

Foreword

The OECD has been at the forefront of documenting the rise of inequality for several decades. The data paint a stark picture: the average disposable income of the richest 10% of the population is now around nine and a half times that of the poorest 10% across the OECD, up from seven times 25 years ago. Wealth inequality is even more pronounced, with the top 10% holding half of total wealth, while the bottom 40% holds only 3%. The financial crisis reinforced these trends, but inequalities still increased and the benefits of growth still mainly benefited the top of the income distribution in OECD countries even during the highest periods of global economic expansion before 2008. In many emerging and developing countries, inequalities remain large despite significant poverty reduction.

We have long emphasised the multi-dimensional nature of inequality. Socio-economic status heavily influences employment prospects, job quality, health outcomes, education, and the other opportunities (including access to relevant networks) that matter to people's well-being. Children whose parents did not complete secondary school have only a 15% chance of making it to university compared to a 60% chance for their peers with at least one parent who achieved tertiary-level education. Disadvantage at the outset can follow children throughout their life. Educational disadvantage typically means not only smaller salaries, but, most worryingly of all, shorter lives. A 25 year-old university-educated man can expect to live almost eight years longer than his lower-educated peer on average across OECD countries; the difference is 4.6 years for women.

The vicious confluence of poor educational opportunities, low skills and limited employment prospects can trap people in situations where they are also far more likely to be exposed to environmental hazards and violence. As a result of this multidimensional inequality, while some individuals, cities and regions thrive, others fall further behind.

This is not only unacceptable and unsustainable ethically or socially, inequality also impacts the prospects of higher productivity and growth. The OECD report on the Productivity-Inclusiveness Nexus warns that low-income families and lagging regions lack the means to invest in their own future and the assets needed to succeed in life. In this, and other publications, we have looked at how to create an enabling environment that can support people, regions and firms in fulfilling their full potential. This is not only about redistribution policies, but about the whole economic framework that needs to incorporate equity considerations from the beginning.

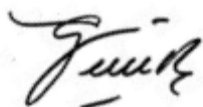
The present report, *A Broken Social Elevator? How to Promote Social Mobility* sheds light on another angle of the inequality challenge, that of social mobility. Its findings confirm the worrisome trends seen in all other dimensions of inequality. Families and communities in many countries seem to be trapped on the bottom rungs of the social ladder, particularly since the early 1980s. This means that children born into the bottom of the income distribution have less chance to move up and improve their occupational status and earnings than their parents and previous generations. Their parents' earnings will be one of the main factors, or the main factor, in explaining their own earnings, accounting for 38% of the result on average, and as much as 70% in some countries, the so-called "sticky

floor”. At the other end of the scale, there is a “sticky ceiling” because inequality also means that those at the top of the income distribution may remain there for a long time.

This report is an important part of the OECD response to these challenges and of the Organisation’s effort to develop a “people-centred growth model” in which well-being is the metric of success; where everyone has an equal opportunity to prosper; and where equity considerations are important in defining effective economic policies. The report looks at social mobility across generations, in income, education, health and occupation, and at how these are linked to inequality. It also analyses factors shaping and determining social mobility over the life course and shows how a good understanding of the patterns, dimensions and trends of social mobility is crucial for designing better policies that promote more-inclusive growth. The report assesses the implications of reduced social mobility and discusses how education, health and family policies, taxes and transfers, and local and urban policies can best promote equal opportunities for all.

The present volume is the fourth in a series of OECD flagship publications on trends, causes, consequences and remedies for growing inequalities. *Growing Unequal?* (2008) and *Divided We Stand* (2011) analysed the key features and causes of trends in rising income inequality in advanced and major emerging economies. *In it Together* (2015) looked at the consequences of inequality, including how trends in inequality have affected economic growth. It also examined the impact on household income inequality of fiscal consolidation and redistribution policies, of structural labour market changes, and of persistent gender gaps. It is also part of the OECD’s broader Inclusive Growth Initiative, that has just released its Framework for Policy Action, with a dashboard of indicators, and policy tools that have been effective at addressing inequalities. We hope that this report, along with the new Framework for Policy Action and the Jobs Strategy will help countries develop and implement policies that improve social mobility and create economies that work for everyone.

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Acknowledgements

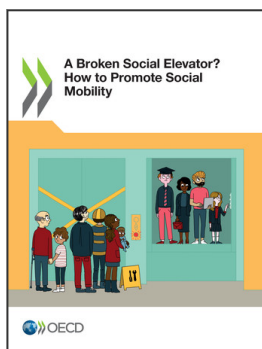
This report is the outcome of a collective effort with contributions from a team of policy analysts from the OECD Jobs and Income Division of the Directorate for Employment, Labour and Social Affairs (ELS). Michael Förster (Jobs and Income Division) led the team and co-ordinated the project and the publication. Principal authors of the chapters were Ana Llana-Nozal (Jobs and Income Division at the time of writing): Chapters 4, 5 and 6; and Céline Thévenot (Jobs and Income Division): Chapters 2, 3 and 6. Guillaume Cohen (Statistics Directorate), Luis Cecchi, Alexandre Georgieff, Karolin Killmeier, Sebastian Königs, Thomas Manfredi, Sebastian Martin, Agnès Puymoyen and Odile Rouhban (Jobs and Income Division) contributed to all chapters and provided statistical and research assistance.

Stéphane Carcillo, Head of the OECD Jobs and Income Division, supervised the preparation of this report, and prepared Chapter 1 with Michael Förster drawing on the analyses carried out in the other chapters. Lucy Hulett and Liv Gudmundson prepared the manuscript for publication and Patrick Hamm contributed to the editing of the report.

We are very grateful to Gabriela Ramos (OECD Chief of Staff and Sherpa to the G20), Stefano Scarpetta (Director of ELS), Mark Pearson (Deputy Director of ELS) and Monika Queisser (Senior Counsellor in ELS) for their guidance and extensive comments on various versions of the report. We gratefully acknowledge the many suggestions provided by members of the Working Party on Social Policy and the Employment, Labour and Social Affairs Committee of the OECD as well as by experts of the European Commission. We also thankfully acknowledge the comments and suggestions provided by colleagues from OECD Directorates: the Economics Department, the Directorate for Education and Skills, the Directorate for Employment, Labour and Social Affairs, the Centre for Tax Policy and Administration and the Statistics Directorate. Finally, we are indebted to Professors Rolf Aaberge (Statistics Norway), Anders Björklund (Swedish Institute for Social Research), Brian Nolan (Oxford University), Michele Raitano (University La Sapienza) and Sander Wagner (University Pompeu Fabra) for their comments and suggestions on the initial drafts of several chapters of this report.

The OECD work on social mobility was carried out with the financial assistance of the European Union, DG Employment, and the Chilean Ministry of Social Development, and the OECD would like to thank them for their support. The report also benefited from a close collaboration with the Social Research Division of Employment and Social Development Canada, the Hungarian Tárki Social Research Institute and the Keio University Panel Data Research Center, for country specific analyses.

This document was produced with the financial assistance of the European Union. The views expressed herein can in no way be taken to reflect the official opinion of the OECD member countries or the European Union.



From:
A Broken Social Elevator? How to Promote Social Mobility

Access the complete publication at:
<https://doi.org/10.1787/9789264301085-en>

Please cite this chapter as:

OECD (2018), "Foreword", in *A Broken Social Elevator? How to Promote Social Mobility*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264301085-1-en>

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