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The link between family background and later lifetime income: how does the UK compare to other countries?

This research investigates the link between parents' level of education and their offspring's income in later life using three cross-nationally comparable datasets covering more than 30 countries.

Key words: social mobility; income; international rankings; cross-national comparisons

Background

Social mobility is an issue of great political concern. The Deputy Prime Minister, Nick Clegg, has described increasing social mobility as the coalition government's '**overriding social policy goal**' (Clegg 2010). One of the key reasons why this has become a major focus of British public policy is the widespread belief that '**the United Kingdom is a low social mobility society compared to other developed countries**' (Social Mobility and Child Poverty Commission 2013). Indeed, the Secretary of State for Education, Michael Gove, has even declared that '**those who are born poor are more likely to stay poor, and those who inherit privilege are more likely to pass on privilege, in England than in any comparable country**' (The Times 2012). But are such statements really true?

Key findings

This study shows that:

- The United Kingdom (UK) is ranked 17th out of 34 countries in terms of the strength of the relationship between parental education and offspring's income. It is broadly similar to a number of other OECD (Organisation for Economic Co-operation and Development) countries in this respect (including France, Ireland, Spain, Italy, Switzerland and Japan).
- In the UK, individuals from backgrounds where parents have high levels of education earn, on average, approximately 40% more than their peers from low parental education backgrounds. This is notably higher than the gap in Scandinavian countries, where the difference is 25%, but is little different to most other developed countries.
- Consistent with previous research, family background seems to be a greater barrier to future economic success in Britain than in Scandinavia and a handful of central European countries (Germany, Austria, Belgium and the Netherlands).
- On the other hand, intergenerational associations are weaker in the UK than in Eastern Europe (Bulgaria, Hungary, Poland and Romania).

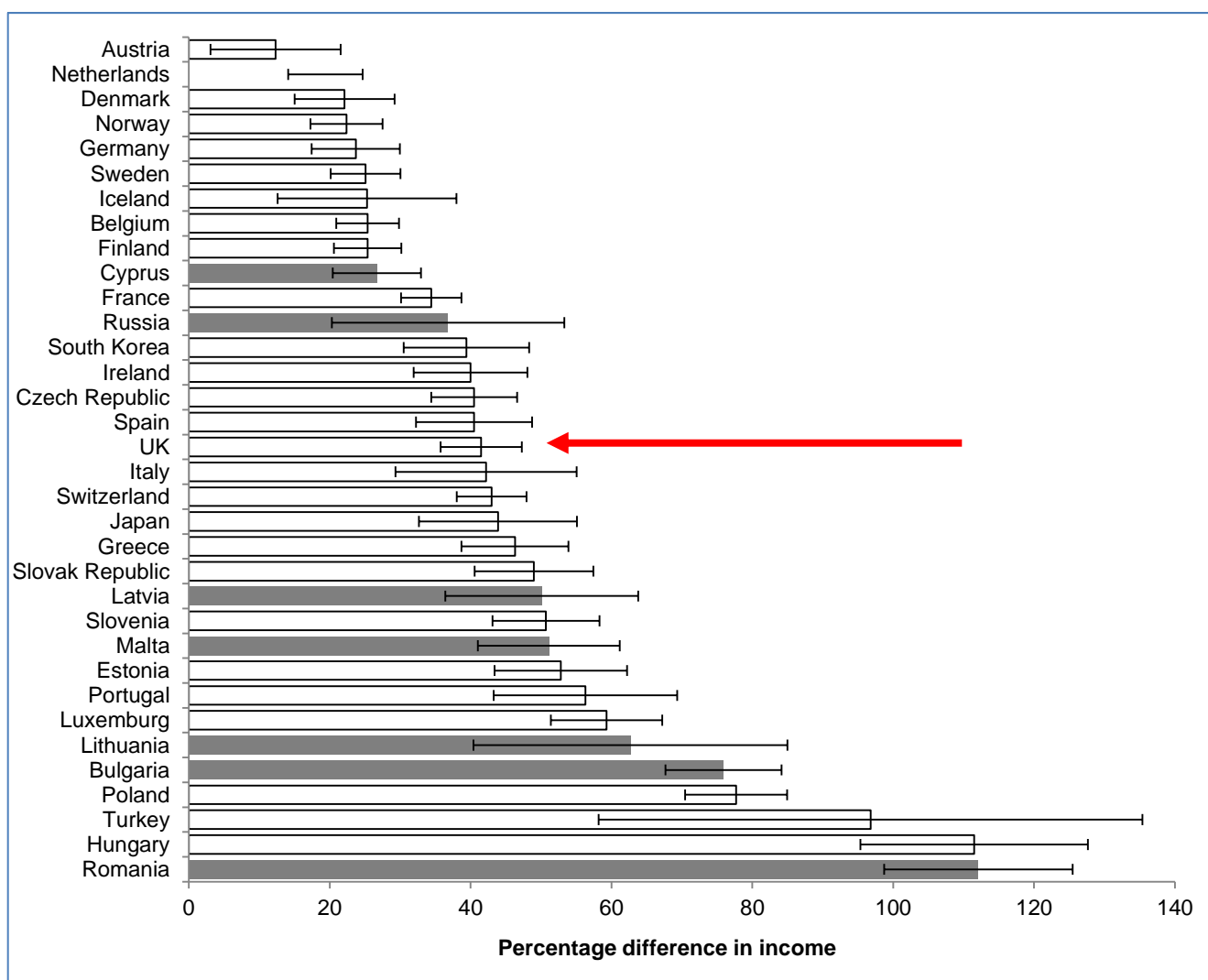
Findings conclude there is little evidence that a family's educational background is a greater barrier to labour market 'success' in the UK compared to most other developed countries.

What we did

Policymakers often state that the relationship between family background and labour market earnings is stronger in the UK than other developed countries. In other words, it is claimed that the UK has low social mobility by international standards. But is this really true? In this study the author asks the question: Is the link between family background and labour market earnings stronger in the UK than other countries?

Three international datasets containing information on respondents' earnings and their parents' level of education were analysed, providing information on more than 30 countries. The study examined the difference in household income between individuals whose parents held a 'low' level of education (completed no more than secondary schooling) versus those whose parents had a 'high' level of education (a university qualification). The study focused upon male respondents between 25 and 60 years of age and was funded by the Economic and Social Research Council (ESRC).

Figure 1: The percentage difference in income between individuals from 'low' (completed secondary school only) and 'high' (obtained a university qualification) parental education backgrounds



Notes: White bars are OECD member states. Grey bars are non-OECD countries.

How we did it

The author analysed three datasets containing information on parental education and household income collected across multiple countries. These were the European Union Statistics on Income and Living Standards, European Social Survey and the Programme for International Assessment of Adult Competencies (PIAAC). Within each dataset a statistical model was used to estimate the association between these variables, revealing the percentage difference in income between individuals from 'low' and 'high' parental education backgrounds. Results from these three datasets were then combined to form an international ranking of 34 countries.

Further information

For further information please visit www.johnjerrim.com or <http://ideas.repec.org/s/qss/dqsswp.html> where the full paper can be found.

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