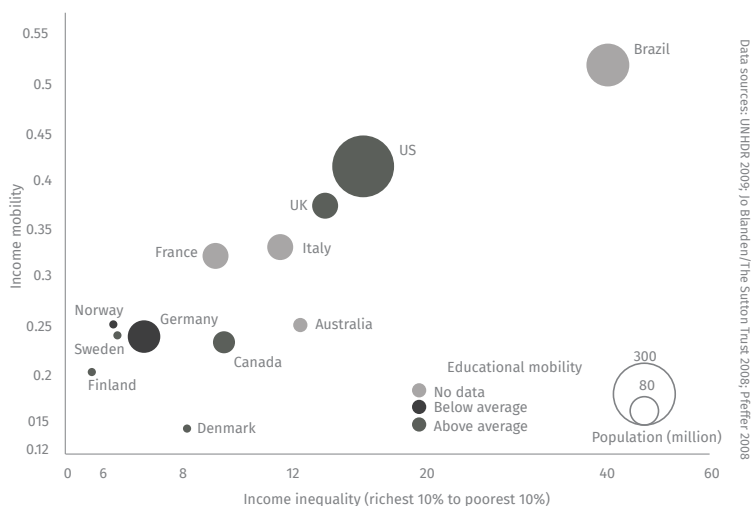
In a society with low social mobility, those in the wealthiest brackets of that society are almost as limited as those from the poorest backgrounds. This is limited in their choice of what they might in future do, who they might meet, marry or otherwise pair up with, what jobs they might do and which neighbourhoods they might live in. Both groups are also much more likely to fear and misunderstand each other, especially when compared to people who have had the good fortune to grow up in more economically equitable and hence more socially mobile societies.

Education matters. The education system in Germany actually reduces social mobility a little in that otherwise much more equitable country. In contrast, at least as of the year 2008 when the data used in Figure 1 was collected, the comprehensive education school system that covered most of the UK slightly reduced the otherwise very high levels of social immobility that come with living in such an economically unequal country as is the UK (Figure 1).¹² The UK has the widest income inequalities of any large country in Europe – on a par with Russia and Turkey (each of which has a land mass that is mainly not in Europe).

Economic inequality matters far more than education when it comes to determining levels of social mobility. In countries with very wide

income inequalities, most parents at the top try desperately and constantly to ensure that their children will not drop out of their wealth bracket. This is entirely understandable. Most will do almost everything they can to ensure that their own children will not be trying to get by on two or three times less than they had. However, in doing this, they cut off the rungs of the ladders that other might have climbed.

FIGURE 1: SOCIAL/EDUCATION MOBILITY AND INEQUALITY



Source: <https://www.socialeurope.eu/angles-saxons-inequality-and-educational-mobility-in-england-and-germany>

THE UNFAIR ADVANTAGE

Genetic information is very useful. It can be used to discover that, regardless of any inherent cognitive ability, higher ability children from disadvantaged backgrounds are disproportionately less likely to attain good grades at examinations in the UK, compared to children from more socially advantaged backgrounds. In addition, systems operate to add to this inequality as children in fee-paying secondary schools outperform their state secondary school counterparts regardless of any inherent ability (in fact regardless of both the small amount that is inherent and all that is later attained).¹³

Furthermore, we can use genetic information to discover that it does not make sense to try to judge which teachers are doing better than others through the use of so-called 'value-added measures'. We find that genetic endowment does appear to contribute a small amount to value-added measures that additionally control for background characteristics. In other words, we find that some children may be more receptive, easier to teach, than others. Furthermore, we find that 'value-added measures built from teacher rated ability have higher heritability than those built from exam scores'.¹⁴ In other words, the genes of children can be used to predict what teachers think of their ability much more than any actual ability each child has. As yet, we do not know why this is. It could be that teachers are biased towards thinking that children are cleverer if they look a certain way, or who are more subservient and less cheeky – or a myriad of other possibilities. At present, we just know it is this way.

Everything is affected by our genes. If all else is made equal then genes become all that matters. For instance, in a world without tobacco, genes would be key to determining who dies of lung cancer. When it comes to who benefits from potentially good or bad teaching, it is hardly surprising that some children might better soak up conventional classroom teaching and some might be more resilient to such an environment than others, but taught in another less conventional way, other groups of children might prosper better. Some children are more compliant, so trying to measure value-added has problems that can only be revealed by genome-wide analysis. We, in the UK, would do much better to teach more like they do in Finland, and try to measure both pupils and teachers less. The measurements can be greatly biased.

In a summary of this very recent work, two of its authors explained that 'our results demonstrate that some value-added measures may not be robust to genetic differences between students, particularly when calculated from teacher-reported ability'.¹⁵ You can think of this (if it helps) as the 'pretty nose' effect – one of the huge number of possible ways in which genes may interact with valued-added measures. Teachers (because, like all of us, they respond to their inherent biases) say that – nose shape being genetically influenced – a child with a prettier nose is more able. We know from a huge amount of research that white teachers often underestimate the ability of black pupils when asked to assess them,¹⁶ the pupils almost always doing better in actual examinations (on average) than their teachers predicted they would perform. Given such an obvious finding, there must be a

huge number of other far less obvious implicit biases at play affecting everything from the outcomes of job interviews, to who receives attention first when two students put up their hands at the same time.

Children are not blank slates, but they are so close to being so when it comes to their capacity to learn and be influenced that we would do well to treat them as such. Ironically the most recent study to help reveal this is one in which Young himself was an author. In a paper published on 23 March 2018, Young and his colleagues suggested that 'we found substantial mean genetic differences between students of different school types: students in non-selective schools had lower EduYears GPS compared to those in grammar ($d=0.41$) and private schools ($d=0.37$).'¹⁷

In other words, they were saying that they thought they had found that children who attended private schools in England were simply genetically more able, advantaged from birth in a way that could not be modified. What Young and his colleagues appeared not to have realised, was that the key qualification for attending a private school is that your parents are wealthy enough to be able to pay the fees. Some private schools have entrance tests, but an equal (and in many ways opposite) number do not. Those private schools largely exist to take the children of the affluent who fail such tests. Whatever the 'EduYear genome-wide polygenic score (GPS)' Young and his colleagues were measuring was, it was not about being especially smart or quick or clever. It is possible it might be associated with being acquisitive. The one thing the parents of these children tended to have in common was that they had acquired greater wealth and income than most other people.

The most interesting part of Young and his colleagues' 2018 paper was in the supplementary material which is available online.¹⁸ In the supplementary material the authors report that they found no genetic disadvantage associated with attending a secondary modern school in those counties of England that still have such schools. In other words, whatever they have found, it is not about any genes to do with being worse at passing the 11-plus.

None of this would matter much if one of the authors of the supplementary material was not listed as Tim Leunig, the former Chief Scientific Adviser at the Department for Education during Michael Gove's tenure, and current Scientific Advisor in the Department of the Environment, which Gove now leads. Interestingly Leunig's name did not appear as an author of the main paper alongside Young's - but

they had been working together on the data. It would be interesting to know why Leunig was an author of the supplementary material on this paper, but not the paper itself. I have never seen that happen before with an academic paper, it is not good practice but hopefully it indicates that Leunig, who is a very astute civil servant, may have been having doubts as to the usefulness of going down this particular road of agreeing with Young's ideas about genes, or at least agreeing so publicly.

LOOKS (AND PREJUDICE) MATTER

Genome-wide analysis has largely rendered twin research obsolete. It suggests that the findings of twin-studies tend to magnify the small actual differences in personality between individuals that can be attributed to genes by as much as a factor of ten.¹⁹ However, in 2013 a paper was published that studied twins in a different way. It included twins who were brought up assuming they were identical, but later (genetically) found not to be (they were dizygotic or DZ), and the opposite, twins thought to be not identical, but who technically were (they were monozygotic or MZ).

Those incorrectly thought to be identical started with very similar birth weights and ended with very similar heights and weights. What was interesting was that the assessment of their academic ability, using the US cumulative high school grade point average, was equally highly correlated as that for twins correctly thought to be identical.

What twin studies often actually reveal is that similarly looking children have similar outcomes in life, especially if they are born at the same time and place (as all twins are). They do not reveal that some people are genetically superior to others in overall ability. But rather that we live in societies that have strong prejudices over how people are treated based simply on looks and first impressions, and on characteristics such as being more extrovert or impatient. This paper was the first because, as its authors said, 'we are the first to apply the misclassified twins approach to a recent sample with accurate genetic zygosity information for all twins.'²⁰

Until genome-wide analysis became possible, which has only been in very recent years, it was possible to argue that there were gold, silver, iron and brass children and that they needed to be identified and separately educated. Social mobility was seen as the process of identifying golden children born to brass parents and propelling them

upwards. Now we know all that to be deeply flawed rubbish. We are all slates of one kind or another. We are born very blank and incredibly plastic, able to be moulded into a very wide variety of forms. Above all else, the latest evidence is revealing that it is chance events that affect our futures the most – just as a slate that is accidentally dropped and shatters never makes it onto the roof.²¹ Growing up in a society where this truth is not widely understood is a terrible misfortune. It is time we rectified this particular error. We should thank Young for his help in doing so.

Notes

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- 2 Member of the Board of the Office for Students, 2 January 2018 to 9 January 2018
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- 5 <http://www.politicsresources.net/area/uk/man/lab45.htm>
- 6 <https://www.theguardian.com/politics/2001/jun/29/comment>
- 7 The article has since then been greatly expanded into a book: Dorling D and Tomlinson S (forthcoming) *Rule Britannia: From Brexit to the end of empire*, Biteback (to be published 15 January 2019)
- 8 Conley *et al* (2015) 'Is the effect of parental education on off-spring biased or moderated by genotype?' *Sociological Science* 2: 82-105p. 82
- 9 To paraphrase from Dr Seuss's epic tale, *The Cat in the Hat (1957)*, 'Sally and I did not know what to say. Should we tell Toby, the things that we now know today?' – As the good doctor said: it is fun to have fun. But you have to know how. Toby sometimes teases, he may think he pleases, but it is the antithesis'
- 10 Docherty *et al* (2010) 'A genome-wide association study identifies multiple loci associated with mathematical ability and disability', *Genes brain and behaviour*, 9:234-47
- 11 For a much longer explanation see Dorling D (2015) 'G is for genes', *International Journal of Epidemiology*, 44, 1, 374-378. <https://academic.oup.com/ije/article/44/1/374/655644>
- 12 Dorling D and Hennig B D (2010) 'Angles, Saxons, inequality, and educational mobility in England and Germany', *Social Europe Journal*, contribution to 2010 online debate, 17 March. <https://www.socialeurope.eu/angles-saxons-inequality-and-educational-mobility-in-england-and-germany>
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- 16 For example: <https://www.tes.com/news/exclusive-black-pupils-disadvantaged-setting>
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Social mobility and the labour market in 21st century Britain

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Lindsey Macmillan is Associate Professor of Economics at UCL Institute of Education; Tzvetan Moev is a final year undergraduate in Philosophy, Politics and Economics at UCL

Social mobility in its broadest sense considers the life chances of children from different family backgrounds, covering wellbeing, education, earnings, wealth (home ownership and pensions), health (life expectancy), crime and family life. This essay considers how each generation of children compares to past generations (absolute mobility) and differences in opportunities for those born into advantaged compared to disadvantaged families (relative mobility). Until a decade ago, most studies focussed on relative life chances because the economic expansion of the 20th century had seen education, living standards, home ownership and life expectancy rise with each generation. It started to be taken for granted that each generation would do better than the one before. But in recent years, as young people are not prospering compared to past generations across key domains, absolute mobility has started to become an important part of the story of opportunities in Britain.

This essay focusses on labour market outcomes, which covers joblessness, job quality and earnings (or incomes). It looks at how opportunities in the labour market for young people compare to the past and how these differ according to people's family circumstances in childhood. Throughout, it considers how these opportunities are shaped by education and, crucially, how opportunities in the labour market differ across family background for people who achieve the same levels of education. There are a number of key take-home messages. The last decade has seen an unprecedented stagnation in earnings. Previously, each generation saw earnings increases at any given age compared to

earlier generations. But young people now (aged 35, as a broadly typical example) earn about the same as people at the same age did 15 years ago. There has been a general wage stagnation over the last decade affecting all workers, so we might look to see how earnings for different generations have performed, netting out the portion that is common to all generations in any period. That is, to assess whether younger generations performed worse than others in recent years. Doing this shows that the peak earning generation was born in 1978. Previously, each successive year's birth cohort earned about 1% more than the previous one but since then, earnings have flatlined at about 4% below the peak 1978 birth cohort. As a result, today's young adults are the first generations not to earn substantially more than their parents' generation did at the same age. This generational stagnation in earnings is having knock-on effects in terms of people leaving the parental home, buying their own home and delaying having children. It also has implications for how we look to pay for our ageing population's need for pensions, health and social care.

The other dimension of intergenerational mobility is the relative labour market opportunities for child born into more or less affluent families. Here the UK has an unenviable record. The famous Great Gatsby curve shows how countries compare in terms of intergenerational earnings mobility – do those born in the poorest or richest families stay the poorest/richest when they are aged 40? – and income inequality. The UK and US have the worst record of all advanced countries. We do better than Peru but this is not a tough challenge. It also shows that more unequal societies create the lowest chances of people moving away from their circumstances at birth. Put bluntly, Britain is, along with the US, the country which is the furthest from being a land of equal opportunities. To compound this, Britain's record got worse in this regard for children who turned 16 in the 1980s (born in 1970) compared to those educated in the 1970s (born in 1958). We are less clear about more recent changes because those born more recently are not yet aged 40 (when comparisons are best made), but there have been some improvements in closing educational attainment gaps.

Studies suggest that a little over half of the differences in adult earnings (according to whether you are born rich or poor) reflects the fact that poorer children do less well at school and so are less likely to go to university. The other half is shaped by careers after finishing education. This is particularly true for men. Male university graduates from affluent families earn 30% more than male graduates from poorer

families. Accessing university, or indeed education more generally, does not level the playing field. Some of this earning gap reflects differences in achievement within the group who get degrees, such as going to elite universities and studying subjects with higher rewards like law, medicine and economics. But even after adjusting for this, men with the luck to be born rich earn 20% more than those born poor who attend the same university, do the same course and score as well academically. This is driven by inequalities in both entry into elite positions, and progression within the labour market by family background. Those from poorer backgrounds are significantly less likely to get good jobs, more likely to be jobless or work in precarious employment and less likely to progress if they make it in to stable, well-paid employment – even when they achieve the same education level.

The following chapter details trends in wage growth across cohorts, looking at the intergenerational contract and likely trends in absolute mobility across generations, before documenting trends in opportunities by family origins. It then focusses on the role of education and the labour market in accounting for the relationships observed across generations. The final section discusses how government policy and employers' recruitment practices could change to create more equal opportunities.

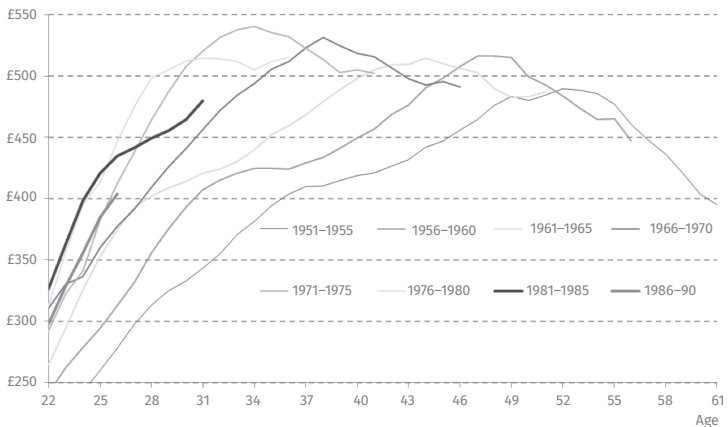
THE INTERGENERATIONAL CONTRACT, ABSOLUTE MOBILITY AND WAGE STAGNATION

Mark Carney, the Governor of the Bank of England, recently highlighted how the real value (after inflation) of wages has not risen for a decade, arguing this was the worst decade for wages since the 1860s. The funding of the welfare state represents a generational contract whereby people pay in when younger and draw out when older. This contract has worked because of a relatively small elderly population and because, until recently, each generation earned more than the one before. This was the 20th century contract – the working age helped to support the old age, paid for by steadily rising living standards. But for the first time in modern history wage growth for the young has stalled. Figure 1 shows the evolution of wages for successive birth cohorts born at five-year intervals. It shows how wages move as people age. Younger workers experience rapid wage growth as they gain experience and promotion in the labour market until they reach their mid-40s, when wages plateau and fall away a little as they approach retirement, mainly due to reduced working hours. The key

feature of the graph is that each successive cohort earns more at the same age than the previous one until 2008. While all cohorts recently experienced falling real wages, the older cohorts now earn a similar amount to people of the same age five years earlier. Those born in the 1970s earn a similar amount to people of the same age 10 years earlier. Those born in the 1980s earn a similar amount to people of the same age 15 years earlier. While this is still more (about £50 a week) than their parents' generation, this is the first generation to see such marginal gains over their parents and less than their recent peers. The absolute mobility of rising earnings across generations has stalled.

FIGURE 1: MEDIAN PAY BY AGE FOR EACH FIVE-YEAR BIRTH COHORT: UK, 1975-2016

MEDIAN REAL WEEKLY PAY FOR ALL EMPLOYEES (CPIH-ADJUSTED TO 2016 PRICES)



Source: Gardiner L and Gregg P (2017) 'Study, work, progress, repeat? How and why pay and progression outcomes have differed across cohorts', Resolution Foundation Intergenerational Commission. <https://www.resolutionfoundation.org/app/uploads/2017/02/IC-labour-market.pdf>

As wage stagnation has affected everyone, we might want to isolate what is happening to each generation, taking into account general stagnation and a cohorts' age. Research highlights that - net of economy-wide changes and that as people's earnings rise until age 45 or so - the highest earning cohort was born in 1978 (Gregg and Salgado, 2018). Prior to that, each successive birth cohort saw earnings

rise by around 1% on those born in the previous year, while for those born after 1978 earnings have plateaued at about 4% below this peak birth year.

So why is it happening? It is not down to job creation levels in the economy, as employment is at a record high. It is not because job creation has been focussed on lower status, entry-level jobs. Again, the reverse is true, with net job creation focussed on the top half of the distribution. It is partly due to education, as going to university expanded massively for those born in 1970s but this growth almost stopped for those born in the 1980s. More educated people should progress up the career ladder faster and for longer than less educated people and so the halting of the expansion of higher education has made a contribution.

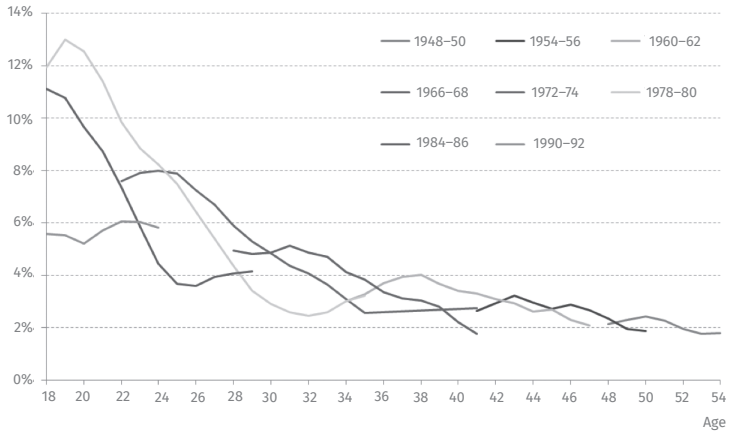
Beyond this those born in the 1980s have experienced an additional drag on wages from less frequent job moves (promotions) compared to the past, particularly given the current very low levels of unemployment. This issue is not driven by the labour market becoming more unstable in terms of job tenure. In fact, jobs have become more stable. Instead promotion, the positive dimension to moving jobs, is becoming less common. Wage progression is usually driven by a young person gaining experience in a job, securing promotion (often by moving firm) and then gaining further experience in their new, higher-status job. For young people, job-to-job moves are crucial for rising up career ladders and the decline in frequency of such moves is leading to slower wage progression.

Figure 2 shows the frequency of voluntary job-to-job moves – a good proxy for promotion – for different birth cohorts. Job moves among those aged 40-plus are rare (just 2% per year change job) but are common for the young, with 10–12% moving each year. Moves are less common in recessions because of the lack of opportunities to move to better paid work. There is also a secular decline in the frequency of these moves among the young, with around 2 percentage points fewer people moving jobs every year. Once a person turns 30, pay gain from such moves is 5–10%, not trivial, but well below the 20% gain for those in their 20s or more than 50% for teenage workers – though for teens much of this reflects increased hours worked. With fewer moves to higher-paid jobs, pay growth generally looks lower. This is exacerbated by the fact that fewer job moves means experience is gained through longer tenures in lower-status jobs, rather than after each move to a higher-status job. The value of an extra year in post is around 3% higher

in a new job (so over the second year after a new job start) compared to another year's experience in a job a person has already been in for five years. There is some evidence that for the very youngest generations (born in the 1990s) this slowdown in promotions has stopped.

FIGURE 2: JOB-TO-JOB MOVES BY AGE FOR SELECTED THREE-YEAR BIRTH COHORTS: UK, 1992–2016

PROPORTION OF EMPLOYEES VOLUNTARILY MOVING JOB EACH YEAR



Source: Gardiner L and Gregg P (2017) 'Study, work, progress, repeat? How and why pay and progression outcomes have differed across cohorts; Resolution Foundation Intergenerational Commission. <https://www.resolutionfoundation.org/app/uploads/2017/02/IC-labour-market.pdf>

INTERGENERATIONAL ECONOMIC MOBILITY IN THE UK

As well as how different generations compare, the other dimension to intergenerational economic mobility concerns equality of opportunities between children from richer and poorer families. This is more commonly known as social mobility. It is usually measured by considering how closely-related people's positions are – in terms of their incomes, earnings or occupations – to those of their parents. Do people from richer families end up rich themselves and do those from poorer families end up poor? The standard measure is to look at how closely related an individual's earnings in adulthood are to parental earnings during the same individual's childhood. If the two are closely related, there is very little movement across generations and those who

are born poor end up poor. If the instead there is little relationship, this would mean that the income of your family in childhood bears no relation to your income as an adult. Children from poorer families can become rich and children from richer families can become poor.

Britain's record on (relative) social mobility is extremely poor. International comparisons, shown by the Great Gatsby Curve in figure 3, plot the relationship between social immobility for different countries and overall income inequality. In terms of social mobility Brazil, Chile and Peru have the strongest relationship between childhood origins and adult earnings. In these countries, people rarely move away from their family origins. The UK, along with the US and Italy, is one of the worst performers among economically advanced countries – See Corak (2013) for detail of the Great Gatsby Curve. Jerrim and Macmillan (2015) show a very similar pattern using figures from a single source of comparable international data. Figure 3 also shows inequalities in outcomes – more unequal societies have a strong association with low social mobility. Countries that experience huge disparities in terms of income inequalities also end up with the worse life chances for the most deprived people.

FIGURE 3: THE GREAT GATSBY CURVE: INTERGENERATIONAL MOBILITY AND INCOME INEQUALITY



Source: Corak (2013)

A number of UK studies have followed children born in the same year throughout their lives. Two of these provide good evidence around social mobility, the National Child Development Study (NCDS) cohort born in 1958 and the British Cohort Study (BCS) cohort born in 1970. These allow us to compare people from both cohorts up to age 42. This shows that the relationship between family incomes in childhood and adult earnings for males has grown stronger over time, from 0.251 (25% of income differences between families in childhood are still apparent when children are adult) for 1958 cohort to 0.430 for 1970 cohort (43% of income gaps in childhood are still apparent in adulthood). This shows that the post-war generation born in the 1950s and leaving full-time education in the 1970s saw far greater mobility between adult outcomes and childhood origins than the generation born in early 1970s and leaving education in the late 1980s. Britain became more fixed in terms of circumstances at birth describing people's destinies.

There were plans for a further study following children born in 1982, but a period of austerity meant this did not happen. Later cohorts born in 1990 and 2000 have been followed but they are still too young to observe relevant labour market outcomes. However, there is evidence that gaps in educational attainment have narrowed somewhat for these groups.

THE ROLE OF EDUCATION AND THE LABOUR MARKET

Commentators and politicians often associate Britain's social mobility problems with education. In her speech on the Great Meritocracy in Britain, Theresa May said:

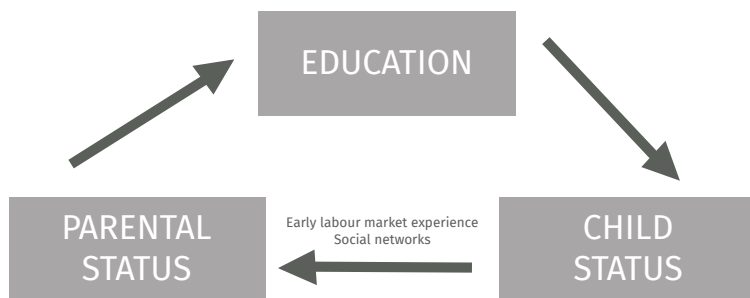
'[T]he government will set out an ambitious programme of economic and social reform that will help us make this change and build a true meritocracy in our country. But there is no more important place to start than education.'

As a result, attention has been focussed on using education policy to tackle the intergenerational mobility problem. It is crucial to distinguish between those advantages and disadvantages that emerge prior to entry in the labour market (principally education) and those formed in the labour market. While the distinction is not always clear – earning inequalities between those with high or lower educational

achievement will influence some young people's desire to go to university – it is nevertheless helpful.

A wide range of studies separate the impact of parental background into a part that is mediated by education and skills and a part that is still seen in earnings even where educational achievement is the same. This second part is often considered a direct effect of background on outcomes and is represented in Figure 4. It may reflect differences in unmeasured softer skills such as self-confidence or determination; early labour market opportunities versus being Not in Education, Employment or Training (NEET); or the ability to use parental social networks to gain access to better jobs. It may also simply reflect biases in recruitment and promotion processes that favour those from more affluent families, akin to the biases widely observed for gender and race. This is an area where research is not yet well advanced.

FIGURE 4: INTERGENERATIONAL MOBILITY, EDUCATION AND THE 'DIRECT EFFECT'



Source: See Blanden *et al* (2007) but this is widely-used as an approach

Studies suggest that around 50% of differences in adult earnings associated with family background comes through education. Access to higher education is the most important part of the story here. Yet as important as education is, it does not fully explain the transmission of advantage.

Men in the 1970 birth cohort study from affluent families (top third) earned £3,200 a month before tax at age 40 compared to £2,000 for those from the poorest third of families, or 60% more. Of those who

went to university, those from the more affluent families earned £4,200 and graduates from the poorer families just £2,900, so the gap is 44%. Access to university does not equalise opportunity. When graduates from the same course at the same university are compared – even when they have Master’s degree – the earning gap between those from more and less affluent families is still 20%.

Gregg *et al* (2017) compare the role of education and the direct effect of family background on earnings, not through education for two low-mobility countries, the US and Britain, and a high-mobility country, Sweden. The importance of education in the three countries is very similar. The differences occur in the direct association between parental background and children’s adult labour market outcomes. In Sweden, children who achieve the same level of education have far more similar labour market outcomes whether they came from a richer or poorer family. In the US and UK, there are wider disparities in labour market outcomes for those from richer compared to poorer families, when comparing people with the same educational achievements. This is highly likely to reflect differences in the way the labour market here operates to reward advantage rather than ability, as the transmission through genetics and of personalities will be similar across countries.

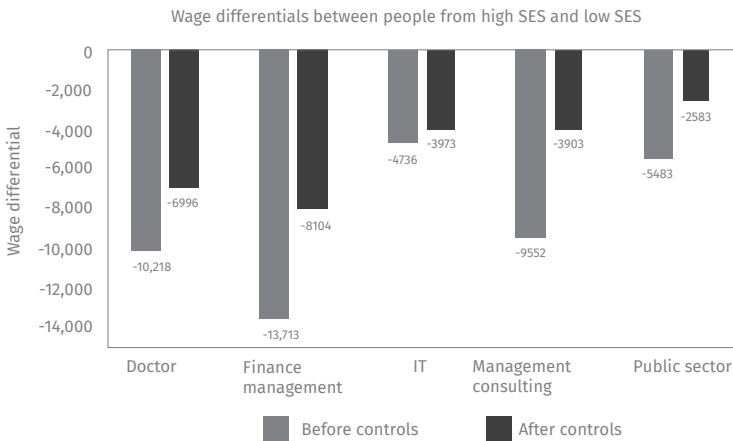
ACCESS TO HIGH OR LOW LIFETIME EARNINGS

The story so far has been about the population as a whole. Recent work has shown that – after controlling for education – intergenerational mobility is greatest in the middle range of jobs. The strongest association between family background and adult outcomes is found at the top and bottom of the earnings ladder; among those stuck on low lifetime earnings or among those in elite positions. Splitting the discussion into these two parts makes the policy discussion more tangible because more specific problems are assessed.

Focussing first on the top of the earnings ladder, it is worth differentiating between access to top professions and progression within them. 27% of university graduates from lower social backgrounds enter professions compared to 32% of students from more advantaged backgrounds. Even after controlling for university attended and subject studied, students from higher social backgrounds are more likely to enter a top job. Among the professions, law, medicine, economics and academia are more heavily dominated by people from advantaged backgrounds whereas access to the technical professions

such as engineering and IT opportunities is more equal (Friedman *et al*, 2017). As might also be expected among top jobs, those from more affluent families earn more, again even where people have attended the same university and attending the same course. If a person from a more deprived background enters a top profession, they may face a ‘class ceiling’ as they are paid less than a person with higher socioeconomic status in the same occupation. Figure 5 shows that, after controlling for characteristics and gender, there are statistically significant differences between the wages of people from low and high socioeconomic status in many top professions. For example, a doctor from a low socioeconomic status will earn £6,996 per year less than a doctor from a high socioeconomic status with the same demographics and education.

FIGURE 5: THE ‘CLASS PAY GAP’ IN OCCUPATIONS



Source: Friedman *et al* (2017)

In part, these findings can be attributed to the use of networks, occupational inheritance or greater financial resources allowing people to take up unpaid internships. They also appear to reflect top firms targeting applicants from a narrow range of universities, those with a specific profile or even outright discrimination. Top firms all tend to recruit from the same small pool of talent and even then, disproportionately select candidates from more privileged backgrounds.

Looking at those at the bottom of the earning ladder across a range of outcomes including joblessness, income and job insecurity, those from more deprived families do worse. This goes beyond education. In the lower parts of the lifetime earnings distribution, education makes much less difference than at the middle and top, although maths skills do appear to matter. Those growing up in jobless families are more likely to be jobless themselves, but only when local unemployment is high. When work disappears from a locality it is those from deprived families who lose out first. A mediating factor here is early work experience. Those who spend significant amount of time as a NEET before age 25 are highly likely to be trapped in low-paid employment and suffer job loss. Where people avoid further unemployment about half of the penalty to spending a year as a NEET is recovered.

There has been an increased focus recently on precarious work, highlighting the rise in zero hours contracts, low-skilled self-employment and agency or contract work. To date, there is no evidence that links these types of work to family background. New analysis for this chapter shows for the first time that people who end up in this type of work are more likely to be from lower status backgrounds, exacerbating inequality across generations.

Using the most recent Labour Force Survey that includes measures about family circumstances when the respondent was aged 14 (July to September 2017) we measured three different outcomes:

- Those who are in the low-pay, no-pay cycle, defined as working for less than two years continuously and earning in the bottom quartile
- Those with precarious work, defined as either agency or casual
- Those who are low-skilled self-employed, defined as self-employed workers with below level 3 education (A-level or equivalent).

Individuals who were in a jobless household at age 14 were six percentage points more likely to be in the low-pay no-pay cycle. Comparing people with the same education, those from jobless households were still four percentage points more likely than those from a working household to be in the low-pay no-pay cycle. Considering precarious work contracts, individuals from lower social backgrounds (routine manual occupations or long-term jobless) were two percentage points more likely to work in precarious jobs or low-skilled self-employment. More casual employment (zero hours contracts, self-employment without employees) offer flexibility to both

the firm and worker if there is an equality of power in any decision. However, there is no obvious reason why those born into poorer families would desire more flexible working. That they are more often on such contracts suggests that there is an imbalance between the firm and the workers in whose interest these contracts serve. To put it another way, such contracts are desired by some workers but many accept them through lack of choice.

POLICY AGENDA

Evidence of conscious and unconscious discrimination in the labour market is widespread and parallels can be drawn here with other key dimensions of labour market inequalities by gender and race. Women earn less than men despite their higher educational achievement – although though this earnings penalty is slowly declining. Policymakers have made successive attempts to turn this around through legislation that both prohibits discrimination and supports working women such as maternity leave and its attendant pay and conditions, and childcare schemes, that reduce the career penalty faced by working women who have children. Forcing firms to publish their gender pay gaps has focussed minds again on why so few women reach the highest-paid roles. The prime minister recently proposed that pay gaps by ethnicity in large firms should also published. However, when policymakers think about social disadvantage they tend to start with education – and all too often stop there. Education is seen as the key policy lever. But this can only address half the problem. Countries that have more equal life chances also do much better in terms of getting people with the same education the same pay, whatever their family origins. Just as those advanced countries with the smallest gender pay gaps do so through better labour market opportunities for women, not through better education.

In order to tackle such differentials and ensure equal opportunity in access to professions, it is important for the government to initiate more schemes like the Social Mobility Business Compact, which asks its signatories to commit to actions that improve the opportunities of people from low socioeconomic status. Many firms are waking up to this challenge because it enables them to find talent that is good for their business. If all employers recruit from the same small pool of graduates who have attended elite universities, talent is missed and those selected from the pool receive elevated pay. This issue is not just about government policy change but a broader societal challenge,

with employers being key agents of change. As well as achieving equality, providing opportunities for those not from affluent families brings their underused talents into the economy.

Most recruiters now collect data on social background. They need to be challenged to analyse this data to show how people's social origins, along with gender and race, play out to make Britain the land of hoarded opportunities. Scrutiny should explore how recruitment and promotion practices can lead to a narrow range of applicants. Such analysis is essential to gauge which practices need to be reformed and what good practice looks like. There are a number of dimensions to best practice in this field as laid out by the Social Mobility Foundation. These include non-graduate or apprenticeship entry schemes which attract more diverse recruits and employers engaging with broader sets of universities. A crucial next step in tackling bias would be requiring large firms to engage in an independent audit of recruitment and promotion practice around social background. The publication of such audits would be a powerful engine of change.

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Beyond mobility: From individual success stories to community uplift

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‘Social wellbeing depends upon cohesion and solidarity... And individual happiness does not only require that men should be free to rise to new positions of comfort and distinction; it also requires that they should be able to lead a life of dignity and culture, whether they rise or not.’

Richard Henry Tawney

‘... a simple promise that [speaks] to me, my values and aspirations: That each generation in our country should be able to build a better future. That each generation should live the British Dream.’

Theresa May, Conservative Party Conference 2017

Social mobility – the idea that even if you’re born poor you can make it to the ‘top’ – is a seductive story for a country that is as divided as the UK. Just as in the US where the American Dream is the cornerstone of the collective psyche, social mobility has become the chosen litmus test of how UK society is fairing. This is the wrong narrative in terms of what we should want for our society. An individual making it out, only to leave a depressed community behind, is far from the perfect social outcome. This fixation has allowed politicians of various guises to focus on ‘equality of opportunity’ while

turning a blind eye to structural economic disparities; the intersecting inequalities of race, gender and class prejudice; and the middle and upper classes gaming the system.

The irony is that social mobility continues to be low. In the UK, it is estimated to take up to five generations – or 150 years – for the child of a poor family to reach the national average income. At the opposite end of the spectrum, those who are born at the top are even more likely to stay there than they were in 1990. If you are a believer in Theresa May's British Dream,¹ it would make sense to move to Denmark. This paper argues that social mobility as a policy agenda has failed, and will continue to fail, in multiple ways. Firstly, social mobility is hindered by the inequalities of income, wealth and opportunity that are endemic to UK society. Secondly, the UK's education system is divisive, perpetuating these inequalities and denying many children their right to a good quality education. Finally, the labour market of today is such that it does not facilitate career progression in the way that it once did.

After compiling reasons why the current social mobility is no longer fit for purpose, this essay offers an alternative path forward. Such a path must focus on an anti-poverty and anti-inequality agenda, while recognising the importance of local and national institutions in providing a life of dignity and quality – whether citizens 'rise or not'. It is essential to move away from an individualised concept of social mobility to policies that deliver for whole communities.

PART ONE: WHY IS SOCIAL MOBILITY UNFIT FOR THE UK TODAY?

As social mobility has become an increasingly popular topic, definitions of what exactly constitutes it have become blurred. As Geoff Payne has argued, 'political discourse has been built around mobility that are inaccurate, inconsistent, misleading and at considerable distance from those used in mainstream mobility analysis.'²

Most mainstream analysis focuses on upward mobility at the expense of downward mobility. Any understanding of social mobility needs to consider both of these trajectories. However, these brief conceptual issues aside, there are practical reasons why the idea of social mobility does not sit well in the UK context.

Social mobility and economic inequality

The UK remains one of the most unequal countries in Western Europe and levels of inequality are already high enough to be economically and

socially corrosive.³ Theoretically, countries that have wider economic disparities display lower rates of mobility. In such a scenario, greater income inequality reinforces differences between generations and makes social mobility more difficult to achieve.

Multiple studies have confirmed this to be the case. The relationship between economic inequality and social mobility is represented by the so-called 'Great Gatsby Curve' which shows that 'countries with greater inequality of incomes also tend to be countries in which a greater fraction of economic advantage and disadvantage is passed on between parents and their children.'⁴ Since the 1990s, there has been an increase in the persistence of incomes at the top and bottom of the distribution across Organisation for Economic Co-operation and Development (OECD) countries. Put simply, this means the rich are staying rich and the poor are staying poor.

Social mobility and education

There is no doubting that the education system plays a huge role in perpetuating social inequalities in the UK. Initial inequalities mean that children from low socioeconomic status families are roughly 11 months behind the development of their more affluent peers by the time they start school.⁵ Differences in the quality of schools also mean that 'initially high-achieving poor child' can expect to fall behind an 'initially low-achieving rich child' during their secondary education.⁶ Worryingly, this inequality in access to high-performing school has worsened since 2010. One fifth of local areas in England now have no high-performing school within a reasonable travelling distance.⁷

At the other end of the spectrum, some middle and upper-class families are able to pay for an education that provides their children with unparalleled levels of economic, social and cultural capital. The disproportionate impact of private schooling in the UK can be seen in research conducted by London School of Economics (LSE), which found that alumni from the Clarendon Schools – the nine most prestigious private schools in the country – are 94 times more likely to go on to be part of the 'British elite' than those educated anywhere else in the country.⁸

As Emeritus Professor of Sociology of Education at the University of Cambridge, Diane Reay, argues 'not all children can be winners and the provision of an educational system that caters for winners also reinforces and solidifies the position of losers'. Many of the current

indicators used by the Social Mobility Commission – percentage of children on free school meals attending ‘good’ or ‘outstanding’ primary schools; percentage of children on free school meals at age 15 entering higher education at age 19 – by definition exclude those at the top. It is a focus on upward mobility that foregoes the possibility, and deproblematizes, the lack of downward mobility for the privileged and advantaged.

Social mobility and the labour market

As the sociologist Basil Bernstein famously wrote, ‘education cannot compensate for society’. That is, while education can offset some of the disadvantages forced upon certain families and individuals, it cannot do it in isolation. Obviously, better educational outcomes (increased human capital) have a positive impact on earnings in the labour market. Although the huge increase in graduates in non-graduate roles is somewhat diminishing the premium of higher education.⁹

Yet, labour market discrimination is evident in the sizeable pay gaps along the lines of class, gender, race and disability. Even after controlling for all other variables, those currently in elite occupations whose parents were working class earn on average about £6,200 less a year than colleagues whose parents were not working class.¹⁰

Labour market outcomes across different ethnic minorities also vary wildly. When it comes to employment, rates for white and Indian men are more than 10 percentage points higher than they are for their Pakistani and Chinese counterparts. Female participation in the labour market is lower across all ethnicities, with Pakistani women (38.9%) and Bangladeshi women (32.3%) suffering from the lowest rates of employment.

Work conducted by the Equalities and Human Rights Commission has found significant pay gaps between ethnicities. Pakistani and Bangladeshi men had particularly severe pay gaps. This was especially true for those born outside of the UK. The picture for women was largely the same, with the important exception that it was only Pakistani and Bangladeshi women born outside of the UK who had a clear pay disadvantage.¹¹

The truth is that the labour market has undergone major structural change so that it no longer permits an easy path to the top. This can be seen in the polarisation of the labour market. OECD research has

shown that the share of ‘middle-skill’ jobs in the UK declined around 10 percentage points from 1995 to 2015.¹²

A failure to provide decent quality jobs has meant that, for many, the labour market is no longer a path to prosperity. Research has shown that, of those who were in a low-paid job in 2006, only one in six had graduated to a higher-paid job a decade later.¹³ Moving jobs represents one of the best ways to secure a pay rise in the labour market but recent evidence suggests that workers, and in particular young graduates, are less willing to move than they were at the turn of the millennium.¹⁴

PART TWO: SOCIAL MOBILITY PERPETUATES TOXIC NARRATIVES

While the previous section outlined some of the tangible barriers to achieving social mobility as popularly understood, the following will outline why the narrative of social mobility in itself is also problematic.

Individualises ‘success’

The current conception of social mobility tells people that the best outcome they can hope for is to escape their point of origin. It idolises those few people who have left what is often a working-class community and pathologises the ‘left behind’ as shirkers or skivers. The structural conditions that deprive communities and force people to leave are completely absent from the current social mobility agenda.

This can be seen in the huge swathes of young people who adopt a ‘get to London’ attitude. In fact, it is only those aged 20–29 who are net migraters into London. Every other age group leaves London in greater numbers.¹⁵ While London disproportionately benefits from both national and international investment, the North of England has been underfunded to the tune of £59 billion over the past decade.¹⁶ The systemic neglect of communities in certain parts of the country has led to what some doctors call ‘shit-life syndrome’ – the outcome of economic decline, social stagnation and emotional despair.¹⁷

Furthermore, those who do leave communities can be caught between two worlds: The working-class community they left behind and their new upwardly mobile trajectory. Those who opt to go to university can often feel, to use Bourdieu’s famous analogy, like a fish out of water – a sense of not belonging. Not only does social mobility fail at a collective level but ‘at the individual level it is also an inadequate solution, particularly for those of us whose social mobility was driven by a desire

‘to put things right’ and ‘make things better’ for the communities we came from and the people we left behind.’¹⁸

The politics of aspiration as code for class prejudice

Similarly, the focus on ‘aspiration’ is another way in which responsibility for social and economic outcomes is passed from the state onto the individual. Eight years into an era of austerity in which primary schools continue to face real-terms cut, thousands of Sure Start centres have been closed; technical education funding has plummeted and local government budgets have been decimated; the politics of aspiration tells people that the route to success is to get up a little earlier, work a little harder or dream a little bigger.

Ofsted Chief Inspector, Amanda Spielman, invoked the politics of aspiration in comments made in June 2018. Many white working-class people can ‘lack the aspiration and drive of migrant families’, she stated. Echoing comments made by her predecessor¹⁹ and the former Education Secretary Justine Greening,²⁰ this language not only plays into a harmful, racially homogeneous view of working-class identity but ignores bodies of research that demonstrate white working-class students embracing a language of ‘middling’. This approach preserves a sense of identity and egalitarianism amongst fellow working-class students in an education system geared towards middle class success and the creation of ‘entrepreneurs of the self’.

PART THREE: WHAT SHOULD REPLACE SOCIAL MOBILITY?

The current social mobility agenda is no longer fit for purpose. It promotes an individualised notion of success that legitimises the status quo and ignores growing social and economic disparities. Not only does it consign ‘left-behind’ communities and individuals to economic decline and social suffering but it also perpetuates class prejudice and an unfounded belief in the meritocratic nature of UK society. In this respect, rather than ‘left-behind’, communities are being ‘held back’.

What is needed is a completely new, transformative agenda and a new narrative of success. This cannot be achieved without an emboldened state that guides investment to effective use. Across the OECD, countries that have invested more in public education unsurprisingly have greater higher educational mobility. Similarly, those that have devoted more resources to healthcare tend to have higher health mobility.²¹ An educated, healthy population is not only intrinsically

valuable, allowing people to lead a life of dignity, but has instrumental purpose in that it provides the economy with a skilled workforce and foregoes government expenditure further down the line.

The following will outline some of the key changes that could be made to social mobility and wider policy landscape.

Invest in universal basic services

As argued in Section 1, the most glaring flaw in the concept of social mobility is that it consigns held-back communities to the annals of economic history. The UK has the widest regional inequalities in Europe and this is further compounded by national and international investment that is disproportionately London-centric. Transitioning towards a system of universal basic services would serve to not only move us away from an individualised concept of social mobility but focus on the regeneration of towns and communities.

Recent Joseph Rowntree Foundation research has shown that the cost of transport for those on a minimum household budget has doubled since 2008. The 'oppressive' housing costs in London and many other parts of the country are also contributing to an epidemic of stagnant living standards. A model for universal basic services that includes doubling the existing social housing stock and extending the freedom pass for all people on bus services would not only be extremely progressive but, by reducing the personal allowance on income tax, could be done in a fiscally neutral way.²²

Coupling this approach with a state investment bank that has regional arms, would negate the need for many to 'escape' their community of origin to find a better job or a more decent quality life. The universality of these approaches avoids the stigma of targeted interventions while also providing support across the life-course so that instead of inequalities being reinforced over time, they are actively combatted.

Relaunch the Social Mobility Commission as a Poverty and Inequality Commission

The current framing of social mobility does nothing to tackle endemic privilege and advantage at the upper end of the income distribution. A basic understanding of mobility constitutes notions of both upward mobility and downward mobility. The current political rhetoric, however, frames social mobility as a motor for transforming working-class individuals into middle-class versions of themselves.

Following in the footsteps of Scotland, we suggest that the Social Mobility Commission is relaunched as a Poverty and Inequality Commission. The Scottish Commission has a mandate to scrutinise how government budgets, policies and practices are influencing poverty and inequality, hold ministers to account and incorporate the voice of people who have a lived experience of poverty in their processes.²³

Such a transition would bring further pressure to enact the socioeconomic duty of the Equality Act 2010²⁴ which requires public bodies to exercise their functions in a way that reduces inequalities of outcome which result from socioeconomic disadvantage. A similar duty has been implemented in Scotland²⁵ and across at least 20 other European countries.²⁶ Implementing such duties could have avoided the punitive austerity measures enforced since 2010 as cumulative impact assessments have shown them hitting hardest those at the bottom end of the income distribution²⁷ and other vulnerable groups.²⁸

Move away from citizens as consumers to citizens as political stakeholders

If recent political events have told us anything, it is that most UK citizens feel powerless to enact the change they want to see. A truly progressive political economy must move away from a view of citizens as consumers and towards a view of citizens as political stakeholders. Deciding what services and products to buy should constitute the bare bones of their role in a functioning democracy and economy. A role as a political stakeholder entails a voice in key decisions over local authority budgets and ownership of local industry and services among others.

The example of Preston and their work on 'community wealth building' has shown how a network of co-operatives can plug gaps in service provision, move away from the increasingly parasitic provision of public services and re-direct investment locally. Local authorities, such as Newcastle, are acting as if the socioeconomic duty under the Equality Act 2010 had been implemented. This approach means that all budget proposals in Newcastle are assessed using an integrated impact assessment that informs the potential impact of budget cuts on 'people vulnerable to socioeconomic disadvantage.' Importantly, this process incorporates the voices of people and communities that are going to be affected.²⁹

Emboldening traditional trade unions in the world of work is an important step to ensuring the labour market promotes fairer outcomes.

However, imbalances of power are present in almost all key institutions – the labour market, the welfare system and the housing system to name a few. New unions such as ACORN which organises for better community services and the Renters Union which works for better conditions for those in the private rent sector are important not only for promoting better outcomes but for empowering their members.

Legislate for reporting of outcomes across equality groups

Our current reading of social mobility also glosses over the prejudices that exist across the intersections of gender, class, race and disability. As highlighted in Section 1, these equality groups suffer significant pay gaps that are not entirely attributable to educational outcomes or occupational uptake. There has also been very little progress in narrowing ethnic pay gaps over the period from 1993–2014.

Therefore, as with the gender pay gap, specific reporting of wages across these equality groups³⁰ is an important step in highlighting deep-seated prejudices. Diverse recruitment panels, name-blind CVs and positive action schemes have all been touted as potential methods to ameliorate these pay gaps. On top of mandatory reporting, companies that have persistent gaps over time should be fined for inaction.

A new narrative of success

Finally, what is needed most of all is a new narrative of success. Currently it is difficult to discuss mobility and success in terms other than the quantity and quality of our labour. Those who ‘work hard’ and ‘climb the ladder’ are deemed to be the worthiest citizens, embracing an apparently meritocratic labour market and society. Those who do not are stigmatised as shirkers and responsabilised for their own failure.

The end goal of public policy should be to create communities and a wider society that fosters wellbeing; that allows people to lead a life of dignity and respect regardless of whether they ‘rise or not.’ This necessitates a focus on lifting those out of poverty but simultaneously ‘looking up,’ dismantling pockets of privilege and embedded advantage that undermine any notion of equality of opportunity.

CONCLUSION

It is fair to say that the current social mobility agenda has failed. The Social Mobility Commission’s exclusive focus on those at the bottom end of the income distribution is not only rooted in a misunderstanding

of mobility but perpetuates a narrative that those who are at bottom only need to work a little harder to get to the top.

The litmus test for British society should not be whether or not a few children on free school meals gain access to Oxbridge or other elite institutions. These stories of success help to legitimise gaping socioeconomic inequalities and offer nothing to the communities and individuals who do not rise to the top.

As such, the focus must be on ensuring that whole communities benefit from public policy. To start, the Social Mobility Commission should have a renewed focus on an anti-poverty and anti-inequality agenda. This would have the added benefit of institutionalising the socioeconomic duty. Yet the commission alone cannot speak to the wider imbalances of power in society. Citizens must have genuine voice in decision-making processes and the institutions that affect their lives. This can take the form of reinvigorated unions, co-operative forms of governance and ownership and transparent and accessible mechanisms of local government.

Ultimately, this will accompany a new narrative of success. The quality, quantity or location of your labour need no longer be heralded as a marker of your success in the 21st century United Kingdom. Ensuring a decent quality of life both for those who rise and those who do not does not necessitate a focus on social mobility. Instead, a new universalism should take centre stage of the policy agenda, moving us away from a politics of aspiration that pathologises the working class, stigmatises the 'shirkers' and legitimises systemic privilege and advantage.

Notes

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Social mobility at the heart of government

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This essay collection is full of ideas about how the UK could reduce inequality and increase social mobility. Some are specific, some are general. Some could in principle be implemented almost immediately, others would take not just years but decades. Some would be the responsibility of just one department or branch of government, others are very much cross-cutting. Of course, this is inevitable – the sort of social transformation discussed here inevitably requires action across a huge range of policy areas.

But this poses obvious challenges to any government. The nature of modern democratic politics, combined with the short-term nature of the ‘news cycle’, means that there will always be more pressing and more politically salient issues. The urgent takes priority over the important. Individual ministers will, for perfectly understandable reasons, want to focus on their key objectives for their particular policy areas – and, in any case, will have to deal with the inevitable firefighting that is part and parcel of the way our political process works.

That means that, to translate aspirations and manifesto commitments into meaningful change, a new, progressive government needs to think in advance about what structures and processes are required – covering not just strategy and policy, but delivery, monitoring and evaluation. Otherwise those aspirations will, as is frequently the case in politics, remain just that.

This essay is my attempt at suggesting what is required. I propose five key principles that need to underline a social mobility strategy – and suggest a specific structure to deliver them.

POLITICAL LEADERSHIP FROM THE TOP

The first, and perhaps the most important, prerequisite for a successful cross-government strategy on any issue is political commitment and

political leadership from the top. That may sound obvious. But it means more than a soundbite, or even a speech. The most obvious example of a successful commitment of this sort was Tony Blair's 1999 speech setting out the Labour government's objective of halving, and then eliminating, child poverty. This genuinely drove policy, particularly in the Treasury and the Department for Work and Pensions (DWP). But it's worth examining why it did so. Most importantly, it wasn't just a speech, and it wasn't just Blair. Blair and Gordon Brown were genuinely committed to this goal politically; and Number 10 and the Treasury were committed institutionally. This meant that, even many years after the speech itself had been made and the specific words largely forgotten, the ultimate objective was still driving policy.

By contrast, two other big picture political commitments made in high-profile prime ministerial statements were much less successful. Blair's commitment to raise NHS spending to the European average did indeed lead to historically large increases in spending, which in turn improved both NHS performance and public satisfaction. But because it didn't form part of a wider strategy which commanded consensus between Number 10, the Treasury and the NHS itself, the very large spending increases did not have the lasting and transformational increases that could have been hoped for. Instead, successive governments spent the next decade arguing about whether and how quasi-market mechanisms should be introduced. Without taking a view on which approach (if any) was correct, it is hard to dispute that the opportunity to set NHS finances and organisation on a sustainable trajectory was missed.

An even bigger missed opportunity was Theresa May's speech on entering Downing Street, when she pledged to fight injustice and 'make Britain a country that works for everyone.' This was a strong statement of intent on inequality and social justice, accompanied by a clear recognition that this wasn't just about individuals and their efforts or aspirations, but about issues of race, class and gender. But it soon became apparent that the Prime Minister had no remotely coherent strategy to turn her words into meaningful policy, and no idea – even before she effectively lost control of the government machine in the 2017 General Election – about how to use the government apparatus to deliver.

PROGRESS NEEDS TO BE MEASURED; AND POLITICIANS NEED TO FEEL ACCOUNTABLE

One clear lesson from recent British political history is that targets matter, as long as politicians genuinely feel accountable for them,

and that there is a price to be paid for failing to meet them. Of course, it is impossible to reduce issues like poverty, social justice, or social mobility to a single number or set of numbers. But without quantifiable measures and targets, it is just too easy for politicians to get away with rhetoric, backed up with the occasional 'eye-catching initiative'. The Labour government's child poverty target illustrates the point. As Fraser Nelson¹ put it:

'At the heart of the Child Poverty Act lies an agenda which has arguably done more damage to Britain's social fabric than any idea in modern history. It is based on the Eurostat definition of poverty: an income 40% below the national average... instead of fighting poverty, the Labour government spent billions manipulating a spreadsheet – to catastrophic effect.'

Translated into plain English, what Nelson was – correctly – saying, is that the 1997–2010 government sought to reduce poverty by increasing the incomes of people who were poor, hence taking them out of poverty (unless, like Nelson, you don't actually believe that poverty is primarily about not having enough money). In order to determine how to do that, the Treasury and DWP modelled (yes, using spreadsheets!) the impact of different policy options on family incomes. In this sense policy – meaning how much the tax and benefit system should be used to redistribute income towards those on lower incomes – was driven by targets and models. Without this apparatus of targets and models, it is very difficult to see that the programme of redistribution – and hence the reductions in poverty that resulted – would have been feasible and sustainable. So, while quantifiable targets of some sort are not sufficient – and indeed, as has been well documented, they can distort priorities and decision-making in some circumstances – they are certainly necessary.

IMPACT ASSESSMENTS

If you think a particular set of issues is important not just in respect of a limited set of policies, but across government – and you want ministers and civil servants to take account of those issues whenever they are making policy – then an obvious approach is to force them to do so. It was this logic that underpinned the extension of 'Impact Assessments' from simple cost-benefit analyses (how much does a

policy cost, and what are its economic benefits) to ‘Regulatory Impact Assessments’, ‘Equality Impact Assessments (EIAs), and even, under this government, ‘Family Impact Assessments.’

The problem, however, is the inconsistency of incentives here. Impact assessments – of whatever variety – are generally written by the civil servants responsible for the policy, reporting to the minister who asked for the policy in the first place. The nature of the bias is obvious. Moreover, it is very difficult to give them real teeth. Take EIAs. Many policies have a disproportionate effect on different equality groups; this isn’t, in itself, an automatic reason – either in law or policy terms – for not pursuing them. It is therefore almost always open to a minister to say that the EIA shows a disproportionate impact but nevertheless the policy is justified. This means that in practice they have proved largely toothless, even in cases where the discriminatory impacts appear obvious.

This doesn’t mean that there isn’t a place for them. But to get real traction on big issues of inequality, it is necessary to turn the logic on its head – instead of looking at each policy individually, we need to look at them collectively. It is this ‘cumulative impact’ that the Equality and Human Rights Commission and campaign groups like the Fawcett Society have sought to analyse, looking at the overall impact of changes to tax, benefits and spending on different groups. It is thanks to this – rather than individual impact assessments – that we know that recently implemented and planned government policies will have a far greater negative impact on disabled people than the non-disabled, for example. Regular, rigorous assessments of this type are likely to have a much greater impact on government’s overall strategy than individual impact assessments. It would be much harder for the government to explain why its policies overall hurt disabled people, or women, than to do so for one specific policy.

INDEPENDENT MONITORING AND EVALUATION

Following on from the need for regular assessments of the cumulative impact of policy is the need for independent monitoring and evaluation. While individual targets, if based on recognised, reliable national statistics – as the child poverty target was – can simply be reported, that’s not true of cumulative assessments. Inevitably, these incorporate judgements, both methodological and ‘political’ – what to measure and how to measure it. And, equally inevitably, if undertaken by government, these judgements will be slanted, deliberately or otherwise.

It's easy enough to see this by examining the two analyses of this sort produced by the Treasury for Budgets and Spending Reviews, entitled *Distributional analysis: Impact on households*² (a quantitative analysis) and *Impact on equalities: Analysis*³ (a largely qualitative one). The introduction of both by the Treasury was a very welcome innovation in 2010. But particularly in more recent Budgets, the choice of which measures to include, over what time period, and on what dimension to measure impacts has become steadily more skewed. The result is an obviously biased picture of impacts, as can be seen by comparing the Treasury's analysis with that of independent bodies like the Institute for Fiscal Studies (IFS) and the Equality and Human Rights Commission (EHRC), with the Treasury version showing a far more benign picture. Leaving the government to mark its own homework isn't good enough.

BOTH QUALITATIVE AND QUANTITATIVE ANALYSIS ARE REQUIRED

Quantitative analysis is essential, but on its own isn't enough. Many policy measures have impacts that are hard to quantify; and even when they can be quantified, numbers alone are rarely enough to judge impact, particularly on contested concepts like social justice, and over the longer term. But that doesn't mean that rigorous and objective analysis is either impossible or unnecessary.

The need for a broader perspective is underlined by the increasingly important imperative to consider intersectionality, or how impacts and outcomes differ not just on one dimension but multiple dimensions. In the context of social mobility, it is hardly sensible to ignore the fact that the impact of a policy designed to improve opportunities for disabled people can't just focus on the impact on disabled people on average, but must also consider gender, ethnicity and socioeconomic status. But any quantitative analysis quickly runs into the problem that there are literally thousands of possible subgroups: analysing them all, even if data permitted – which it usually does not – isn't a viable way of evaluating the impact of policy.

A new structure

So, what actions, structures and resources would be required to reflect these principles in order to support a genuinely transformative government focus on social mobility and social justice? I propose something like the following:

- A clear political commitment from the Prime Minister to specific, measurable objectives to reduce poverty and inequality and increase social mobility. This would be enshrined in law by a new Social Mobility and Poverty Act, to replace and extend the Child Poverty Act
- The Act would establish a new, independent body, building on the Social Mobility Commission but structured much more like the Office of Budget Responsibility (OBR). It would be located within the Cabinet Office, which would host and fund its secretariat, but like the OBR would have only independent members, appointed by government on the basis of a transparent selection process and approved by Parliament. Like the OBR but unlike the SMC, members would all be selected for their expertise
- The Act would set out a mandate to the new body, analogous to that of the OBR, to report to Parliament (annually or semi-annually) on whether the government's policies, taken as a whole, were likely to achieve the government's objectives on social mobility and inequality, including any specific targets (such as the Child Poverty target). These reports would include the type of analysis described above, as well as cumulative impact assessments across a number of dimensions. In addition, there would be regular analytic reports on the very long-term impacts of policy on social mobility
- It would have its own dedicated analytical capacity (some of which, in particular in the area of simulating the impact of changes to taxes and benefits might be shared with the OBR). It would also, like the OBR, have the ability to commission bespoke analysis from the Treasury, DWP and other.

None of this institutional and structural change is remotely a substitute for actual policies – changes to taxes and benefits, new legislation, programmes and resources. But equally, without a degree of central direction, coordination, analysis and monitoring, the momentum generated by individual policies, however good, will be lost.

Notes

- 1 Nelson F (2012) *Daily Telegraph*, March 15. <https://www.telegraph.co.uk/news/politics/9145913/Sticking-with-Gordon-Browns-flawed-policy-keeps-people-in-poverty.html>
- 2 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/597473/impact_on_households_SB2017_web.pdf
- 3 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479720/Impact_on_equalities_SRAS_2015_final_25112015.pdf



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