

# INEQUALITY, SOCIAL MOBILITY AND THE NEW ECONOMY: INTRODUCTION

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The world of work is changing in ways that were not anticipated at the start of the century. Technology, globalisation and the creation of new business models based on digital platforms are creating new types of jobs, contracting arrangements and transactions. As Diane Coyle describes in her paper on work in the digital economy, temporary and flexible contracts are proliferating, with an estimated 905,000 people on 'zero hours', 29 per cent higher than in 2014. While remote working has been common in sectors such as IT for some time, the workplace itself has transformed for many and is in some cases virtual rather than physical. These changes offer opportunities for some, including those who are excluded from traditional work modes, and challenges for others. Platform models such as the on-line marketplace Etsy may facilitate access to the formal labour market for the economically inactive or long-term unemployed but offer little social protection. Regardless of the outcome of current legal disputes over the employment status of 'employees' or 'service providers' in the 'gig' economy, because of difficulties in enforcement, these new forms of work carry a strong potential to exacerbate inequalities in the labour market which are apparent in disparities by social class, ethnicity and gender.

While the UK has seen much economic and social change in the past decade or so, one area of remarkable stability is our low social mobility measured by lack of movement across social class between generations – 'inter-generational mobility' – and within lifetimes – 'intra-generational mobility'. It has gone hand in hand with persistently high levels of inequality in pay, wealth and life chances. Countries like the UK with high levels of income inequality have lower levels of social mobility

(Corak, 2016) and the claim that the UK has some of the lowest social mobility in the developed world has been a matter of some debate (OECD, 2007; Jerrim, 2014). Much attention has, rightly, been given to education and its role in addressing social immobility. The debate is complicated by the variety of measures used to assess mobility, including eligibility for Free School Meals (Hobbs and Vignoles, 2010). More broadly, as our collection of papers shows very clearly, mechanisms which restrict social mobility and reinforce inequality operate throughout the life-cycle from birth into our working lives.

## *The importance of early intervention*

As Leon Feinstein and colleagues explain, the early childhood period is critical in determining future life chances, although there are opportunities to intervene positively throughout childhood and into adulthood. The relationship with parents and other caregivers is key to instilling skills and behaviours for successful passage into adulthood. Targeted interventions at this stage can help to address disadvantage experienced as a result of poverty and unequal distribution of resources and social capital. They can help to improve parent-child attachment, behaviour or self-regulation, cognitive and language development, which are all-important in educational achievement and social advancement. Despite their obvious importance, evidence on the long-term effectiveness of interventions at this stage, and the return on investment they achieve, is limited. We do not know whether and how they can effectively address disadvantage and inequality. At the same time, the costs of 'late interventions' such as social care and criminal justice services which the programmes aim to prevent are undoubtedly high and greater understanding of what

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works is much needed. Feinstein and colleagues consider both the effectiveness of the most widely commissioned programmes and the challenges faced by researchers. I will return to these later.

### *School and transitions from compulsory education generate inequality and restrict mobility*

Education is undoubtedly the key mechanism through which social mobility can be addressed. Possession of GCSEs, A-levels and a university degree substantially improve life chances as research studies consistently show (McMahon and Oketch, 2013) and educational underachievement, and success, is passed on through generations (Blanden and Macmillan, 2014). Prime Minister Theresa May's announcement in September 2016 that lifting the ban on opening new Grammar Schools in England would make the country a 'true meritocracy' contrasts with evidence that this type of selection reinforces inequality, rather than promoting social mobility (Sibieta, 2016). The paper by Rebecca Allen and Joanne Bartley includes the statistic that just 2.5 per cent of Grammar School pupils are eligible for free school meals (FSM) compared with 13.2 per cent nationally. By looking at the case of Kent, which has 32 selective schools, Allen and Bartley identify some of the mechanisms that lead to disadvantaged children being less likely to win a place. As the Sutton Trust has also argued, the 'eleven-plus' style entrance tests, and widespread use of tutoring both in middle class homes and by private schools leads to biased selection (Kirby, 2016). More fundamentally, Allen and Bartley's paper also questions the validity of early academic selection, particularly in view of rising levels of basic skill needs in the labour market.

Academic studies have tended to focus on transitions of young people to Higher Education and on the advantages enjoyed by graduates in the labour market (see for example Blundell *et al.*, 2016). Outcomes for young people who do not follow the path to university are much less explored. Politicians have rightly expressed concern at the lack of support for education and training for underutilisation of this group (House of Lords, 2016). It is often argued that the UK sends too many young people to university, with some research suggesting under-utilisation of graduate skills (Purcell *et al.*, 2013). The debate has also taken a new turn with most recent interest in their potential to plug skills gaps left by the reduced supply of EU migrants in post-Brexit Britain. The paper by Sandra McNally and colleagues finds that, currently, young people who do not have A-levels are much more likely to be from disadvantaged

backgrounds, and that many fail to progress beyond Level 2 qualifications. There should of course be opportunities for late developers and previous governments have emphasised the role of lifelong learning in addressing initial educational under-achievement. Indeed, it makes good economic sense to improve the education and skills levels of the poorly qualified. However, recent research by Erzsébet Budodi finds that further education appears largely to assist career advancement for underachievers from professional and managerial backgrounds who start their working lives in lower level roles (Budodi, 2016). This suggests that more could be done to ensure that Further Education addresses the education and skills needs of disadvantaged groups.

### *From a job for life to precarious work presents challenges – and opportunities – to inequality and social mobility*

Career options for young people have changed significantly in the past twenty or so years. A number of enquiries, including for the Government's Business Innovation and Skills and Education Committees (House of Commons, 2016), have highlighted the gap between aspirations and opportunities. This has arisen both as a result of insufficient and poor quality information and guidance and through changes in the array of career options, pathways and ways of engaging with the labour market. These changes, outlined by Diane Coyle in her paper and described earlier, raise serious issues around inequality and social exclusion. In a review commissioned by former Prime Minister David Cameron, Matthew Taylor is currently investigating the increasing use of atypical employment contracts which characterise precarious work. Taylor's recommendations, due to be published in June, are expected to include proposals to change employment rights in recognition that models of employment offered by companies such as Uber and Deliveroo are increasingly common. Confusion over their status leaves many such workers unsure of their rights, open to exploitation and being trapped in low-paid, low-skilled work (OECD, 2016).

Social mobility measured in terms of income distribution can only work if some people move downwards and, as Coyle's paper highlights, there is no shortage of work for the downwardly mobile. Its availability may increase further should Brexit lead to the loss of EU migrants in low-skilled sectors (Rolfe and Hudson-Sharp, 2016). But retrogression needs to happen in ways that are fair and, as the paper by Allen and Bartley shows, some parents are more adept than others in ensuring their children gain access to higher performing schools.

As the authors suggest, interventions on behalf of disadvantaged children by, for example head teachers, might help children without private tutors or selection-savvy parents. Equally, it has been argued that selection to the top universities should be regularly scrutinised to ensure that high achieving pupils from state schools are not disadvantaged, as government data suggest they are (O’Leary, 2013; Department for Education, 2016).

The enquiry on social mobility chaired by Alan Millburn has highlighted the persistence of social class inequality in access to the professions (Social Mobility Commission, 2016): nearly three-quarters of doctors and two-thirds of journalists are from professional and managerial backgrounds respectively. Less than 6 per cent of doctors are from working class backgrounds. Among other suggestions, the enquiry recommends a ‘second chance’ career fund and a ban on unpaid internships as a way to address this imbalance. And inequality by gender and social class also operate at the top end of the labour market: UK professionals from working class backgrounds are paid an average of £6,800 less than their well-heeled counterparts (Friedman *et al.*, 2017) and the gender pay gap persists.

Of course, we do have downward mobility of a sort in the UK but it reinforces inequalities in areas other than social class. Despite higher levels of educational attainment, ethnic minorities still face barriers to employment and the professions, constraining mobility (Brown, 2014). The downwardly mobile include migrants, most recently from Eastern and Central Europe, who work at a level below their skills (Rosso, 2013). The paper by Sam Friedman and Lindsey Macmillan finds that inner London has the lowest rate of absolute upward mobility of all regions of the UK and highest regional rate of downward mobility. This is explained by different trajectories of international and domestic migrants to the capital. International migrants experience both low upward and high downward mobility while domestic migrants, who tend to be from disproportionately privileged backgrounds, succeed in the London labour market. As well as highlighting the downward mobility experienced by international migrants, the paper draws attention to the neglected issue of regional variations in opportunities for advancement. The downwardly mobile also include women whose careers take a hit with breaks for childcare and part-time working. Evidence suggests that at least a proportion of this group never recovers from the downgrading, which in theory should only be temporary (Thompson and Ben-Galim, 2014). With potential skills shortages resulting from Brexit we may expect to see a return of policies directed at women returners, last seen in the late 1980s.

More generally, these examples of underemployment and downward mobility show the varied factors and continual pressures within labour markets and economy underlying the bigger picture on social mobility.

### *The mechanisms which restrict social mobility at all stages of the life-cycle must be better understood*

The papers show that inequality and social mobility are reinforced throughout the life-cycle and childhood lays the foundations on which future success, or otherwise, is built. They show the need for tailored interventions at each stage in the life cycle from early years through to employment and labour market institutions. The case for early years’ interventions is well understood and reflected in a range of government interventions, most notably Sure Start which targeted low income families. And recognition of the importance of both early intervention in the lives of children and young people and in schools led to the creation of two of the ‘what works’ centres in the Early Intervention Foundation (EIF) and Education Endowment Foundation (EEF). The EIF importantly focuses not on increasing human capital but on the value of relationships and social and emotional skills.

As well as recognising the importance of early years and early interventions, it is important that policy-makers should not focus on schooling and access to universities as the only enablers of social mobility. The needs of the group identified by Professor Sandra McNally and co-authors – young people who are neither following academic paths or are ‘NEET’<sup>1</sup> – are more neglected than others, though were considered in a recent House of Lords Enquiry, ‘Overlooked and left behind’. While showing the limitations of vocational routes in promoting upward movement, the paper also indicates where interventions could be made to ensure safe passage to skilled roles. Indeed, most of the papers point to the need for high quality careers guidance, not just at school, but also throughout working lives, both to address inequality and disadvantage but also to take account of altered individual circumstances and economic change. These include loss of jobs as traditional industries decline and through automation, a process that may be accelerated as Britain leaves the EU and employers experience recruitment and retention challenges (Rolfe, 2016).

### *Research studies need to be ambitious, combining disciplines, perspectives and methods*

Research on inequality and social mobility consistently shows the need for interdisciplinary and mixed methods

research to explain the mechanisms that make inequality so intractable and which hold back social mobility. The paper by Leon Feinstein and colleagues acknowledges the value of randomised control trials (RCTs) but also their limitations in practice, with poor replicability of results and inability to measure the longer-term impact of interventions. Interventions may also take years for their impact to be shown: NIESR's evaluation of the 'growth mindset' project for the Education Endowment Foundation (EEF) suggested it might take some years for the project's messages of resilience and perseverance to translate into academic achievement (Rienzo *et al.*, 2014). RCTs must also be combined with an understanding of implementation and the experiences of trial participants, for example teachers and pupils in schools interventions. Academic evaluations of the EEF's programmes show consistently the value of qualitative approaches for understanding why interventions have an impact on performance, or why they do not, and for assessing whether they depend on specific conditions to work, or have potential for wide roll-out.

Statistics can show us prevalence and trends but they cannot fully explain them. For interventions to work to address inequality and facilitate social mobility we need to understand how human agency and vested interest can intervene to subvert and defeat even the best designed and targeted of programmes. And even when we think we know what works, we need to understand how we can make it work in a range of contexts, and to ensure that interventions are both sufficiently powerful and long-lasting to make a real difference.

## NOTE

I Not in employment, education or training.

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