

# SOCIAL MOBILITY, EDUCATION AND POPULISM

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# Social mobility, education and populism

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## Abstract

In this article, we show that the populist attitudes that lead to extremists voting and social unrests can be explained by the breakdown of the social elevator, i.e. the decline in social mobility. This explanation seems to apply to all the 27 European countries studied. It is particularly surprising in countries like Belgium and France, which devote around 30% of their GDP to social protection. It would seem that these welfare states naively believed that simply combating poverty and social inequality was enough to revive the social elevator. This does not seem to be the case.

Keywords: populism, social mobility, education policy, Gatsby curve  
JEL classification: H20,H31,H50.

## 1 Introduction

The populist movements that have emerged in many countries in recent years, resulting in demonstrations such as those of the 'gilets jaunes', have often gone hand in hand with a rise in political extremes. The causes evoked are multiple. First of all, there is the feeling of social downgrading, distrust of elites, rejection of public institutions and authority, and lack of prospects. Then there's anger at the disparity of wealth and the lack of rewarding jobs.<sup>1</sup> Whatever the causes, it is striking to see these movements appearing in societies where a significant proportion - over 30% - of national wealth is devoted to social protection. It would seem that this generosity of the welfare state has focused on the fight against poverty and social inequality, but not enough on the functioning of the social elevator, which the OECD tells us has broken down (OECD, 2018). Speaking of France, Luc Rouban (2023) writes: "the majority of French people believe that there are people at the top of the social order who don't really deserve it. (They) are convinced that inherited wealth plays too important a role in social success. They therefore believe that meritocracy doesn't work. Following the 2017 presidential election, it became apparent that the populist vote, in favor of Marine Le Pen, and to a lesser extent Jean-Luc Mélenchon, was found among those who had lost hope in their future and that of their children,

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<sup>1</sup>Ginsburgh et al. (2021) using the same data as in this paper explain populism by the extent of social polarization and fragmentation. For alternative narratives, see Norris and Inglehart (2019) and Guriev (2018).

regardless of their income level”.<sup>2</sup> In this paper, we show that the absence of social mobility seems to be leading to populist attitudes in a large number of European countries. We then show that, contrary to popular belief, a reduction in inequality does not necessarily mean an increase in social mobility. Finally, we provide some policy recommendations.

## 2 Social mobility and populism

In a recent study, Perelman and Pestieau (2023), we tested the hypothesis that the absence of social mobility could explain the emergence of populist movements. We focused on populist attitudes rather than votes. Evidence on attitudes is more reliable than evidence on votes, which tends to be noisy.<sup>3</sup> These populist attitudes focus on three themes: rejection of immigration, a penchant for law and order, and distrust of institutions. As a key explanatory factor, we adopted an indicator of upward intergenerational mobility: the extent to which an individual does better than his or her parents.

We used individual data from the European Social Survey (2020), covering 27 European countries and the period 2002-2020. In our study, mobility was expressed in terms of 5 levels of education. We chose education rather than occupation or income to measure intergenerational mobility for two reasons. Education better reflects lifetime earning capacity and data on education is readily available in the European Social Survey. In addition to mobility, we used a number of other explanatory variables, such as parental education, urban/rural residence, standard of living and, of course, country. In the Appendix, we describe the variables in greater detail.

To illustrate our results, we take the example of France and the Netherlands, and focus on two explanatory variables: parents’ level of education and children’s mobility in relation to their parents, which can be upward, stationary or downward, and is measured by the difference between children’s level of education and that of the best-educated parent. Whether it is distrust of institutions, authoritarianism or anti-immigration, it appears that populist attitudes decrease with parents’ level of education, and for each level, they decrease with mobility as it appears on Figures 1, 2 and 3, respectively. The same trends can be observed, in general, in other European countries. Naturally, the effect of mobility on populism indicators varies from country to country, but not significantly.

Most of our analysis is based on individual data. However, it is interesting to note that a negative relationship between populism and social mobility can also be found across the countries studied using aggregated indices of social mobility and populism. This is clearly shown in Figures 4 and 5, where the indices of mistrust of institutions and authoritarianism are related to the index of social

<sup>2</sup>See on this Chauvel (2016) and Algan et al. (2018).

<sup>3</sup>For instance, interviewees often do not remember the vote they casted, or feel uncomfortable to confess they voted for a populist party or personality, and others simply did not vote.

Figure 1: Mobility and distrust of institutions. France and The Netherlands.

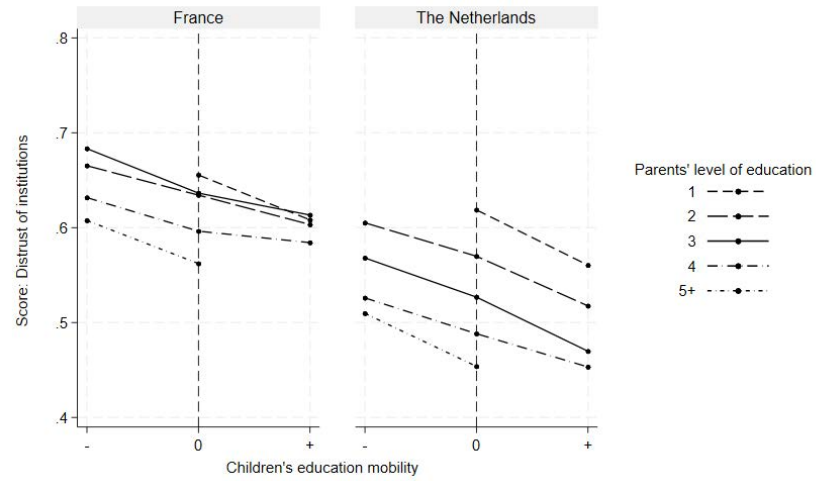


Figure 2: Mobility and authoritarianism. France and The Netherlands

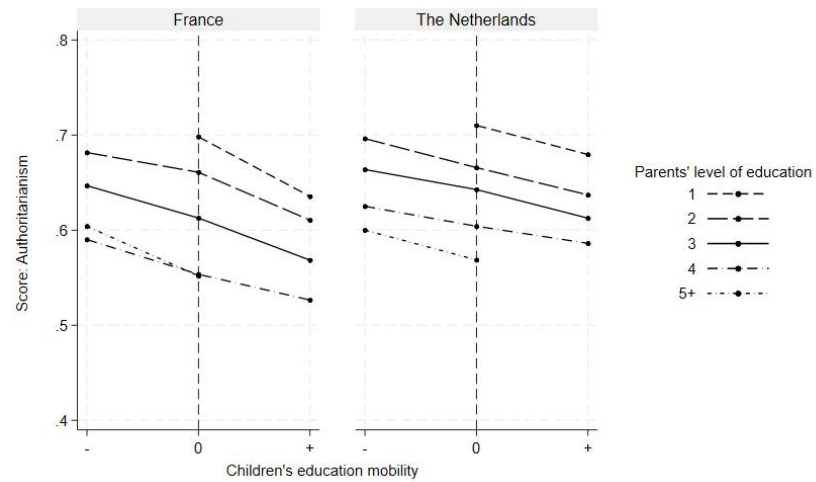
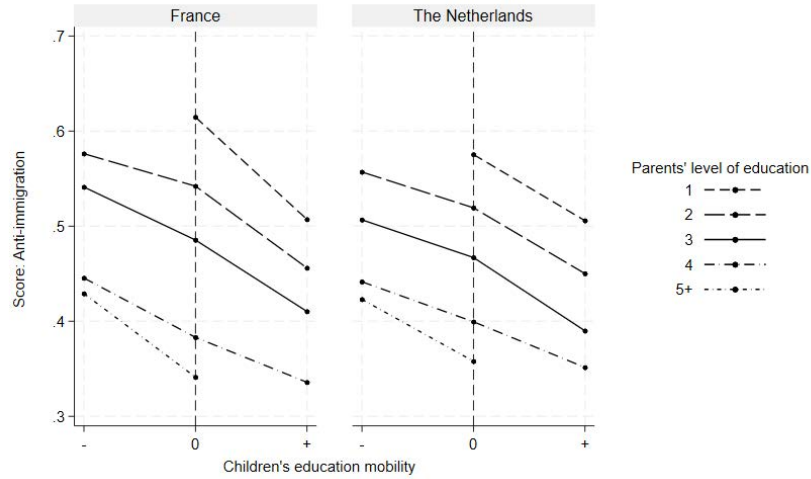


Figure 3: Mobility and anti-immigration. France and The Netherlands



mobility measured for each country.<sup>4</sup> The correlation coefficients are -0.567 and -0.581 respectively. They are statistically significant at the 1% level. As can be seen from these figures, France has a higher indicator of distrust of institutions than the Netherlands, while the situation is reversed for the authoritarianism indicator.

In our study, we implicitly assume that social mobility explains populism. This raises the problem of causality, which is resolved by the temporality of the process. Parents' education and their children's mobility occur long before the latter adopt a populist attitude. On the other hand, our estimates could be biased if populist attitudes and intergenerational mobility resulted simultaneously from the effect of a confounding factor. We tested this hypothesis by estimating the same model on population sub-samples distinguished by age, gender and whether or not the respondent and his/her parents were born in the country of residence. These factors are potentially external to the causal link between social mobility and populism. Nonetheless, the results of these estimates were very consistent with those obtained with the full sample.

<sup>4</sup>Social mobility is measured by 1 minus the Spearman correlation between the level of education of the most educated parent and that of the respondent.

Figure 4: Social mobility and distrust of institutions. International comparison.

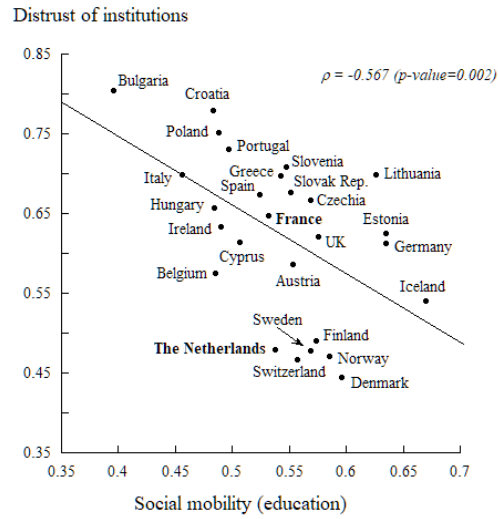


Figure 5: Social mobility and authoritarianism. International comparison.

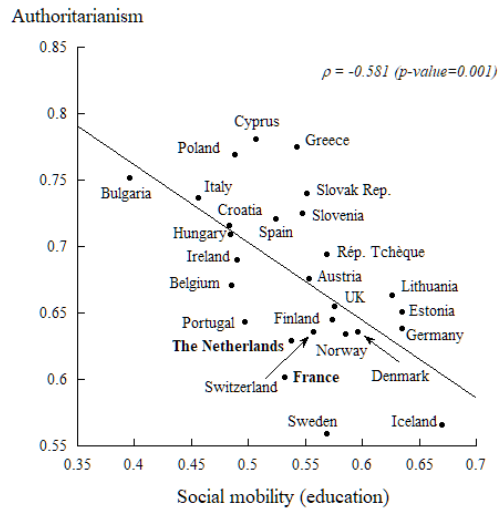
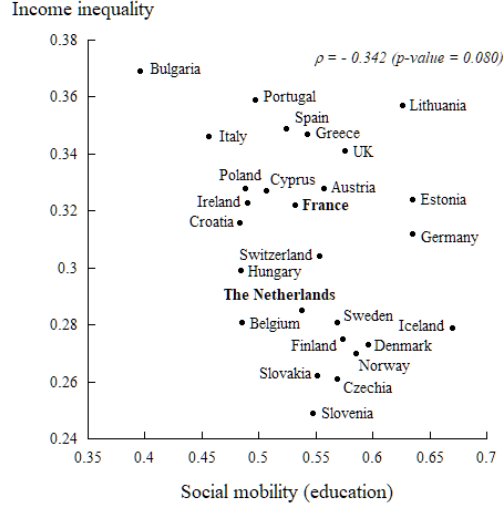


Figure 6: Social mobility and income inequality.



### 3 Mobility and redistribution: the Great Gatsby curve

One might ask why many welfare states seem to have neglected social mobility, focusing instead on the fight against income inequality and poverty. One explanation might be the short-term orientation of governments concerned about upcoming elections. Another potential explanation is their belief that increased redistribution automatically results in greater social mobility as suggested by the so-called Great Gatsby curve, which predicts a negative correlation between income inequality and social mobility.<sup>5</sup> Recent trends in inequality and mobility indicators raise questions about the robustness of the Great Gatsby curve as a universal principle. Our data suggests an ambiguous relationship between social mobility and income inequality for the 27 European countries. This is shown in Figure 6, where the correlation coefficient is negative (-0.342) but statistically insignificant.<sup>6</sup>

In a recent paper, Pestieau and Racionero (2023), we develop a theoretical

<sup>5</sup>The term 'Great Gatsby curve' was first introduced by Krueger (2012) to describe the positive association between income inequality and intergenerational elasticity of income, as documented by Corak (2013). For a comprehensive review of the literature on the Great Gatsby curve, see Durlauf et al. (2022).

<sup>6</sup>Income inequality corresponds to the average Gini coefficient over the period 2005-2018 (World Bank, 2022).

model that makes it possible to identify conditions under which the relationship implied by the Great Gatsby curve does not necessarily hold. We characterize the optimal income tax and education policy mix that a government concerned with income redistribution and upward mobility should adopt. We assume that upward mobility, the probability that an individual becomes high-skilled, depends on both education and family background, and distinguish two types of education system. In the first, which we call meritocratic, children with the same education level have the same probability of becoming high-skilled regardless of family background. In the second, which we call elitist, for the same education level children of high-skilled parents have a higher probability of becoming high-skilled. In other words, we define an education system as meritocratic if the upward mobility probability depends only on the education investment and not on the economic status of the parents, in the sense of meritocratic equality of opportunity. In contrast, an education system is considered elitist when the upward mobility probability increases with the economic status of the parents.<sup>7</sup>

We only sketch the successive generation model here. In each period, that corresponds to a generation, society consists of two types of individuals: those with high skill ( $w_H$ ) and those with low skill ( $w_L$ ), with  $w_L < w_H$ . Each parent of type  $i$  and of generation  $t$  has one child who belongs to generation  $t+1$ . Lifetime income stems from the product of labor supply  $l_{it}$  and wage  $w_{it}$ :  $y_{it} = w_{it}l_{it}$ . The parent allocates lifetime income  $y_{it}$  between own consumption  $c_{it}$  and investment  $e_{it}$  in the child's education. Parental education investment translates into the child's probability of becoming high-skilled, denoted by  $\pi_i(e_{it})$ .

The function  $\pi_i(e_{it})$  summarizes the more or less redistributive nature of the education system. If  $\pi_L(x) = \pi_H(x)$  the education system is termed egalitarian or meritocratic. In other words, if the child of a high-skilled parent and the child of a low-skilled parent have the same education, they have the same opportunity to become high-skilled. If, instead,  $\pi_L(x) < \pi_H(x)$  the education system is termed elitist. Note that the function  $\pi_i(e_{it})$  may involve not only the education system but also the labor market as suggested by Markovits (2019).

Parents care for their own consumption, their labor supply and the upward mobility of their unique child. Their utility function can be written as:

$$U(c_{it}, l_{it}, e_{it}) = u(w_{it}l_{it} - e_{it}) - v(l_i) + \alpha_i \pi_i(e_{it})$$

where  $\alpha_i$  represents the degree of parental concern for the upward mobility of their child. The functions  $u(\cdot)$  and  $\pi(\cdot)$  are strictly concave, with  $0 < \pi < 1$ , and  $v(\cdot)$  is strictly convex.

In each period, that lasts the length of a generation, the fraction of high-skilled individuals is given by  $n_t$ . This implies that  $n_{t+1} = \pi_H n_t + \pi_L (1 - n_t)$ , and the interior steady state, assumed to exist, is given by:

$$0 < n = \frac{\pi_L}{1 - \pi_H + \pi_L} < 1.$$

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<sup>7</sup>This definition is consistent with that in Cremer et al. (2010).

The second best problem of a utilitarian government is captured by the following Lagrangian expression:

$$\begin{aligned}\mathcal{L} = & \sum n_i \left[ u(c_i) - v\left(\frac{y_i}{w_i}\right) + \pi_i(e_i) - h(l_i) \right] - \mu (c_i + e_i - y_i) \\ & + \lambda \left[ u(c_H) + \pi_H(e_H) - v\left(\frac{y_H}{w_H}\right) - u(c_L) - \pi_H(e_L) + v\left(\frac{y_L}{w_H}\right) \right]\end{aligned}$$

where  $\mu$  and  $\lambda$  are, respectively, the Lagrange multipliers associated with the budget and the self-selection constraints. In the second best the government is unable to observe the skill of individuals and self-selection constraints need to be incorporated in order to prevent type- $H$  individuals from mimicking type- $L$  individuals.<sup>8</sup>

Pestieau and Racionero (2023) compare the optimal policy with meritocratic and elitist education systems. They also contrast the results when the government takes into account the effect of optimal policies on the proportion of high-skilled individuals (endogenous  $n$  or long-term focus) with those when it disregards the effect of policies on the proportion of high-skilled individuals (exogenous  $n$  or short-term focus). They show that switching from a meritocratic to an elitist system, or from a long-term to a short-term focus in social welfare, reduces social mobility even though it may sometimes reduce inequality. There are hence instances in which the Great Gatsby curve fails to be satisfied.

## 4 Recommendations

If social mobility is indeed in decline, and this leads to a rise in populist attitudes and votes, we can hope that our welfare states will take the measure of the problem and act to restart the social elevator. But how? According to many authors, the social elevator has broken down on two levels: education and the job market.<sup>9</sup> Our education systems, particularly, in France and Belgium, are extremely polarized, insofar as the quality of schools increases with parental income. In other words, school is no longer a vehicle for equal opportunity. More concretely, we need to invest more in the quality of primary and secondary education in disadvantaged areas, and guarantee a better social mix. In the USA, Chetty and his colleagues<sup>10</sup> even recommend relocating disadvantaged families to more affluent areas. In higher education, the number of grants should be increased and student loans made more accessible. In a related study, Arenas and Hindricks (2021) note that in the US, there are noticeable differences in intergenerational mobility across neighbourhoods. High-mobility areas, where social position tends to change from one generation to the next, exhibit less residential segregation, less income inequality, and better primary schools than areas with lower intergenerational mobility.

<sup>8</sup>Stiglitz (1982) is recognised as a seminal contribution that clarified the role that self-selection constraints play in discrete optimal tax problems with asymmetric information.

<sup>9</sup>See e.g. Sandel (2019) and Markovits (2019).

<sup>10</sup>See e.g. Chetty and Hendren (2018).

Furthermore, even if a child from an underprivileged background manages to get through school, he or she is still faced with a job market where social capital plays a predominant role. Access to certain professions depends on this factor. They are closed to those without the right networks. Promotions are often linked to the individual's social relations, which themselves come from the family. It is these networks that ensure social reproduction, the sociological phenomenon in which individuals remain in the same social position from one generation to the next. In this respect, the fight against discrimination in hiring is undoubtedly essential. Another approach, suggested by Garcia-Peñalosa et al (2023), would be to halt the slow disappearance of intermediate jobs, which provide a springboard to well-paid jobs for people from less well-off family backgrounds.

## 5 Conclusions

As we can see, the roots of the problem are deep and complex. It is much easier to fight inequality than social reproduction. Despite successive reforms, our governments have been unable to effectively reorganize the education system to make it more egalitarian. Nor have they succeeded in modifying the labor market, where there are numerous bottlenecks. Here too, despite many and varied reforms, discrimination persists. Certain professions remain exclusive, limited to individuals with specific social backgrounds. As a result, they benefit from unjustified and inefficient rents. In conclusion, if we are to revive the social mobility ladder and restore hope to many of today's marginalized individuals, we need to radically reform our education system and labor market.

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## Appendix

Our study relies on the first ten waves of ESS, ran every even year over the period 2002-2020. Given that not all ESS countries participated to all waves, we retained countries which participated at least to four waves: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Lithuania, The Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland and United Kingdom. The sample is limited to individuals aged 26 or more. We assume that at 25 years old studies are either completed or, if it is not yet the case, a previous diploma of higher education is anyway reported.

To measure social mobility, respondent level of education is related to his/her parents highest level of education. Five levels of education are distinguished: 1=less than lower secondary school; 2= lower secondary school; 3=upper secondary school; 4=post-secondary non-tertiary education and 5=tertiary education. Our indicator relies on the 5x5 mobility matrix obtained using this information. For instance, for the cases illustrated in Figures 1, 2 and 3, the proportions of upward, downward and stationary social mobility are 52.6%, 37.5% and 9.9%, respectively, for France, and 56.8%, 31.3% and 12.0%, respectively, for the Netherlands.

Following Ginsburgh et al. (2019), we built three indicators of populism based on populist attitudes selected from ESS questionnaire, as showed in Table A1. Each indicator, distrust of institutions, anti-immigration and authoritarianism, is then computed by adding up the scores given by respondents to each bundle of questions, and the sum normalized from 0 to 1.0.

We estimate, for each country and populist attitude, an OLS model using all available data. Noting respondent  $j$  level of education  $E_{r,j}$  and his/her parents' highest level of education  $E_{p,j}$ , we define mobility as  $M_j = E_{r,j} - E_{p,j}$ , a discrete variable which values vary from -4 to 4. By construction, negative and positive values indicate downward and upward intergenerational mobility, respectively, and 0 values stationarity in education across generations. The results reported graphically in Figures 1, 2 and 3 for France and the Netherlands, are based on the estimation of a model in which the dependent variable,  $Y_j$ , corresponds to populist indicators, either distrust of institutions, anti-immigration or authoritarianism. The model is as follows:

$$Y_j = \delta_0 + \sum_{d=1}^5 \delta_d E_{p,j}^d + \beta_0 M_j + \sum_{d=1}^5 \beta_d M_j E_{p,j}^d + \sum_{s=1}^{10} \gamma_s W_j^s + \varepsilon_j$$

where  $E_{p,j}^d$  are  $d = 1, \dots, 5$  dummy variables corresponding to parents' education levels,  $M_j E_{p,j}^d$  mobility crossed with parent's education and  $W_j^s$  a vector of  $s$  dummy variables controlling for waves effects. Finally,  $\delta_0$ ,  $\beta_0$ ,  $\delta_d$ ,  $\beta_d$  and  $\gamma_s$  are the parameters to be estimated and  $\varepsilon_i$  the error term assumed to follow a normal distribution.

As equation (1) shows, populism depends on three factors: The educational level of the parent ( $\delta_d$ ), his/her mobility with an effect (the slope  $\beta_d$ ) that varies

with the educational level of the parent, and a number of covariates.

Table A1. Populist attitudes indicators based on the European Social Survey

| Indicator                | ESS Questions                                                                                                                                                                                                                                                                                                                                                                                                           | Score range                     |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| Distrust of institutions | Please tell me how much you personally trust each of the institutions:<br>1. Country's parliament<br>2. Political parties<br>3. Politicians                                                                                                                                                                                                                                                                             | 0-10<br>0-10<br>0-10            |
| Anti-immigration         | 1. Would you say it is generally bad or good for your country's economy that people come to live here from other countries?<br>2. Would you say that your country's cultural life is generally undermined or enriched by people coming to live here from other countries?<br>3. Would you say that your country's cultural life is generally undermined or enriched by people coming to live here from other countries? | 0-10<br>0-10<br>0-10            |
| Authoritarianism         | Now I will briefly describe some people. Please listen to each description and tell me how much each person is or is not like you:<br>1. Important to behave properly<br>2. Important to live in secure and safe surroundings<br>3. Important that government is strong and ensures safety<br>4. Important to follow traditions and customs<br>5. Important to do what is told and follow rules                         | 0-6<br>0-6<br>0-6<br>0-6<br>0-6 |

Note: To compute the 'distrust of institutions' and 'anti-immigration' indicators, the original scale order (0-10) is reordered to (10-0).