EQ4. INTERGENERATIONAL MOBILITY

Definition and measurement

Intergenerational mobility is defined as the extent to which some key characteristics and outcomes of individuals differ from those of their parents. Different strands of analysis have focused on different types of indicators. The economic literature has mainly focused on movements between income (or earnings) classes or percentiles of the distribution. The sociological literature has mainly focused on movements between occupations ranked according to their prestige or social class.

The main measure of intergenerational mobility used here is the intergenerational earnings elasticity that measures the fraction of earnings differences among fathers that is passed, on average, to their sons (the lower the elasticity, the higher intergenerational mobility). While the cross-country comparability of these estimates is limited by a number of factors, those presented here are the "preferred" estimates reported by Corak (2006), based on a meta-analysis of national studies which controls for different factors (differences in ages of fathers and sons, length of period over which earnings are observed, methodologies used), integrated by D'Addio (2006) with data from Australia, Italy and Spain. This indicator is complemented with information on differences in literacy outcomes (in mathematics) among students aged 15 according to their family background; the data used are those from the 2nd wave of the OECD *Programme for International Student Assessment* (PISA).

The extent of transmission of resources from parents to their offspring is a measure of equality of opportunities, which in turn can be seen as showing the degree of openness of a society. Much of the complexity in dealing with intergenerational mobility of socio-economic status relates to the definition of *what* exactly is transmitted from one generation to another and of how the resources transmitted will affect the future outcomes of children as they grow up. In general, the transmission mechanisms operate through parents' capital (*e.g.* financial, human and social) as well as intelligence, personality, lifestyles and behaviours of parents. Outcomes affected include family income, earnings, wealth, education, occupations and many more.

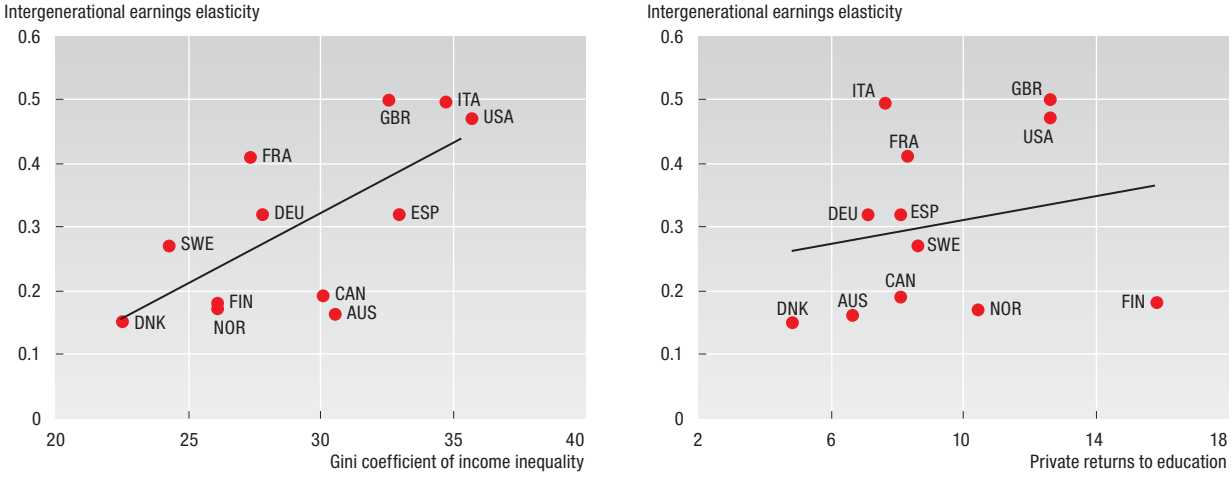
Intergenerational mobility can be measured through estimates of the intergenerational earnings elasticity. On this measure, intergenerational mobility is highest in Denmark, Norway, Finland, Australia and Canada (with values of this earning elasticity below 0.2) and lowest in Italy, the United States and the United Kingdom (with values of around 0.5, see Figure EQ4.1). Intergenerational earnings mobility is lower in countries with wider income inequality and (to a lesser extent) in those with higher economic returns to education (Corak, 2006).

Educational achievement is an important mechanism for intergenerational mobility. Table EQ4.2 shows the gaps between the mean mathematics score of students aged 15 with different family characteristics, relative to those from a different parental background (point differences in scores can be translated in difference in achievement; OECD, 2004). Among the factors shaping students' competencies, parental education seems by far the most important. Students whose parents (either fathers or mothers) have a low educational attainment have, on average, mathematics scores equivalent to around one and a half year less than those with highly educated parents (and above two years of education in Hungary, the Czech and Slovak Republics). For students with medium-educated parents, the gap in mathematics scores is lower (around half a year difference for both fathers and mothers) with some exceptions (*e.g.* Italy and Mexico). Students from single-parent households show lower competencies (varying from more than one grade-year in Belgium and the United States and almost no difference in Austria, the Czech and Slovak Republics) while students born in a different country from the one where they attend school and from first-generation immigrants also record lower performance (with a gap equivalent to more than one grade-year, on average, relative to natives). Students whose parents speak a different language at home also experience worse performance, particularly in Belgium and Germany. The achievement gap of students whose parents belong to the bottom quarter of the PISA index of social, economic and cultural status (an index that summarizes the parental background) relative to those in the top quarter corresponds, on average, to two and a half grade-years (ranging between three years or more in Hungary and Belgium and less than two years in Iceland, Finland and Canada).

Status indicators: Material deprivation (EQ1), Employment (SS1), Students' performance (SS7), Health inequalities (HE6).
Response indicators: Public social spending (EQ5).

EQ4.1. **Lower intergenerational earnings mobility hearnings in countries with wider income-inequality and higher returns to education**

Intergenerational earnings elasticity, income inequality and returns to education in selected OECD countries



Source: Data on intergenerational earnings elasticity are based on the meta-analysis carried out by Corak (2006) for most countries. Those for Spain, Australia and Italy are from D'Addio (2006). Data on private returns of education are from OECD, *Education at a Glance*, various years; those on the Gini coefficient on income inequality are from previous issues of *Society at Glance – OECD Social Indicators*.

EQ4.2. **Students with less educated parents perform worse**

Point differences in students' test scores in maths relative to other students

	Father's education High relative to:		Mother's education High relative to:		Couples relative to:	Country of origin Natives relative to:		Language spoken at home The same language relative to:	Economic social and cultural index Top quarter relative to:
	Low	Medium	Low	Medium	Single parents	First generation	Non-natives	Different language	Bottom quarter
Australia	–47	–35	–39	–29	–27	–5	–2	–12	–93
Austria	–46	–7	–53	–12	–3	–56	–63	–57	–94
Belgium	–62	–28	–67	–32	–42	–92	–109	–95	–133
Canada	–41	–23	–45	–21	–20	6	–7	–13	–74
Czech Rep.	–111	–62	–103	–54	–5	. .	. .	. .	–107
Denmark	–63	–41	–61	–25	–26	–70	–65	–43	–101
Finland	–34	–21	–36	–17	–9	. .	. .	. .	–71
France	–50	–19	–55	–17	–18	–48	–72	–66	–105
Germany	–96	–30	–88	–21	–10	–93	–71	–90	–120
Greece	–48	–16	–58	–21	–19	. .	–47	–48	–96
Hungary	–120	–64	–115	–58	–16	. .	. .	. .	–127
Iceland	–38	–20	–38	–22	–8	. .	. .	. .	–61
Ireland	–49	–24	–49	–19	–33	. .	. .	. .	–86
Italy	–39	3	–44	–1	–15	. .	. .	. .	–90
Japan	–66	–34	–57	–28	. .	. .	. .	. .	–88
Korea	–66	–31	–60	–20	–9	. .	. .	. .	–90
Luxembourg	–61	–24	–53	–25	–19	–31	–45	–42	–102
Mexico	–48	11	–40	20	–10	. .	. .	. .	–91
Netherlands	–46	–29	–40	–33	–31	–59	–79	–81	–99
New Zealand	–67	–32	–61	–13	–22	–32	–5	–16	–105
Norway	–40	–23	–53	–27	–22	. .	–61	–45	–89
Poland	–86	–55	–95	–54	–13	. .	. .	. .	–95
Portugal	–31	11	–41	–2	–10	–30	. .	. .	–95
Slovak Rep.	–127	–62	–125	–49	–4	. .	. .	. .	–116
Spain	–47	–27	–43	–25	–12	. .	. .	. .	–85
Sweden	–31	–2	–48	–3	–29	–34	–92	–65	–91
Switzerland	–60	–9	–56	2	–16	–59	–89	–79	–103
Turkey	–98	–50	–108	–35	–5	. .	. .	. .	–116
United States	–74	–35	–76	–29	–43	–22	–36	–46	–109
OECD-29	**–62**	**–27**	**–62**	**–23**	**–18**	**–45**	**–56**	**–53**	**–98**

Note: Each column shows the difference with respect to the average score in mathematics reported by students in each country. The last row shows the unweighted OECD average, computed giving the same weight to each country (rather than weighted averages shown in OECD, 2004).

Source: Calculation based on OECD (2004), *Learning for Tomorrow's World: First Results from PISA 2003*, Paris (*www.pisa.oecd.org*).

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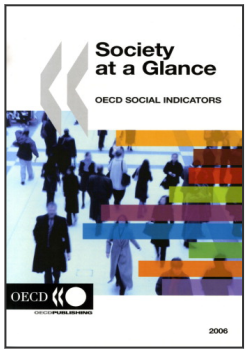

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