

# A Broken Social Elevator?

## How to Promote Social Mobility

### How does Mexico 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.

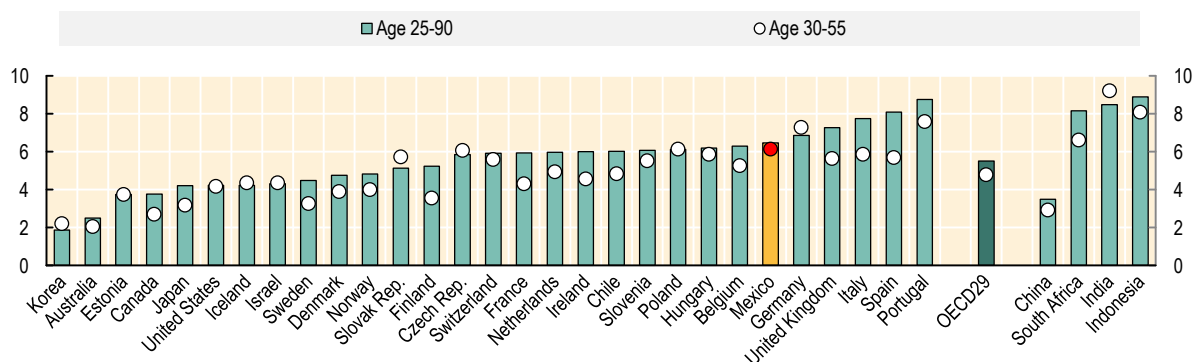
### Social mobility in Mexico

In a majority of OECD countries, there is a growing perception that parents’ fortune and advantages play a major factor in people’s lives. In Mexico, parents’ fortunes indeed play a major factor in people’s lives. In fact, “one out of two Mexican born into poverty remain there all their life” (Delajara et al, 2018). Meanwhile, in the OECD’s “Risks that Matter” survey carried out in 2018, 55% of Mexicans rated “status and comfort of children” as one of the top-three greatest long-term risks to themselves or their immediate family, the second highest value following Greece.

Education has a lot to do with the lack of mobility in Mexican society. Parental education has a strong impact on the education outcomes of their children. In Mexico, each additional year of parent’s education is linked with 6 extra months of children’s education; the OECD average is 5 months. Although high, this link between parents and children’s education seems to be declining: it is smaller among younger generations (Figure 1).

Figure 1. In Mexico, the link between parents and children’s education is stronger than in most countries

Expected children's additional months of education associated to an additional year of parental education



Note: Computed from the regression coefficient between parental and children’s years of schooling.  
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.

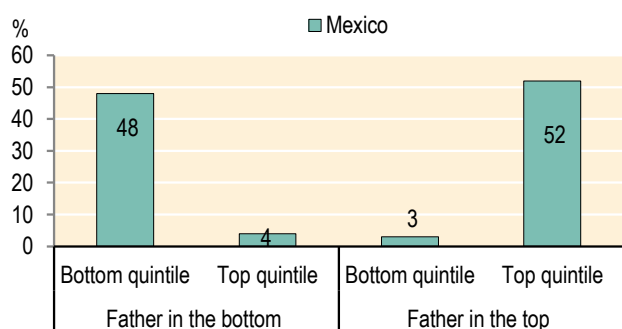
### Social mobility across generations is not evenly distributed

In Mexico, 48% of people whose fathers were in the bottom fifth in terms of socioeconomic status end up in the bottom fifth themselves; but only 4% of them make it to the top 20% (Figure 2). As an illustration, on average across OECD countries, the share of sons of fathers of the bottom quarter of the earnings

distribution that remain at the bottom is 31%, while 17% make it up to the top quarter.

In contrast, in Mexico 52% of the children whose fathers have a high socioeconomic status grow up to have such a high status themselves and only 3% fall to the bottom 20%.

**Figure 2. Share of sons reaching bottom or top socioeconomic status by father's own position**



Note: percentage of people in the top and bottom socio-economic status quintile by father's quintile.

Source: Delajara, M., De la Torre, R., Díaz-Infante, E., Vélez, R. (2018) El México del 2018. Movilidad social para el bienestar, México, Centro de Estudios Espinosa Yglesias.

Compared to other OECD countries, Mexico performs comparatively below, particularly in terms of overall education mobility across generations, income mobility over the life cycle at the top, and income inequality (Table 1). These results are comparable to other Latin American countries and Emerging Economies. Social mobility is generally highest in most Nordic European countries.

High levels of poverty, widespread informality, low female labour market participation rates, insufficient school quality in disadvantaged areas and financial exclusion play a role in Mexico's low social mobility record.

Significant improvements have been achieved in the frame of the National Development Plan, and the recently-introduced national Social Inclusion Strategy. This concerns progress in access to education, housing and healthcare, implementation

## 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 Mexico, some of the key policy priorities should include:

### Objective #1

Keep on improving access to and quality of social services, particularly childcare and health in disadvantaged areas. Improve the quality of schools in order to better equip students with the skills demanded in the labour market.

### Objective #2

Better target key social programs, while simplifying further administrative procedures to ensure that those individuals most in need receive support. Expand programmes that facilitate beneficiaries' transition to productive employment, especially for women, in order to reduce benefit dependence and promote inclusive growth.

### Objective #3

Strengthen inclusiveness in the labour market. Enforce the constitutional provision on gender discrimination in the workplace. Enhance labour law enforcement by focusing on large formal firms that use informal employment.

of programmes to tackle poverty (e.g. *Progresa, Oportunidades, Prospera*), and fiscal reform.

Education seems to be improving. In recent years, PISA scores increased on average and became more socially inclusive (score differences between students from advantaged and less-advantaged socio-economic groups has fallen). However, income inequality and gender gaps remain high and have increased across states and sectors. There is a substantial mismatch between skills supply and demand. Young people in Mexico often cannot make use of their skills in the labour market after they have left the education system.

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

Over a four-year period, Mexicans appear as relatively less mobile than other Latin American countries or Emerging Economies. Mexicans have fewer chances to move up from the bottom 20% to the middle part of the income distribution in comparison to Brazil, China, Indonesia and South Africa, pointing to the presence of sticky floors. At the same time, in Mexico, the risks of falling from the top income quintile to the middle are low.

**Table 1. Inequality and mobility along different dimensions**

	Income Inequality level	Social mobility across generations	Own income mobility	
			Bottom	Top
	Gini coefficient	Education		
Mexico	High	Low	Medium*	Low*
Chile	High	Medium	High	High
Brazil	High	-	High*	Medium*
China	High	High	High*	High*
United States	High	High	Medium	Low

\* Qualitative assessment using data from pseudo panels. Source: A Broken Social Elevator? Chapter 1