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AM - Aust social mobility greater than US: report

[This is the print version of story http://www.abc.net.au/am/content/2007/s2141204.htm]

AM - Friday, 18 January , 2008 08:28:00

Reporter: Michael Edwards

TONY EASTLEY: America prides itself on being the land of opportunity but it seems it's easier for someone in Australia to realise a rags to riches fantasy.

New research from the Australian National University says Australia has a higher level of social mobility and offers a greater chance of rising up the income ladder than the US.

But the report doesn't paint an entirely rosy picture of economic opportunity in Australia.

Michael Edwards has this report.

MICHAEL EDWARDS: John Symond has made a fortune running Aussie Home Loans. He says his is a classic rags to riches tale.

He grew up in modest circumstances and now lives in one of the nation's most expensive houses on Sydney Harbour.

He puts it down to his parents and being an Australian.

JOHN SYMOND: Australia is a country that gives all opportunities in the world for those who really want to pick the ball up and run with it.

MICHAEL EDWARDS: And there's a new study which could back up John Symond's optimism.

Dr Andrew Leigh is an economist from the Australian National University.

Using surveys of 5,000 sons born between 1910 and 1979 and contrasting their incomes with their fathers, Dr Leigh did the first ever direct comparison of social mobility between Australia and the United States.

ANDREW LEIGH: Australia's a more mobile country than the United States and my finding actually parallels that of every other study that I know of that compared a developed country to the US. There is this myth I think in the United States that it very easy to move from rags to riches. In fact every time someone compares mobility with the US, they find it easier to move from rags to riches in their country than the US.

MICHAEL EDWARDS: Dr Leigh attributes some of Australia's rags to riches social mobility to economic liberalisation.

ANDREW LEIGH: Greater access to higher education. Greater improvements in school leaving have come as part of an economic liberalising measures and probably a good thing for mobility on balance.

MICHAEL EDWARDS: But the study isn't all good news for Australians.

It concluded that Australia lags behind Scandinavian countries and that over the past 40 years the amount of people rising up the economic and social ladder has stabilised.

ANDREW LEIGH: Australia is as fluid a place as it was in the 60s or if you like just static a place as it was in the 1960s.

MICHAEL EDWARDS: Welfare groups are sceptical about claims social mobility is common in Australia.

Dr John Falzon from the St Vincent De Paul Society says it's still tough to break out of poverty cycle.

JOHN FALZON: If we do want to be a socially mobile society not with simply one-off stories of rags to riches but genuinely engaging the majority of people in those opportunities that should be available, then we need to make sure that education, training, housing, health, transport and childcare are realities in the lives of the people who are at the moment structurally excluded.

TONY EASTLEY: Dr John Falzon from the St Vincent De Paul Society ending Michael Edwards report.

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It's easier to move up Down Under

Jessica Irvine Economics Correspondent
January 19, 2008

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THE great American dream of going from rags to riches is more of a reality in Australia, although we are less inclined to believe it, a new study has found.

The study by Andrew Leigh at the Australian National University has found Australian sons are more likely than American sons to achieve a higher income than their father.

Overall, he found Australia was home to more "class-jumpers" than the US, with a person's position in society less likely to be determined by birth.

"It is easier to move from rags to riches in Australia than it is in the United States," Dr Leigh said. "Particularly for those who begin in poverty, Australia offers a greater chance of rising up the income ladder."

In a new paper titled *Intergenerational Mobility In Australia*, Dr Leigh drew on four separate surveys of Australian men born between 1910 and 1979. The study considered men only, because mothers had historically lower levels of participation in the workforce from which to make comparisons.

It found that of sons born to fathers with jobs putting them in the bottom fifth of the population by income, 12 per cent had climbed into the top income bracket in their working lifetime.

Similar surveys in the US found just 5 per cent of sons could expect to make the jump in just one generation.

"It's contrary to the national myth that a lot of Americans have about themselves, that although there is a lot of inequality, anyone can make it to the top," Dr Leigh said.

But while Americans may be overly optimistic about their prospects, separate surveys suggest Australians are overly pessimistic.

Thirty-nine per cent of Australians agreed with a statement that poor people were trapped in poverty, compared with just 29 per cent of Americans who thought the same. Similarly, 40 per cent of Australian respondents felt income was determined by luck, compared with 30 per cent of Americans who felt that.

Dr Leigh said there were many reasons for Australia's higher social mobility.

"Increases in health care coverage and expansions in education attainment are among the policy reforms that might have been expected to increase intergenerational mobility."

Australia's convict past and heritage of free settlement had also helped to create a relatively classless society, whereas Americans faced an uphill battle, given the vast chasm between rich and poor in that country.

But the study also found income mobility was a two-way street in Australia. Of sons born to fathers in the richest 20 per cent of the population by income, 17 per cent had slipped into the poorest 20 per cent later in life.

This story was found at: ***http://www.smh.com.au/articles/2008/01/18/1200620210420.html***