

# **A Fair Go: Fact or Fiction?**

Benjamin Herscovitch



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## Executive summary

The 'fair go' is a core Australian value. The idea that everyone should have the opportunity to improve their lot in life is a central element of Australia's social contract and a touchstone for assessing public policy. But what exactly does it mean? And does Australia live up to this ideal?

The fair go is best understood in terms of opportunity rather than equality. Not only is the egalitarian principle of equal distribution only supported by a small minority of Australians, but no society can ensure that everyone begins in the same position. Instead of equalising everyone's starting points in life, a fair go gives individuals the opportunity to improve their position in society with the right combination of ambition and natural ability.

Despite periodic claims that the fair go is under attack, rates of social mobility reveal that Australia is a fair go success story.

Individuals from all backgrounds move into every socioeconomic stratum in large numbers. Approximately 17% of sons born into the wealthiest quintile drop to the poorest, while 12% of sons born into the poorest quintile make it to the wealthiest. At the same time, almost 1 in 10 children of fathers with the highest status jobs end up with the lowest status jobs, and slightly more than 1 in 4 children of fathers with the lowest status jobs work their way into the highest status jobs.

Australia also has some of the highest rates of earnings and educational mobility in the industrialised world. The earnings advantage wealthy fathers confer on their sons is smaller in Australia than in most OECD countries. Equally, the children of parents who did not finish secondary schooling are more likely to receive tertiary education in Australia than in other industrialised countries, while having parents with a post-secondary education confers a relatively small educational advantage.

The Australian ideal of a fair go is fact rather than fiction. By offering all individuals the opportunity to capitalise on their ambition and natural ability, Australia's dynamic and socially mobile society neither safeguards the position of the privileged nor frustrates the aspirations of the disadvantaged.





## A fair go in question

Budget 2012 was widely dubbed the ‘welfare budget.’<sup>1</sup> With increases to family tax benefits and supplements to welfare payments, it raised the question of whether contemporary Australian society is fair. If this question was lurking in the background on budget night, it took centre stage in the subsequent debate about the government’s means-tested Schoolkids Bonus. Claiming that the welfare budget was a response to the economic hardships faced by ‘real families,’ Prime Minister Julia Gillard accused Opposition Leader Tony Abbott of being a ‘cosseted’ North Shore silvertail.<sup>2</sup> Australian society was apparently becoming Dickensian.

Gillard’s criticism of Abbott and his fellow denizens of Sydney’s affluent North Shore was more than a spasmodic appeal to Australia’s class antagonisms of a bygone era. It went to the health of Australia’s social contract: Does our society live up to the ideal of a fair go? Or is position increasingly awarded on the basis of postcode and family background? These are questions of perennial public debate and reflect an underlying schizophrenia in the national psyche: Although we have long prided ourselves on a fair go ethos, we suspect the chips are stacked in favour of the fortunate few.

In a series of articles, interviews and speeches in 2012–13, Treasurer Wayne Swan gave voice to these concerns about the apparent gap between the promise and the reality of the Australian fair go. Taking aim at flamboyant mining magnates such as Clive Palmer, Gina Rinehart, and Andrew Forrest, Swan argued that ‘the rising influence of vested interests is threatening Australia’s egalitarian social contract.’<sup>3</sup> Having suggested that Australia is on the brink of losing an essential element of its national character, Swan billed the 2013 federal election a ‘referendum on the fair go.’<sup>4</sup>

## The fairly confused ideal of a fair go

Swan’s use of the language of a fair go is savvy politics. As the Antipodean equivalent of the American Dream, the fair go ethos speaks to all Australians.<sup>5</sup> It stretches back to the anti-authoritarianism and egalitarianism of Henry Lawson’s Australia and forms an integral part of the contemporary Australian mindset.\* With 91% of Australians saying the ideal of a fair go is fundamental for defining Australian values, it sits at the heart of how Australians see the relationship between society and the individual.<sup>6</sup>

Although a fair go is a ‘core Australian political value,’ it is misleading to use it to sell particular policies.<sup>7</sup> The community’s conflicting views about fairness suggest that this ideal does not have a common meaning. A 2003 ACNielsen/CIS survey showed that for some Australians, fairness is synonymous with the egalitarian idea of an equal distribution of resources, while others equate it with the meritocratic ideal of reward for talent and effort or the classical liberal emphasis on voluntary transactions between free individuals.\*\*<sup>8</sup>

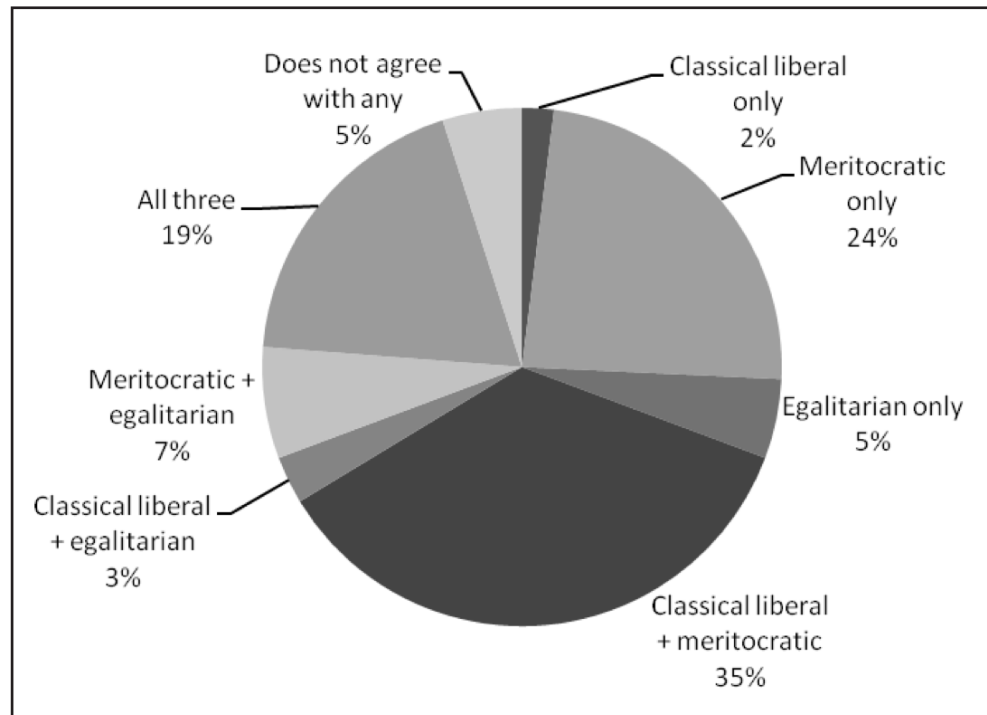
When offered a choice between the aforementioned egalitarian, meritocratic and classical liberal fairness principles, 46% of respondents supported a combination of two of these fairness principles, with a further 19% supporting all three.<sup>9</sup> At the same time, 5% supported the egalitarian principle alone, 24% supported the meritocratic principle alone, and 2% supported the classical liberal principle alone.<sup>10</sup> As Peter Saunders concluded, the muddled state of public opinion shows that although a ‘belief in the “fair go” has evolved to become part of our national culture ... it is not entirely clear what this term means.’<sup>11</sup>

\* Henry Lawson famously captured a central strain of Australian egalitarianism in his poem *The Shearers*: ‘They call no biped lord or “sir,” And touch their hats to no man!’

\*\* Respondents were asked which of three different fairness principles they supported. Classical liberal: ‘In a fair society, people’s incomes should depend on how much other people value the services they provide.’ Meritocratic: ‘In a fair society, people’s incomes should depend on how hard they work and how talented they are.’ Egalitarian: ‘In a fair society, nobody should get an income a lot bigger or a lot smaller than anybody else gets.’

**More than 90% of Australians say that the ideal of a fair go is fundamental for defining Australian values.**

**Figure 1: Support for different fairness principles**



**Source:** Peter Saunders, 'What is Fair About a "Fair Go"?' *Policy* 20:1 (Autumn 2004), 4.

**There is disagreement on whether Australia lives up to the ideal of a fair go in practice.**

Confusion about precisely what it means for someone to be given a fair go is confirmed elsewhere. Although Australians tend to equate a fair go with equality of opportunity, the Australian Bureau of Statistics (ABS) found that this aspiration remains fairly ambiguous:

All Australians should have an equal opportunity to establish, improve and maintain their wellbeing, and have access to the services and opportunities that support this.<sup>12</sup>

Depending on how this aspiration is fleshed out, it could be understood as a commitment to the meritocratic principle of fairness—reward for talent and effort—or the egalitarian fairness principle—resources should be distributed equally.

Disagreements about the fair go are not restricted to abstract principles. Research conducted by Roy Morgan reveals division in the community over whether Australian society is fair: 50% of respondents said Australia has become fairer, 45% said the opposite is true, and 5% said they do not know.<sup>13</sup> Not only is there no consensus on what a fair go means in theory, but there is also disagreement on whether Australia lives up to the ideal of a fair go in practice. We might all agree that a fair go means 'a reasonable chance, a fair deal,' and that 'what someone achieves in life should be a product of their talents, work and effort rather than their birth or favouritism,' but we are also decidedly confused about the implications of these vague motherhood statements for Australia.<sup>14</sup>

## Formal equality of opportunity

Irrespective of the exact meaning of a fair go, most Australians would agree that it incorporates formal equality of opportunity (FEO). Fred Argy defines FEO as giving the same opportunities to individuals with the same abilities.<sup>15</sup> In practice, FEO aims at distributing positions in society on a non-discriminatory basis and not excluding people on the basis of ethnicity, religion, culture, etc.<sup>16</sup> For example,

under FEO a store owner cannot refuse to hire capable Roman Catholics because he or she dislikes Roman Catholics.

A society that implements FEO cannot exclude individuals from certain positions if they have the necessary abilities. To be sure, one employer violating FEO would not undermine the attempt by society-at-large to give individuals a fair go. However, if FEO is not widely adhered to, a fair go is jeopardised. For example, if anti-Roman Catholic hiring policies were shared by many employers, it would be impossible for society to offer Roman Catholics a fair go.

The debate over Australia's proposed Human Rights and Anti-Discrimination Bill suggests that the enforcement of FEO will at times be highly contentious: There were forceful calls for this bill to prohibit discrimination by religious organisations on the basis of sexual preferences, while some Christian groups claimed they should be able to continue to violate FEO and not hire individuals with lifestyles at odds with elements of church doctrine.<sup>17</sup> Notwithstanding the arguments for and against the enforcement of FEO in specific instances (Appendix A), a society that totally abandoned FEO would fail to give individuals a fair go.<sup>18</sup>

The defence of FEO raises the question of whether it is sufficient to give individuals a fair go. Argy observes that FEO only ensures that 'the best person wins *at any point in time*' [emphasis in original].<sup>19</sup> Although guaranteeing meritocratic selection goes a long way to giving individuals a fair go, it also means that FEO will disregard the opportunities or lack thereof that individuals experience over the course of their lives. Reducing a fair go to FEO would therefore limit it to merit-based selection processes.

Consider a child born in a poor family in which both parents are unemployed. FEO requires that society not discriminate against this child on the basis of ethnicity, religion, culture, etc. However, in the absence of private charity, this child will not be given any educational opportunities, health care, or basic necessities for survival.

Not surprisingly, given the austerity implied by guaranteeing FEO alone, almost all Australians would agree that a fair go entails more. ABS research suggests that 'Australians aspire to a fair society that enables everyone to meet their needs.'<sup>20</sup> This means that 'all Australians should have an equal opportunity to establish, improve and maintain their wellbeing, and have access to the services and opportunities that support this.'<sup>21</sup> Given how rubbery the notion of 'needs' is, the extent of the social services society should offer is unclear. Nonetheless, we can be sure that a fair go entails more than bare FEO.

## Substantive equality of opportunity

Argy defines a society that guarantees substantive equality of opportunity (SEO) as one in which:

Everyone is able to develop their full potential irrespective of the original circumstances of their birth and childhood and where a person's economic prospects are determined overwhelmingly by their own ability and character.<sup>22</sup>

So defined, SEO makes strong egalitarian demands on society. Indeed, it maximises the influence of ambition and natural ability over an individual's position in society by giving all individuals the same opportunity over the course of their lives:

Everyone has an equal chance to develop their capacities to the full, so that ... inequality that cannot be explained and justified in terms of differences in effort and talent ... is kept to a minimum.<sup>23</sup>

**Almost all Australians would agree that a fair go entails more than formal equality of opportunity.**

**The vast majority of Australians are unlikely to welcome the large-scale state action needed to achieve substantive equality of opportunity.**

Given that, as Argy observes, SEO is concerned with ‘opportunities *over a lifetime*, not just at a point in time,’ [emphasis in original] SEO ensures that all individuals have the same opportunities to acquire the skills needed for success.<sup>24</sup> Although SEO thereby appears sufficient to give individuals a fair go, it has serious and often overlooked costs.

Inherited advantage, luck and unforeseen circumstances profoundly shape our lives. One person might be born into a family with the resources to provide a host of advantageous educational experiences—travel and exposure to different values and mores, a scholarly family culture, books and other forms of ‘cultural capital.’<sup>25</sup> Another person might attend a party where they meet a valuable future professional contact.<sup>26</sup> Still another person might acquire a skill early in life, which due to the rapidly changing nature of work, may be lucrative in a decade. Equally, many others may not have any of these benefits.

Perfect SEO demands that society offer all individuals the same opportunities in life. As the above examples show, achieving this would mean counteracting a near infinite set of unavoidable inequalities between individuals. The scope of the resulting remedial state action would be essentially limitless because even the most extensive social services are inadequate for giving every individual equal opportunity to develop their ambition and natural ability. For example, given that cultural and social capital are crucial for developing ambition and natural ability, providing rural school students in a large, sparsely populated country like Australia with the same opportunities as their urban peers would demand massive spending on regular excursions to urban centres or educational and cultural infrastructure throughout the country in the form of theatres, art galleries, libraries, etc.

With the 2012 Per Capita tax survey revealing that only 1.2% of Australians think they pay too little tax, there will be little support for the tax increases necessary to finance the expensive social services required by SEO.<sup>27</sup> Given that 50% of Australians think they pay too much tax, while 34.5% feel they pay the right amount, Australians are likely to support the status quo over costly SEO.<sup>28</sup> A 2013 Galaxy Poll of more than 1,000 people suggests the same: The majority of Australians think the current level of government intervention is either too high or appropriate.<sup>29</sup> Only 22% of respondents said they want more government ‘control and involvement,’ 30% said the current level is right, and 49% said there is already too much government intrusion.<sup>30</sup> Given these results, the vast majority of Australians are unlikely to welcome the large-scale state action needed to achieve SEO.

Advocates of SEO may say that even if perfect SEO is a costly and invasive Sisyphean project, we should—within the limits of the fiscally viable and without going beyond the level of government intervention accepted by Australians—attempt to approach SEO. Although it is impossible to eliminate brute luck, the influence of more controllable factors, such as inherited advantage, can and should be abolished so that ambition and natural ability play a relatively greater role in determining the position of individuals in society.

Even the revised version of the commitment to SEO is likely to be extremely intrusive and expensive.<sup>31</sup> Much more complex redistribution schemes than the current welfare state would be needed to compensate for the mundane, and yet almost limitless, inequalities of opportunity individuals face. For example, inheritance would need to be taxed into non-existence; all students would need to be offered additional educational opportunities, such as costly afterschool tutoring and international cultural excursions; and all infants would need access to adults to read to them out of school hours. Attempting to approach SEO—like trying to achieve a meritocracy, as discussed in Appendix B—would thereby lead to massive state-based interference in society and a bloated bureaucracy.

## A fair go as opportunity

Rather than an intrusive and quixotic attempt to eradicate the effects of inherited advantage, luck and unforeseen circumstances, a fair go entails that everyone should be offered the opportunity to take advantage of their ambition and natural ability.<sup>32</sup> Although this opportunity need not be identical, everyone must have a good chance of taking advantage of their ambition and natural ability.<sup>33</sup> By focusing on opportunity rather than equality, we face a Goldilocks question: At what point does the opportunity to take advantage of ambition and natural ability become adequate?<sup>34</sup>

There are a host of candidates for the essential elements of a fair go threshold: Access to primary, secondary and tertiary education; the availability of health care; and a social security safety net.<sup>35</sup> Based on this approximation, Australia seems to provide individuals with adequate opportunity to take advantage of their ambition and natural ability. Primary and secondary education may not be universally of the same quality but is available to all; anyone can pursue higher education provided they demonstrate the requisite academic abilities; and all Australians can access medical care—albeit of differing levels of quality—and a social security safety net.

Beyond necessary social services, we also need to look at social outcomes to measure the fair go. A society that gives individuals a fair go will be one in which—accepting the role of inherited advantage, luck and unforeseen circumstances—an individual's position in society is in large part a function of their ambition and natural ability. Determining whether this is true for everyone obviously verges on the impossible; we cannot know precisely what combination of social forces and personal attributes produced every individual's position in society. How then can we measure whether society lives up to the ideal of a fair go?

**A fair go entails that everyone should be offered the opportunity to take advantage of their ambition and natural ability.**

## Social mobility as a fair go proxy

Social mobility measures the extent of movement through socioeconomic strata between generations (inter-generational social mobility), and over the course of an individual's life (intra-generational social mobility).<sup>† 36</sup> The connection between the socioeconomic status (SES) of parents and children is less pronounced in a more inter-generationally mobile society, while the connection between an individual's SES over the course of their life is less pronounced in a more intra-generationally mobile society.<sup>37</sup>

In both its inter- and intra-generational forms, social mobility is associated with fluid social structures in which individuals move through socioeconomic strata. Using the more common measure of inter-generational social mobility, a society with the maximum amount of social mobility would be one in which there was no correlation between the SES of parents and children at all, while a society with as little social mobility as possible would be one with a perfect correlation.<sup>38</sup>

Although social mobility is sometimes assumed to be synonymous with a fair go, it is far from a perfect proxy.<sup>39</sup> There are two principal reasons for this. A society could be socially mobile without actually offering anything resembling a fair go. For example, a society could be somewhat socially mobile purely as a result of individuals experiencing unpredictable bouts of financial fortune and misfortune unconnected with ambition and natural ability. Although such an extreme case is improbable, it shows social mobility does not necessarily imply that individuals have been given a fair go.

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<sup>†</sup> Owing to the focus on inter-generational social mobility in research literature and public policy debates, the argument that follows primarily concentrates on this form of social mobility. Unless otherwise stated, subsequent references to social mobility relate exclusively to inter-generational social mobility.



**A fair go society  
will allow  
individuals to  
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socioeconomic  
hierarchy with  
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good effect.**

Second, and perhaps more importantly, a fair go does not entail social mobility. The commonplace phenomenon of positive assortative mating—coupling on the basis of a preference for certain shared characteristics—means that a society could provide a fair go despite being largely socially immobile.<sup>40</sup> If individuals choose partners similar to themselves from their own socioeconomic strata, they are less likely to experience social mobility and more likely to pass on their SES to their children.<sup>41</sup> Consider the phenomenon of the ‘cognitive elite’ described by Richard J. Herrnstein and Charles Murray: If high SES individuals have a tendency to intermarry, then their children will inherit the ambition and natural ability necessary to retain their parents’ elevated position in the socioeconomic hierarchy.<sup>42</sup>

Given that social immobility produced by positive assortative mating is just a function of individuals freely choosing their partners, we cannot know whether society is adequately socially mobile by simply looking at ‘how much movement takes place.’<sup>43</sup> Social immobility produced by positive assortative mating may well lead to the kind of discontent among those in lower socioeconomic strata that one might expect from an aristocracy of birth being replaced by an ‘aristocracy of talent.’<sup>44</sup> However, short of mandating that individuals from high SES backgrounds not intermarry, this form of social immobility is unavoidable.

What is more, social immobility of this kind is precisely what we would expect from a fair go: If individuals are given the opportunity to take advantage of their ambition and natural ability, then the ambitious and able children of individuals from high SES backgrounds will themselves occupy elevated positions in the socioeconomic hierarchy.<sup>‡</sup> As Michael Young observed, opportunity to take advantage of ambition and natural ability equally means the ‘opportunity to be unequal.’<sup>45</sup>

Social mobility does not entail a fair go and a fair go does not entail social mobility. But this does not mean that social mobility tells us nothing about a fair go. A fair go makes it possible for individuals to move beyond their socioeconomic strata of origin with ‘intelligence and effort,’ which is an element of what social mobility measures.<sup>46</sup> Although we do not know precisely how socially mobile a society should be, we do know that a fair go society will allow individuals to move up the socioeconomic hierarchy with ‘ability put to good effect.’<sup>‡‡ 47</sup> As we will see below, Australia exhibits exactly this kind of social mobility.

## Movement en masse between earnings quintiles

The extent of movement between earnings quintiles shows that Australia is remarkably socially mobile. Andrew Leigh, MP and former Australian National University economist, determined that approximately 12% of sons born into the poorest quintile make it to the wealthiest, while 17% of sons born into the wealthiest quintile end up in the poorest.<sup>48</sup> In other words, more than a tenth of sons from the poorest background join the ranks of the wealthiest one-fifth of the population, and slightly less than a fifth of sons from the wealthiest background join the ranks of the poorest one-fifth of the population.

<sup>‡</sup> Although positive assortative mating is likely to reduce social mobility, the children of high SES parents cannot be expected to completely reproduce their parents’ socioeconomic position. As T.S. Eliot observed in *Notes Towards the Definition of Culture*:

An élite, if it is a governing elite, so far as the natural impulse to pass on to one’s offspring both power and prestige is not artificially checked, will tend to establish itself as a class. But an élite which thus transforms itself tends to lose its function as an elite, for the qualities by which the original members won their position will not all be transmitted equally to their descendants.

<sup>‡‡</sup> Given that social mobility makes it much more likely that SES will be earned through ambition and natural ability, it is not surprising that there are good economic grounds for its promotion. Social mobility decreases the likelihood that human capital will be wasted or misallocated: Valuable skills would not be efficiently employed in a socially immobile society because individuals would be held back from making full use of their talents.

**Figure 2: Movement between earnings quintiles**

		Father's earnings quintile				
		1 (poorest)	2	3	4	5 (wealthiest)
Son's earnings quintile	1 (poorest)	26.52%	18.24%	15.64%	18.16%	17.17%
	2	19.45%	23.95%	18.98%	19.85%	16.65%
	3	18.87%	22.57%	27.18%	17.96%	14.81%
	4	23.39%	18.63%	18.34%	19.22%	22.97%
	5 (wealthiest)	11.76%	16.6%	19.84%	24.82%	28.39%

**Source:** Andrew Leigh, 'Inter-Generational Mobility in Australia,' *The B.E. Journal of Economic Analysis & Policy* 7:2 (2007), 17.

**More than a tenth of sons from the poorest background join the ranks of the wealthiest one-fifth of the population.**

To appreciate the extent of the movement between earnings quintiles, it is instructive to consider what a maximally socially mobile society would look like. There would be no bias between the earnings quintiles of sons and fathers, meaning that 20% of the sons from each earnings quintile would end up in every earnings quintile. In other words, 20% of the sons from the top earnings quintile would stay in that quintile, with the remaining 80% of sons evenly distributed between the four other quintiles.

Although Australia's social mobility profile diverges from this model of maximum social mobility, the divergence is surprisingly small: The lowest level of movement into any given earnings quintile is as high as 12%, while the highest level of earnings quintile retention is as low as 28%.<sup>49</sup> Given that earnings quintile retention and movement diverges at most by 8% from the model of maximum social mobility, Australia is extremely socially mobile.<sup>50</sup> In light of the benign social immobility produced by positive assortative mating, these levels of social mobility are striking and heartening.

To be sure, the largest percentage of sons fall into their father's earnings quintiles in most cases. This is particularly pronounced in the top and bottom quintiles: Approximately 27% of sons born into the poorest quintile remain there, while 28% of sons born into the wealthiest quintile stay in that quintile as adults.<sup>51</sup> However, the significant retention for every quintile—19% to 27%—hardly suggests Australian society is stagnant.<sup>52</sup> Given that the highest level of quintile retention is 28%, at least 72% of sons from every quintile do not remain in the quintile into which they were born.<sup>53</sup>

Australia clearly has high levels of both upward and downward social mobility.<sup>§</sup> Not only do large numbers of individuals move up through the earnings quintiles, but many fall far below their earnings quintiles of origin. What is more, many individuals move through all the earnings quintiles: Australian society is sufficiently socially mobile that individuals do not just move from one earnings quintile to adjacent earnings quintiles; they often move from one extreme of the socioeconomic hierarchy to the other.

Rates of intra-generational earnings mobility confirm that Australia is highly socially mobile. Between 2001 and 2009, 48% of individuals moved more than

<sup>§</sup> Both upward and downward social mobility are essential. Although the focus in research literature and public policy debates is typically on upward social mobility, downward social mobility is an equally important prerequisite for a fair go. The flip side of individuals having the opportunity to take advantage of their ambition and natural ability is that those without ambition and natural ability will lose their elevated SES.

**The earnings advantage wealthy fathers confer on their sons in Australia is approximately half what it is the United States, France and the United Kingdom.**

20 earnings percentiles.<sup>54</sup> In the same period, more than 5.5% of individuals from the lowest earnings quintile entered the top quintile, while 7% of individuals from the top earnings quintile found themselves in the bottom quintile.<sup>55</sup> This compares well with international rates of intra-generational earnings mobility: Leigh found that Australia has significantly more intra-generational earnings mobility than Great Britain, Germany or the United States.<sup>56</sup>

On top of extensive movement between earnings quintiles, even the socioeconomic position of those who remain in the bottom earnings quintiles is improving. Block social mobility means that all Australians are increasingly wealthy.<sup>58</sup> The Productivity Commission estimates that between 1988–89 and 2009–10, labour income went up by more than 30% in real terms for those in the lowest income decile, and by just shy of 10% for those in the second lowest decile.<sup>57</sup> Although this rate of income growth was far outpaced by earners in the first and second income deciles—by more than 60% and 40%, respectively—block social mobility is clearly improving the socioeconomic position of all Australians.<sup>58</sup> Not only do 72% of sons from the bottom earnings quintile move to higher earnings quintiles, but even those who remain there are steadily becoming wealthier.<sup>59</sup>

### Individuals prosper on their own merit

One of the most common international measures of social mobility is inter-generational earnings elasticity. Owing to the dominance of men in the workforce in past generations, inter-generational earnings elasticity is typically measured by looking at the percentage change in the son's earnings for a doubling of the father's earnings.<sup>60</sup> High levels of inter-generational earnings elasticity imply low levels of social mobility: The earnings advantage that wealthy fathers confer on their sons is higher. By contrast, low levels of inter-generational earnings elasticity imply high levels of social mobility: The earnings advantage that wealthy fathers confer on their sons is lower.

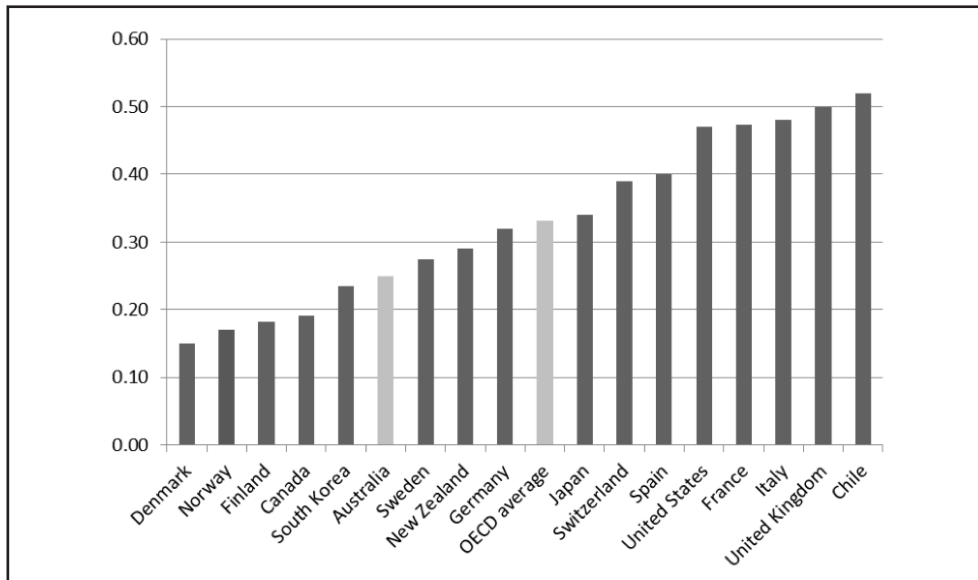
Based on Leigh's analysis, the Organisation for Economic Co-operation and Development (OECD) suggests that inter-generational earnings elasticity in Australia is approximately 0.25.<sup>61</sup> This means that if father A earns 100% more than father B, son A is likely to earn only 25% more than son B: Although wealthy fathers confer an earnings advantage on their sons, this advantage is relatively modest in Australia.<sup>62</sup>

Differences in the measurement and quality of data mean that 'comparing cross-country estimates of inter-generational income mobility requires a great deal of caution.'<sup>63</sup> However, the available evidence suggests that the earnings advantage wealthy fathers confer on their sons is smaller in Australia than in most OECD countries. Australia's level of inter-generational earnings elasticity is only slightly higher than that of the social democratic Nordic countries and significantly lower than that of most OECD countries.<sup>64</sup> What is more, the earnings advantage that wealthy fathers confer on their sons in Australia is approximately half of what it is the United States, France and the United Kingdom.<sup>65</sup>

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<sup>58</sup> Block social mobility refers to society-wide changes in socioeconomic conditions as opposed to certain individuals increasing their relative position in society. A classic case of block social mobility is the movement of 400 million to 600 million Chinese people out of poverty since Deng Xiaoping's liberal economic reforms in the 1970s and 1980s.



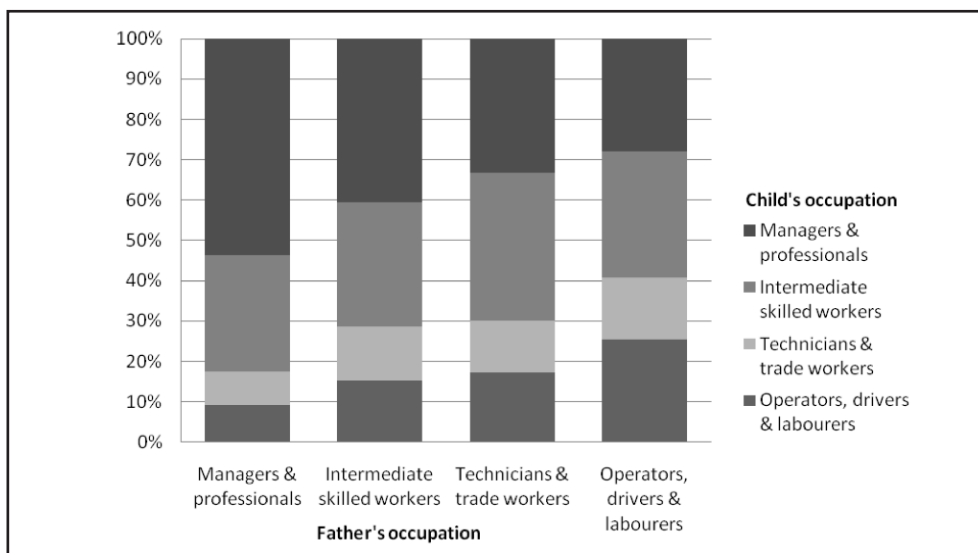
**Figure 3: Inter-generational earnings elasticity in select OECD countries**

**Source:** Anna Cristina d'Addio, *Social Mobility in OECD Countries: Evidence and Policy Implications* (forthcoming).

### Widespread professional mobility

Australian society is highly professionally mobile. A 2011 Smith Family study found that almost 1 in 10 children of fathers with the highest status jobs—managers and professionals—end up with the lowest status jobs—operators, drivers and labourers.<sup>66</sup> At the same time, slightly more than 1 in 4 children of fathers with the lowest status jobs work their way into the highest status jobs.<sup>67</sup> In short, not only is coming from a high job status family no guarantee of getting a high status job oneself, but coming from a low job status family will not keep one in a low status job.

**Slightly more than 1 in 4 children of fathers with the lowest status jobs work their way into the highest status jobs.**

**Figure 4: Occupation of child by father's occupation**

**Source:** *Unequal Opportunities: Life Chances for Children in the 'Lucky Country'* (Sydney: The Smith Family, 2011), 18.

The movement of slightly more than a quarter of children from the lowest job status background to the highest status jobs admittedly reflects the economy-wide decline in demand for unskilled labour and the growth in jobs servicing the information economy. Indicative of this trend, although 1.3 million new jobs were

**Parents with limited educations are far more likely to have highly educated children in Australia than in many other industrialised countries.**

created between 1990 and 2003 in Australia, 70% were for university graduates, with only 12% going to people with no post-school qualifications.<sup>68</sup> The movement of so many children from one extreme of the job status hierarchy to the other is therefore another example of block social mobility: It reflects a change in the overall percentage of Australians in low status jobs.<sup>69</sup>

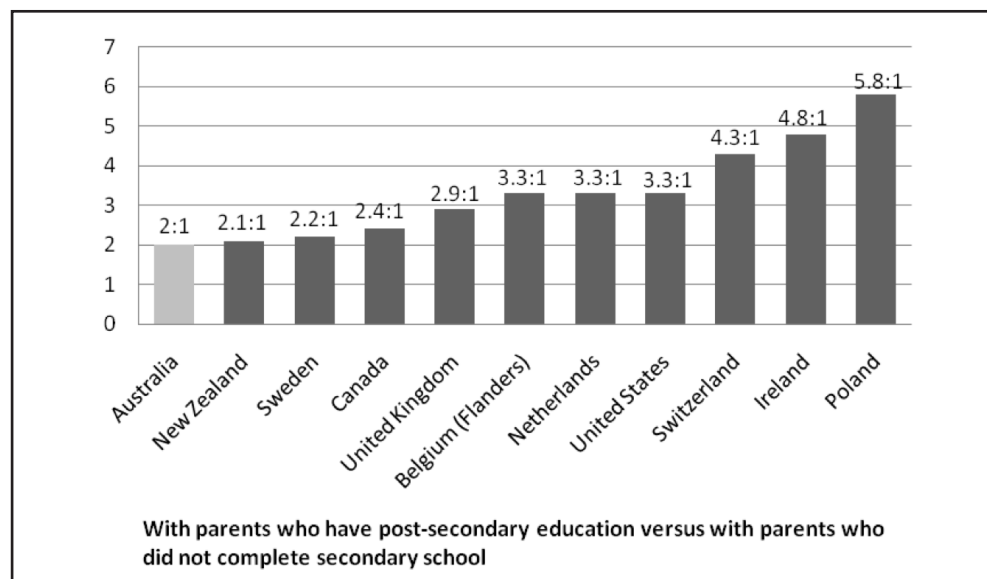
Notwithstanding the role of block social mobility, the level of overall professional mobility in Australia is striking. Added to the large numbers of individuals who move from the extremes of the job status hierarchy, the children of fathers from all job status categories fall into every job status category themselves.<sup>70</sup> In fact, at most 54% of children end up in the same job status category as their fathers.<sup>71</sup> This high overall rate of movement both up *and* down the job status hierarchy shows that Australia's high levels of professional mobility cannot be explained simply in terms of block social mobility.

This widespread professional mobility is consistent with studies showing that coming from a high job status family only confers a small advantage. Controlling for education, income, ethnicity and other factors, M.D.R. Evans and Jonathan Kelly have shown that having a father who is a professional (the highest possible score of 100 job status points) only provides a job status advantage of 13 points over having a father who is an unskilled farm labourer (the lowest possible score of zero job status points).<sup>72</sup> Not only is this a modest advantage, but as Appendix C suggests, serious questions can be asked about whether job status is in fact a reliable indicator of the socioeconomic health of families.

## Extensive educational mobility

A 1998 study of 11 industrialised countries found that individuals whose parents have post-secondary education are only twice as likely to obtain post-secondary qualifications in Australia as those whose parents have not completed secondary school.<sup>73</sup> By contrast, they are 2.9 times more likely to do so in the United Kingdom, and 3.3 times more likely in the United States.<sup>74</sup> Of the 11 countries surveyed, having parents with a post-secondary education confers the smallest advantage in Australia.<sup>75</sup> This points to an extremely high level of relative social mobility: Parents with limited education are far more likely to have highly educated children in Australia than in many other industrialised countries.

**Figure 5: Odds of obtaining post-secondary qualifications**

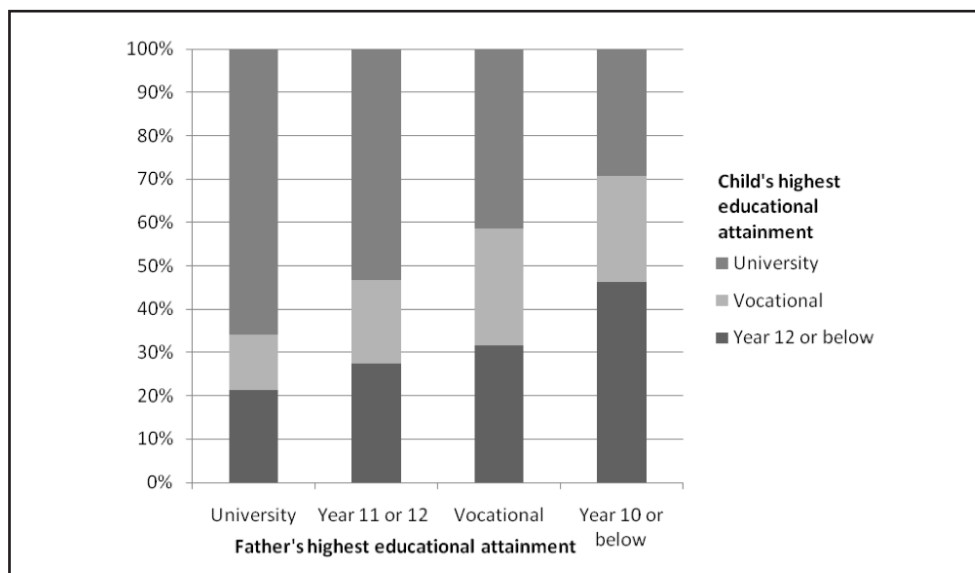


**Source:** Patrice de Broucker and Kristen Underwood, 'Intergenerational education mobility: An international comparison with a focus on postsecondary education,' *Education Quarterly Review* 5:4 (Winter 1998), 38.

Australia's status as a world leader in educational mobility is further confirmed by a 2012 OECD report.<sup>76</sup> A higher percentage of children with parents who did not complete high school attained tertiary education in Australia than in any other OECD country.<sup>77</sup> Approximately 41% of children with parents who did not complete high school are tertiary-educated.<sup>78</sup> This puts Australia almost 10 percentage points ahead of its closest OECD competitor and more than 20 percentage points ahead of the OECD average.<sup>79</sup>

The Smith Family study mentioned earlier also measured high levels of educational mobility. More than a fifth of the children of university-educated fathers only complete Year 12 or less, while almost a third of those with fathers who stayed at school until Year 10 or below go on to attain university qualifications.<sup>80</sup> This represents approximately a third of people moving from the lowest educational category to the highest, and a fifth moving from the highest educational category to the lowest.

**Figure 6: Son's highest educational attainment by father's**



**Source:** *Unequal Opportunities: Life Chances for Children in the 'Lucky Country'* (Sydney: The Smith Family, 2011), 15.

Australia's high levels of educational mobility are partly a function of the society-wide growth of post-secondary education. Whereas only 8% of Australians had a university qualification in 1991, and 17% had one in 2001, the proportion had grown to 25% by 2012.<sup>81</sup> Like professional mobility, educational mobility is therefore an example of block social mobility that reflects a change in Australia's overall social structure.

Notwithstanding the role of block social mobility, Australia's educational mobility is remarkable. On top of the large numbers of individuals moving from the extremes of the educational attainment hierarchy, there is movement from every educational attainment stratum to every other.<sup>82</sup> At least a third of children with fathers from every stratum end up in a higher or lower stratum themselves, while at most 66% of children attain the same educational outcomes as their father.<sup>83</sup> This large-scale movement up *and* down the educational attainment hierarchy shows that Australia's high levels of educational mobility cannot be explained simply in terms of block educational mobility.

**Almost a third of those with fathers who stayed at school until Year 10 or below go on to attain university qualifications.**

**We should be wary of policy solutions to residual disadvantage that just amount to proposals to spend our way out of the problem.**

## Fostering a social mobility culture

On key measures of SES such as earnings, profession and education, there is a great deal of movement up and down the socioeconomic hierarchy in Australia. Individuals from every stratum move into every other stratum in large numbers; no socioeconomic group is held back en masse from improving their lot in life. With high levels of upward and downward social mobility, Australia neither safeguards the privileged position of the children of high SES parents, nor holds back the ambition and natural ability of disadvantaged children. With some of the highest levels of earnings and educational mobility in the industrialised world, Australia gives individuals the opportunity to take advantage of their ambition and natural ability.

But is Australia socially mobile enough? Although we cannot expect Australia's social escalator to lift everyone up—given positive assortative mating, for example, social immobility is inevitable even in the fairest societies—it is reasonable to ask whether Australia offers everyone a fair go. Given that social mobility is at best a proxy of a fair go, we cannot definitively say that Australia offers every individual a fair go because the level of inter-generational earnings elasticity is 0.25 or because 12% of sons born into the poorest earnings quintile make it to the wealthiest.

As loose a measure of a fair go as social mobility might be, the evidence suggests that many of us take advantage of the opportunity Australia offers to move far beyond our socioeconomic origins. Millions of Australians—from battlers who have come good to affluent first-generation migrants who arrived with little more than aspiration and raw talent—prove that the fair go is far from fiction.

This generally encouraging social mobility story should not, however, blind us to the possibility that some Australians are still denied a fair go. In segments of the community, the social escalator has broken down to the point that disadvantage is reproduced across generations.<sup>84</sup> For example, children from families receiving income support are more likely to leave school early, face unemployment, have children early, and receive income support themselves.<sup>85</sup> Given the prevalence of this 'inter-generational disadvantage,' can we really say all Australians are given a fair go?<sup>86</sup>

Suggesting that some Australians are denied a fair go because of inter-generational disadvantage may lead to demands for more government spending on social security payments, education and health care. Although securing the Australian fair go is certainly a good use of taxpayers' money, we should be wary of policy solutions to residual disadvantage that just amount to proposals to spend our way out of the problem. Material resources are crucial for giving everyone the opportunity to take advantage of their ambition and natural ability, and yet they are not the only essential ingredients.

Along with the opportunities offered by society, we need to consider the behavioural patterns and values of disadvantaged communities.<sup>87</sup> As Mark Latham recently observed, it is dangerous to assume that 'disadvantaged people would be like the rest of society if they had more choices in life.'<sup>88</sup> Experts such as Nobel laureate James J. Heckman now argue for 'predistribution'—targeting funding so that it improves the very early years of the lives of disadvantaged children in particular—because 'redistribution ... does not, by itself, improve long-term social mobility or inclusion.'<sup>89</sup> Instead of increasing government outlays on a multitude of social programs, children need to be taught patterns of behaviour and values that will equip them to make the most of society's opportunities, and their own ambition and natural ability.

This is not a covert attempt to indoctrinate all children with middle-class values. It is about giving all individuals the upbringing necessary to provide, as Heckman describes it:

A core set of cognitive and personality traits [that] are universally valued across cultures; ... traits [that] promote autonomy, dignity, and human flourishing ... traits [that] empower people to be what they want to be and do not force them to make particular choices or adopt one way of life over another.<sup>90</sup>

Given that disadvantage is often in large part a product of the inter-generational transmission of dysfunctional values and patterns of behaviour, securing a fair go for all Australians is not just a matter of handing out dollars and cents from the taxpayers' purse. We need to start thinking about the material *and* cultural dimensions of a fair go. Having offered individuals the opportunity to develop their ambition and natural ability, the next chapter in Australia's social mobility success story should be to foster a culture of high expectations.<sup>91</sup>

**The next chapter in Australia's social mobility success story should be to foster a culture of high expectations.**

## Appendix A: Is formal equality of opportunity illiberal?

Thinkers in the liberal cannon have consistently emphasised that the goal of a liberal society is to ensure individuals are free to live as they see fit. This view, which runs through the writings of liberal luminaries such as Thomas Jefferson, John Stuart Mill, and Wilhelm von Humboldt, is perhaps most clearly expressed by Benjamin Constant: 'Individual liberty ... is the goal of all human associations.'<sup>92</sup>

Given the liberal emphasis on individual liberty, formal equality of opportunity (FEO) could be illiberal. Society contains many organisations around which different ethnic, religious, cultural and other groups congregate. It is commonsensical to permit these groups to select members on the basis of ethnicity, religion, culture, etc. For example, an organisation representing Sikhs should be able to restrict its membership to Sikhs. However, if a fair go incorporates FEO, such self-selection would arguably violate this ideal because allowing an organisation to only recruit Sikhs into its membership abandons the principle of non-discrimination.

This brings us to two important limitations on FEO. First, FEO should apply exclusively to public life, leaving individuals to conduct themselves freely in private life.<sup>93</sup> FEO would be socially disruptive and draconian if it mandated that individuals be prohibited from discriminating on the basis of personal preference at all times. For example, it would be illiberal and intrusive in the extreme to require an informal Sikh social club to admit non-Sikhs if its members preferred the company of Sikhs.

Second, the demand for FEO should not be stretched to cases in which ethnicity, religion, culture, etc. are relevant to determining an individual's suitability for a particular role. In some cases, FEO would thereby not be violated even if individuals were at a disadvantage because of their ethnicity, religion, culture, etc.<sup>94</sup> For example, an organisation that represents the interests of the Sikh community would be justified in discriminating against non-Sikhs when hiring employees because non-Sikhs would probably be far less qualified to represent Sikhs.

These apparently obvious and reasonable limitations raise two difficulties with determining the appropriate scope of FEO. First, where is the demarcation line between the public and private realms? Although this distinction has a long and illustrious life in the history of liberal thought, deciding where the public realm in which FEO applies starts will often be extremely difficult and require controversial judgments.<sup>††</sup> Is a Sikh social club that also at times represents the Sikh community in the public or private realm?

Second, the idea that FEO should be suspended when an individual's ethnicity, religion, culture, etc. are relevant to determining their suitability for a particular role hardly provides a straightforward means of adjudicating difficult cases. Indeed, there are many real-world situations in which deciding the relevance of these characteristics will require making a host of complex and controversial judgments. Does being Sikh make one better suited to performing administrative duties for an organisation that represents Sikhs?

The debate about Australia's proposed Human Rights and Anti-Discrimination Bill highlights the complexities associated with limitations on FEO. Powerful arguments for *and* against enforcing FEO in the hiring practices of religious organisations were made on the basis of the public/private distinction and the relevance/irrelevance of personal attributes.<sup>95</sup> There were demands for the suspension of FEO on the grounds that the hiring practices of Christian organisations are a matter for those organisations alone, while others argued that the hiring practices of these organisations are a public matter because of their prominent social role and the benefits they receive from the government.<sup>96</sup> At the same time, just as it was claimed that many of the roles within Christian organisations

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<sup>††</sup> John Stuart Mill's canonical exposition of liberal principles, *On Liberty*, rests in part on the distinction between the private realm—in which individuals should be left to their own devices—and the public realm—in which limitations can be justifiably placed on individual liberty if its exercise harms others. See, in particular, Chapter IV of *On Liberty*.

are service delivery functions unrelated to matters theological, others argued that hiring employees with lifestyles at odds with church doctrine would compromise the values of these organisations.<sup>97</sup>

Such examples show that using the criteria of the public/private distinction and the relevance/irrelevance of personal attributes to determine whether FEO should be suspended does not always provide easy answers. Although these criteria for suspending FEO seem reasonable, determining precisely what they entail in specific cases will involve making contentious judgments. The difficulty of these judgments is a function of the attendant cost of suspending or enforcing FEO. If FEO is suspended, then homosexuals may be at a disadvantage vis-à-vis heterosexuals when seeking employment in certain religious organisations. However, enforcing FEO would undermine the freedom of certain religious organisations to hire whoever they see fit.

Notwithstanding the above complexities, to provide a general account of the Australian ideal of a fair go, it is moot when limitations on FEO should be applied. The key point is simply that FEO in general is an ideal that a society that claims to give individuals a fair go should aspire towards.

## Appendix B: Is a pure meritocracy realisable or desirable?

A pure meritocracy is a society in which position is commensurate with merit and not the product of any other factor. To the extent that one has natural ability and the ambition to employ it, one will be higher on the socioeconomic hierarchy. Equally, if one lacks ambition and natural ability, one will be lower. This is Young's classic rendering of the idea of 'a true meritocracy of talent' in which 'intelligence and effort together make up merit ( $I+E=M$ ).'<sup>98</sup>

Notwithstanding similarities, meritocracy is far more exacting than the non-discrimination entailed by formal equality of opportunity (FEO). Meritocracy might mean non-discrimination insofar as it is impossible to hire based purely on merit if one discriminates on the grounds of irrelevant factors such as ethnicity, religion, culture, etc. However, as Matt Cavanagh observes, 'non-discrimination does not entail meritocracy.'<sup>99</sup> Meritocracy is actually the radical idea of a 'fully worked-out picture of society in which every position or reward is decided on the basis of merit.'<sup>100</sup>

Ensuring that society is not entirely non-meritocratic should be a goal for any liberal democracy: Individuals with the requisite talents should not be excluded from positions simply because of irrelevant personal attributes. However, achieving a pure meritocracy is a costly and invasive Sisyphean project.

The meritocratic principle requires that one's position in society be a function of ambition and natural ability *alone*. This in effect means that inherited advantage, luck and unforeseen circumstances must not have any influence. Not only is it impossible to entirely counteract the influence of these factors, but minimising their influence to the greatest extent possible would require a vast government apparatus to guard against an almost endless array of extraneous forces that would otherwise contribute to an individual's place in society. It would depend on massively more intrusive taxation and redistribution than we currently have to ensure that, for example, an individual's socioeconomic position was not improved by a financial lucky break.



## Appendix C: Is a low status profession actually a disadvantage?

According to the classic Goldthorpe class scheme, low status professions, such as technicians and skilled manual workers, are associated with low income, relative economic insecurity, and little control over the processes of production.<sup>101</sup> Although these low status professions may still lack control over the processes of production and traditional forms of cultural capital, their growing economic success means their position near the bottom of the socioeconomic hierarchy is arguably inaccurate.

Skilled manual workers, including machinists and foremen, are given a job status score of 37 by Evans and Kelley and are in the sixth (third lowest) Goldthorpe class category, while higher professionals, including secondary school teachers and dentists, are given a job status score of 100 and are in the first and second Goldthorpe class categories.<sup>102</sup> However, recent wage data indicates that some skilled manual workers fare considerably better than some higher professionals.<sup>103</sup>

Workers in the construction and manufacturing industries have significantly higher average weekly earnings (\$1,307.20 and \$1,144.50, respectively) than workers in the education and training (\$985.40), and health care and social services (\$898.90) industries.<sup>104</sup> The new category of mining industry workers—dubbed fluoro-collar workers—makes the comparative decline of the white-collar professions even more striking.<sup>105</sup> Fluoro-collar workers have higher wages than those in any other industry and now form the earnings elite of Australia's workforce.<sup>106</sup>

Taking a broader view of earnings trends in Australia shows blue-collar workers have average weekly wages of \$1,229 compared to \$1,085 for white-collar workers.<sup>107</sup> Wealth and the valuable opportunities it provides (e.g. costly private education for offspring and the opportunity to acquire social and cultural capital) are no longer beyond the grasp of individuals from lower status professions.

## Endnotes

- 1 Phillip Hudson, 'Government's welfare budget costs \$5000 a head,' *news.com.au* (10 May 2012).
- 2 Mitchell Nadin and Imre Salusinszky, 'Julia Gillard takes on Tony Abbott in a reality showdown,' *The Australian* (10 May 2012).
- 3 Wayne Swan, 'Fair go for all, not just fortunate few,' *The Drum* (1 August 2012); Wayne Swan, 'The 0.01 Per Cent: The Rising Influence of Vested Interests in Australia,' *The Monthly* (2 March 2012).
- 4 Wayne Swan, 'Fair Go Under Fire,' *Chifley Research Centre* (27 April 2013).
- 5 Scott Winship, 'Mobility Impaired,' *The Brookings Institution* (9 November 2011).
- 6 Roy Morgan Research, 'Is a fair society a happy society?' The Australian Bureau of Statistics' flagship publication, *Measures of Australia's Progress*, found that a fair go is one of Australia's core social aspirations. See ABS (Australian Bureau of Statistics), *Measures of Australia's Progress* (Belconnen: Commonwealth of Australia, 2012), 89.
- 7 Peter Saunders, 'What is Fair About a "Fair Go"?' *Policy* 20:1 (Autumn 2004), 3–10, 4.
- 8 As above, 8.
- 9 As above, 9.
- 10 As above.
- 11 As above, 10.
- 12 ABS, *Measures of Australia's Progress*, as above, 89.
- 13 Roy Morgan Research, 'Is a Fair Society a Happy Society?' (Sydney: November 2006).
- 14 Australian National Dictionary Centre, 'Meanings and Origins of Australian Words and Idioms'; DIAC (Department of Immigration and Citizenship), *Life in Australia* (Commonwealth of Australia, 2007), 6.
- 15 Fred Argy, 'Choosing Between Classical Liberalism and Social Liberalism,' *Policy* 25:2 (Winter 2009), 15.
- 16 As above.
- 17 Jonathan Swan, 'Anti-gay rights to stay,' *The Sydney Morning Herald* (16 January 2013).
- 18 This discussion of FEO sidesteps the complex question of whether FEO should receive legislative backing. Whereas figures like Milton Friedman have argued that employers should not be forced to comply with FEO, section 15(1) of the *Racial Discrimination Act 1975* makes it unlawful to discriminate against an employee or potential employee on the basis of their 'race, colour or national or ethnic origin.' See Milton Friedman, *Capitalism and Freedom* (Chicago: The University of Chicago Press, 2002), 108–118; Attorney-General's Department, *Racial Discrimination Act 1975* (Canberra: Commonwealth of Australia, 7 January 2013), 10. Irrespective of whether one thinks FEO should be enshrined in legislation, the key point for determining what a fair go entails is that FEO is surely a goal for a society that claims to give individuals a fair go. Whether FEO is *de jure* or *de facto*, it is a precondition for individuals getting a fair go.
- 19 Fred Argy, *Equality of Opportunity in Australia: Myth and Reality* (Canberra: The Australia Institute, 2006), 1.
- 20 ABS (Australian Bureau of Statistics), *Measures of Australia's Progress*, as above, 89.
- 21 As above.
- 22 Don Arthur and Fred Argy, 'Farewell to Equality?' *Evatt Foundation* (13 December 2006). See also Richard Arneson, 'Equality of Opportunity,' *Stanford Encyclopedia of Philosophy* (8 October 2002).
- 23 Fred Argy, 'Achieving Equality of Opportunity,' *Evatt Foundation*; Fred Argy, *Equality of Opportunity in Australia*, as above, 1.
- 24 As above, 2; Richard Arneson, 'Equality of Opportunity,' as above.

- 25 Ivan Light, 'Cultural Capital,' *New Dictionary of the History of Ideas* (The Gale Group, 2005). For example, research suggests that 'parents' commitment to scholarly culture, manifest by a large home library, greatly enhances their children's educational attainment.' See M.D.R. Evans, Jonathan Kelley, Joanna Sikora, and Donald J. Treiman, 'Family Scholarly Culture and Educational Success: Books and Schooling in 27 Nations,' *Research in Social Stratification and Mobility* 28:2 (June 2010), 187.
- 26 The importance of luck for achieving professional advancement is only heightened by the tendency of employers to hire from among their professional and social networks. Recent estimates from the United States are that roughly 50% of positions are filled on an informal basis. See Lauren Weber and Leslie Kwoh, 'Beware the phantom job listing,' *The Wall Street Journal* (8 January 2013).
- 27 David Hetherington, *Per Capita Tax Survey 2012: Public Attitudes Towards Taxation and Government Expenditure* (Sydney: Per Capita, 2013), 6.
- 28 As above.
- 29 Jessica Marszalek, 'Galaxy poll says Aussies don't like rules,' *news.com.au* (22 January 2013).
- 30 As above.
- 31 Fred Argy, *Equality of Opportunity in Australia*, as above, 67.
- 32 This leaves unanswered the basic moral question of whether individuals should be able to benefit from their ambition and natural ability. Although this question is philosophically interesting, not answering it here is warranted: The goal of this research is not to change Australia's underlying attitudes towards fairness but to understand the ideal of a fair go given that most Australians think individuals should be able to benefit from their ambition and natural ability. More specifically, the argument is interpretative rather than revolutionary; it seeks to take us closer to what John Rawls called 'reflective equilibrium'—the mutual adjustment of our principles, judgments and policies so they better reflect each other—rather than reorientating our underlying values. See John Rawls, *A Theory of Justice: Original Edition* (Cambridge: The Belknap Press of Harvard University Press, 1971), 20.
- 33 As David Schmidtz notes, 'to do well ... people need a good footing, not an equal footing.' See David Schmidtz, 'When Inequality Matters,' *Cato Unbound* (6 March 2006). This parallels Elizabeth S. Anderson's idea of 'democratic equality,' according to which individuals should be guaranteed 'access to the social conditions of their freedom at all times' without thereby being accorded an equal share of resources. See Elizabeth S. Anderson, 'What is the Point of Equality?,' *Ethics* 109:2 (January 1999), 289 and 291.
- 34 Richard Arneson, 'Equality of Opportunity,' as above.
- 35 Although access to primary, secondary and tertiary education, the availability of health care, and a limited welfare safety net are part of a fair go social contract, these services need not take their current—and exceedingly costly—form. Education, health care and welfare could all be provided for much less than the nearly \$300 billion they cost Australian taxpayers each year. See ABS (Australian Bureau of Statistics), *Government Finance Statistics, Australia, 2010–11*, Cat. No. 5512.0 (Canberra: ABS, April 2012); Simon Cowan, et al. *TARGET30: Towards Smaller Government and Future Prosperity* (Sydney: The Centre for Independent Studies, 2013). For example, by ending welfare churn and targeting benefits at those who truly cannot help themselves, increasing efficiency in education delivery, and introducing superannuation-style health savings accounts, Australia's fair go social contract can be secured in a fiscally sustainable and humane way. See Andrew Baker, *TARGET30: Tax-Welfare Churn and the Australian Welfare State* (Sydney: The Centre for Independent Studies, 2013); Simon Cowan, et al. *TARGET30: Towards Smaller Government and Future Prosperity*, as above, 16.
- 36 Fred Argy, *Equality of Opportunity in Australia*, as above, 2–3.
- 37 *Unequal Opportunities: Life Chances for Children in the 'Lucky Country'* (Sydney: The Smith Family, 2011), 13. See also OECD (Organisation for Economic Co-operation and Development), *A Family Affair: Inter-Generational Social Mobility Across OECD Countries* (Paris: OECD Publishing, 2010), 4.
- 38 Andrew Leigh, 'Inter-Generational Mobility in Australia,' *The B.E. Journal of Economic Analysis & Policy* 7:2 (2007), 1; Fred Argy, *Equality of Opportunity in Australia*, as above, ix and 2.
- 39 Fred Argy, *Equality of Opportunity in Australia*, as above, 67.
- 40 For example, although US couples in which both partners were college-educated accounted for only 3% of the total in 1960, it has now jumped to 25%, and is as high as 75% in the top 5% of the income

- distribution. See Anna Cristina d'Addio, *Inter-Generational Transmission of Disadvantage: Mobility or Immobility Across Generations?* (Paris: OECD Publishing, 2007), 29; 'The rise and rise of the cognitive elite,' *The Economist* (20 January 2011); 'The rich and the rest,' *The Economist* (13 October 2012). Positive assortative mating is on the rise elsewhere: A study of 23 OECD countries found that the share of workers married to a person in the same earnings decile grew from about 6% in the mid-1980s to 8% in the mid-2000s. See Jared Greenville, Clinton Pobke, and Nikki Rogers, *Trends in the Distribution of Income in Australia* (Melbourne: Commonwealth of Australia, 2013), 108.
- 41 Richard J. Herrnstein and Charles Murray, *The Bell Curve: Intelligence and Class Structure in American Life* (New York: The Free Press, 1994), 91–115.
- 42 As above; Peter Saunders, *Social Mobility Myths* (London: Civitas, 2010), 127.
- 43 Thomas Sowell, 'Economic mobility,' *www.townhall.com* (6 March 2013).
- 44 Michael Young, *The Rise of the Meritocracy* (New Brunswick: Transaction Publishers, 1994), 38. Young worried that 'widespread recognition of merit as the arbiter may condemn to helpless despair the many who have no merit, and do so all the more surely because the person so condemned, having too little wit to make his protest against society, may turn his anger against, and so cripple, himself.' See as above, 114. Equally, Young suggested that this could have broader implications for society-at-large: 'Men who have lost their self-respect are liable to lose their inner vitality ... and may only too easily cease to be either good citizens or good technicians.' As above, 98.
- 45 As above, 119.
- 46 As above, 84.
- 47 Peter Saunders, *Social Mobility Myths*, as above, 134. See also F.A. Hayek, *The Constitution of Liberty* (London: Routledge & Kegan Paul, 1960) 82.
- 48 Andrew Leigh, 'Inter-Generational Mobility in Australia,' as above, 17.
- 49 As above.
- 50 As above.
- 51 As above.
- 52 As above.
- 53 As above.
- 54 Roger Wilkins and Diana Warren, *Families, Incomes and Jobs, Volume 7: A Statistical Report on Waves 1 to 9 of the Household, Income and Labour Dynamics in Australia Survey* (The University of Melbourne: Melbourne Institute of Applied Economic and Social Research, 2012), 29.
- 55 As above.
- 56 Andrew Leigh, 'Permanent Income Inequality: Australia, Britain, Germany, and the United States Compared,' Discussion Paper No. 628 (Centre for Economic Policy Research, December 2009), 16.
- 57 Jared Greenville, Clinton Pobke, and Nikki Rogers, *Trends in the Distribution of Income in Australia*, as above, 33.
- 58 As above.
- 59 Andrew Leigh, 'Inter-Generational Mobility in Australia,' as above, 17; Jared Greenville, Clinton Pobke, and Nikki Rogers, *Trends in the Distribution of Income in Australia*, as above, 33.
- 60 Andrew Leigh, 'Inter-Generational Mobility in Australia,' as above, 6.
- 61 Anna Cristina d'Addio, *Social Mobility in OECD Countries: Evidence and Policy Implications* (forthcoming); Andrew Leigh, 'Inter-Generational Mobility in Australia,' as above.
- 62 It might be objected that Australia's competitive international position is threatened by rising levels of inequality. Between 1988–89 and 2009–10, the labour income Gini coefficient rose from 0.35 to 0.41, while the overall Gini coefficient rose from 0.27–0.29 in the 1980s to 0.32–0.34 in the late 2000s. See Jared Greenville, Clinton Pobke, and Nikki Rogers, *Trends in the Distribution of Income in Australia*, as above, 7; Peter Whiteford, *Australia: Inequality and Prosperity and Their Impacts in a Radical Welfare State* (Canberra: HC Coombs Policy Forum, March 2013), 16. The suggestion that this poses a risk to social mobility might be made on the basis of the so-called 'Great Gatsby Curve,' which shows that increased inequality is associated with less social mobility. For example, Dan Andrews and Andrew Leigh conclude: 'A 10-point rise in the Gini coefficient is associated with a 0.07–0.13 increase in the inter-generational earnings correlation. Moving from rags to riches is harder in more unequal countries.'

- See Dan Andrews and Andrew Leigh, 'More Inequality, Less Social Mobility,' *Applied Economics Letters* 16 (2009), 1492. Although the Great Gatsby Curve has been widely reported and the subject of much concerned commentary, it is essential to remember that it plots an apparent correlation between inequality and social immobility; it does not show that social immobility is caused by inequality. As such, its usefulness for public policy purposes is doubtful. The relationship between social mobility and wealth equality and related matters will be explored in a subsequent report.
- 63 Anna Cristina d'Addio, *Inter-Generational Transmission of Disadvantage*, as above, 29; Fred Argy, *Equality of Opportunity in Australia*, as above, 67.
  - 64 Anna Cristina d'Addio, *Social Mobility in OECD Countries*, as above; Andrew Leigh, 'Inter-Generational Mobility in Australia,' as above.
  - 65 Anna Cristina d'Addio, *Social Mobility in OECD Countries*, as above.
  - 66 *Unequal Opportunities*, as above, 18.
  - 67 As above.
  - 68 Peter Saunders, *What Are Low Ability Workers to do When Unskilled Jobs Disappear?* Issue Analysis 91 (Sydney: The Centre for Independent Studies, 2007), 9.
  - 69 Anna Cristina d'Addio, *Inter-Generational Transmission of Disadvantage*, as above, 61.
  - 70 *Unequal Opportunities*, as above, 18.
  - 71 As above.
  - 72 M.D.R. Evans and Jonathan Kelley, 'Family background and occupational success in Australia,' *Australian Social Monitor* 5:3 (August 2002), 73–78, 75.
  - 73 Patrice de Broucker and Kristen Underwood, 'Intergenerational Education Mobility: An International Comparison with a Focus on Postsecondary Education,' *Education Quarterly Review* 5:4 (Winter 1998), 30–51, 38.
  - 74 As above.
  - 75 As above.
  - 76 OECD (Organisation for Economic Co-operation and Development), *Education at a Glance 2012* (Paris: OECD Publishing, 2012).
  - 77 As above, 107.
  - 78 As above.
  - 79 As above.
  - 80 *Unequal Opportunities*, as above, 15.
  - 81 ABS (Australian Bureau of Statistics), *Education and Work, Australia*, Cat. No. 6227.0 (Canberra: ABS, May 2012); ABS (Australian Bureau of Statistics), *Australian Social Trends*, Cat. No. 4102.0 (Canberra: ABS, 1994).
  - 82 *Unequal Opportunities*, as above, 18.
  - 83 As above. Given the twin phenomena of positive assortative mating and the heritability of IQ, it is hardly surprising that 66% of the children of fathers who went to university go to university themselves. On top of the tendency for high SES individuals to find mates from their socioeconomic stratum, approximately 60% of IQ is inherited. See Richard J. Herrnstein and Charles Murray, *The Bell Curve: Intelligence and Class Structure in American Life*, as above, 105. These phenomena mean that not only will having a university-educated father increase the likelihood of having a university-educated mother, but one will inherit one's parents' intelligence. The children of university-educated couples are therefore increasingly likely to possess the cognitive abilities required to undertake university study.
  - 84 Consider, for example, the experiences of many Indigenous Australians in remote and disadvantaged communities. As Helen Hughes has argued, unlike Indigenous Australians who are integrated into the mainstream economy, those in remote and disadvantaged communities have been 'denied the economic opportunities of other Australians [for generations] so that they are almost entirely dependent on welfare.' See Helen Hughes, *The Economics of Indigenous Deprivation and Proposals for Reform*, Issue Analysis 63 (Sydney: The Centre for Independent Studies, 2005).
  - 85 Cain Polidano, Barbara Hanel, and Hielke Buddelmeyer, *Explaining the SES School Completion Gap* (University of Melbourne: Melbourne Institute of Applied Economic and Social Research, August 2012),

- 21–22; Juan D. Barón, Deborah A. Cobb-Clark, and Nisvan Erkal, *Cultural Transmission of Work-Welfare Attitudes and the Inter-Generational Correlation in Welfare Receipt* (University of Melbourne: Department of Economics, December 2008), 3; Deborah Cobb-Clark and Anastasia Sartbayeva, *The relationship between income-support history and the characteristics and outcomes of Australian youth: Outcomes of wave 2 of the Youth in Focus survey* (Canberra: Youth in Focus Project Discussion Paper Series, February 2010), 8 and 11.
- 86 DEEWR (Department of Education, Employment and Workplace Relations), *Inter-Generational Disadvantage* (Canberra: Commonwealth of Australia, 2009), 1.
- 87 Mark Latham, 'Not Dead Yet: Labor's Post-Left Future,' *Quarterly Essay* 49 (2013), 1–81, 48. As above.
- 88 As above.
- 89 James J. Heckman, 'Promoting Social Mobility,' *Boston Review* (September/October 2012).
- 90 James J. Heckman, 'Aiding the Life Cycle,' *Boston Review* (September/October 2012). The rationale for this becomes all the more urgent when one considers the large and growing body of research showing that harsh, violent and unloving family environments during early childhood can massively impair an individual's ability to effectively compete in society later in life. See James J. Heckman, 'Promoting Social Mobility,' as above.
- 91 See, for example, Jessica Brown, *Overcoming a Culture of Low Expectations*, Issue Analysis 131 (Sydney: The Centre for Independent Studies, 2012).
- 92 Benjamn Constant, *Écrits Politiques*, Marcel Gauchet (ed.) (Paris: Éditions Gallimard, 1997), 483.
- 93 Richard Arneson, 'Equality of Opportunity,' as above.
- 94 As above.
- 95 Jonathan Swan, 'Anti-gay rights to stay,' as above.
- 96 As above.
- 97 As above.
- 98 Michael Young, *The Rise of the Meritocracy*, as above, 11 and 84.
- 99 Matt Cavanagh, *Against Equality of Opportunity* (Oxford: Oxford University Press, 2002), 21.
- 100 As above, 26.
- 101 Gordon Marshall, 'Goldthorpe class scheme,' *A Dictionary of Sociology* (Oxford University Press, 1998).
- 102 See M.D.R. Evans, et al. 'Family Scholarly Culture and Educational Success,' as above, 74.
- 103 As above.
- 104 As above.
- 105 As above.
- 106 As above.
- 107 As above.





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