



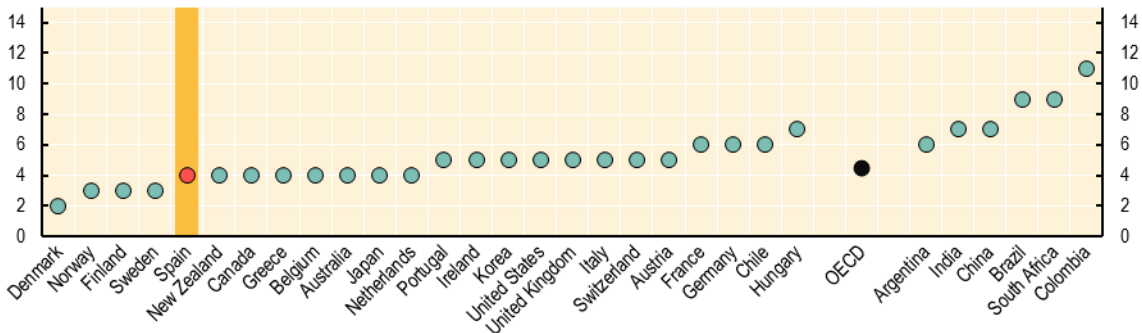
In many countries, people at the bottom of the income ladder have little chances of moving upward, and those at the top remain at the top – the social elevator is broken. This has harmful economic, social and political consequences. Lack of upward mobility implies that many talents are missed out, which 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 Spain

In Spain, there is a widespread perception that parents’ fortunes and advantages play a major factor in people’s lives (53% of people agreed that parents’ education is important to get ahead in life). This perception is much more pronounced than in most countries, and the second-highest across OECD 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

(25%) expected their financial situation to improve in 2015. Nonetheless, people’s economic status in Spain is somewhat less correlated to that of their parents than in other countries. Taking into account the observed mobility from one generation to the next as well as the level of inequality in Spain, it would take 4 generations for children born in a family at the bottom of the income distribution to reach the mean income, somewhat below the OECD average (Figure 1)

Figure 1. In Spain, it could take 4 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 earnings,

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

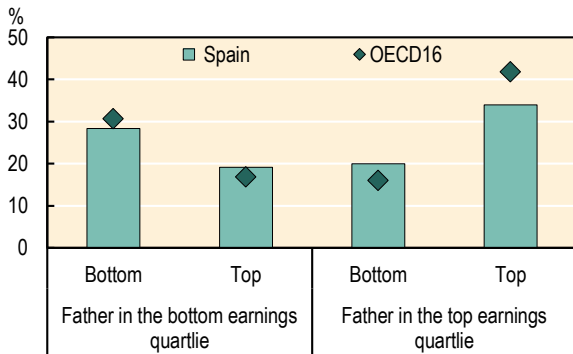
Social mobility across generations is not evenly distributed

- **Earnings:** In Spain, the proportion of sons with low-earning fathers ending up having low earnings themselves is 28% - slightly less than in the OECD on average (31%); 19% of them make it to the top earnings group (Figure 2). At the opposite end, 34% of the children whose parents

- have high earnings grow up to have high earnings themselves in contrast to the OECD average (42%).
- **Type of occupation:** Almost every second child of a manager also becomes a manager, compared to only one in every five children of a manual worker.
- **Educational attainment:** Over two-thirds (69%) of children with highly educated parents complete a tertiary degree in Spain, but only less than one-quarter (22%) of children with low-educated

parents do so. At the same time, 56% of children of lower-educated parents will remain with lower education themselves, compared to the OECD average of 42%.

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, compared to other countries, Spain does comparatively poorly particularly in terms of education but fares better in terms of earnings mobility (Figure 3). The same applies to most southern European countries. Social mobility is higher in almost all categories in most Nordic countries.

The educational system in Spain certainly plays a role. Despite recent years' improvements, Spain still has the highest incidence of early school leavers in the EU (19.9% in 2015) and skills are low (OECD, 2017), particularly among the youth.

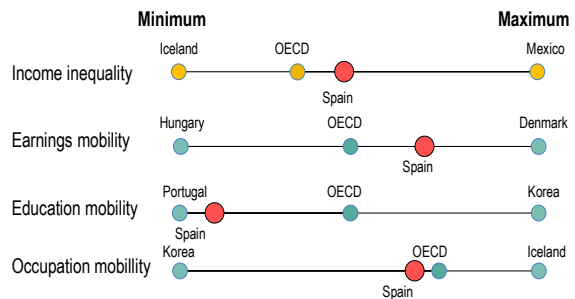
Income mobility over the life course: high persistence at the bottom and at the top

Individual chances of income mobility over lifetime are also limited in Spain, particularly at the bottom and at the top.

- Those in the bottom income quintile (the fifth of individuals with the lowest incomes) have little chance of moving up over a four-year period, with 64% remaining stuck there, compared to the OECD average (57%).
- This “sticky floor” has become even stickier since the 1990s.
- At the top, the persistence is even stronger – 72% of persons in the top 20% of incomes remain there over a four-year period compared to the 68% OECD average.

Lack of mobility at the bottom in Spain can partly be explained by the high 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.

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 Spain, some of the key priorities should include:

Objective #1

Strengthen the support to the unemployed by upgrading the regional public employment services' profiling tools and the coordination with social services. Improve skill levels among young people, by promoting tools such as the VET system or adult education programmes.

Objective #2

Address early school leaving by improving the quality of teaching and by increasing the efficiency of regional spending allocation for this purpose.

Objective #3

Tackle high child poverty by improving parents' access to good quality jobs and ensure that comprehensive cash and in-kind benefits are provided to meet children's needs.