

# A Broken Social Elevator?

## How to Promote Social Mobility

### How does ITALY 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 Italy

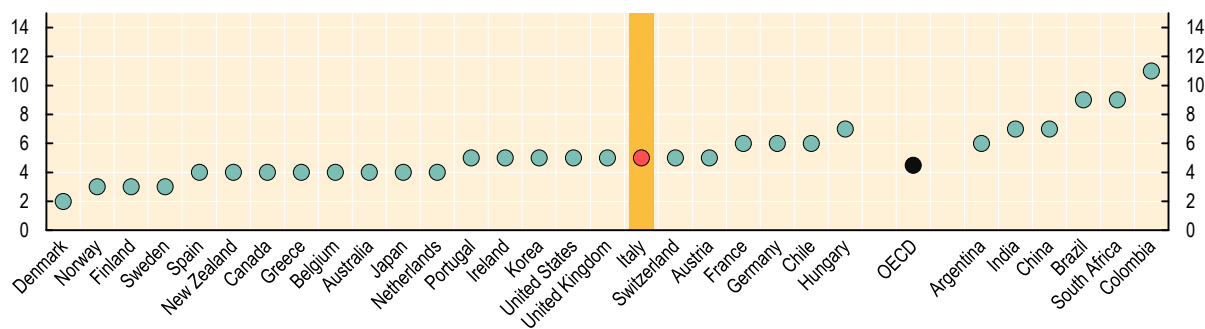
In the majority of OECD countries, there is a growing perception that parents’ fortune and advantages play a major factor in people’s lives. In Italy, 34% of people believe it is important to have well-educated parents to get ahead, slightly lower than the OECD average. According to a recent OECD survey, in 2018, 71% of Italian parents list the risk that their children will not achieve the level of status and comfort that they have as one of the top-three greatest long-term risks.

These perceptions possibly hide some issues. Italy has made relatively little progress in raising the share of students that complete higher education. At the

same, the returns to investment in higher education is one of the lowest: tertiary-educated graduates earn on average only 40% more than those with only upper secondary education, compared to 60% more in the OECD average.

People’s economic status is strongly correlated to that of their parents in Italy. Taking into account earnings mobility from one generation to the next as well as the level of inequality in Italy, it could take 5 generations for children born in poor families to reach the mean income, similar to the OECD on average (Figure 1).

Figure 1. In Italy, it could take 5 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 ceiling

Social Mobility is multi-faceted. Its inter-generational dimension stems from comparing people’s status with that of their parents in terms of earning,

occupation, health or education. Its *lifecycle* dimensions assesses the chances of individual’s income positions to change over the life course.

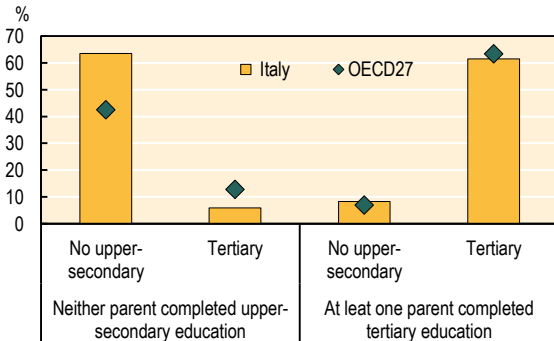
#### Social mobility across generations is not evenly distributed

- **Educational attainment:** Sticky floors in educational mobility are a serious issue in Italy: Two thirds of children of lower-educated parents will remain with lower education themselves, compared to the OECD average of 42% (Figure 2). At the same time, only 6% of people with lower-educated parents move up to a tertiary degree, this is less than half the OECD average.
- **Type of occupation:** Almost 40% of the children of manual workers become manual workers themselves, signalling that sticky floors in occupation inhibit upward social mobility.

- **Earnings:** In Italy, 31% of sons with low-earning fathers end up having low earnings themselves – a value which matches the OECD average (31%).

**Figure 2. In Italy, there are sticky floors in education**

Percentage of persons with lower and tertiary education attainment, by parents' education



Source: *A Broken Social Elevator?* Chapter 1

As most other southern European countries, Italy has relatively low overall mobility indicators in terms of education or occupation, but fares somewhat closer to the average in terms of earnings mobility (Figure 3).

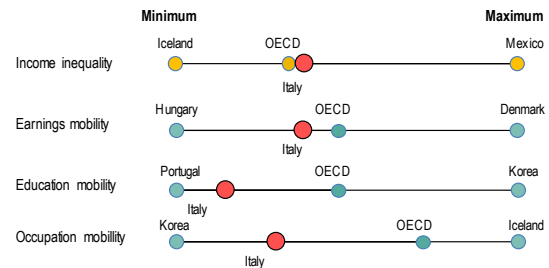
### **Income mobility over the life course: high persistence at the bottom and at the top**

Individual chances of income mobility over the life course are also limited at the bottom and at the top. In Italy, it is especially at the bottom of the earnings distribution that there is lack of mobility.

- 62% of people in the bottom quintile (the 20% of individuals with the lowest incomes) remain there over four years, 5.5 percentage points higher than the OECD average.
- Moreover, 42% of them experience a recurrent spell of low income over this period, slightly higher than the OECD average.
- Since the 1990s, sticky floors have become somewhat stickier – today the persistence of low-incomes at the bottom is stronger.
- Sticky ceilings at the top, on the contrary, are closer to other OECD countries. 67% of working-age people in the top 20% are still there four years later, and that is the case of 61% in the top 10%.

Labour market developments play a key role. Unemployment albeit on a declining path, is still well above the European and especially OECD average, especially for youth, and many of those at work hold low quality jobs and have few opportunities to move upward

**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 Italy, some of the key policy priorities should include:

### **Objective #1**

Address the gaps in investment in education and skills, by increasing the access to early childhood, as well as tertiary education for youth living in poor families; and by introducing measures to reduce the high rate of early-school leavers.

### **Objective #2**

Reduce the dualism of the labour market. Combat long-term unemployment and high NEET rates among youth, by fostering mobility and increasing the quality of services for re-employment provided by Public Employment Services, in connection with private providers for ALMP.

### **Objective #3**

Improve the scope and coverage of safety nets for poor families in conjunction with activation measures, to ensure that displaced workers do not fall into poverty while searching for the new job.