OECD
BETTER POLICIES FOR BETTER LIVES

A Broken Social Elevator?

How to Promote Social Mobility

How does FRANCE compare?

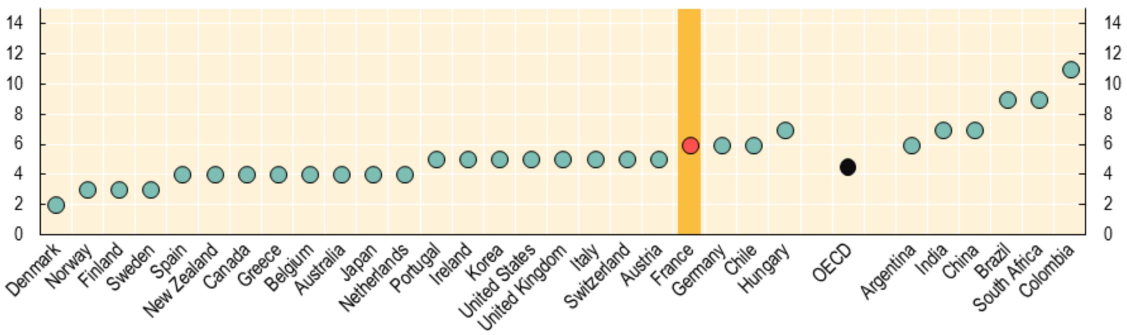
In many countries, people at the bottom of the income ladder have little chances of moving upward, and those at the top remain at the top – the social elevator is broken. This has harmful economic, social and political consequences. Lack of upward mobility implies that many talents are missed out, which undermines potential economic growth. It also reduces life satisfaction, well-being, and social cohesion. Social mobility is low at the bottom: "sticky floors" prevent people from moving up. It is even lower at the top: ceilings are "sticky". Moreover, there is a substantial risk for middle-income households to slide into low income and poverty over their life course.

Social mobility in France

In France, there is a widespread perception that parents' fortunes and advantages play a major factor in people's lives. 44% of people agree that parents' education is important to get ahead in life. This perception is more pronounced than in most countries (37% of people agreed with the same statement in the OECD on average). People are also pessimistic about their chances of improving their own financial situation: only a minority of people (29%) expected their financial situation to improve in 2015. According to a recent OECD survey, in 2018, 71% of French parents list the risk that their children will not achieve the level of status and comfort that they have as a top-three long-term risk.

And indeed people's economic status in France heavily transmits across generations: taking into account earnings mobility from one generation to the next as well as the level of income inequality in France, it could take 6 generations for children born in a family at the bottom of the income distribution to reach the mean income, compared to 5 in the OECD on average (Figure 1).

Figure 1. In France, it could take 6 generations for the descendants of a low-income family to reach the average income (Expected number of generations)



Note: These estimates are based on earnings persistence (elasticities) between fathers and sons. Low-income family is defined as the first income decile, i.e. the bottom 10% of the population.
Source: A Broken Social Elevator? Chapter 1. StatLink http://dx.doi.org/10.1787/888933761910

Dimensions of social mobility - sticky floors and sticky ceilings

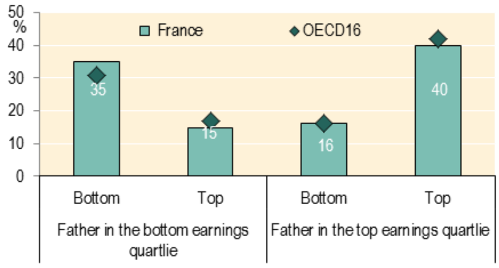
Social mobility is multi-faceted. Its *inter-generational* dimension stems from comparing people's status with that of their parents in terms of earnings, occupation, health or education. Its *lifecycle* dimension assesses the chances of individuals' income positions to change over the life course.

Social mobility across generations is not evenly distributed

- ***Earnings:*** In France, 35% of sons with low-earning fathers end up having low earnings themselves -- slightly more than in the OECD on average (31%); only 15% of them make it to the top earnings group (Figure 2). At the opposite end, 40% of the children whose fathers have high earnings grow up to have high earnings themselves.

- *Type of occupation:* Children of managers are twice as likely to become managers themselves as children of manual workers. This is close to the OECD average.
- *Educational attainment*: Over two-thirds (68%) of children with highly educated parents complete a tertiary degree in France. Less than one-fifth (17%) of children with low-educated parents do so. This compares to 63% and 13%, respectively, in the OECD.

Figure 2. Share of sons reaching the bottom or the top of the earnings ladder by father's position



Source: *A Broken Social Elevator?* Chapter 1

Overall, social mobility is low in France compared to other countries, in particular with respect, but not only, to earnings mobility (Figure 3). Mobility measured in terms of occupation is also low. The same pattern applies to many other continental European countries, notably Germany. By contrast, social mobility, along all other dimensions, is higher in most Nordic countries, for example Denmark.

The educational system in France certainly plays a role. Social mobility in education is far from the one observed in the best performing countries (Korea, Canada, Japan) and remains below the OECD average. Despite widespread access to early childhood education and free education, young people's chances of having a successful career depend heavily on the neighbourhood in which they grow up and the level of human and social capital of their parents.

Income mobility over the life course: high persistence at the bottom and at the top

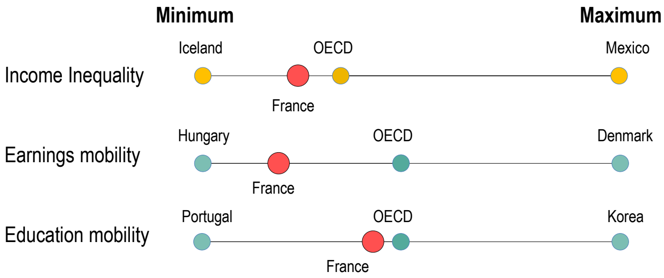
Individuals' income mobility over the lifetime is also limited in France, particularly at the bottom and at the top.

- Those in the bottom income quintile (the 20% of individuals with the lowest incomes) have little chance of moving up over a four-year period, with 64% remaining stuck there. This "sticky floor" has become even stickier since the 1990s.
- At the top, the persistence is even stronger – 67% of persons in the top 20% of incomes remain there over a four-year period.

Lack of mobility at the bottom in France can partly be explained by the level of long-term unemployment. Jobless people who take up a job are also less likely to move upward the income ladder, also because a number of them end up in short-term contracts.

By contrast, France does comparatively well at cushioning the impact of family events such as divorce or childbirth. The high women's labour market participation rate and enrolment in institutionalised childcare play a major role in smoothing such effects.

Figure 3. Inequality and mobility along different dimensions



Source: *A Broken Social Elevator?* Chapter 1

What can be done to foster social mobility?

There is nothing inevitable about socio-economic advantage being passed from one generation to another. Large differences in mobility across countries suggest that there is room for policies to make societies more mobile and protect households from adverse consequences of income shocks. Policies that strengthen key dimensions of welfare are needed, as well as individual empowerment and capacity-building to alleviate the burden of unfavourable starting conditions in life. For France, some of the key policy priorities should include:

Objective #1

Address the gaps in education performance by socio-economic background by providing more adequate support to schools with children from disadvantaged backgrounds; further reduce high school dropout rate.

Objective #2

Reduce long term unemployment, by (i) providing more effective support to long-term unemployed; (ii) improving profiling and reinforcing incentives to return to work; (iii) focussing on early interventions; and (iv) fostering the creation of good-quality jobs (v) improving the effectiveness and the coverage of training, in particular for the low skilled.

Objective #3

Address territorial inequalities which often compound along several dimensions, such as early education, employment, services and transport, but also access to training. Seek to limit poverty concentration and promote social mixing through well-targeted public housing policies and urban renewal.

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