Economic Inequality and Social Class

Kolbeinn H. Stefánsson
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Abstract

This thesis is about social class and economic inequality, using the Goldthorpe class schema. It tests theories claiming that social class is increasingly irrelevant to inequality and people's life-chances with data on incomes and material living standards from the British Household Panel Survey. It covers the period over which the survey ran, i.e. 1991-2008. During this time many prominent social theories dismissed class analyses while others sought to retain the class concept but dismissed its economic foundations, seeking to ground it in culture instead.

Economic inequality has not figured highly on the agenda of class analysts, at least not those working with the Goldthorpe class schema. There is a substantial body of work on mobility, voting behaviour, income poverty and material deprivation, but inequality in a broader sense has for the most part been neglected. This thesis is a step towards rectifying this situation. Thus it provides new information about within-career social mobility as well as income inequality within and between classes, on whether income mobility reduces class inequalities over time, and cast light on class inequalities in material living standards.

The findings suggest that class is far from irrelevant to economic inequality. Class differences in incomes are persistent, between class inequalities contribute more to inequality overall than within-class inequalities, and while income mobility does reduce class inequalities over time it is not to the extent that supports the hypothesis that class is irrelevant to people's economic fortunes.
Foreword

In 2004 I was accepted as a DPhil student at Oxford University, following a successful completion of a MSc. in sociology. At the time I had very vague ideas about what I wanted to study. I was interested in the quality of life and social justice, but what I wanted to know about these issues was unclear. Early on I latched on to the growing literature on subjective well-being as something that seemed promising approach to understanding what makes lives good. As so many Icelandic students I returned home before completing my thesis and started teaching and doing paid research at the University of Iceland. Time passed remarkably quickly and while continuing dabbling in research on subjective well-being my interests gradually shifted to more concrete issues. Central to this development was the onset of the financial crisis in Iceland in 2008, which brought matters of economic inequality and material well-being to the fore in public debates. At the same time the availability of data that made it possible to study questions of social class in Iceland became available kindling my interest in that topic, which has been neglected in Icelandic sociology since the early 1980s.

By 2012 my thesis existed in suspended animation, something I spent more time feeling guilty about than actually working on. This could have continued indefinitely if Joanna Ashbourn of St Cross College had not tracked me down just before Christmas that year. I owe her a debt of gratitude for a much needed and well deserved kick in the proverbial behind. To cut a long story short, I filed for reinstatement as a DPhil student for an immediate submission of my thesis by the end of Hilary term. I spent the holidays negotiating my way out of research and teaching obligations and going through the analyses and snippets of texts that had accumulated in the "thesis" folder on my laptop. Being deeply unimpressed
with what I found there I set about adding new materials and trying to bring some coherence to the earlier work. Gradually the new material began to crowd out the old material as my focus shifted away from subjective well-being towards social class and economic inequality. While not everything in this thesis is "new", there is very little that dates back before January 2 this year, and most of the older material is found in the introduction.

Setting everything aside to complete my thesis caused a considerable disruption, not only to my life but also for people around me. The greatest burden was borne by my wife, Þóra Kristín Þórsdóttir, who assumed sole responsibility for running the household and taking care of our daughter who had just turned 14 months old when my work on this thesis began in earnest. She also tolerated me throughout this period with good humour and patience and kept me on track when I succumbed to despair over completing the thesis on time. I would also like to thank her for her invaluable advice on both theory and method. Her attention to detail when reading drafts of various chapters also helped improve this thesis substantially. I am also keenly aware of the sacrifices she made for my benefit, putting her own research on hold. May she rest assured that this debt will be repaid.

My mother and her husband lent me their summerhouse outside Reykjavik where I spend most of the spring in complete isolation with only my books and a laptop with my notes and data. Without this I doubt very much that I could have completed this on schedule. They and my father also have my thanks for driving me to and from the cottage every week.

I must also acknowledge intellectual debt to the people who commented on the materials in this thesis at various stages and found time to help me think through various issues. I would like to thank Professor Stefán Ólafsson at the Department of
Human and Social Sciences at the University of Iceland. Professor Guðný Björk Eydal at the University of Iceland Department of Social Work has also been a source of support and advice ever since I was an undergraduate. Guðmundur Ævar Oddsson at the University of Missouri. Guðmundur has been a source of ideas and someone to turn to for talking through both theoretical and methodological problems. Pär Gustafsson, current a postdoc fellow at the Uppsala Centre for Russian and Eurasian Studies, has also been a source of much good advice. Having a friend who has himself completed an Oxford DPhil has been invaluable.

While I was neglecting my thesis I was involved in Nordic research collaboration through REASSES, a Nordic Centre of Excellence in Welfare State Research, where I worked closely with colleagues that influenced my thinking on issues of inequality and the quality of life. I would particularly like to think Anneli Anttonen, Jorma Sipilä, and Liisa Häikö at the University of Tampere, Jorgen Goul Andersen and Tine Rostgaard at Aalborg University, Björn Hvinden and Mia Vabø, at NOVA in Oslo, and Professor Guðmundur Jónsson at the University if Iceland Department of History and Philosophy. Finally I want to thank EDDA - Center of Excellence and the University of Iceland Social Research Center for their support in recent years and especially during the spring of 2013. Last but far from least I want to thank my supervisor, Professor Colin Mills, for his patience, good humour, and his advice on every aspect of this thesis.

There are two people that I would like to dedicate this thesis to. One is my paternal grandfather, Ólafur Hannesson, who passed away this spring; the other is my daughter Auður Freyja Kolbeinsdóttir, who accepted her father's frequent absences with remarkable equanimity.
1. Class and Economic Inequality

In 1996 Jan Pakulski and Malcolm Waters announced the death of social class (Pakulski & Waters, 1996). Their point was that other social divisions had risen to the fore, both as determinants of people's circumstances and their identities. The death of class was probably not wholly unexpected, seeing as it had already been predicted by scholars concerned with the "logic of industrialism" (Bell, 1973; Dunlop, Harbison, Kerr, & Myers, 1975; Kerr, Dunlop, Harbison, & Myers, 1960/1973) and others preoccupied with "individualization" (e.g. Beck, 1992; Beck & Beck-Gernsheim, 2002). Yet at the time when its most noted obituary hit the printing press social class remained surprisingly spritely for one so diminished. On the one hand there was the cultural turn in class research, which claimed that class was not dead but that people had been looking for signs of life in the wrong places (Bennett, Savage, Silva, Warde, Gayo-Gal, & Wright, 2009; Devine, Savage, Scott, & Crompton, 2005; Savage, 2000; Savage, Devine, Cunningham, Taylor, Li, Hjellbrekke, Le Roux, Friedman & Miles, 2013; Skeggs, 2004). On the other hand there was the on-going research of John Goldthorpe and associates who charged that class was not dead and that the coroner had simply ignored all signs of life (of which there was an abundance).

So students of social class continued their research, undeterred, producing a stream of results indicating the continued (and some time increased) relevance of social class to people's live chances in terms of social mobility, education attainment, voting, and working life. These were the contributions of John Goldthorpe and his associates. At the same time those aligned with the cultural turn churned out research purporting to show the continued vitality of class.
The thesis is about economic inequality between classes, primarily measured in terms of household incomes. These are important for a number of reasons:

1. Studies on social mobility form the backbone of research using the Goldthorpe class schema. There it is assumed, quite reasonably, that some class position advantage or disadvantage incumbents relative to those occupying other class positions. However, social mobility tells us very little about the intergenerational transmission of advantage and disadvantage unless we have some knowledge of whether and to what extent classes differ in terms of economic and other outcomes.

2. Economic inequalities between classes may proof to be an explanatory factor for other areas of class analyses, such as class voting, education attainment and social mobility.

3. Validation: Given the Weberian influences on the Goldthorpe schema it seems important to establish that the economic fortunes differ from one class to the next.

4. Theory testing: My theoretical ambitions are admittedly quite modest. I provide yet another test of the "usual suspects" of theories claiming the irrelevance of social class. Most, or all, lines of inquiry using the Goldthorpe schema have done the same. In doing so I establish certain empirical regularities, but do not attempt to provide any explanations of these. This is partly dictated by the data that is not entirely suitable for such an exercise. I have, however, given some thought to how one would go about providing an explanation, seeing the EU-SILC as the most promising source of data to develop such an account.

The class concept that I use is that developed by John Goldthorpe (2000) of Nuffield College. The reason is that this is the class concept that has been used in the research that to my mind provides the most persuasive account of class
processes. Curiously the Goldthorpe class schema has contributed rather little to our understanding of economic inequality. I say curious because it borrows heavily from the classical work of Max Weber who saw class as "(1) a number of people have in common a specific causal component of their life chances, insofar as (2) this component is represented exclusively by economic interests in the possession of goods and opportunities for income, and (3) is represented under the conditions of the commodity or labour markets" (Weber, 1978/1922, p. 927). This passage (especially the second point) clearly suggests that people's economic fortunes are determined in no small part by their social class.

The absence of research on economic inequality stands in contrast to the works of Erik Olin Wright, for whom the relationship between class and economic inequality is of considerable importance (see especially Wright, 1979). Of course the Nuffield School has not been entirely silent on this topic. Christopher Whelan of University College in Dublin and his associates have published work on poverty and deprivation that touches on class, though class is not always their main concern (Layte, Maitre, Nolan, & Whelan, 2001; Layte, Whelan, Maitre, & Nolan, 2011; Nolan & Whelan, 1995, 1999, 2000 and 2011; Watson, Whelan, & Maitre, 2010; Whelan, 1996; Whelan, Lucchini, Pisati, & Maitre, 2010; Whelan & Maitre, 2008, 2008b, 2010 and 2012). Most of their work is comparative in nature, using the European Community Household Panel and later the European Survey of Incomes and Living Conditions to gain a better understanding of the relationship between income poverty and material deprivation and how these vary between and within European nations. Their results are encouraging in that they suggest that there is a great deal that is of interest to class analyses in the study of economic inequality. Of course poverty and deprivation only deal with a limited aspect of inequality, the
bottom end of the distribution. Insofar as I can tell only one study using the Goldthorpe schema has focused on inequality as such. In an article that focuses on earnings inequality and occupations Mark Williams (2012) expands his analyses to social class, using the Goldthorpe class schema, and finds that inequality between classes is of considerable importance.

As I stated above, my focus is on economic inequality and social class. As little has been written about this subject, at least using the Goldthorpe class-schema, this is something of a first stab at an area of research. It is not immediately obvious how best to approach it. One might decide to focus on some specific aspect of inequality and explore it in depth. The problem then arises, which aspect? Also, after having started to work on specific aspects of economic inequality I often found that the analyses were incomplete, there being a host of unexplored issues that needed to be addressed to cast light on the findings. Eventually I decided to adopt a broader approach, sacrificing depth for width. Thus I have something to say about both income inequality and inequality of material living standards. This thesis falls short of mapping and explaining everything about class and economic inequality. It does, however, establish the economic inequality is relevant for class analyses and provides a foundation upon which further research can be built by identifying important questions and problems to address.

There is also the question of how to approach the subject, i.e. what questions to answer. There are many important questions relating to social justice and the quality of life that one might pursue, such as how class positions during working life affect one's economic circumstances in retirement, how patterns of assortative mating along class lines contribute to inequality, or how class differences in risk of unemployment contribute to class inequality. However, in keeping with the broad
approach adopted here it seems most appropriate to attempt to answer "big" questions on social change, namely whether class is increasingly irrelevant to people's lives. That places this study squarely within the Nuffield paradigm where research on voting behaviour, education attainment, social mobility, employment and deprivation have addressed precisely such big questions. This is admittedly not very original but it helps to place this study in a wider tradition of social research. There is also something to be said for addressing old questions from a new angle, especially as that angle is implied by the Weberian influences on the Goldthorpe class schema.

Much of the work using the Goldthorpe class schema cover long time-spans and is often comparative in nature. This provides a strong test of the logic of industrialization, individualization and other theories that purport to describe the long term development of societies. The results presented herein cover one country and a more limited time-span, i.e. Britain from 1991 to 2008. The period is defined by the data as these were the years in which the British Household Panel was collected. The period itself is, however, quite interesting with regards to many theories of social change. For one thing it is a period during which class was proclaimed dead, a period that was supposed to be market by increasing globalization (Lash & Urry, 1994; Urry, 2000), individualization (Beck & Beck-Gernsheim, 2002), wild within-career mobility leading to class no longer being a life-time experience (Giddens, 1984), of the labour market turning into a neoclassical soup causing the expansion of inequality within classes rather than between them (Sørensen, 1996 and 2000), and of class being determined by culture rather than employment and other economic factors (Bennett, Savage, Silva, Warde, Gayo-Gal, & Wright, 2009; Devine, Savage, Scott, & Crompton, 2005). Thus it is
interesting in itself to see whether the evidence suggests that such changes actually took place. Other research suggests it hasn't (see Goldthorpe, 2002b; McGovern, Hill, Mills, & White, 2007). Nevertheless, many of the findings presented herein must necessarily be qualified as something that appears as a trend throughout this period may in fact be nothing more than a part of a longer-term fluctuation. Also, the final year covered is 2008, the year of the onset of an international financial crisis that even now bedevils the British economy and society. How the economic crisis affected class inequalities in Britain is a topic of great contemporary interest, some aspects of which may in the future be studied using data such as that from the Understanding Society surveys and the European Statistics on Income and Living Conditions. Alas, this is beyond the scope of the present study.

The period in question is of interest for another reason. It more or less covers two governments, one conservative lead by John Major from 1990-1997, the other a Labour government lead by Tony Blair from 1997 to 2007. There is a theory that politics matter, i.e. the living conditions of different classes are affected by which party is in power (Esping-Andersen, 1990; Korp, 1983). However, it has been suggested that the Labour Party under Tony Blair moved far to the right (Crompton, 2008). This means that if we see differences in how class inequalities develop under the two governments it can be interpreted as evidence that politics matters. If on the other hand we don't see such differences we cannot dismiss the thesis that politics matters as it may also indicate that the politics of New Labour were simply not of the kind that reduces class inequality. This idea echoes the concluding lines of The Affluent Worker:

Thus, our conclusion must be that if the working class does in the long term become no more than one stratum within a system of 'classless
inegalitarianism’ [...] it will also be in degree also attributable to the fact that the political leaders of the working-class chose this future for it” (Goldthorpe, Lockwood, Bechhofer, & Platt, 1969, p. 195; emphasis in original).

If economic inequality between classes did not decline under New Labour it will perhaps be attributable to the fact that under Blair's leadership the Labour Party showed little interest in class inequality. This is an empirical questions rather than a foregone conclusion. Research on social mobility suggests that the fluidity of class boundaries has not been increasing in recent years and may in fact have decreased somewhat under New Labour (Goldthorpe & Mills, 2008). Answering the question whether the change in government affected class inequalities would, however, require a different kind of study from the present one. Such a study would attempt to disentangle policy effects from other causal mechanisms that influenced class inequalities. Thus I will not have anything to say on this subject, though a reader that is interested in the question might find some of the results interesting.

1.2. The Death of Class

There are a number of theoretical positions that proclaim class increasingly irrelevant in contemporary Western societies, though what precisely is being claimed varies somewhat. First we can distinguish between claims that class is increasingly irrelevant to people's life-chances and claims that class in increasingly irrelevant to people's politics, culture and/or identity. The latter claim can be further differentiated with regards to whether this development is seen as resulting from the aforementioned irrelevance of class to life-chances, from the increasing salience of other social cleavages, or from a fundamental shift in people's priorities away from social class and towards post-material values, identity politics, or life-politics (e.g.
The latter position is of little relevance to this thesis. What matters is whether social class plays a role in economic inequality, i.e. whether it has causal efficacy when it comes to life-chances. Whether people are aware of this and whether it shapes their identity or politics is beside the point. Class cultures, identities and politics are not necessary for class to be real and to affect people's economic fortunes. I will therefore focus on claims of the former kind, i.e. that class is, or is in the process of becoming, irrelevant to people's life-chances.

The first of these claims is that class is no longer a life-time experience on account of increasing occupational mobility over the life-cycle (Castells, 2000; Giddens, 1994; Gray, 2000). This mobility presumably leads to greater equality over time as people's fortunes rise and fall in the ever-shifting world of work (for empirical evidence see e.g. Aaberge, Björklund, Jantti, Palme, Pedersen, Smith & Wennemo, 2002; Fields, 2010; le Grand & Tahlin, 2002). If such a change has occurred it would most likely be missed if we are limited to cross-sectional data as class inequalities at a single point in time are not inconsistent with mobility induced equality over time, the members of the low income working classes of today being, at least potentially, the affluent salariat of tomorrow.

The second claim is that economic risk is no longer tied to social class. Here again we have a number of different claims. In one version new "global" risks such as environmental hazards and terrorism that are "democratic" in the sense that they affect all classes equally (or so the story goes) are superseding the more familiar economic risks (Beck, 1992). I am not concerned with these kinds of risks in this thesis, though I suppose that economic crises are an example of these kinds of risks that have implications for economic inequality. Unfortunately the BHPS was
concluded in 2008, the year of the onset of the present economic crisis, thus placing it beyond the scope of this thesis.

In another version it is economic risk that is being democratized through the extension of precarious employment throughout the class structure (Beck, 2000; Beck & Beck-Gernsheim, 2002). The third version is that economic risks are tied to specific stages or events in the life-cycle, rather than social class, possibly because the welfare state has been so successful in reducing class inequalities or because it now faces severe constraints imposed by globalization (Beck, 2000; Giddens, 2000; OECD, 2007; Taylor-Gooby, 2004 & 2008). Some of these claims have been examined for Ireland and from an international comparative perspective by Nolan and Whelan (1999) and found to be inconsistent with the evidence.

While these claims focus on deprivation and risk they have some implications for class inequality more broadly construed. These implications are brought out by the claim that labour market rewards are increasingly determined by merit, however construed, that leads to increased inequality within rather than between classes (Sørensen, 2000). This position is consistent with "the logic of industrialism" (e.g. Bell, 1973; Kerr, Dunlop, Harbison, & Myers, 1960/1973) and there are some empirical findings that seem to support it (Brewer, Muriel, & Wren-Lewis, 2010; Hills, Brewer, Jenkins, Lister, Lupton, Machin, Mills, Modood, Rees & Riddell, 2010; Prasad, 2002), though Mark Williams (2012) has provided evidence that income inequality is driven primarily by inequality between occupations and classes rather than by widening inequalities within them. One implication of Sørensen's argument is that even if social class is found to still be a life-time experience, income mobility within classes can have much the same effect as class mobility in reducing class inequalities and thereby the relevance of social
class for economic inequality.

The final claim comes from the literature on social exclusion (Berghman, 1995; Kronauer, 1998; Paugam, 1996; Standing, 2011; Wilson, 1990). This body of work acknowledges that despite the supposed democratization of risk there is still a group that is disadvantaged relative to the rest of society while rejecting that this disadvantage can be explained in conventional class terms. What is proposed is a new concept, the underclass, reflecting that the people in question essentially stand outside the class system on account of precarious employment and other processes that lead to social marginalization. Brian Nolan and Christopher Whelan (2000) found this to be inconsistent with Irish data in the 1990s, though the question remains whether it is relevant to the United Kingdom. I will not assess this claim directly as I am concerned with overall inequality rather than disadvantage. However, insofar as the claim that deprivation is now better understood in terms of social exclusion than of class hinges on accepting the democratization thesis, it would be somewhat undermined if the data shows persistent economic inequalities and differences in economic risk between classes.

The literature reviewed above gives rise to the following questions - all of which fall under the broader question "Is social class irrelevant to economic inequality?" - that I seek to answer in this thesis:

- Is within-career social mobility so extensive that social class is no longer a lifetime experience?
- Are economic inequalities between classes declining and inequalities within classes increasing?
- Does income mobility over time reduce income inequalities between classes to
the extent that we may conclude that class is becoming irrelevant to people's life-chances in the long-term?

- Is there evidence of the "democratization of risk" throughout the class structure?
- How are economic inequalities reflected in material living standards and people's perceptions of their financial situation?

1.3. Theories Social Class

In this section I review a selection of positions on social class. This is intended neither as a comprehensive review nor as an account of the history of the class concept. Instead I focus on perspectives that have been notable in recent and contemporary debates in order to clarify my position. These are, in the order they will be reviewed, the cultural turn in class analyses, Erik Olin Wright's Marxist class schema, and finally the Goldthorpe class schema.

1.3.1. The Cultural Turn

The cultural turn in class studies is a part of a broader movement within the social sciences that sees culture as an autonomous factor influencing behaviour. As such it belongs to the same schools of thought as some of the theories that dismiss the relevance of class altogether (on this see Crompton, 2008). Some adherent of the cultural turn, however, do not claim that class is dead but rather that employment and other economic factors have become irrelevant to social class. Instead they propose that class is now a matter of culture and consumption (Bennett, Savage, Silva, Warde, Gayo-Gal, & Wright, 2009; Devine, 2004; Devine, Savage, Scott, & Crompton, 2005; Savage, 2000; Skeggs, 2004).

Pierre Bourdieu (Bourdieu, 1984) is arguably the single most important source of inspiration for people who approach class through culture. Bourdieu was
primarily concerned with social reproduction and how the privileged classes preserved their position and transmitted it to the next generation. Central to this process is what Bourdieu called the "symbolic economy" which refers to manners and tastes that signal distinction. Manners and tastes are typically acquired during early socialization, which means that the children of the privileged classes acquire cultural capital that gives them advantages over children from more disadvantaged backgrounds who acquire less refined tastes and manners through their upbringing.

Much has been written about Bourdieu's work, both positive (e.g. Bennett, Savage, Silva, Warde, Gayo-Gal, & Wright, 2009) and critical (e.g. Goldthorpe, 2007). I will not add to this literature here. What is important for my purposes is that Bourdieu makes a valiant attempt to overcome the dichotomy between economy and culture, i.e. that both are constitutive of social class. It is not immediately obvious why this would be helpful. While there are good reasons to expect culture to play some role in social reproduction and while it is not implausible that social classes may in some circumstances develop cultural traits peculiar to them, such things can easily be studied using class schemas that derived exclusively from information on property and employment. In fact it can be argued that seeing class entirely as an economic concept is better suited to study such issues as it treats culture as contingent rather than presupposing a particular relationship between culture and the economy as a matter of definition.

Be that as it may, Bourdieu's theories have influenced the cultural turn in stratification research. It should be noted that "the cultural turn in stratification research" does not refer to a coherent research project so much as a loose alliance of different perspectives and methods. Thus we have people doing quantitative work who seek to overcome the economy/culture dichotomy (Crompton, 2008) as well as
people relying exclusively on qualitative methods who show little regard for the economic aspect of class (e.g. Skeggs, 2004). Consequently it is often difficult to relate the results of different studies that fall under this heading to one another.

These different approaches both pose some difficulty. As for studies that seek a synthesis between cultural and economic aspects of class the problems are much the same as with Bourdieu's work, i.e. that the mixing of the two obscures more than it reveals. For the latter type of research the problem is rather how to relate the findings to social class.

Take for instance the work of Beverly Skeggs (2004). She is primarily concerned with what Bourdieu called "the symbolic economy" and how different groups portray themselves and each other to commit acts of "symbolic violence" against others or resist the violence done to them. Skeggs' work is imaginative and thought provoking and undoubtedly adds to our knowledge of symbolic struggles between different groups in particular settings. What is sometimes less clear is what it has to do with social class. A case in point is an extended discussion on hen parties on Canal Street in Manchester, the street being lined with gay bars mostly frequented by men. While her account certainly brings out the tensions between different groups that occupy these bars she fails to relate this in any way to social class (Skeggs, 2004, chapter 9). In fact she does not seem to have a theory of social class apart from it being constituted in symbolic interactions between groups. This begs a question: When does group formation constitute class formation and when is a conflict between two groups class conflict? In essence, how do we distinguish classes from other groups?

Chan and Goldthorpe (Chan & Goldthorpe, 2007) have argued that the cultural turn in stratification studies confounds the Weberian distinction between
class and status. In fairness it should be noted that it is not only the cultural turn in stratification studies that is guilty of this error. American stratification research has a long tradition of similar confusion (on this see Crompton, 2008; also Scott, 1996) and there are reasons to believe that in everyday use the concept of class denotes something more like status (Conley, 2008). The distinction is nevertheless a useful one. Even if the two are not independent of each other, empirically speaking, it seems promising to retain the class concept for economic stratification and to study cultural processes in terms of status distinctions. That way it remains an empirical question whether, under what conditions, and how such distinctions interact with social class to reinforce class distinction or undermine them.

The idea that culture, and culture alone, is constitutive of social class looms large in much of the diverse literatures grouped under this heading. In an introduction to the book Rethinking Class. Culture, Identities & Lifestyle (Devine, Savage, Scott, & Crompton, 2005) Fiona Devine and Mike Savage (2005) discuss the failure of research using employment based class models to find evidence of class-consciousness, culture and identity. It is certainly true that the early preoccupation of sociologists that laid the foundations for the Nuffield School in class analyses met with limited success (though see Gallie, 1983 and Sobel, de Graaf, Heath, & Ying, 2004). That this somehow speaks against that approach, however, seems farfetched. It is true that the non-emergence of class consciousness poses something of a dilemma for Marxists as without such consciousness the working classes seem unlikely to fulfil the historical role assigned to them by Marx (though a less deterministic reading of Marx suggests that it is by no means certain that the proletariat will necessarily become a class for itself; see Cohen, 1978; Wright, 1994 and 2010; Wright, Levine, & Sober, 1992). If one is not encumbered
by Marxist historicism, however, the failure of class analysts to detect class-consciousness is less devastating. The class structure may well affect people's life-chances and living conditions without producing a particular kind of consciousness that would then lead to collective mobilization and action of a certain kind.

Yet those who belong to the cultural turn in stratification research seem somewhat preoccupied with the absence of evidence of class consciousness and inclined to see this as failure of the theory and method than accepting it as a fact that values and world views have very little to do with class except perhaps on rare occasions or in exceptional circumstances. In light of this one might suspect that reducing class to culture is an attempt to overcome the problem of class-consciousness by looking for anything that can be interpreted as group consciousness and trying to relate that in some way to social class.

The cultural turn seems ill suited for the study of class inequalities in incomes, material deprivation and other aspects of economic inequality, as it has very little to say about how benefits accrue to particular groups. While it is plausible that outwards signs of success can facilitate success it seems improbable that one's economic circumstances can be explained purely in terms of tastes and manners. For one thing there is the issue of causal direction: Does one drive a BMW because one is well paid, or is one well paid because one drives a BMW? That is not to say that people cannot trade on their status to improve their standing within the class structure. I would suggest, however, that if we want to understand such processes we would be best served by maintaining an analytical distinction between class and status rather than trying to merge the two or reducing the former to the latter.
1.3.2. Erik Olin Wright and the Problem of the Middle Classes

Erik Olin Wright's work is to a large extent directed towards the "problem of the middle classes". The middle classes have posed a serious problem for Marxist theories of social class. From a dichotomous bourgeois/proletariat view of the class structure the middle classes are unquestionably proletarian and yet they tend to be conservative leaning in their politics. Marxist class analysts have attempted to resolve this paradox in a number of ways, including denying that there is a problem (Loren, 1977), distinguishing between productive and unproductive labour and defining unproductive labour out of the class structure proper (Poulantzas, 1975), and seeing the middle classes as a new class in itself (Gouldner, 1979).

Wright's project is very ambitious. Whereas many Marxist theorists have shied away from empirical research on social class, preferring abstract and esoteric analyses of the logic of class relations (Parkin, 1979), Wright has sought to develop an integrated theoretical framework that allows the mapping of the class structure as well as exploring the effects of class on various outcomes such as income inequality, class formation, class consciousness, and voting. His solution to the problem of the middle classes was to propose that they occupy a contradictory class location, i.e. that they occupy, to varying degrees, two class positions simultaneously that pull them in opposite directions. While being proletarian vis. capitalists they are capitalists vis. their subordinates. While this take on the middle classes has been consistent in Wrights research, he has revised the exact formulation and operationalization at least twice in response to criticisms.

In the first version of Wrights class schema (Wright, 1978) he began by distinguishing whether people were self-employed or not and whether they supervised employees. This produces a four-class typology of employers (self-
employed with employees), self-employed (without employees), managers (employees who supervise others) and workers (employees without subordinates). Recognizing that he needed a more fine-grained distinction he relied heavily on works by Balibar (1970) and Poulantzas (Poulantzas, 1973 & 1975). The result was a formulation of social class based on three kinds of control, i.e. over investment, the means of production and labour. The first two kinds of control distinguished the capitalist classes (self-employed with and without workers) from the working classes and the third kind of control distinguished between classes within both these classes, i.e. separating capitalist from those who are self-employed without employees and differentiating employees according to the level of control they exercised over their own labour and that of others. This meant that domination became the criteria by which it was determined whether and to what degree an employee occupies a contradictory class position.

While Wright acknowledges an intellectual debt to Balibar and Poulantzas it should be noted that the emphasis on domination makes it in many ways more akin to conflict theories of social class (Collins, 1971; Dahrendorf, 1959). To Wright's credit he recognizes this and, conceptual problems with the contradictoriness of class positions with regards to autonomy of both employees and the petty-bourgeois not withstanding, that seems to be the main reason why Wright abandoned his initial formulation in favour of a more orthodox Marxist view based on exploitation formulated as the extraction of surplus labour or value (Wright, 1985).

The concept of exploitation as the extraction of surplus labour or value is subject to a number of difficulties (Wright, 1985 & 2005). To avoid these Wright borrows from John Roemer's game-theoretical approach to social class (Roemer, 1982). The point of departure for Roemer is that class positions are the result of
rational actors optimizing behaviour in light of their productive resources and the institutional constraints that they face. Exploitation occurs when the welfare of one class is at the expense of another. More precisely, treating the organization of production as a game, people can be said to be exploited if they would be better off withdrawing from the game with their per capita share of resources in order to play a different one, albeit only as a hypothetical possibility. Wright builds on this to formulate different assets that lead to exploitation, namely ownership of the means of production, skills and organizational assets. The first of these separates capitalists from workers. Skills on the other hand differentiate workers with some workers being able to extract rent, i.e. a share in the surplus value generated by labour, on account of holding educational credentials. Finally, organizational assets result from occupying particular positions within organizations that afford the incumbent control over the organization's resources and activities.

This shift from domination to exploitation has received its share of criticism. Colin Mills observes that "relations of domination in the workplace, though unacceptable to a Marxist, are prima facie a perfectly serious candidate for inclusion in the set of criteria that define class boundaries" and that "it is perfectly possible to conceptualize the power relations that domination instantiates as emerging out of the possession and right of disposal of an asset" (Mills, 1994, p. 230). Thus, Mills suggests, Wright's change of heart has more to do with his commitment to Marxism than to sound social scientific reasons.

Gordon Marshall and associates (Marshall, Rose, Newby, & Vogler, 1993/1988) also offer an extensive review and criticism of Wright's shift from domination to exploitation. Their critique is both methodological and theoretical. As for the former it is to some extent limited to the research project in which they were
involved, i.e. that the interview schedule they were working with was designed on the basis of Wright's earlier formulation. As a result many of the factors relevant to Wright's revised framework were not adequately measured. Thus "his operationalization of the skill/credential assets dimension of his new schema depends in part on the same questions about autonomy, and the same coding exercise, as did his measurement of autonomy tout court in the old (Marshall, Rose, Newby, & Vogler, 1993/1988, p. 40; emphasis in the original).

The methodological criticism is in itself not fatal, as Wright might in due course have developed research instruments more suitable to his revised schema. As for the theoretical problems, Marshall et. al. find that his "reformulation of the arguments makes it harder rather than easier to pursue class analyses on his own terms [...] without recourse to the categories of ‘bourgeois’ sociology and economic - categories he has earlier rejected as wholly inadequate to the study of social class" (Marshall, Rose, Newby, & Vogler, 1993/1988, p. 39). Rather than reworking his concepts they find that he merely redescribes them. In comparing Wright's class schemas to that of Goldthorpe in terms of their performance in empirical research Marshall et. al. found the latter superior.

In reaction to these and other criticisms he set out to reformulate his framework once again in terms that have some striking similarities to the Goldthorpe class schema, though Wright is at pains to distinguish his position from Goldthorpe's (Wright, 1997). This "convergence" of the two class schemas has not gone unnoticed (Crompton, 2008). In light of the conclusion of Marshall et. al. cited above this is hardly a surprising development, though it begs the question whether operationalizing Marxist theories of social class was ever a fruitful pursuit.
1.3.3. The Goldthorpe Class Schema

The Goldthorpe class schema is arguably the single most successful measure of social class to have been devised for social research. Not only has it provided a foundation for much successful empirical work on issues such as social mobility (e.g. Breen, 2004; Erikson & Goldthorpe, 1993; Goldthorpe, Llewellyn, & Payne, 1980; Goldthorpe & Mills, 2008), education attainment (e.g. Breen, 1998; Breen, Luijx, Muller, & Pollak, 2009; Breen & Whelan, 1993; Erikson, Goldthorpe, Jackson, & Yaish, 2005; Heath & Clifford, 1990; Jackson, Erikson, Goldthorpe, & Yaish, 2007; Jackson, Goldthorpe, & Mills, 2005; Jonsson & Mills, 1993), voting (e.g. Evans, 1999a and 2000; Heath, Jowell, & Curtice, 1985), health (Bartley, Carpender, Dunnell, & Fitzpatrick, 2008; Kunst, 1996), employment (McGovern, Hill, Mills, & White, 2007) and deprivation (e.g. Nolan & Whelan, 1995 and 2011; Whelan, Lucchini, Pisati, & Maitre, 2010; Whelan & Maitre, 2012), it has also been institutionalized in the United Kingdom in the form of the National Statistics Socio-economic Classification (NS-SEC; Rose & O'Reilly, 1997) and at the European level in the form of ESeC (Rose & Harrison, 2010).

This schema has been described as neo-Weberian (Breen, 2005), though the neo-Weberian label is best applied to another approach that differs in important ways from that developed by Goldthorpe (e.g. Parkin, 1979). The first step towards what later became known as the Goldthorpe class schema was taken by David Lockwood (1958), who drew on the works of both Marx and Weber to study clerical workers who posed a problem similar to that of the middle classes which has preoccupied Erik Olin Wright. Lockwood did, however, not draw up a comprehensive class schema, as he was exclusively concerned with the question of class-consciousness of a single class, i.e. proletarianization or the lack thereof. His
formulation of social classes being defined by their members' market and work situation would, however, exert a lasting influence of the Goldthorpe class schema.

*The Affluent Worker* (Goldthorpe, Lockwood, Bechhofer, & Platt 1968a, 1968b and 1969), another important milestone in the development of the Goldthorpe class schema, continued many of the themes raised in Lockwood's study, though the focus was on the working class, using Luton as a critical case to test the embourgeoisment thesis. As in *The Black Coated Worker* the authors did not draw up a comprehensive class schema, as they were concerned only with a single class.

The Hope-Goldthorpe scale (Goldthorpe & Hope, 1974) represents Goldthorpe's first serious attempt at formulating a schema that could be used to describe the stratification of an entire society. The schema was designed for the Oxford mobility study and gives 36 occupational groupings that are ranked according to their social desirability as men's occupation. In its raw form the Hope-Goldthorpe scale measure the relative desirability of occupations.

The Goldthorpe class schema took form in 1980 in Goldthorpe's book *Social Mobility and Class Structure in Modern Britain* (Goldthorpe, Llewellyn, & Payne, 1980; see also Halsey, Heath, & Ridge, 1980). The class categories were based on the Hope-Goldthorpe scale, though the categories of that scale were collapsed so as to provide categories that reflected the market and work situations typical of occupations rather than occupational prestige. It must be noted that at this point the theoretical foundation of this class model were relatively weak and would remain so until the turn of the century. This is reflected by the fact that while the model itself would remain more or less in its original form until the development of the NS-SEC (Rose & O'Reilly, 1997) and the ESec (Rose & Harrison, 2010), its theoretical
foundations were less than stable (Tählin, 2007). For example, in their seminal work *The Constant Flux* (1993) Robert Erikson and John Goldthorpe jettisoned that part of the already thin theoretical grounding that had to do with work situation, arguing instead that "the crucial test of the schema, as of any other conceptual devise, must lie in its performance: it must be judged by the value that it proves to have in enquiry and analysis" (p. 46), thus emphasising predictive over construct validity.

Jonathan Gershuny has argued that "Goldthorpe's own explanation of the centrality of the employment relation specifically in the operationalization of class, could be interpreted in this way, as a pragmatic reflection of a historical contingency, the availability of appropriate empirical evidence at the time of its original formulation" (Gernshuny, 2002b, p. 7). It is tempting to surmise that the unstable theoretical foundations of the model and the pragmatic emphasis on predictive validity support Gershuny's interpretation. In that light the Goldthorpe schema is best seen as an approximation rather than a direct measure of social positions.

It was only in the year 2000 that Goldthorpe dealt with the theoretical limitations of his class schema (Goldthorpe, 2000). This was not so much a reformulation of the model as a post-hoc theoretical justification of it as it stood, though since the NS-SEC and ESeC have been developed on the basis of this formulation. According to Goldthorpe his class schema is based on employment relations rather than work and market situation. Borrowing from labour economics Goldthorpe's point of departure is the problems that labour contracts pose for employers. Such contracts are necessarily incomplete, as unlike most other commodities labour cannot be separated from its seller. What is being sold is therefore a peculiar kind of a social relationship where the employee places him or
herself under the authority of an employer in exchange for remuneration. The employer must then find ways "of inducing their maximum effort and cooperation in the performance of the work allocated to them" (Goldthorpe, 2000, p. 212). This requires different strategies for different kinds of jobs, the key dimensions being how difficult it is to measure both output quantity and quality and the specificity of human capital required for the job.

If one concedes that the Goldthorpe schema is a pragmatic approximation of social position then one might question the usefulness of Goldthorpe's most recent effort to provide his model with a theoretical foundation. Michael Tåhlin (2007), for instance, has argued that the Goldthorpe class schema performs poorly as an indicator of employment relations. Consequently he calls for a retreat to one of the model's earlier justification, i.e. in terms of skill.

Gershuny (1999, 2001, 2002, 2002b, 2002c; Kan & Gershuny, 2006) shares Tåhlin's emphasis on skill. However, whereas Tåhlin seems content to leave the model itself intact Gershuny has developed an alternative measure of social position, the Essex score. His reasoning is that class position reflects command over resources, i.e. financial wealth and human capital. While people's position in the labour market may be a useful proxy for the latter it is ultimately the outcome of the skill-resources people have at their disposal. Thus it is preferable to use a more direct measure of human capital to determine people's social positions.

Gershuny's position has a lot to recommend it. For one thing, the emphasis on command over resources is consistent with a Weberian view on class. The Weberian influences in the earlier formulations of the Goldthorpe schema contributed considerably to its appeal, though these influences have become very difficult to detect in his most recent theoretical formulations. Another thing that
makes the Essex score appealing is that it covers people who are not employed, whereas the Goldthorpe schema does so only on the basis of most recent employment (which may be awkward, for instance in cases were most recent employment was in some way atypical for people's career) or by creating a residual class category, as is recommended for the ESeC, for those who have been outside the labour market for a long time, thereby assuming a certain homogeneity for that category.

If one accepts Gershuny's position that people's employment is determined by their social position (rather than being social position as such), as determined by their human capital, then one has cause to be suspicious of Goldthorpe's most recent formulations as a step towards reifying social class in terms of employment relations, i.e. seeing the class structure as being determined by employment relations rather than seeing people's position in the labour market as being a useful proxy for some underlying factor such as human capital.

My own position is pragmatic. Rather than seeing social class as a nominal category denoting specific groups in society I regard it as a useful device that allows us to account for the fact that well-being and life-chances are unequally distributed over populations. Furthermore I regard the Goldthorpe class schema as a useful approximation of these distributions. As such it is not clear to me that the schema itself needs much theoretical grounding. As long as one is mindful that one is not working with direct measure of social position it may be perfectly acceptable to justify that schema (or any other, for that matter) on the basis of predictive validity while accepting that the relevant construct - be it human capital, market position or whatever - is something else and only captured imperfectly by the schema. One may even hold that it serves as a proxy for a range of constructs, albeit a crude one for
some of them. Of course, a more direct measure is always preferable if available. Gershuny's Essex Score is an example of a very promising development of a direct measure of human capital and will likely become a very useful addition to the tools available for studying social stratification, though it is doubtful that it will supplant the Goldthorpe schema seeing that it is somewhat more informationally demanding whereas the Goldthorpe schema, the NS-SEC and the ESeC are derived from information that is now almost routinely collected in surveys and is therefore likely to remain the most frequently available approximation of social position for some time.

The Goldthorpe class schema is a major intellectual achievement. It is now a theoretically grounded operationalization that has proven highly effective in empirical research. The model nevertheless has its critics. For one thing it has been charged with economic reductionism by the adherents of the cultural turn in sociology. I discussed this at some length above and will not dwell on it here, except to reiterate that it is not clear to me that understanding class as economic stratification impedes research on class cultures and identities nor am I persuaded that there are benefits to collapsing the analytical distinction between the economic and cultural stratification.

There is one criticism of a similar mien that is worth noting, i.e. John C. Scott's (Scott, 1996) criticism that the Goldthorpe class schema has become detached from its Weberian roots. Seeing that Goldthorpe has never claimed to work exclusively within a Weberian framework, drawing instead on both Weber and Marx (Erikson & Goldthorpe, 1993), it is not obvious that this supposed detachment is a serious problem. But Scott has more concrete proposals, suggesting that focusing exclusively on social class and neglecting status and power only gives
a partial picture of the stratification of modern societies. If Scott is proposing to incorporate these different sources of stratification into a single schema of social stratification the proposal fails for much the same reasons as the criticism of the cultural turn. If, however, he is proposing parallel projects that maintain the analytical distinction between class, status and power - which is how I understand him - then the point is a good one and in that context it is worth noting that Tak Wing Chan and John Goldthorpe have in fact initiated a new line of inquiry into social status that has helped clarify much of the confusion characterizing some of the work associated with the cultural turn (see e.g. Chan, 2010; Chan & Goldthorpe, 2004, 2005 & 2007).

Arguably the most forceful criticism of the Goldthorpe schema came from feminist academics. In the wake of the publication of Social Mobility and Class Structure in Modern Britain (Goldthorpe, Llewellyn, & Payne, 1980) feminists charged Goldthorpe and his associates with intellectual sexism (e.g. Baxter, 1988; Crompton, 1989; Hayes & Miller, 1993; Leiulfsrud & Woodward, 1987; Sorensen, 1994; Stanworth, 1984). There were a number of issues at stake. For one thing, only men were sampled for the study, suggesting that women's class positions depended on that of their husbands rather than from their own employment. This, it was suggested, ignored both the increasing participation of women in paid employment and the fact that women headed many households. There were further charges that the class schema itself was inherently sexist in that it overlooked that men and women have different work and market situations.

Goldthorpe offered a forceful defence of what he called the "conventional view" (Goldthorpe, 1983). Firstly, while agreeing that women tended to be crowded into a small number of classes he argued that this reflected women's disadvantaged
position in the labour market rather than being the result of sexist assumptions (see also Evans & Mills, 1998). Another line of defence against feminist critics was the fact that women's voting behaviour was associated more closely with their husband's class position than their own (Erikson & Goldthorpe, 1992). This result has been replicated by others using British data (Abbott & Sapsford, 1986; de Graaf & Heath, 1992; Marshall, Rose, Newby, & Vogler, 1993/1988; Sobel, de Graaf, Heath, & Ying, 2004), but evidence from other countries suggests this is not necessarily the case elsewhere (Marshall, Roberts, Burgoyn, Swift, & Routh, 1995).

Robert Erikson (1984) offered a concession to feminist critics. He maintained that since social class reflected both work and market situation, the latter being the attribute of households rather than individuals, households were the appropriate unit of analysis for class studies. The concession was that the dominant breadwinner’s class rather than that of a male breadwinner would determine the class position of each household. This concession did not a mark a fundamental shift. While the dominant breadwinner can be either male or female, in an overwhelming majority of cases he tends to be a man. Thus in praxis the schema remained much the same as before and it is doubtful that the concession made much difference in terms of findings.

In this thesis I will keep with the convention and focus on households rather than individuals (except in Chapter 4 where I am forced by operational considerations to focus on individuals). Still, I must confess that I have some misgivings. As already noted, Goldthorpe has recently reformulated his class schema in terms of employment relations, jettisoning the concept of market situation. This paves the way for considering class at the individual rather than the
household level. Like Marshall, Rose, Newby, and Vogler (1993/1988) I do not see any inconsistency in the idea that couples can belong to different classes and I suspect that taking the class composition of couples into account can in some cases provide more convincing explanations of empirical regularities and open up new lines of inquiry. This is not to say that the household is never the appropriate level of analysis for questions on social class. It is rather that the relevant unit of analysis depends on the questions we want to answer. I should mention that I also ran many of the analyses presented in this thesis for both individual and households. While the results were substantively the same with regards to the questions that I seek to answer in this thesis it is not difficult to imagine other questions that would be better answered by looking at inequalities at the individual level.

In Sum: The Goldthorpe class schema has numerous advantages. It is firmly grounded in a parsimonious theory. It has proven to be highly useful for empirical research and has passed a number of validations studies with flying colours (Evans, 1992; Evans & Mills, 1996, 1998, 1999 & 2000; see also McGovern, Hill, Mills, & White, 2007, chapter 3). Finally, it is broadly recognized as a valid class schema devoid of the political connotations that Marxist models are burdened with, to the point that it has been institutionalized in the United Kingdom and at the European level, which will greatly expand opportunities for research based on it.

1.4. Inequality of What?

A study of economic inequality poses the question "Equality of what?" There is no shortage of suggestions in various academic literatures, especially where inequality is seen as a matter of social justice (Arneson, 1989; Cohen, 1990; Dworkin, 1981a and 1981b; Sen, 1982). On a more practical level there is no dearth of empirical
indicators that can be used to study inequality as well as disadvantage and the quality of people's lives. In this section I will examine those measures that have been central to recent empirical studies on these issues. The point is not to review research findings that are relevant to the present study, this will be done in the respective chapters, but rather to draw out the merits and limitations of different approaches.

I will begin by discussing monetary measures, as they are arguably the most conventional measure of economic inequality. I will then move on to measures of subjective well-being, such as life-satisfaction and happiness. Findings based on such measures have attracted a great deal of attention in recent years and findings from the fields of happiness economics and positive psychology have been used to challenge the use of monetary measures as indicators of social progress and welfare. I will also discuss Amartya Sen's capabilities approach very briefly. This approach has been influential but is quite difficult to operationalize. This section concludes with a review of social indicators, a programme that has enjoyed a recent revival after almost floundering shortly after its inception in the 1960s.

1.4.1. Money

Monetary indicators are arguably the most established measures of economic inequality, and by extension of both disadvantage and the quality of life, both at the level of nations and of individuals. It is quite commonplace to measure the quality of life at the national level in terms of the gross domestic product or the gross national income. The measure of Gross Domestic Product (GDP) was first developed by Simon Kuznets in 1934 (Kuznets, 1934). Even though Kuznets himself warned against such interpretations in his report (see Kuznets, 1934; Offer, 2006;
Stiglitz, Sen, & Fitoussi, 2010) GDP was quickly adapted as a measure of the quality of life in different countries and remains the most commonly used such indicator. Similarly, measures of relative poverty and of inequality of incomes and wealth rest on the assumption that people's location in the distribution of financial resources is an important determinant of the quality of their lives.

Monetary measures have a theoretical foundation. The Canadian philosopher Wayne Sumner (1996) credits the English economist Arthur Cecil Pigou with formulating them as a solution to the inscrutability of other minds noted by William Stanley Jevons (Jevons, 2006/1911). In the early 20th century economics was heavily influenced by logical positivism and economists were eager to purge the discipline of its utilitarian foundations in a drive to secure the discipline's position as a proper science (e.g. Robbins, 1938; Samuelson, 1938). This had some unfortunate implications for welfare economics (Sen, 1973, 1977, 1979a, 1979b and 1984).

Pigou's solution to this problem was in some ways quite elegant. First he assumed that there was a perfect relationship between the strength of people's desires for a particular good and the utility that they would derive from obtaining that good. His second assumption was that the strength of a person's desire for a specific good could be accurately gauged by the price they would be willing to pay. If people were rational maximisers it followed that they would use the money they had at their disposal to secure the bundle of good that best met their desires, making money an accurate measure of utility (Pigou, 1932).

On reflection the first assumption seems heroic. Most people have experienced disappointment upon attaining some good that they had previously desired. However, it also seems implausible that people's perceptions of the benefits
from goods and services are totally divorced from reality. Thus it may be quite reasonable to use wealth and income as proxies for well-being. Nevertheless, critiques of income measures are typically advanced on the basis of other measures purported to give a more accurate picture of people's quality of life. To do these objections justice would require more space than can be justified in the present context. Thus I will focus on specific points that are salient to the task at hand.

In his Tanner lecture *The Equality of What* Amartya Sen (1982) levelled a critique at John Rawls' theory of justice (1999/1975) on the grounds that its focus on resources smacked of fetishism, i.e. of taking "primary goods as the embodiment of advantage, rather than taking advantage to be a *relationship* between persons and goods" (Sen, 1982, p. 366). The problem, from Sen's point of view, is that the same bundle of goods does not necessarily provide two different persons with the same capabilities or the same level of welfare. People vary in numerous ways in their ability to convert resources into action and outcomes. Sen puts this down to 1) personal heterogeneities that create diverse needs; 2) variations in environmental conditions; 3) variations in social climate; 4) differences between communities with regards to the commodity requirements of established patterns of behaviour; and 5) distributions within the family (Sen, 1997). While Sen is criticising Rawl's concept of primary goods, which is much broader concept than money, it also applies to money as such.

Sen's critique is primarily theoretical, as is his proposed alternative. However, some of the critique levelled against monetary measures is empirical in nature. Of these the most relevant for my purposes is the work of Christopher Whelan and associates on poverty and material deprivation. Building on the work of Stein Ringen (2006/1987) Whelan and associates have found that in the cross-
section the relationship between income and material deprivation is less than perfect. Their analyses indicate that what really matters is how resources accrue or are diminished over time and that this varies in systematic ways across groups in society (Nolan & Whelan, 1995, 1999 & 2011; Whelan & Maitre, 2008, 2008b & 2012). What matters in not whether one is below the poverty line at any given point in time but rather how often one falls below that line and for how long.

Another critique of some significance to this thesis comes from what has become known as "happiness economics", a field of inquiry that is populated by economists, psychologists and the occasional sociologist and which is defined by the use of indicators of subjective well-being (e.g. happiness and satisfaction) as dependent variables. The criticism of those engaged in the study of subjective well-being stems from the fact that the relationship between incomes and indicators of subjective well-being is imperfect. Firstly, while there is a correlation in the cross-section such that those with higher incomes tend to have higher levels of subjective well-being, the average levels of subjective well-being do not correlate with changing economic fortunes over time. Secondly, there is some evidence that the relationship between affluence and subjective well-being is curvilinear, both at the individual and the national level. Rising incomes make people more happy and satisfied with their lives, but only up to a point. These patterns have been the subject of a lively debate about whether they are explicable in terms of adaptation (Brickman, Coates, & Janoff-Bulman, 1978; Easterlin, 2005), social comparisons (Smith, Diener, & Wedell, 1989), diminishing returns (Eckersley, 2000), or whether subjective well-being simply fluctuates around a set-point (Lykken & Tellegen, 1996). Such differences aside, those working in this field tend to interpret these results as suggesting a limit to the usefulness of monetary measures of the quality of
life which has lead to a growing attentiveness to non-economic factors contributing to people's subjective well-being (e.g. Argyle, 1999; Blanchflower & Oswald, 2004; Layard, 2005; Bruni & Stanca, 2008).

Even in the face of the critique levelled against monetary measures it still makes a great deal of sense to use monetary indicators to measure economic inequality. In capitalist societies people's share of the medium of exchange is an important determinant of the number and the quality of choices they have and thereby the quality of life they can attain (Sen, 1982 and 1983). Stephen Jenkins (2011) sums up the advantages of using income as an indicator:

> It has a high degree of validity, though with reference to a narrowly-defined concept. Related, its informational content is high in the sense of being able to discriminate between individuals to a fine degree. The measure is objective, in the sense of relating to individuals' circumstances which can be externally verified in principle, rather than relating to individuals' subjective perceptions of their circumstances [...]. Related, the concept of income is relatively transparent and easily understood by most people [...]. And there is a close connection between income, the measure of personal economic well-being, on the one hand, and the monitoring of social progress, and the formulation and evaluation of major social policy instruments such as a country's system of taxes and cash benefits, on the other hand. This is a consequence of having a highly monetized economy” (Jenkins, 2011, loc. 760-772).

Thus, even though income is not a perfect measure (a limitation it shares with most or all indicators used in social research) it has a lot to recommend it as an indicator of inequality as well as of other issues related to the quality of life. The last sentence in the quote above also suggests another point. Income plays a central role in modern economies.

Each of these critiques of monetary measures has proposed alternative indicators of economic inequality, disadvantage and the quality of life. Thus each must be considered as a possible candidate for a study of economic inequality.
1.4.2. Subjective Well-being

Research on happiness has recently become a popular alternative to monetary measures. Some (e.g. Kahneman, Krueger, Schkade, Schwarz, & Stone, 2004; Ng & Ho, 2006; van Praag, 2007; van Praag & Ferrer-i-Carbonell, 2007) seem to regard it as a utilitarian revival, using surveys to resurrect utilitarian economics noted above, and drawing some strong conclusions with regards to policy. Presumably asking survey respondents how happy they are renders their minds open to scrutiny. Whether this is so is moot. For one thing it is difficult to tell if different people understand the concept of happiness or life-satisfaction in the same way, or whether they are capable of the same levels of satisfaction and dissatisfaction. These issues make the interpersonal aggregation of such measures suspect (Conti & Pudney, 2011; Johns & Ormerod, 2007; though see also van Praag & Ferrer-i-Carbonell, 2004). On the other hand, those researching subjective well-being have demonstrated the reliability and validity of such measures (e.g. Diener, Sandvik, Pavot, & Gallagher, 1991; Diener & Suh, 1997; Eid & Diener, 2004). These measures have also been found to have consistent and theoretically explicable relationships to other variables (e.g. Argyle, 1987 and 1999; Fox & Kahneman, 1992). Finally, van Praag and Ferrer-i-Carbonell (2004) have given a methodological argument for treating these measures as both ordinal and interpersonally comparable.

The difficulties arise when we consider what we are being told by people responding to our surveys. Superficially it seems plausible to accept people's statements about how happy or satisfied they are with their lives. Happiness is, at least on some views, a state of mind (on this see Haybron, 2001, 2003 and 2005). You are happy if you think you are happy. Even if we accept this position we may
hesitate to assign normative weight of these responses. As Amartya Sen (1982 and 2008) has pointed out, people may adapt to abject poverty and deprivation while wealth does not guarantee happiness and satisfaction. Most of us would find it difficult to concede that a happy pauper is better off than the discontent billionaire.

Most people researching subjective well-being don't adhere to a state-of-mind theory of happiness or life-satisfaction. The most general view is that subjective well-being is made up of both cognition and affect (Diener, 1994; Horley & Little, 1985; McKennell & Andrews, 1980; Veenhoven, 1984). This account is also vulnerable to Sen's objection. When people evaluate the circumstances of their lives they do so in light of standards that are themselves determined in part by those very circumstances. Thus, deprived people with limited ambitions may judge their lives quite satisfactory while a person of privilege may have ambitions that far exceeds her achievements.

Sumner (1996) introduces the notion of authenticity to get around this problem. "In order for a subject's endorsement of her life to accurately reflect her own priorities, her own point of view - in order for it to be truly hers - it must be authentic, which in turn requires that it be informed" (p. 160). In order to be sure that a person's self-reported level of happiness or life-satisfaction accurately reflects the quality of her life we must be certain that they are not over-determined by her circumstances and that she knows all the relevant facts (or would not reach a different conclusion if she did). This reduces subjective well-being to the satisfaction of informed preferences (Griffin, 1986). Sumner intends his formulation to support the normative primacy of subjective well-being, but it is not at all helpful to empirical research. Often there will be no way for social scientists to test whether people's choices would hold if they had all the relevant fact because for many
choices it is simply impossible to determine what all the relevant facts are. Simply assuming that people's responses to questions about happiness and satisfaction are "authentic" hardly seems warranted as such measures have been found to be highly sensitive to context and various other biases (Schwarz & Strack, 1999).

Ultimately, however, measures of subjective well-being are not convincing candidates for measures of economic inequality because even if we accept their validity as indicators of the quality of people's lives. The reason is that they represent people's evaluations of their lives as whole, which includes aspect of their lives that seem to fall outside the subject of economic inequality. Once a certain level of affluence has been reached the importance of non-economic factors relative to incomes increases. So, if we were to find that the working classes were happier than the salariat, and that this was on account of the former being more religious on average than the latter, it would simply be preposterous to construe this as economic inequality between classes that favours the working class. So while the limited relationship between income and happiness may speak against the use of income as a measure of well-being (though I am not convinced it does), it also speaks against using subjective well-being as a metric of economic inequality.

Subjective well-being has not held much interest for class analysts. Insofar as I can tell there has only been one attempt at examining class differences in life-satisfaction using the Goldthorpe class schema (Marshall & Firth, 1999). This study examined the relationship of class position and social mobility to personal satisfaction in ten countries. The authors found no systematic differences in personal satisfaction between classes or mobility trajectories, leading them to conclude that "the evidence from the Social Justice Surveys points to the possibility – even probability – that there is simply nothing much of sociological interest here
to explain" (pp. 46-47). Having spent considerable time examining class patterns in life-satisfaction in the BHPS I am inclined to concur.

1.4.3. Capabilities

Sen proposes that rather than looking at either resources or outcomes we should be concerned with people's capabilities (Sen, 1982, 1983 and 1984). What this boils down to is that people use resources to achieve certain functionings (doings and beings), the full set of available functioning at any point in time constituting people's capabilities. Capabilities, Sen argues, are the relevant metric for both development and social justice. What is to be achieved and equalized is capabilities which can be understood as freedom, i.e. the full range of things that people can be or do. Sen's reasons for rejecting both resources and outcomes have already been touched on, i.e. resource fetishism and the fact that people's subjective well-being does not necessarily reflect their objective circumstances. Sen also rejects outcomes as the relevant metric on the grounds that this invites paternalism as people's choices and the outcomes that they produce should be their own responsibility. While capabilities are clearly distinct from outcomes (in a consequentialist sense), it is worth noting that Sen has a somewhat narrow view of resources, i.e. as economic resources. Taking a broader view, however, one can in fact construe capabilities as generalized resources, or the unrealized potential inherent in the full range of resources people have at their disposal (financial, human, social, cultural, physical, etc.).

Sen's capability approach is a great intellectual achievement and an appealing alternative to narrower conceptions of freedom as choice in markets. As to whether it is the only relevant measure of social progress and justice I must
express some scepticism. While capabilities are clearly relevant for many important issues it seems that other measures of both resources and outcomes are quite important for other (and some of those same) issues. We may well have legitimate reasons to be concerned with people's resources or their happiness as well as their capabilities. The choice of metric thus depends on the issue in question and cannot be resolved by theoretical fiat.

While the capabilities approach is theoretically sophisticated it has at least one major drawback. People's capabilities exist only as potential. They are the full set of available but unrealized choices. Thus there is no way to measure them directly with any accuracy. Sen realizes this and proposes that capabilities can be measured through the functionings that people actually achieve (Sen, 2001). This way of operationalizing capabilities, however, is somewhat at odds with the whole spirit of the capabilities approach, as it would require many of the same measures used by those who favour a more consequentialist metric by which to judge progress and social justice. The problems of measurement faced by the capabilities approach are formidable and far greater than the usual difficulties faced by social scientists wishing to operationalize some theoretical construct. As a result the relevance of capabilities to empirical research is limited and I will not pursue it in this thesis.

1.4.4. Social Indicators

The social indicator movement originated in the United States in response to the persistence of "old -type poverty in the midst of affluence resulting from full employment and rapid economic growth of the two decades of the 1950s and 1960s" (Johansson, 2002, p. 14). Inspired by the success of GDP as a measure of
social progress social scientists aspired to create a comprehensive system of social accounting (Vogel, 2002) on the view that there was something more to well-being and progress than economic growth (Hagerty, Vogel, & Möller, 2002). This lead, among other things, to the establishment of a short lived social indicators programme at the OECD, which has now been resurrected. Social indicators met with limited success, one of the main reasons being the lack of a coherent theoretical framework to guide the selection and interpretation of indicators. Consequently there exists a number of different approaches to social reporting, depending on theoretical orientation and local social and political imperatives, though clear theoretical foundations are missing as often as not (Hagerty, Cummins, Ferris, Land, Michalos, & Peterson, 2001). The movement therefore fragmented into competing camps that contributed little to the advancement of social indicator research (Hagerty, Vogel, & Möller, 2002; Vogel, 1989). The original social indicators movement can nevertheless be said to have produced two enduring successes, one being the journal *Social Indicators Research*, which was founded in 1974, and the other being the Swedish Level of Living Surveys.

The Swedish Level of Living Survey was first undertaken in 1968 to study the prevalence of low incomes and the problems that came with it (for a fuller account see Johansson, 2002). The survey was conducted as a part of the work of a committee of experts that were to study the persistence of low incomes despite the high levels of affluence enjoyed by the Swedish people. The committee was chaired by two labour union economists, Rudolph Meidner and Peter Holmberg who quickly moved to broaden the committee's mandate to include "information on the distribution of welfare and well-being in a wider sense than just material standards" (Johansson, 2002, 14). As a result the survey tapped a wide variety of individual
circumstances and social conditions as experienced by individuals. At the same time there were interesting theoretical developments on issues relevant to the measurement of the level of living by Nordic scholars, most notably Erik Allardt.

Erik Allardt’s work has been characterized as emphasizing "subjective" welfare, contrasting it with the more objective Swedish level of living survey tradition (Johansson, 2002). This characterization is not entirely accurate. In his work Allardt relies heavily on the work of Finnish philosopher Georg Henrik von Wright (1963) and while this allows scope for subjective well-being, unlike the early level-of-living surveys, what it really does is to provide a theoretical foundation for the insight that measures of social progress are grounded in people’s life-projects as they develop over the life-cycle (Allardt, 1975).

Allardt concedes that social indicators are necessarily normative. In order to provide a foundation for a normative theory of social accounting he began by distinguishing between wants and needs, where "with some qualifications it may be said that needs are related to welfare, whereas wants are related to happiness" (Allardt, 1976, p. 229). Meeting needs avoids bads whereas meeting wants creates happiness. Needs are consequently more basic than wants and Allardt holds that as such needs are the source of all intrinsic value. Of course, drawing a distinction between needs and wants is not necessarily straightforward (Griffin, 1986). On one hand we can define needs quite narrowly as basic subsistence, shelter and clothing. This allows us to regard needs as more or less objective facts. Social progress would then be measured in terms of the proportion of the population that suffers from malnutrition and
exposure. From a normative perspective this foundation is far from trivial in most parts of the world. In the context of the affluent countries, however, it is hardly ambitious. Given the level of affluence these countries enjoy (current crisis notwithstanding) they should not be hard pressed to provide their citizens with more than the bare necessities of life.

Once we go beyond these to include the means for self-respect, social participation and self-actualization, to name a few examples, the boundary between wants and needs becomes blurred. What one person needs for those purposes may appear like a frivolous want from the perspective of another. Such needs cannot be taken as if they were objective facts since they are socially determined to a large extent. The means for self-respect are not the same in all circumstances or in all circles of society. In Allardt's words: "It seems reasonable to assume that needs are socially defined. Some common needs arise because of shared material conditions and because of human communication. These needs should perhaps not be labelled universal, but at least they approach or approximate something universal. Since needs are socially defined, they can also change and develop" (Allardt, 1973, p. 64). While this passage concedes the social nature of needs it does not succumb to radical relativism. Instead Allardt grounds needs in people’s life-projects, which are themselves socially determined. While these life-projects vary over the life-cycle they can, for the most part, be treated as universal within - and even across - societies.

Allardt distinguishes between three different kinds of needs: Having, Loving and Being, describing them thus (Allardt, 1976, 231):

(1) Needs related to material and impersonal resources (Having);
(2) Needs related to love, companionship, and solidarity (Loving);
(3) Needs denoting self-actualization and the obverse of alienation (Being).

He then moves on to operationalize these different kinds of needs, providing concrete examples of how these needs might be met in actuality (Ibid, 232). Having involves incomes, housing, employment, health and education. Loving involves community attachments, family attachments and friendship patterns. Being involves personal prestige, in-substitutability, political resources and doing interesting things. To sum up, what Allardt provided is a theory that, while resting to a large extent on expert judgment about what indicators to include when measuring social development also grounds these expert judgments in a broad theory of human need that sees human needs being socially constructed yet, for the most part, socially determined by near universal life-projects that people undertake over their life-cycle. This leads him to operationalize his three kinds of needs as follows (Ibid, 231):

(1) **Having**
- Income
- Housing
- Employment
- Health
- Education

(2) **Loving**
- Community attachment
- Family attachment
- Friendship patterns

(3) **Being**
- Personal prestige
- Insubstitutability
- Political resources
- Doing interesting things
There is at least one theoretical contribution worth noting from outside the Nordic countries. This is the work of Len Doyal and Ian Gough published in their book *A Theory of Human Need* (1991). Doyal and Gough offer an approach that is in many ways similar to that of Erik Allardt’s. They ground the normative basis of social development and its measurement in a theory of human need that is grounded in a positive image of human flourishing, which is to say that needs are "goals which for some reason or other it is believed that everyone either does or should try to achieve. It is this universality that supposedly differentiates needs from preferences or 'wants’ (p. 35). Like Allardt they draw a distinction between needs and wants, granting the former normative priority over the latter.

Their approach also seems similar to Allardt’s in that it is grounded in life-projects. There is an important difference, however in how they conceptualize such projects. While Allardt in concerned with what he regards as the near universal tasks and challenges that different people face at different stages in the life-cycle Doyal and Gough see life-projects in terms of self-actualization, i.e. people’s ability to make the most of their lives: "Serious harm itself is explicitly or implicitly understood as the significantly impaired pursuit of goals which are deemed to be valuable by individuals" (p. 50). This difference results from their emphasis that "any acceptable concept of need must be designed so that it cannot be used in an authoritarian and paternalistic way" (p. 4). It would seem that Allardt’s framework allows for interventions that Doyal and Gough would regard as paternalistic in order to meet what he regards as objective needs, whereas Doyal and Gough are more concerned with
providing the societal preconditions that would allow people to meet their own needs in whichever way that they see fit.

It must be noted that Doyal’s and Gough’s theory is directed against relativist theories that object to the presumption of universal human needs. They are particularly suspicious of theories that argue for people’s own subjective evaluations of their own needs, stating "that subjective feeling is not a reliable determinant of human need, a point reinforced that we can strongly desire things which are seriously harmful and, in our ignorance, not desire things which we require to avoid such harm" (Doyal & Gough, 1991, p. 49). This leads them to exclude measures of subjective well-being from their operationalization of need fulfilment.

The strategy Doyal and Gough use to side-step relativism is to distinguish between basic needs, intermediate needs and satisfiers. Basic needs are the preconditions of realizing a life-plan of any sort. The authors argue that these preconditions are physical survival/health and autonomy, further distinguishing autonomy into three separate aspects, i.e. understanding, mental health and opportunity. Satisfiers, on the other hand, are the specific goods that people require in order meet their basic needs at particular times and in particular locations. These are necessarily determined by context, e.g. types of food available in a particular place and time. "Basic needs, then, are always universal but their satisfiers are often relative" (p. 155).

Since satisfiers are relative they lie outside the scope of Doyal’s and Gough’s theory. The problem is that their basic needs are far too abstract to lend themselves to manipulation through policy and empirical measurement.
This gives rise to the need for intermediate needs or universal satisfiers. "Universal satisfier characteristics are thus those properties of goods, services, activities and relationships which enhance physical health and human autonomy in all cultures" (p. 157). Universal satisfiers refer to the properties of relative need satisfiers rather than to specific goods, e.g. the nutritional value of food rather than specific dishes. To labour the point, everyone needs an intake of calories, vitamins, fibres, carbohydrates and proteins regardless of the form they come in.

Intermediate needs do not give rise to intrinsic value. The goods that meet intermediate needs only have instrumental value in that they help meet the primary needs of physical health and autonomy. "Intermediate needs are determined by an empirical relationship between satisfiers and universal needs" (p. 158). Based on this Doyal and Gough provide an 11 item list of intermediate needs complemented by a range of social indicators to measure each of them: 1) Adequate nutritional intake; 2) Adequate shelter, basic services and space per person; 3) Non-hazardous work-environment; 4) Non-hazardous environment; 5) Provision of and access to appropriate health-care; 6) Security in childhood and child-development; 7) Presence of significant others and primary support groups; 8) Economic security; 9) Physical security; 10) Access to cultural skills and cross-cultural knowledge; 11) Safe birth control and childbearing.

Given the similarities between Allardt’s theory and that of Doyal and Gough it is not surprising that they produce similar lists of conditions that are conducive to the satisfaction of needs. More interesting, however, is the fact
rather than attempting to operationalize human well-being or flourishing both
theories produce a list of conditions, of inputs that are held to be beneficial for
the pursuit of life-projects (however they are conceived). Whether the items on
these lists are in fact beneficial in this way is obviously an empirical question. It
may well be that the relationship between the conditions listed by Allardt,
Doyal and Gough are completely stable over time and that they have included
all relevant indicators and none that aren't. Still, for any list of goods or
conditions there is always the possibility of error or that social change requires
the inclusion of new measures while rendering some of the old measures
obsolete. Consequently there may be good reasons to approach the subject of
well-being or human flourishing more directly.

The advantage of Doyal's and Gough's theory of human need is that it
distinguishes between needs and wants as well as different kinds of needs.
What is more, these different kinds of needs can be operationalized. They
themselves operationalize basic health needs in terms of life-expectancy, infant
mortality rates, mortality rates among under 5 year olds, and low birth weight.
Autonomy is operationalized in terms of literacy. Measures of intermediate
needs include access to safe water, overcrowded housing, access to health care,
crime rates, poverty, level of education and access to contraception.

All approaches to the quality of life fall under what can be labelled
"objective list theories" (Griffin, 1986; Sumner, 1996). Such theories all suffer from
a degree of arbitrariness regarding which items are included and which are not. This
problem is not entirely insurmountable. A formal theory such as that provided by
Doyal and Gough can provide criteria for the selection of indicators. This of course
only shifts the problem from the selection of indicators to the choice of theory unless the theory enjoys very broad support, which is rarely if ever the case. This problem is not uncommon in social research and hardly fatal insofar as the definitions provided by the theory are suitable for the uses they are put to.

Much like measures of subjective well-being the perspectives on social indicators reviewed in this section are far too broad to be appropriate for a study with a narrow focus on economic inequality. In fact it might be argued that the very point of the social indicators movement was to provide non-economic measures of social progress. There is, however, a line of inquiry that has some affinities with the social indicators movement that has a somewhat narrower focus on material living standards. This approach seems like a likely candidate for a non-monetary approach to economic inequality and has considerable bearing on the present study. Thus I will discuss it in some detail in the following section.

1.4.5. Class, Poverty and Deprivation

Building on the work of Stein Ringen (2006/1987) Christopher Whelan and his associates (Layte, Maitre, Nolan, & Whelan, 2001; Nolan & Whelan, 1995; Nolan & Whelan, 2011) have published interesting studies on the relationships between material deprivation, economic vulnerability and income poverty. They find that while there is a significant overlap there are also important discrepancies between who is defined as poor by these different measures. The central mechanism they propose to account for those discrepancies is differences between households in how resources accumulate or deteriorate over time, e.g. having low incomes or frequent spells of unemployment leads to lower rates of accumulation and accelerated rates of deterioration.
Many of these studies employ various versions of Goldthorpe's class schema in their analyses of income poverty, material deprivation, social exclusion and economic vulnerability. Though this is a somewhat narrower focus than I have, their work is highly indicative of what one can expect to find in terms of economic inequality between social classes. While most of their work is comparative in nature, they have also published case studies on Ireland. In operationalizing class they tend to rely on household reference persons as defined by the data they use, sometimes supplemented by a dominance rule if more than one member of the same household is responsible for the accommodation. In some cases social class has been their main focus, in other cases it serves more instrumental purposes.

As an example of the latter is a study published in 1995, the main objective of which was to account for the discrepancy between measures of income poverty and material deprivation, i.e. that not all who fall below the income poverty threshold are deprived and vice-versa (Nolan & Whelan, 1995; for similar conclusions see also Layte, Maitre, Nolan, & Whelan, 2001). In that study they use a somewhat simplified version of the CASMIN version of the Goldthorpe class schema as a broad indicator of economic resources. The results suggest that being a semi- or unskilled manual worker was strongly associated with deprivation, which they plausibly interpret as suggesting that the accumulation or erosion of household resources over time is central to explaining levels of deprivation. There are also two more recent studies in which they use social class in much the same way. In the former of these Layte, Whelan, Maitre, and Nolan (2011) use a collapsed five class version of the CASMIN class schema. Not only do they find that there are class gradients in levels of deprivation but they also find that disadvantaged groups in different countries differ more in terms of deprivation than do advantaged groups.
Whelan and Maitre (2012) also find that macro level economic conditions affect classes differently in terms of material deprivation, i.e. bad economic conditions affect the lower classes more severely.

Their work that is directly concerned with class tends to address such questions as whether there is evidence of an emerging "underclass" or whether economic risk is being "democratized" throughout the class structure. Much of their earlier work on these issues focused on Ireland and the former issue (see Whelan, 1996; and Nolan & Whelan 1999 & 2000). The claim they were testing was that increased urban poverty could be explained in terms of underclass processes generated by the concentration of economically disadvantaged people in public housing estates, leading to psychological distress and fatalism further resulting in social exclusion. They conclude that this is not the case; that what the real story was of working class marginalization affecting primarily the youngest cohorts from a working class background and that the association with public housing estates was produced by self-selection both into and out of such estates, rather than processes arising in the milieu itself.

Whelan and his associates have in recent years published a number of studies testing the individualization thesis, i.e. that risk is becoming decoupled from social class. These analyses are comparative in nature, using EU-SILC data. In these studies there has been an explicit focus on social class as an alternative to explanations based on individualization and the life-course. They consistently find that social class matters for material deprivation and economic risk and that the consequences of life-cycle factors are dependent on people's class position, with lower classes suffering heightened deprivation resulting from life events (Whelan, Lucchini, Pisati, & Maitre, 2010; Whelan & Maitre, 2008b). Recently they have
expanded their explanatory ambitions, shifting their attention towards macro-social factor and how these affect class differences in risk and deprivation. As was noted above, levels of deprivation and economic risk vary more between countries for the disadvantaged than the advantaged classes, with levels of deprivation being higher for the lower social classes in countries with less comprehensive welfare states (Whelan & Maitre, 2010). They ways in which social policy affects social and demographic factors may be the key to explaining different patterns of deprivation and risk across welfare regimes (Whelan & Maitre, 2012).

Measures of material living standards seem appropriate for a study of economic inequality. They can be seen as the outcomes that people use their financial resources to attain and unlike subjective well-being and other social indicators these are not so broad as to be irreducible to economic inequality. As importantly, the research cited in this section show that there is discrepancy between income poverty and material deprivation which suggests that including measures of material living standards in this study adds information and provides a fuller account of economic inequality between classes.

1.6. The Outline of the Thesis

This thesis is divided into six chapters in addition to this introductory chapter. In Chapter 2 I introduce the data and discuss methodological issues. Chapter 3 is the first substantive chapter. It is concerned with how the class structure and social mobility developed throughout the period under study, which has considerable implications for claims that social class is no longer a lifetime experience. Chapter 4 looks at income inequality both within and between classes and their development over time. This has implications for theories claiming that the increasing importance
of skill and effort are leading to increasing inequality within rather than between classes. Chapter 5 examines whether income mobility reduces class inequalities over time to the extent that it renders class inequalities in the cross-section trivial. In Chapter 6 I look at class differences in material living standards. Chapter 7 concludes the thesis by drawing the findings together and discussing the implications. I will also consider the limitations of the present study and suggest issues for future research.
2. Data and Methods

The British Household Panel Survey (BHPS) is a household panel study that was carried out by the Institute for Social and Economic Research (ISER) at the University of Essex from 1991 to 2008, after which it was integrated into the UK Household Longitudinal Study usually referred to as "Understanding Society". The two most important features of the BHPS are that it is, as the name implies, both a household and a panel study, which means that it is possible to link the information of people in the same household and to track people’s developments over time. Furthermore, the BHPS is a multi-purpose survey that covers a wide range of subjects.

The initial sample was a sample of 5500 households, representative of the population of the United Kingdom. When people departed from households, such as young adults leaving the nest or couple splitting up, the new households that they formed were incorporated into the study. So were individuals that joined the households of a sample members after the study began. Despite these additions and some attrition the BHPS remains broadly representative of the population of Britain, containing information on a large range of issues including health, employment, social class, subjective well-being, social relations, material living standards, incomes and values. This makes it a very rich source of information.

What makes this data particularly useful for my purposes is that it contains a great deal of information about social class, including the class location derived from present job or from the most recent job for those that are not employed. In addition the BHPS contains detailed information on incomes and material living standards.
2.2. Panel Maturation and Attrition

A central concern with any survey data is whether it represents the population it is drawn from. There are at least two reasons to expect the BHPS to grow unrepresentative of the British population as the panel matures. The first is that as members of the initial sample age they become increasingly unrepresentative of a population where new cohorts replace old ones. This is partly compensated by the dynamics of panel recruitment. Firstly, people can join the study by joining a BHPS household (e.g. marrying someone that is already a member). Secondly, children in BHPS households grew up, moved out, and formed their own households during the 18 years that the study was running. However, this method of panel recruitment is not equivalent to adding random samples of new respondents and may therefore increase rather than reduce biases. Panel attrition is the second reason to expect the BHPS to grow unrepresentative. As participation is necessarily voluntary many respondents will not participate in one or more waves, some dropping out of the study altogether. Mortality also accounts for some of the attrition.

To complicate things three additional samples were added to the BHPS during later waves. The first of these was a supplementary sample for the now defunct European Community Household Panel Survey (ECHP) in 2007. In 1999 1500 households in each of Scotland and Wales were added to the panel, meaning that households from either country are overrepresented. In 2001 two thousand households were added from Northern Ireland, thereby increasing the study's coverage to include all of the United Kingdom.

The BHPS comes with a number of weights to correct for any biases arising from panel maturation, attrition and additional samples, as well as for unequal
selection probabilities of households for the initial sample.\textsuperscript{1} The first wave data contains two weights, one for individuals and another for households. These weights were truncated so that no weight was greater than 2.5 to minimise variance inflation. Subsequent waves contain two sets of weights, one that is applicable when the wave data is being treated as cross-sectional data, another for longitudinal analysis.

There is a single cross-sectional weight for households and two for individuals, i.e. respondent weights and enumerated weights. The weights are designed to provide a continuously longitudinal sample representative of the pre-wave 1 resident population. Respondent weights assign positive values only to those sample members who provide responses in all waves up to the one in which the weight is defined, thereby excluding people joining the panel from wave 2 onwards, the natural decedents of original sample members who were not old enough to provide responses at wave 1, and those that did not provide responses at one or more of the waves of the BHPS. Respondent weights are thus most appropriate when working with a balanced panel. The enumerated weights assign positive values to those sample members who were enumerated in households in all waves up to the one in which the weight is defined, even if they did not provide responses during one or more waves. This excludes people joining the panel from wave 2 onwards. The enumerated weights lead to less loss of information and therefore seem preferable when one treats the data as repeated cross-sections or when breaks in individual time-series are not a problem for longitudinal analyses.

There are also both respondent and enumerated longitudinal weights for individuals. In longitudinal analyses the weights for the latest wave of the panel

\textsuperscript{1} For full details on weighting see Taylor, Brice, Buck, & Prentice-Lane, 2010, chapter V.
should be applied. There are no longitudinal weights for households as households are not stable units of analysis over time.

In addition there are weights to correct for the inclusion of the ECHP subsample in waves seven to ten and another set to correct for the additional sample from Scotland/Wales in waves nine and ten. From wave eleven onwards there is a single weight that corrects for both these subsamples as well as the addition of a sample from Northern Ireland.

In his study of income dynamics Jenkins (2011) found that his results were not sensitive to whether or which weighting schema were applied. All the analyses presented in this thesis were run unweighted as well as weighted in different ways, using the weights that were relevant in each case. The results were in all cases quite similar and in no case did the application of weights matter in terms of the questions that I seek to answer in this thesis. Most of the analyses presented herein treat the data as repeated cross-sections. For these I used the enumerated weights. In a few cases it was preferable to work with a balanced panel. In those cases I used the respondent weights.

2.3. Income Measures

Survey measures on incomes are notoriously problematic. Because questions about incomes are perceived by many to be sensitive and because the level of detail is considerable, item non-response tends to be high. The BHPS is not an exception (for a detailed discussion see Jenkins, 2011). Household incomes are made up of incomes from different sources for each household member. Item non-response on one of these sources, for one household member, can affect the validity of the aggregated measure of household income. In the case of the BHPS missing values
have been imputed. Such imputations are not without their problems and there is some evidence that suggests that using only information from households that do not require imputation yields better estimates (Gottschalk & Huynh, 2010), though it seems likely to depend on how the imputations are derived. The trade-off I am faced with is either reducing the number of observations by excluding households that had at least one missing value on some income source for at least one household member or including them with their imputed values and thereby risking a larger measurement error. At this point it seems feasible to maximize the number of observations by including imputed values lest the cell count become too low for individual classes.

Stephen Jenkins has studied the income measures of the BHPS in considerable depth (Jenkins, 2010). He finds them reliable, so long as one is not concerned with the top or bottom one per cents as response rates tend to drop as one approaches either end of the income distribution. There are also some indications that people towards the top of the income distribution tend to underreport their incomes whereas those near the bottom tend to overestimate it. These issues are quite common to survey measures of income. Despite this he chooses to curtail the income distribution by excluding the top and bottom 1% of reported incomes, to eliminate outliers. There are good methodological grounds for doing this (Cowell & Schluter, 1998). I must, however, confess some reservations. With the top and bottom one per cents self-selecting out of surveys and with people towards the opposite ends of the income distribution that do participate over or underreporting their incomes in the aforementioned way, it seems to me that survey measures of incomes will tend to underestimate income inequality. Further curtailing the distribution seems likely to magnify this error further. In this I go against
conventional wisdom and risk the inclusion of extreme outliers that may potentially bias results.

Another issue is whether to use real or nominal incomes. The argument for using real incomes is fairly straightforward. Money has no value in itself but only in reference to the goods and services it buys. Thus income measures are only informative relative to the prices of goods and services. Consider for example an individual whose income rises by 10% between two some two points in time, with inflation rising by 20% during the same period. In nominal terms his income has risen, but in real terms it has fallen by some 8.3%. Thus I will correct for inflation by deflating annual household incomes using OECD's annual consumer price index.²

2.4. The Class Schema

There are a number of versions of the Goldthorpe class-schema, the most recent being the NS-SEC (Rose & O'Reilly, 1997) and the ESeC (Rose & Harrison, 2010). I use a version of the schema that is provided with the BHPS data. This is a matter of convenience. For some analyses I derived the ESeC class schema to see if the collapsed three-class versions produced different results from those produced by the schema provided by the BHPS. Overall the results were quite similar. It would have been preferrable to compare the results of the BHPS schema with the NS-SEC as the ESeC was developed for international comparisons, trading precision for comparability, whereas the NS-SEC was developed specifically for Britain. I am however more familiar with the ESeC schema, having derived it from various Icelandic data sources. Given the time constraints under which I was working it seemed feasible to use the more familiar schema to check whether my results were

² http://www.stats.oecd.org
sensitive to different operationalizations of social class (see Goldthorpe & Mills, 2008 on the comparability of the old Goldthorpe schema and the NS-SEC).

Table 2.1. The Goldthorpe class schema.

<table>
<thead>
<tr>
<th>Enumeration</th>
<th>Description</th>
<th>Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class I</td>
<td>Service class, higher grade</td>
<td>1</td>
</tr>
<tr>
<td>Class II</td>
<td>Service class, lower grade</td>
<td>1</td>
</tr>
<tr>
<td>Class IIIa</td>
<td>Routine non-manual workers</td>
<td>2</td>
</tr>
<tr>
<td>Class IIIb</td>
<td>Personal service workers</td>
<td>3</td>
</tr>
<tr>
<td>Class IVa</td>
<td>Self-employed with employees</td>
<td>1</td>
</tr>
<tr>
<td>Class IVb</td>
<td>Self-employed without employees</td>
<td>2</td>
</tr>
<tr>
<td>Class IVc</td>
<td>Farmers and smallholder</td>
<td>2</td>
</tr>
<tr>
<td>V</td>
<td>Foremen and technicians</td>
<td>2</td>
</tr>
<tr>
<td>VI</td>
<td>Skilled manual workers</td>
<td>2</td>
</tr>
<tr>
<td>VIIa</td>
<td>Semi- and unskilled manual workers</td>
<td>3</td>
</tr>
<tr>
<td>VIIb</td>
<td>Agricultural workers</td>
<td>3</td>
</tr>
</tbody>
</table>

The details of the class schema are given in table 2.1. The full Goldthorpe class schema consists of eleven classes. The class schema is not hierarchical though it can be collapsed into fewer classes, with some of the resulting schemas being amenable to hierarchical interpretations. In this thesis I follow Goldthorpe and Mills (2008) and collapse the schema into three levels. I will refer to the top level as the salariat, the middle level as the intermediate classes, and the lowest level as the working classes.
3. Class Structure and Social Mobility

In this chapter I will look at the development and the fluidity of the class structure throughout the period under study, as it appears in the BHPS. Both have some bearing on the issue of class inequality. The focus is on within-career mobility rather than intergenerational mobility.

Anthony Giddens (1994) has claimed that social mobility is increasing; especially mobility from manual to non-manual employment, and that this is making class less of a life-time experience. By this he means that people do not belong to the same class throughout their lives. If this is correct there are two things that we might expect to observe. The first of these is a declining proportion of manual classes and an expansion of the non-manual one's. For this change to really count the expansion must be rather more pronounced in the salariat classes where the really good, well-paid non-manual jobs are, than in the intermediate or working class non-manual classes. Secondly, we would expect to see high levels of social mobility within people's career in employment, even over a rather limited timespan of eighteen years. Both trends, if they were in fact occurring, would imply that class is becoming less relevant for economic inequality. On the one hand a person's class position at any point in time, especially at a younger age, would not be indicative of their economic circumstances over the long-term. On the other hand the changing class structure would herald a future of fairly pleasant, well paid jobs for most.

The analyses focus on individuals rather than households. This stems from analyses of mobility being concerned with change over time and households are not a sufficiently stable unit for longitudinal analyses. In the next section I map the class structure in Britain 1991-2008 before moving on to social mobility in section 3.3, where I look at the prevalence of mobility and present analyses of origins.
and destinations. In the concluding section I discuss the implications that the findings have for the relevance of social class.

### 3.2. Class structure

One of the advantages of class schemas, like those developed by Goldthorpe and Wright, is that they allow us to map the class structure at a specific point in time and changes over time if we have repeated cross-sectional or panel data. The shape of the class structure is of interest in itself. It can tell us a great deal about how a society is developing, for instance whether social mobility is being driven by changes in the structure itself (e.g. because of an expanding service sector and a declining production sector) or by changes in social fluidity.

Table 3.1 shows the British class structure, as it appears in the BHPS using both the full eleven-class and the collapsed three-class versions of the Goldthorpe schema. Given the nature of the data, i.e. panel data subject to attrition and maturation, as well as the introduction of extensions to the sample at various points, suggest that weighting is required. Having applied different weights I found that substantive conclusions did not hinge on weighting. The results presented in the table were found using the enumerated individual cross-sectional weights, these being appropriate for the cross-sectional treatment of the data, the fact that the analysis focused on individuals, and with an eye on consistency in weighting over time. Using enumerated weights retains more observations for analyses than using respondent weights.

The salariat did indeed expand relative to the other classes, having accounted for 35.9% of the class structure in 1991 and 45.8% by 2008. The expansion is split fairly evenly between the higher and lower service classes (Classes I and II). The proportion belonging to Class III, the self-employed
with employees, declines over the period, though the small size of the class makes it difficult to draw any conclusions on the basis of this.

The expansion of the salariat seems to be at the expense of the intermediate rather than the working classes. The proportion belonging to one of the intermediate classes fell by approximately 8% throughout the period, whereas the proportion belonging to one of the working classes fell by about 2%. The proportion belonging to each of the intermediate classes fell between 1991 and 2008. Most of these classes are manual classes, though Class IIIa (routine non-manual workers) is among them and was not exempt from the general trend of decline marking the intermediate classes.

The relative stability of the working classes overall masks important differences between them. The proportion belonging to the semi- and unskilled manual class declined from 17,9% in 1991 to 13,9% in 2008. This was partly offset by the expansion of personal service workers, from 7,4% in 1991 to 9,7% in 2008. Agricultural workers also declined as a proportion of the class structure, but the number of observations underlying this trend is extremely small. On the whole we must conclude that the developments as they appear in table 3.1 are not inconsistent with Giddens’ claims. The proportion belonging to each of the manual classes has in fact declined. Together the proportion of the class structure accounted for by the unambiguously manual classes (IVc, V, VI, VIIa, and VIIb) went from 35,9% in 1991 to 27% in 2008. The trends vary somewhat more for the non-manual classes. Most of their expansion took place in the two salariat classes and to a lesser extent in the personal services, but not in routine non-manual work.
Table 3.1. The class structure of Britain, 1991-2008. Proportional distribution (%). Goldthorpe class schema, full eleven-class and collapsed three-class schemas. Individuals. Weighted using enumerated individual cross-sectional weights.

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</thead>
<tbody>
<tr>
<td><strong>Salariat</strong></td>
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<td>36.7</td>
<td>37.2</td>
<td>37.6</td>
<td>38.6</td>
<td>38.5</td>
<td>39.2</td>
<td>38.9</td>
<td>39.9</td>
<td>40.4</td>
<td>40.1</td>
<td>41.0</td>
<td>41.1</td>
<td>41.1</td>
<td>41.6</td>
<td>44.5</td>
<td>44.7</td>
<td>45.8</td>
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<td>Class I</td>
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<td>15.0</td>
<td>15.6</td>
<td>15.5</td>
<td>16.2</td>
<td>16.7</td>
<td>16.0</td>
<td>16.9</td>
<td>16.5</td>
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<td>17.0</td>
<td>17.4</td>
<td>17.7</td>
<td>18.6</td>
</tr>
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<td>20.0</td>
<td>20.1</td>
<td>20.4</td>
<td>20.7</td>
<td>19.7</td>
<td>21.6</td>
<td>21.1</td>
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<td>25.5</td>
<td>25.4</td>
<td>25.7</td>
<td></td>
</tr>
<tr>
<td>Class IVa</td>
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<td>2.6</td>
<td>2.6</td>
<td>2.6</td>
<td>2.6</td>
<td>2.6</td>
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<td>1.9</td>
<td>1.6</td>
<td>1.6</td>
<td>1.5</td>
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<tr>
<td><strong>Intermediate</strong></td>
<td><strong>38.0</strong></td>
<td><strong>37.3</strong></td>
<td><strong>35.8</strong></td>
<td><strong>35.5</strong></td>
<td><strong>34.1</strong></td>
<td><strong>34.8</strong></td>
<td><strong>34.6</strong></td>
<td><strong>34.5</strong></td>
<td><strong>34.2</strong></td>
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<td><strong>31.1</strong></td>
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</tr>
<tr>
<td>Class IIIa</td>
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<td>15.1</td>
<td>14.4</td>
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<td>14.1</td>
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<td>12.4</td>
<td>12.1</td>
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</tr>
<tr>
<td>Class IVb</td>
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<td>6.3</td>
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<td>5.6</td>
<td>5.4</td>
</tr>
<tr>
<td>Class IVc</td>
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<td>1.0</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.7</td>
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<tr>
<td>V</td>
<td>7.6</td>
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<td>7.5</td>
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<td>6.3</td>
<td>6.6</td>
<td>7.0</td>
<td>6.9</td>
<td>7.1</td>
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<td>6.9</td>
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<td>5.9</td>
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<tr>
<td>VI</td>
<td>8.7</td>
<td>8.1</td>
<td>7.1</td>
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<td>7.2</td>
<td>7.4</td>
<td>7.2</td>
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<td>7.1</td>
<td>6.9</td>
<td>7.1</td>
<td>6.6</td>
<td>6.9</td>
<td>6.7</td>
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<td>6.5</td>
<td>6.9</td>
<td>6.6</td>
</tr>
<tr>
<td><strong>Working</strong></td>
<td><strong>26.1</strong></td>
<td><strong>26.0</strong></td>
<td><strong>27.1</strong></td>
<td><strong>26.9</strong></td>
<td><strong>27.3</strong></td>
<td><strong>26.7</strong></td>
<td><strong>26.3</strong></td>
<td><strong>26.6</strong></td>
<td><strong>25.9</strong></td>
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<td><strong>25.7</strong></td>
<td><strong>26.0</strong></td>
<td><strong>25.2</strong></td>
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<td><strong>24.6</strong></td>
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<tr>
<td>Class IIIb</td>
<td>7.4</td>
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<td>8.2</td>
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<td>8.1</td>
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<td>17.9</td>
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<tr>
<td>VIIb</td>
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</tr>
</tbody>
</table>
Do these findings support Giddens’ claims? One might question the rate and timing of change and whether there is an upper limit to the expansion of the salariat or a lower limit to the contraction of the manual classes (houses don’t get built or cleaned by themselves). Although I am somewhat sceptical about much of Giddens’ work I am inclined to accept these findings as supporting his claim, so that if I err I do so on the side of generosity rather than rigour. This, however, only takes us so far in assessing his claims, which were formulated in terms of mobility between classes and must therefore be tested on those terms.

Giddens bases his claim on mobility between manual and non-manual classes, though he clearly sees this as having implications for inequality and life-chances. I will not be concerned with this kind of mobility as it strikes me as an unsophisticated way to conduct class analyses, a prime example of which would be the Alford index of class voting (see Evans, 1999a). The Goldthorpe class schema is a far more sophisticated approach to class analyses. Furthermore, it seems to me that it is mobility between levels in the class structure that has the most important implications for economic inequality over the long-term. Someone moving from unskilled manual work to personal services is far less likely to see their economic circumstances improve than someone moving from unskilled to skilled manual work or from personal services to the routine non-manual class or even lower service class. The first example of mobility occurs across the manual/non-manual distinction but within the boundaries of the working classes, whereas the latter examples
move out of the working classes without crossing the manual/non-manual divide.

3.3. Within-Career Social Mobility

If social class boundaries were perfectly fluid it would make very little sense to look to class for explanation of social regularities. There would of course be some differences between classes that would constitute regularities, but if mobility between classes was easy and common then many of issues of social justice would be off the table (as suggested for instance by Giddens, 1994 and Castells, 2000). The relevance of social class to economic inequality would be much reduced.

Studies of intergenerational social mobility form the backbone of the Nuffield School of class analyses (e.g. Breen, 1998 and 2004; Erikson & Goldthorpe, 1993; Goldthorpe, 2000b; Goldthorpe, Llewellyn, & Payne, 1980; Goldthorpe & Mills, 2008; Halsey, Heath, & Ridge, 1980). The key finding of these studies is that increases in absolute rates of social mobility can be accounted for by changes in the class structure, i.e. the expansion of the service class and the contraction of manual employment. When changes in the class structure are controlled for the resulting relative mobility rates seem to be in a "constant flux". The single exception to this is Sweden, that saw a steady increase in social fluidity in the decades after the Second World War (Erikson & Goldthorpe, 1985 and 1993; Erikson, Goldthorpe, & Portocarero, 1979, 1982, and 1983), though recent findings suggest that this development slowed down considerably in recent years (Jonsson, 2004). In sum: Shifts in social mobility within a country over time and differences in mobility between countries are not consistent with theories of the logic of industrialism, individualization, or other such theories that propose a mechanistic
relationship between some inherent traits of certain kinds society and various
developments including the role played by social class. Goldthorpe has suggested
that explanations of differences in social fluidity between nations and over time
should instead be sought in overall inequality, policies of redistribution, and the
characteristics of the education system (Goldthorpe, 2000b).

Much less work has been done on the social mobility of individuals over
their working life (though see Halpin & Chan 1998 for a study of mobility over the
life-cycle, integrating both intergenerational and within-career mobility). What
evidence exists suggests that mobility tends to take place during the early stages of
people's working lives though fluidity may be decreasing (Gershuny, 1993). At least
some people will rise out of the first class position they occupy after their transition
from school to work. There are many processes through which this can occur. Some
people may find it difficult to find a job matching their qualifications and be forced
to take a job for which they are over-educated, at least for a brief period of time.
Others may rise through the gradual advancement through internal labour markets.

While there is as of yet very little research on within-career class mobility
occupational mobility has featured prominently in the claims being tested here,
some of them resting on the claim that occupational mobility is on the rise. Manuel
Castells, for instance, suggests that traditional employment of lifetime careers is in
decline (Castells, 2000). John Gray has reached a similar conclusion, suggesting
that global capitalism gives rise to the "portfolio person" that moves frequently
between employers and occupations (Gray, 2000). Also, as we have seen Anthony
Giddens has claimed that increasing mobility from manual to non-manual jobs is
making class less of a lifetime experience (Giddens, 1994).
If these claims were true they would seriously undermine class analysis, as these authors claim. People’s class position at a single point in time would give us very little information about their circumstances and prospects because they would most likely be found in quite a different position if we were to check on them again some time later.

Whether and to what extent "career jobs are dead" is a contested issue. In the United States Peter Cappelli (1999) has offered some evidence suggesting that they are, with Sanford Jacoby (1999) dissenting. Reviewing the evidence for Britain Goldthorpe finds such claims are at best greatly exaggerated (Goldthorpe, 2002b). Duncan Gallie and others (Gallie, White, Cheng, & Tomlinson, 1998) find evidence of some increase in occupational stability for men but not for women. Very little work on occupational mobility has been framed in class terms, class analysis having primarily focused on intergenerational mobility. The one study I was able to find indicates that overall mobility within careers is in fact in decline and where mobility was increasing it was primarily of a horizontal kind reflecting less security in certain sections of the class structure rather than an greater occupational fluidity (Gershuny, 1993). This study, however, did not use the Goldthorpe class schema but rather a schema devised by Esping-Andersen for the purpose of studying social class in post-industrial society (Esping-Andersen, 1993). It is also somewhat dated and it is possible that trends have shifted since.

Analyses of class mobility from one year to the next presents a methodological problem in that some people will be mobile out of the class structure, because they are unemployed at a particular wave or because they retire. The question is how to treat those respondents. It is possible to treat "un-classed" as a destination and count such moves as incidence of mobility. However, if we
assume (somewhat plausibly) that experiences of unemployment and retirement differ between social classes, then doing so would produce an inflated estimate of mobility and give a somewhat misleading picture of mobility experiences. A close visual inspection of the data also showed that respondents with gaps in their time series on class position tended to be in the same class location at the first point of observation after the gap as they occupied in the last observation before it.

I resolved this by using respondent's most recent class position, which determines class position on the basis of the current jobs of those who are employed and on the basis of last job held for those that are not. Thus, while this almost certainly leads to mobility being underestimated to some extent it seemed a suitable solution. However, respondents also have missing values at some waves for other reasons, such as being interviewed by proxy or by telephone. In these cases the missing values do not reflect mobility into non-employment but rather that the information was simply not collected. In these cases I assumed that their class position was the same as in the last wave before the gap. This is in keeping with defining the class position of the non-employed in terms of their most recent job and has the same effect in that it likely leads to an underestimation of mobility.

3.3.1. Mobility and Immobility

The first task is to assess the extent of mobility. Lacking comparative data it is rather difficult to determine whether the results suggest high or low mobility, but one thing that we might expect to find if there was some irresistible societal logic pushing us towards ever increasing mobility between classes is that mobility would rise during the period covered in this thesis.
Figure 3.1 shows the proportion of respondents who changed their class position between each pair of consecutive years. There are two lines in the figure, one representing the proportion that moved between classes on the full eleven-class version of the Goldthorpe class schema, and the other the proportion that moved between levels in the class structure (i.e. between classes in the collapsed three-class version of the schema). There is no evidence that social mobility from one year to the next increased throughout the period. In fact mobility rates are fairly stable up until 2005 after which they decline somewhat sharply. In most years leading up to 2005 a sizable minority, just under 20% of people, moves between levels in the class structure.

Figure 3.1. Social mobility over two year intervals, total and vertical. Proportion mobile (%). Individual respondents. Weighted using enumerated individual cross-sectional weights. 1991-2008.

Mobility over two year intervals does not tell the whole story. People who are not mobile over one period may well be so during another. Over time mobility rates may therefore accumulate. We must therefore consider mobility rates over larger intervals to gauge the proportion of people who are at some time mobile.
Figure 3.2 shows the proportion of people who find themselves in a different social class than in 1991 in any of the subsequent years (both overall and vertical mobility). The analysis uses a balanced panel so that the same people are being studied at each interval, which is weighted using longitudinal individual respondent weights to correct for resulting biases. The proportion that is mobile increases as the interval widens, though at a diminishing rate. In 2008 61% of people belong to a different class than they did in 1991. 41.8% are located at a different level of the three-class structure. This is substantial amount of mobility. On the other hand nearly 60% of people are at the same level of the class structure at a 17-year interval. This suggests that class may still be a lifetime experience for many people. Admittedly the 17-year interval is too short to draw conclusions about the mobility over the life cycle. However, the lines in figure 3.2 seem close to levelling off by 2008.

Figure 3.2. Social mobility over gradually widening time intervals, total and vertical. Proportion mobile (%). Baseline year 1991. Individual respondents. Balanced panel. Weighted using the individual enumerated longitudinal weights. 1991-2008.
Some people who occupy a different class position in, say, 1996 will have returned to their original class position by 1997. Consequently the figure does not tell us anything about the proportion of people who are immobile or how often people are mobile throughout the period. Table 3.2 provides some insights into this. Using a balanced panel of the BHPS, weighted using longitudinal individual respondent weights, I calculated the proportion of respondents that were immobile between levels, the mean number of mobility events for those that were mobile at least once, and the proportion of respondents who were immobile or mobile only infrequently (once or twice).

Table 3.2. Proportion never or rarely mobile and frequency of mobility of those that aren't. Balanced panel, 1991-2008. Weighted using the individual respondent longitudinal weights.

<table>
<thead>
<tr>
<th></th>
<th>Overall</th>
<th>Salariat</th>
<th>Intermediate</th>
<th>Working class</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proportion immobile</strong></td>
<td>%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall</td>
<td>44.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salariat</td>
<td>54.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intermediate</td>
<td>34.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working class</td>
<td>45.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Immobile plus mobile up to twice</strong></td>
<td>%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall</td>
<td>68.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salariat</td>
<td>77.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intermediate</td>
<td>61.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working class</td>
<td>67.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Incidence of mobility</strong></td>
<td>Mean</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall</td>
<td>3.35</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salariat</td>
<td>3.10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intermediate</td>
<td>3.36</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working class</td>
<td>3.54</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The data suggests that almost 45% of people did not change class position even once from 1991-2008. There are some class differences in immobility, with the salariat having the highest rate of immobility and the intermediate classes the lowest. While a smaller proportion of the working classes than the intermediate
classes are mobile, those that are tend to be mobile somewhat more often, though the difference is not large (3.54 changes in class position, compared to almost 3.36).

The incidence of mobility is positively skewed, which means that the mean number of incidences is somewhat biased upwards. Another way to approach this is to look at the proportion of respondents who are immobile or rarely mobile (defined arbitrarily as once or twice) throughout the period. The results indicate that nearly 70% of people are rarely if ever mobile. We can also turn this on its head and look at those that experience mobility frequently. This is not reported in the table, but those that experience mobility approximately every third year or more often (six or more mobility events) experiences account for only 8.7% of the population.

These findings are hardly consistent with the impression of a hyper-fluid class structure that one gets from reading Castells, Giddens and Gray. Keeping in mind that the data only covers 18 years and that mobility is most likely underestimated for reasons discussed above, it nevertheless seems safe to conclude that class is a long-term if not a life-time experience for the majority of people.

Figure 3.3. Proportion immobile over two-year intervals (%), by social class. Individual respondents. Weighted using enumerated individual cross-sectional weights. 1991-2008.
So far I have been concerned with the frequency of mobility overall. Figure 3.3, however, shows the proportion of members of each of the three classes of the collapsed Goldthorpe schema that is immobile, i.e. stays at the same level in the class structure, for each pair of consecutive years. The developments are for the most part similar for all classes but what sets the salariat apart is that its members are consistently less mobile over two year intervals than the members of the other two classes.

![Graph showing proportion immobile over gradually widening time intervals (%). Baseline year 1991. Individual respondents. Balanced panel. Weighted using the individual enumerated longitudinal weights. 1991-2008.](image)

Figure 3.4 shows the proportion of people in each class that are immobile over a gradually widening interval, using a balanced panel. It shows that even if the salariat is slightly less mobile than the other two classes over two-year intervals there are no clear class differences in either trends or magnitude over longer periods.
3.3.2. Origins and Destinations

Implicit in the claims about mobility is that people's destination in the class structure is to some extent independent of their origin, at least at some interval of years. Figures 3.5-7 show the class destination of each class separately over a gradually widening interval of years. The proportions that would be immobile in each figure would be identical to those presented in figure 3.4 so there is no need to display them. What the figures show is the proportion of respondents who were in a particular class in 1991 that finds themselves in each of the other two classes at a later year.

Figure 3.5. Proportion of the salariat (%) that finds itself in each of the other two classes at a gradually widening interval. Baseline year 1991. Balanced panel. Weighted using the individual enumerated longitudinal weights. 1991-2008.
Figure 3.6. Proportion of the intermediate classes (%) that finds itself in each of the other two classes, at a gradually widening interval. Baseline year 1991. Balanced panel. Weighted using the individual enumerated longitudinal weights. 1991-2008.

Figure 3.7. Proportion of the working classes (%) that finds itself in each of the other two classes, at a gradually widening interval. Baseline year 1991. Balanced panel. Weighted using the individual enumerated longitudinal weights. 1991-2008.
What these figures suggest is that class location at time $t$ influences class position at time $t+1$, even for those that are not immobile. A much larger proportion of those belonging to the intermediate classes in 1991 found themselves in a working class position in a later year, as compared to those that started out in the salariat. On the other hand, a much larger proportion of those belonging to the intermediate classes in 1991 found themselves in the salariat at a later year, compared to those that started out in the working classes. However, comparing the proportions of those who belonged to the salariat and the working classes in 1991 who found themselves in one of the intermediate classes at a later year we see smaller differences. The proportion moving into the intermediate classes rises somewhat faster for the working classes as the interval widens to 7 years (1991-1998), after which it remains fairly stable. The trend is more gradual for the salariat, though the proportion is larger for the salariat at the one-year interval (12% compared to 10.3%) but smaller for the 17-year interval (18.9% compared to 20.5%).

The implications are that the lion's share of within-career mobility tends to be short-range. People starting in the working class are more likely to find themselves in the intermediate classes than the salariat at some later point, and those starting in the salariat are more likely to find themselves in the intermediate than in the working classes. It is hard to reconcile this with the picture painted by authors such as Giddens, Castells and Gray of a dissolving or hyper-fluid class structure.

What this boils down to is that the odds of occupying a salariat position in 2008 were almost 3.5 times higher for those who were salariat than for those who belonged to the intermediate classes in 1991, and over eight times higher than for those who occupied a working class position (see table 3.3). Conversely the odds of
being working class was almost eleven times higher for those who were working class in 1991 than for those who were salariat, and just over 2.5 times higher than for the intermediate classes. Class position is to some extent predictive of class position at a later time, even at an interval of 17 years.


<table>
<thead>
<tr>
<th>Destination</th>
<th>Salariat</th>
<th>Intermediate</th>
<th>Working</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salariat/Intermediate</td>
<td>3.406</td>
<td>0.152</td>
<td>0.236</td>
</tr>
<tr>
<td>Salariat/Working</td>
<td>8.331</td>
<td>0.907</td>
<td>0.092</td>
</tr>
<tr>
<td>Intermediate/Working</td>
<td>2.446</td>
<td>5.978</td>
<td>0.390</td>
</tr>
</tbody>
</table>

The question remains whether people who are mobile tend to return to their "original" class position at a later date. I will not explore this issue in full but the cursory analysis presented in table 3.4 gives some indication. One of the problems we are faced with when attempting to answer this question using the BHPS is that mobility between levels of the class structure from one year to the next is quite limited, never more than 20% according to figure 3.1. This means that for many combinations of origins and destinations the number of observations is too small to be useful for most analyses. To compensate for this I first created separate datasets for all combinations of three consecutive years, which I then pooled so as to have mobility patterns for all possible three-year intervals. This assumes that these mobility patterns do not change over time, which may be incorrect. That, however, is a necessary compromise. The data was not weighted, as it is not clear that any of the weights provided with the BHPS are appropriate and designing new weights for this analysis would be a Promethean task, so a pinch of salt is advised.
Table 3.4. Class position in a third year, contingent on class position in the two preceding years. Pooled sample.

<table>
<thead>
<tr>
<th>Class at wave 3</th>
<th>Salariat</th>
<th>Intermediate</th>
<th>Working</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salariat wave 1</strong></td>
<td>34.4</td>
<td>60.9</td>
<td>4.7</td>
</tr>
<tr>
<td>Intermediate</td>
<td>21.7</td>
<td>17.5</td>
<td>60.8</td>
</tr>
<tr>
<td><strong>Intermediate wave 1</strong></td>
<td>68.9</td>
<td>27.1</td>
<td>4.0</td>
</tr>
<tr>
<td>Salariat</td>
<td>5.1</td>
<td>25.4</td>
<td>69.6</td>
</tr>
<tr>
<td>Working</td>
<td>68.9</td>
<td>14.9</td>
<td>16.3</td>
</tr>
<tr>
<td>Intermediate</td>
<td>8.2</td>
<td>65.0</td>
<td>26.8</td>
</tr>
</tbody>
</table>

The majority people who were mobile between the first and the second year were immobile between the second and the third year. This is what we ought to expect in light of the fairly high proportion of people who never or rarely move between levels in the class structure (table 3.2). The original position nevertheless seems to exert some pull, as the majority of those that are again mobile between second or third observation tend to return to it.

3.4. Conclusions

In this chapter I have examined claims advanced by authors such as Anthony Giddens, Manuel Castells and John Gray, which imply that occupational mobility is now so frequent as to render social class irrelevant for people's prospects over the long-terms. While it may be argued that changes in the composition of the class structure are somewhat consistent with these claims there is very little that suggests that the class boundaries have become so porous as to render class irrelevant. In
fact, a large proportion of people did not change their class position from 1991 to
2008 and for many of those that did within-career mobility seems a rare occurrence
indeed. Nor does the evidence suggest that mobility is increasing over time. If
anything it seems to have declined towards the end of the period. While the results
and the time-frame do not allow me to dismiss the claim that class is no longer a
life-time experience, in that people will occupy the same position throughout their
lives, it would seem that it remains a long-term experience for many or most.

The analyses presented in this chapter tell us little about the nature of the
mobility that is observed. It seems plausible that some of it is the result of
transitions during the early stages of people's working lives. It is also likely that
there are some fairly predictable "ladders" that at least some people climb up
through the class structure, e.g. from routine non-manual work, to the lower service
class and perhaps finally into higher service class. These patterns will likely be
different for men and women. If there are such established pathways across class
boundaries one might rightly wonder whether these are to be counted with mobility
representing social fluidity or whether they are better understood as a kind of
immobility. The latter perspective would require a view of class as a trajectory
through time rather than a position occupied at some point in time. However that is
it is clear that more research is needed on within-career social mobility if we are to
determine the fluidity of the class structure with more accuracy. I suspect that it is
less than suggested by the raw numbers on mobility.

This chapter is in some ways a detour, as it does not address economic
inequality directly. Even if most people's class position tends to be fairly stable over
time it is possible that income inequalities between classes are declining, or that
inequalities within classes are widening, or that income mobility reduces class
inequalities over time regardless of social mobility. The chapters that follow address these issues.
4. Incomes and Inequality

As reviewed in chapter 1, it has been claimed that class is becoming increasingly irrelevant to people's economic fortunes, i.e. that people's life chances and quality of life are no longer determined by their position in the class structure. While agreeing on this point the authors that were cited are not always in agreement on what is bringing about this fundamental change. In this chapter I will primarily be concerned with the claim that income inequalities within classes are widening to the extent that class is no longer a meaningful predictor of economic inequality (Sørensen, 1996 and 2000). To assess these claims I will use evidence from the BHPS on class differences in annual household incomes.

In this chapter I will take the household as the relevant unit of analysis and the income measure I use is that of the total annual household incomes from all sources. This raises a host of issues that must be addressed before reporting the results. Why total incomes rather than just labour incomes? Why annual incomes rather than current incomes? Why households rather than individuals? Does that panel structure of the data create complications? What about equivalence scales? Are survey measures of incomes reliable? What about outliers? Real or nominal incomes? Which weights to apply, if any?

Incomes have primarily an instrumental value. They are used to acquire goods and services that are either good in themselves or lead to outcomes that are valued in their own right. This has three implications. One of them is the choice using incomes from all sources rather than just labour incomes, another is using annual household incomes, and the third is to use the household as a unit of analysis.
Many studies on incomes focus only on labour incomes (Dickens & McKnight, 2008; Dragoşet & Fields, 2008; Gottschalk & Huynh, 2010). However, incomes come from numerous sources. For most people paid employment is the primary source of incomes but many also have incomes from other sources such as benefits, pensions, interest earned on savings and gains from investment, and some will have income streams from others outside their household (e.g. students who live on their own but receive support from parents, elderly who receive support from their children, divorced parents sharing the financial burdens of parenthood, if not always equitably). All these sources of incomes combine to make up the total income that people have at their disposal to buy goods and services and to accumulate household resources including savings. This is not to say that focusing on a specific income stream is not necessarily an inferior approach. The choice of variables is obviously dictated by the questions one seeks to answer and there are, for instance, numerous interesting and important questions about income dynamics and labour market issues that are best addressed by a focus on labour incomes. As my interest is ultimately in economic inequality, however, it seems appropriate to use incomes from all sources.

Whether to use annual or current incomes is less clear-cut. Current incomes refer to income covering a month or less, typically last month's income. Annual incomes, as the name suggests, are to total incomes received over 12 month. Sometimes, as in the case of the EU-SILC, this is the preceding year. In the BHPS it is the 12 month period from September 1 in the preceding year to September 1 on the year of the interview. The Canberra group on household income statistics suggests that annual measures are preferable as they smooth out short-term fluctuations that may be of little relevance for the resources people have at their
disposal at any given point in time, as these tend to accumulate or deteriorate over time. Against this Stephen Jenkins (2011) has argued that current incomes give a more accurate picture of household resources at any given time, at least for low-income households that have limited scope for accumulating savings that can be used to bridge temporary loss of income. While I find Jenkins' argument persuasive I suspect that the validity gained in terms of low income groups by using current incomes is bought at the expense of the measure's validity with regards to middle and higher incomes. The circumstances of households that can accumulate resources that can be used as a buffer against temporary income loss are better represented by annual than current measures. Even if such households do not in fact accumulate savings they may have a relatively easy time of securing loans that will help them get through short spells of lowered incomes. As low income households are the minority, albeit a sizable one, it seems prudent to use annual rather than current income measures.

Here I take households as the relevant units of analysis. It seems reasonable to assume that resources are shared to some extent within households and that consequently individual incomes do not give an accurate picture of the resources that people have at their disposal. The extent to which resources are in fact shared is a moot point and evidence suggests that in many households the distribution of resources is somewhat unequal (Bonke & Browning, 2009; Bradbury, 2004; Browning & Bonke, 2009; Lazear & Michael, 1988; Lise & Seitz, 2004). I will avoid making assumptions about distribution within households. What interests me here is the financial resources a given household has at its disposal, the distribution of which is determined through negotiation, conflict or joint decision making of a less acrimonious kind, these processes being beyond the scope of this thesis.
In this chapter I focus exclusively on households headed by couples where the household reference person is in paid employment. The reason is that household composition is an important determinant of household incomes. A single person living alone enjoys at most the labour income of a single person. A couple can, potentially, enjoy the labour incomes of two persons. The results from comparing the two kinds of households can therefore be quite misleading. Of course other factors of household composition can also affect household incomes. The presence of young children in the household can impose constrains on the time a couple can devote to earning an income, in most cases affecting women’s employment and earnings more than men’s (Crompton, 2006; Crompton & Harris, 1998; Kan, 2007).

Differences in household composition are typically solved by applying equivalence scales. This is appropriate for many purposes but as I am interested in actual incomes I am wary of using equivalence scales as they entail a number of assumptions about household needs, equal distribution of resources within households, and economies of scale. Consider if classes differ in terms of incomes and number of children in households. Class A has twice the income of class B and also double the number of children on average, say four compared to two. Applying an equivalence scale to the incomes of the two classes would reduce class inequalities. This would arguably give a more accurate account of inequalities in potential well-being of members of different classes, but it would understate the actual income inequalities between the two classes and to the extent that these inequalities are independent of the number of children in the household the resulting picture would be inaccurate if we are concerned with income inequality as such. Because of these assumptions it can be claimed that equivalent household incomes are a more accurate proxy of potential well-being at the individual level than raw
income score. On the other hand it can also be claimed that they are no longer entirely valid indicators of incomes as such. As this thesis is a tentative first step towards exploring economic inequalities in the context of class it seems sensible to start at the most basic level of raw incomes, setting inequalities of well-being and the relationship between resources and outcomes aside for the time being.

I should point out that the focus on couples is not limited to couples where both of the partners are employed. Only the household reference person must be employed. This is usual in research on social class using the Goldthorpe schema, where the class position of household is typically determined by the household head (Erikson, 1984; for a recent example see Whelan & Maitre, 2008). An argument can be made that one ought to compare only households with the same number of employed people rather than households headed by couples and single persons. This argument might be further extended to suggest that we ought to compare only households with the same overall attachment to the labour market, such that a couple where each is in 50% employment would be comparable to singles that are in full employment. An individual that has a job and a half would then be comparable to a couple where one is fully employed and the other in 50% employment. There are two reasons not to do this. One is that it would complicate the analyses considerably, the other is that even if only one member of a couple is employed the couple has an untapped reserve of earning potential that singles lack, i.e. that of the non-employed member. Of course, whether people are employed or not and the amount of time devoted to paid labour is determined by a complex mix of choices and constraints that are likely to be to some extent contingent on the household's placement in the income ladder. A full account of income inequality in the context would have to take such issues into consideration. For now I am content
with sorting households into singles and couples, based on the claim that they have different earning potentials regardless of whether that potential is fully utilized or not, for whatever reason.

Looking only at couples where the household reference person is employed imposes a somewhat strict test on the claim that class plays a role in the generation of income inequality. It leaves out households headed by an unemployed person and as we saw in Chapter 3 members of the working classes are more likely than members of the salariat to be unemployed. There are also a number of class heterogeneous couples. These are assigned a class position on the basis of only one of them. What this entails is that class inequalities will most likely be reduced. Pensioners are also left out, though class may well affect incomes during retirement.

This focus on households is in some ways limiting, as households are not a stable unit of analysis over time (Duncan & Hill, 1985). Singles become couples, couples break up, children are born and leave the nest, elderly relatives move in with their children, and people die. In some cases such changes mean that households come to an end or new households are brought into existence. Even when we can regard a household as being nominally the same over time its composition may change in ways that complicate analyses of incomes. Thus, when I take advantage of the panel structure of the data I will resort to equivalized household incomes. This is a necessary compromise though the reader should be aware that the former gives only a partial picture while the latter risks confounding a number of factors that have little to do with income dynamics per se.
4.2. Income Inequality and Social Class

Studies of income dynamics have tended to focus on labour incomes. As a consequence theories of the dynamics generating household incomes are underdeveloped. While I will not attempt to remedy this situation in this thesis it may be worthwhile to consider the issues that are at stake and to point out how we might go about accounting for class inequalities in household incomes.

It seems obvious that the classes receive unequal incomes. Class positions are derived from occupations, which are unequally rewarded. If queried why John and Paul receive different incomes people might point out that John is a director of an investment fund while Paul is a janitor. This seems obvious, so obvious that no further explanation is needed. Such an account of inequalities is for reasons of course highly circular, explaining inequality with reference to inequality, as the real question is why jobs are differently rewarded in the first place.

There are numerous ways in which class inequalities in income may be explained. Even if my goal is only to explore such inequalities rather than to account for them it is worthwhile to review key theories that might prove useful if one were to embark on a more ambitious explanatory venture. Earnings from employment are central to any account of income inequalities between social classes, partly because the Goldthorpe class schema employed for this analysis uses occupation, among other things, as an indicator of class position (Goldthorpe, 2000) and partly because the majority of people in modern societies make a living by selling their labour power. Consequently this section will focus on accounts of earnings inequality.

Unequal labour earnings are obviously only a part of the story. People receive incomes from other sources, e.g. through policies and institutions of the
welfare state. The same bodies also provide various services free of charge or at a reduced fee, which contribute in important ways to the quality of people's lives though it may be difficult to estimate the monetary value of these for each and every individual with accuracy. Setting the latter issue aside for the purposes of this paper, however, it remains that taxes and benefits modify the earnings people derive from employment. These modification can and probably do redistribute earnings between social classes, though the extent of redistribution likely varies from country to country.

Survey data from a single country is not particularly appropriate to account for policies and institutional context. Explanations would include the political organization of different classes, the organization of collective action in terms of unions, the institutional framework within which unions operate, and the political strategies of the unions and their relationship to different political parties (Baldwin, 1990; Esping-Andersen, 1990; Gallie, 1983; Korpi, 1983). International comparative analyses or in-depth historical analyses of a single case seem more appropriate for that purpose. Thus, any explanation propped up on the basis of survey data from a single country will most likely be hopelessly incomplete.

Turning now to earnings from employment it is worth noting Erik Olin Wright’s (1994) distinction between monadic and relational accounts of inequality. Monadic explanations rely on "any property of a given unit (individual, family, community, etc.) whose magnitude can be defined without reference to other units" (p. 22). An example of such an account would be theory that wages reflect the merit of workers (e.g. Herrnstein & Murray, 1994; Kanazawa, 2006; le Grand & Tåhlin, 2011) proposing that wage differences would diminish substantially if we were to control for such things as education, inborn skill, values and effort (i.e. the marginal
productivity of workers). In this view class differences would be both explicable and justified in terms of systematic differences between classes on the relevant dimensions (these differences presumably being central to allocating people within the class structure). To be fair it is doubtful that anyone really sees such an account as anything more than a useful theoretical abstraction. It is well established that the difficulties in measuring the marginal contribution of any given worker are formidable and that these difficulties vary between different kinds of jobs, both in magnitude and type (Gibbons, 1997; Goldthorpe, 2000; Holmström & Milgrom, 1991; Lasèar, 1995). Some have also raised doubts that the marginal contribution of top earners being accurately reflected by their exorbitant incomes (Krugman, 2011; Stiglitz, 2012). However, one does not need to believe that earnings are determined entirely by merit to accept the conclusion implied by this theory. One might arrive at a similar conclusion from assuming that earnings are determined by merit to a sufficient extent or insofar as possible (e.g. Kerr, Dunlop, Harbison, & Myers, 1960/1973), though defining "sufficient" in this context is obviously moot.

One influential perspective with which the adherents of the Goldthorpe class schema have engaged extensively (e.g. Breen, 2004; Erikson & Goldthorpe, 1993; Evans, 1999a) seems to subscribe to the conclusions described above. This is the liberal theory of industrial society, also known as "the logic of industrialism" (Bell, 1973; Dunlop, Harbison, Kerr, & Myers, 1975; Kerr, Dunlop, Harbison, & Myers, 1960/1973). According to this theory different societies take different roads to industrialization, but once they go down that road the logic of industrialization directs social development towards a more open society. In the context of social class this means that the allocation of jobs is increasingly based on achievement rather than ascription, with the education system operating as a key allocation
mechanism. Education expands to accommodate industry's need for a skilled workforce, reducing the association of class origins and the attainment of education and class destinations being increasingly determined by education and thus less by class origin. Appealing as this prediction may be, it has not stood up to empirical scrutiny (Erikson & Goldthorpe, 1993; Goldthorpe & Mills, 2008).

Relational accounts seek to explain inequality in terms of their social position with regards to other people and the positions that they occupy. Marxist explanations of inequality between classes in terms of exploitation, such as provided by Erik Wright (1978, 1985 & 1997) in various forms over the years being a case in point. Risking oversimplification, the abundance of the capitalist class and the misery of the proletariat depend on the former's exploitation of the latter. This exploitation is facilitated by the capitalist class' control over the means of production that gives it the power to extract the surplus value of the proletariat's labour. While Wright's attempts to develop an operationalizable class schema based on Marxist theory are commendable they are riddled with both theoretical and methodological problems that must raise questions about whether a Marxist framework is useful at all (Marshall, Rose, Newby, & Vogler, 1993/1988; see also Mills, 1994).

Aage Sørensen (1996 &2000) has proposed using rent seeking to provide a sounder basis for class analysis. According to Sørensen people use closure, skill and position within organizations to secure a surplus on top of the price their labour would earn them in a competitive labour market. Rents generate class interests. A class that enjoys rents has interests in preserving its position whereas those that do not have an interest in creating rents. Furthermore, different class interests in terms of rents generate class conflict. It is in the interest of all to destroy rents, except of
course for the rents they themselves enjoy, and to thwart the rent seeking behaviour of others. This is because rents are in some sense a zero-sum game, they allow some to enjoy a larger share of goods than they are entitled to at the expense of everyone else in addition to leading to suboptimal outcomes by skewing the operation of the market and thus reducing its efficiency. There are obvious affinities with some of Wright's work (Wright, 1985; Wright, 1997) though it must not be overlooked that occupational closure plays an important role in some Neo-Weberian theories of social class (Parkin, 1979).

Sørensen's objective seems to be to salvage the notion of classes as a collective, a class for itself. Classes are, he claims, conflict groups, a collective that perceives and acts on its shared interests vis-a-vis other classes. His proposal was greeted with some scepticism and a number of objections were raised (Dietrich Rueschemeyer, 2000; Wright, 2000), the most relevant of which, for my purposes, is Goldthorpe's doubts about the usefulness of regarding "all class conflict as being conflicts over rent or to regard all conflict over rents as being conflict between classes" (Goldthorpe, 2000c, p. 1775). While there is no doubt that certain groups enjoy rents and that this sometimes gives rise to conflict, it is not obvious that such matters are best understood in terms of broad social classes. A more narrow focus on occupational groups, such as that proposed by Grusky and Weeden (Grusky & Weeden, 2001; Weeden & Grusky, 2005) & ) seems far more appropriate (for reasons why such an approach is not "class analysis" see Erikson, Goldthorpe, & Hällsten, 2012; Goldthorpe, 2002). Conflicts over rents can also occur within classes as well as between them. Finally it seems plausible that rents can be generated on accounts of things other than class, such as gender or ethnicity.

Confining class conflict to conflict over rent raises other problems. Firstly,
there is no reason to assume that conflicts between classes only arise because of rents. One way to solve this would be to define the problem away: While conflicts do indeed occur between other classes over things other than rents, such conflict should not be viewed as class conflict. This would hardly be a plausible strategy as it would require another definition of such conflicts that would most likely raise questions about the usefulness of distinguishing between different types of inter-class conflict.

Another problem is that Sørensen uses a perfect competitive labour market as a baseline against which rents are defined. Apart from the historical abstraction and the impossibility of such markets (Greenwald & Stiglitz, 1986; Grossman & Stiglitz, 1980) his theory also requires that people are able to estimate what someone's labour would fetch in such a market, for how else would they determine whether members of a particular class enjoy rents or not? Sørensen's theory also seems to presuppose a normative commitment to the justness of the outcomes of perfect markets. Since he is inclined to view rents as inefficient and in light of his implicit commitment to market outcomes he might regard class politics as a form of rent-seeking behaviour and social policies as rents accruing to those who benefit from them. There are, however, good reasons to think that some level of redistribution or specific policies improves the efficiency of markets rather than undermining it (Goldthorpe, 2000c; Granovetter, 1985; Korpi, 1985 and 1996; Krugman, 2011; Stiglitz, 2012).

To explain class differences in incomes it seems sensible to start with inequalities of labour market earnings as these make up the largest part of incomes of most people. Goldthorpe's theory of social class provides us with all the tools we need to explain differences in labour incomes between classes on the basis of
individual choices. On one side we have the mass of people who want to maximize income and minimize effort. On the other side we have employers who want to maximize the effort of their employees at a minimum cost, given severe informational constraints.

These informational constraints vary between different kinds of jobs according to the specificity of human capital required to carry out work tasks and the difficulty of monitoring both the quantity and quality of output. For jobs where it is easy to monitor, wages can be determined on the basis of piece rates, which gives rise to income insecurity for the employee. If these jobs do not require specific human capital there is little reason for employers to offer employment security or career prospects. For people in such jobs income mobility will primarily reflect insecurity, wages will be relatively low and rise very little over time.

On the other end of the spectrum there are jobs where output monitoring is either very costly or impossible with any accuracy, and which require specialized human capital. The challenge for the employer is to make sure that employees in such jobs use their discretion to the employer's benefit. The solution is an employment contract that offers income security and career prospects. Such employees may also enjoy both a skill and a loyalty premium. Wages will therefore be high and rise substantially over time, making wages and interaction of social class and the life-cycle. This implies that for this group income mobility reflects career advancement.

In between the polar opposites there are two intermediate types of jobs. On the one hand there are jobs that require little in terms of human capital for which output is nevertheless difficult to monitor. Various kinds of personal services spring to mind. Such jobs will not exact either loyalty or skill premiums and offer limited
career prospects. Thus wages will tend to be low and rise very little over time. The other side of this coin is jobs that require specific human capital though output monitoring is straightforward. Skilled craftsmen seem a fairly obvious example. Enjoying a premium for skill and loyalty they will have high, though variable, wages that tend to rise over time, meaning that wages are determined in part by the interaction of social class and life cycle factors.

This account is based on a somewhat atomistic abstraction. How things actually play out will in reality be affected by institutional factors, such as the strength of the labour movement and its role within society's institutional framework, as well as the framework for wage negotiation and collective bargaining. Moving from wage determination to total household incomes introduces other factors into the equation, such as social policy, women's employment and the gendered division of labour in employment. Accounting for such factors would require international comparative data and explaining how such things came to differ between societies would require in-depth historical studies. Both are beyond the scope of this study. However, while it seems likely that such institutional factors would reduce class inequality it is improbable that they eliminate or reverse it.

4.3. Results

To reiterate, in this chapter I am concerned only with households that are headed by an employed person who also has a spouse (married or living as a couple). The former choice is dictated by the fact that the sources of incomes between those who derive their class position from their present job and those whose class is determined by their most recent job (e.g. pensioners and the unemployed) differ in important ways. The reason for the latter choice is that comparing incomes between
the households of singles and couples is problematic in ways already noted. In addition the two types of households tend to differ in terms of age, intra-household distribution of resources, life-styles, and a number of other relevant characteristics. In any case, my concern is with the total incomes of households rather than how these reflect living standards (though that is a worthy topic in its own right).

In section 4.3.1 I look at class differences in incomes and how annual household incomes have developed over time, using median incomes rather than means as the latter are affected by the upper end of the distribution, making them unrepresentative of the incomes of the mass of people. The issue of interest is whether class differences have been changing during the period under study. In the section that follows I look at the composition of incomes for different classes. The point is to see if there are systematic differences and whether the welfare state's role is diminishing. In section 4.3.3 I try to assess the claim that career mobility is reducing class inequalities to the extent that class is no longer a life-time experience. In Section 4.3.4 I provide some evidence on whether class affects incomes independent of education and a number of other factors. In Section 4.5 I summarize the results and discuss the implications.

4.3.1. Incomes

In light of Goldthorpe's class theory we would expect incomes to follow a class gradient, though the extent of class inequalities will differ between countries and within countries over time. That being said it is important to remember that the full eleven-class version of the Goldthorpe class schema is not strictly hierarchical and that one class might enjoy advantage in terms of something like working conditions while being disadvantaged with regards to income. The class schema can, however,
be collapsed into a three class version that is broadly hierarchical such that most outcomes of interest would show a class gradient on that schema - albeit with some loss of information. This suggests that we should see a clear class gradient when incomes are mapped over the collapsed three-class schema while some of the classes subsumed under each of the three classes will have income that exceed those of a class that is higher ranked.

Table 4.1. Median household incomes by social class (both full and collapsed 3 class version of the Goldthorpe class schema, current job), by household reference person's social class and the class combination of spouses/partners, 1991 and 2008. Absolute and proportional changes. Real incomes, 2005 prices.

<table>
<thead>
<tr>
<th>Class Description</th>
<th>1991</th>
<th>2008</th>
<th>£ increase</th>
<th>% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salariat</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Salariat</td>
<td>34332.54</td>
<td>45379.40</td>
<td>11046.86</td>
<td>32.2</td>
</tr>
<tr>
<td>Upper service class</td>
<td>38894.80</td>
<td>51331.05</td>
<td>12436.25</td>
<td>32.0</td>
</tr>
<tr>
<td>Lower service class</td>
<td>31432.97</td>
<td>41939.42</td>
<td>10506.45</td>
<td>33.4</td>
</tr>
<tr>
<td>Self-employed with employees</td>
<td>26543.00</td>
<td>33606.33</td>
<td>7063.33</td>
<td>26.6</td>
</tr>
<tr>
<td><strong>Intermediate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salariat</td>
<td>25666.64</td>
<td>34632.99</td>
<td>8966.35</td>
<td>34.9</td>
</tr>
<tr>
<td>Upper service class</td>
<td>27816.50</td>
<td>35088.68</td>
<td>7272.18</td>
<td>26.1</td>
</tr>
<tr>
<td>Lower service class</td>
<td>21153.49</td>
<td>27774.12</td>
<td>6620.63</td>
<td>31.3</td>
</tr>
<tr>
<td>Self-employed with employees</td>
<td>25430.64</td>
<td>29328.16</td>
<td>3897.52</td>
<td>15.3</td>
</tr>
<tr>
<td><strong>Working class</strong></td>
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</tr>
<tr>
<td>Upper service class</td>
<td>23732.57</td>
<td>32581.39</td>
<td>8848.82</td>
<td>37.3</td>
</tr>
<tr>
<td>Semi-and unskilled manual workers</td>
<td>21710.36</td>
<td>30625.54</td>
<td>8915.18</td>
<td>41.1</td>
</tr>
<tr>
<td>Semi and unskilled agricultural workers</td>
<td>13390.91</td>
<td>25755.45</td>
<td>12364.54</td>
<td>92.3</td>
</tr>
</tbody>
</table>

This is indeed the case. There is a clear class gradient for the collapsed three class schema, the highest median incomes accruing to the salariat classes, the lowest to the working classes, with the intermediate classes (as the label would suggest) in-between. It is noteworthy that the gap between the working and the intermediate
classes is smaller than that between the intermediate and the salariat classes throughout the period being studied, though the increase seems to have accelerated somewhat after 1999 (see figure 4.1). The median income of all three classes has risen steadily throughout the period. Table 4.1 shows that the real median income of the salariat, as determined by the social class location of the household reference person, rose by some £11,047 per year or by 32.2% from 1991 to 2008. Interestingly the proportional increase in the median income of the working classes is even greater, or 42.6%, though it is somewhat less in absolute terms, i.e. £9,237. The story for the intermediate classes is similar, though their gains were less than those of the working classes in both absolute and relative terms (£8966 and 34.9%). When we consider the full eleven-class version of the schema we find that there are substantial differences between classes belonging to the same "strata" in the class structure.

Figure 4.1. Median real annual household income, 2005 prices, by household reference person's social class, 1991-2008.
The development of absolute income over time is brought out by figure 4.1, which shows the median income of the three collapsed classes for each year from 1991 to 2008. Incomes increase fairly steadily over time, though after 1999 they increase somewhat more steeply than before. As for relative differences between classes figure 4.2 shows the incomes of the working classes as a proportion of both salariat and intermediate incomes and the incomes of the intermediate classes as a proportion of those of the salariat. Considering first the working classes relative to the intermediate classes one might claim that the former gain on the latter between 1996 and 2006, though the gains are modest. The story is similar for the comparison of working and salariat classes, though the trend stops in 2005. The proportional difference between the intermediate classes and the salariat, however, remain fairly stable over time.

![Figure 4.2](image)

**Figure 4.2.** The median income of a lower class as % of the real median income (2005 prices) of a higher class. 1991-2008.

While relative differences are illuminating it is also interesting to consider absolute differences. If two people with different incomes enjoy the same proportional increase their proportional difference will be preserved while the
absolute difference will increase. This has some implications for the quality of life. Adopting briefly a utilitarian framework for heuristic purposes; assuming non-diminishing return on income, this situation will in fact widen inequalities in well-being. Figure 4.3 shows what is implicit in the relative stability of figure 4.2 that income gaps between the working classes and both the salariat and the intermediate classes have widened in absolute terms, while the absolute gap between the salariat and the intermediate classes has remained fairly stable, though there are some fluctuations.

![Figure 4.3](image)

Figure 4.3. Differences in real median income (2005 prices) between a higher and a lower class, by household reference person's social class, 1991-2008.

The relative gains of the working classes are somewhat surprising in light of what we know about how the income distribution developed in the United Kingdom during the period in questions, i.e. it widened. However, it would seem that after 1990 most of the rising inequality was driven by the top 1% of incomes racing ahead of the rest (Atkinson & Piketty, 2007; Hills et. al., 2010). As Stephen Jenkins (Jenkins, 2010) demonstrated, the BHPS income data is good enough if one is not concerned with the top and bottom 1 per cents, the former of these being precisely
the group that mainly accounts for the growing inequality after 1990. For most other
groups inequalities have remained fairly stable throughout the period under study.
As the top 1% would in most cases be located within the salariat this implies that
income inequalities between classes are somewhat underestimated in the analyses
reported above, though the use of median rather than mean incomes should
attenuate this somewhat. This suggests that the gains of the working classes, such as
they are, are probably overestimated.

While this explains why the data does not show the intermediate and the
working classes falling behind the salariat it does not explain the gains made by the
working classes. I will not attempt a full explanation but I will conjecture that given
the timing of these gains, i.e. after 1996, that it has something to do with policy
changes resulting from the change in government from the Conservative Party to the
Labour Party in 1997. Measures that have contributed to this development, though
not necessarily coinciding with the onset of the trend in question and therefore not
starting it, are the Working Families Tax Credit, increased support for families with
children, the Minimum income guarantees, and the National Minimum Wage, all of
which were introduced in 1999. It seems probable that measures such as these
served the working classes better than the salariat and the intermediate classes and
thereby contributing to the relative gains of the working classes.

Income gaps between classes only tell a part of the story. One of the
arguments for the decreasing relevance of class is that inequalities are widening
within classes (Sørensen, 2000). Table 4.2 shows Gini-coefficients for the period
under study for all employed household reference persons with partners. This
subsample is further broken down by both the full eleven-class and collapsed three-
class versions of the Goldthorpe schema. The Gini-coefficient is a widely used
measure of income inequality. It ranges from zero to one, with zero reflecting a completely equal distribution of incomes and one reflecting a situation in which one person earns all the income. Neither of these extreme circumstances has ever existed at a societal level nor is it plausible that they ever will (for further information about the Gini-coefficient see Atkinson, 1970 and 2008; Dorfman, 1979; Gastwirth, 1972; Gastwirth & Glauberman, 1976; Lerman & Yitzhaki, 1984; Weymark, 1981). The analysis uses nominal incomes since the objective is not to compare incomes as such across years. This should not affect substantive results as deflating incomes would preserve the relative distribution of incomes as the correction would affect all incomes in the same way.

The results do not suggest a widening of income inequality within classes, though the results for the salariat classes may be biased by the BHPS' income data not covering the top 1% well enough. There are some fluctuations but nothing that can be construed as a trend. The sole exception is the self-employed without employees for whom there is some indication that inequalities widened after 1998. One should be wary of reading too much into this, as this is a very heterogeneous group with considerable degree of mobility into the ranks of self-employed with employees. It seems likely that for some of the self-employed their location within the class structure is strongly related to how well their business is doing. Thus they may hire employees when business is booming and go it alone when money is tight. In any case, accounting for within class inequalities among the self-employed would require a closer look at the composition of both self-employed classes and mobility between them. While highly interesting in its own right, such a venture is of limited interest in the present context.
Table 4.2. Gini-coefficients. All employed household reference persons with a partner, by full eleven-class and collapsed three-class Goldthorpe schema. 1991-2005.

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<tbody>
<tr>
<td><strong>Overall</strong></td>
<td>0.405</td>
<td>0.330</td>
<td>0.335</td>
<td>0.334</td>
<td>0.339</td>
<td>0.326</td>
<td>0.332</td>
<td>0.340</td>
<td>0.347</td>
<td>0.330</td>
<td>0.342</td>
<td>0.354</td>
<td>0.353</td>
<td>0.347</td>
<td>0.315</td>
<td>0.315</td>
<td>0.324</td>
<td>0.319</td>
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<td><strong>Salarit</strong></td>
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<tr>
<td>Class I</td>
<td>0.298</td>
<td>0.263</td>
<td>0.275</td>
<td>0.275</td>
<td>0.281</td>
<td>0.264</td>
<td>0.264</td>
<td>0.284</td>
<td>0.290</td>
<td>0.268</td>
<td>0.281</td>
<td>0.288</td>
<td>0.276</td>
<td>0.300</td>
<td>0.261</td>
<td>0.261</td>
<td>0.266</td>
<td>0.263</td>
</tr>
<tr>
<td>Class II</td>
<td>0.276</td>
<td>0.237</td>
<td>0.263</td>
<td>0.258</td>
<td>0.272</td>
<td>0.238</td>
<td>0.256</td>
<td>0.273</td>
<td>0.278</td>
<td>0.260</td>
<td>0.263</td>
<td>0.276</td>
<td>0.265</td>
<td>0.272</td>
<td>0.234</td>
<td>0.250</td>
<td>0.254</td>
<td>0.240</td>
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<tr>
<td>Class IVa</td>
<td>0.435</td>
<td>0.388</td>
<td>0.399</td>
<td>0.389</td>
<td>0.403</td>
<td>0.346</td>
<td>0.333</td>
<td>0.370</td>
<td>0.353</td>
<td>0.327</td>
<td>0.375</td>
<td>0.396</td>
<td>0.397</td>
<td>0.428</td>
<td>0.342</td>
<td>0.313</td>
<td>0.359</td>
<td>0.360</td>
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<tr>
<td><strong>Intermediate</strong></td>
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<tr>
<td>Class IIIa</td>
<td>0.290</td>
<td>0.228</td>
<td>0.251</td>
<td>0.235</td>
<td>0.239</td>
<td>0.243</td>
<td>0.253</td>
<td>0.253</td>
<td>0.246</td>
<td>0.249</td>
<td>0.256</td>
<td>0.280</td>
<td>0.391</td>
<td>0.282</td>
<td>0.241</td>
<td>0.250</td>
<td>0.253</td>
<td>0.243</td>
</tr>
<tr>
<td>Class IVb</td>
<td>0.374</td>
<td>0.292</td>
<td>0.322</td>
<td>0.309</td>
<td>0.318</td>
<td>0.293</td>
<td>0.287</td>
<td>0.284</td>
<td>0.334</td>
<td>0.309</td>
<td>0.337</td>
<td>0.376</td>
<td>0.372</td>
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<td>Class IVc</td>
<td>0.428</td>
<td>0.367</td>
<td>0.459</td>
<td>0.429</td>
<td>0.419</td>
<td>0.262</td>
<td>0.299</td>
<td>0.295</td>
<td>0.384</td>
<td>0.348</td>
<td>0.361</td>
<td>0.322</td>
<td>0.382</td>
<td>0.367</td>
<td>0.331</td>
<td>0.332</td>
<td>0.325</td>
<td>0.278</td>
</tr>
<tr>
<td>Class V</td>
<td>0.238</td>
<td>0.213</td>
<td>0.218</td>
<td>0.230</td>
<td>0.223</td>
<td>0.211</td>
<td>0.250</td>
<td>0.232</td>
<td>0.251</td>
<td>0.231</td>
<td>0.230</td>
<td>0.235</td>
<td>0.240</td>
<td>0.230</td>
<td>0.220</td>
<td>0.207</td>
<td>0.204</td>
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<tr>
<td>Class VI</td>
<td>0.239</td>
<td>0.209</td>
<td>0.237</td>
<td>0.231</td>
<td>0.238</td>
<td>0.253</td>
<td>0.221</td>
<td>0.246</td>
<td>0.232</td>
<td>0.226</td>
<td>0.251</td>
<td>0.229</td>
<td>0.263</td>
<td>0.274</td>
<td>0.207</td>
<td>0.222</td>
<td>0.205</td>
<td>0.207</td>
</tr>
<tr>
<td><strong>Working</strong></td>
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<tr>
<td>Class IIIb</td>
<td>0.306</td>
<td>0.235</td>
<td>0.240</td>
<td>0.257</td>
<td>0.253</td>
<td>0.243</td>
<td>0.264</td>
<td>0.265</td>
<td>0.283</td>
<td>0.259</td>
<td>0.267</td>
<td>0.299</td>
<td>0.303</td>
<td>0.281</td>
<td>0.233</td>
<td>0.259</td>
<td>0.262</td>
<td>0.251</td>
</tr>
<tr>
<td>Class VIIa</td>
<td>0.377</td>
<td>0.268</td>
<td>0.259</td>
<td>0.302</td>
<td>0.261</td>
<td>0.252</td>
<td>0.286</td>
<td>0.242</td>
<td>0.357</td>
<td>0.295</td>
<td>0.296</td>
<td>0.380</td>
<td>0.391</td>
<td>0.292</td>
<td>0.252</td>
<td>0.273</td>
<td>0.271</td>
<td>0.270</td>
</tr>
<tr>
<td>Class VIIb</td>
<td>0.290</td>
<td>0.225</td>
<td>0.231</td>
<td>0.242</td>
<td>0.246</td>
<td>0.237</td>
<td>0.259</td>
<td>0.268</td>
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Figures 4.4 and 4.5 decompose the Gini-coefficient into within class and between class effects, first for the full eleven-class Goldthorpe schema and then for the collapsed three-class version. The decomposition is represented by the following equation:

\[ I = \sum_{g=1}^{G} \phi_g \varphi_g I_g + \bar{I} + R \]

where \( \phi_g \varphi_g I_g \) reflects inequality between classes, \( \phi_g \) being the population share of class \( g \), \( \varphi_g \) the income share of class \( g \). \( \bar{I} \) reflects within class inequality and \( R \) the residue implied by the overlap between classes. The analysis was carried using the DASP ado-file for Stata (Abdelkrim & Duclos, 2007).

The decomposition produces three numbers, one reflecting within class inequality, another inequality between classes, and lastly a line reflecting the overlap residue. This last term has been seen by many commentators as "as an awkward interaction effect [...] impossible to interpret with any precision, except to say that it is the residual necessary to maintain the identity" (Mookherjee & Shorrocks, 1982; cited in Lambert & Aronson, 1993). However, Lambert and Aronson (1993) have offered a cogent interpretation of this residual term. It is often the case that the income distributions of different groups overlap to some extent. In the context of the present study it means that some members of the working classes will have higher incomes than some members of the intermediate classes, and higher even than some members of the salariat. The same hold for the intermediate classes with regards to the salariat. It is this overlap that is captured by the residual term. Unfortunately this interpretation does not make the residual term any less awkward. For example, it is not clear whether widening inequalities within classes
would feed into the residual term insofar as they increase the overlap between classes, nor is it clear what else goes into it. Thus I will treat it like a residual necessary to maintain the identity of the decomposition with the Gini-index itself and refrain from interpreting it.

Figure 4.4. Gini-coefficients decomposed. The relative contribution of within-class and between-class inequality. Household reference persons class, full eleven-class Goldthorpe schema. Respondents with partners. 1991-2008.

Figure 4.5. Gini-coefficients decomposed. The relative contribution of within-class and between-class inequality. Household reference person’s class, Collapsed three-class Goldthorpe schema. Respondents with partners. 1991-2008.
It should also be noted that the values for the line representing the overlap are in fact negative and jointly the three lines add up to a sum of one in each year. I have, however, chosen to present it as positive as it makes for a simpler line-graph. The results are presented in terms of the relative contribution of each component to the Gini-coefficient for each year, thus smoothing out shifts resulting from changes in inequality rather than the relative contribution of each.

Figures 4.4. and 4.5 show that the Gini-coefficient for the subsample as a whole is for the most part accounted for by inequality between classes rather than inequality within classes. Nor is there anything to suggest that the relevance of inequality between classes is declining. In fact it is greater at the end of the period that at the beginning of it on account of a sharp increase between 2000 and 2001 and again between 2004 and 2005. The results are substantively the same whether we use the full eleven or collapsed three-class schemas, though the contribution of within class inequality is somewhat larger in the latter case as one would in fact expect as the collapsed classes reflect much more diverse aggregations.

4.3.2. Composition of Incomes

One frequent claim advanced by those postulating the irrelevance of social class is that the welfare state's capacity to support people is increasingly constrained by factors associated with globalization. One consequence of this is that economic risk is supposed to be increasing, spread more evenly throughout the social structure. One way to assess this claim in the present context is to look at the composition of household incomes and how it has developed over time. Table 4.3 shows the mean annual real income of households and the mean income from five different sources, i.e. labour, pensions, benefits, transfers and investment. Table 4.4 shows the
same information but reports incomes from the aforementioned sources as a proportion of the total annual household income. The discussion will focus on table 4.4 as the proportional distribution of household incomes over different components is of primary interest. The annual household income variable is constructed by adding up the incomes of all household members from all sources. Consequently the sum of mean incomes from all sources should be equal to the mean household incomes for each class.

The first thing to note is that labour incomes are by far the largest component of household incomes for all classes throughout the period under study. While it is clear that employment is the primary source of income in British society it is highly likely that its contribution is overstated in this particular subsample, which is made of up households headed by an employed person. The proportion made up by labour incomes, however, tends to decline over time. The trend is quite clear for the working and intermediate classes, but more modest for the salariat. In addition it is difficult to discern a clear trend for the salariat. The proportion of incomes from employment fluctuates up to 2002, but after that there is evidence of decline.

Turning to benefits we see a reversed class gradient. The working class receives a larger proportion of its incomes through benefits than do the other two classes. This proportion rises over time for all the classes, with the working class seeing the biggest increase, from 5.2% in 1991 to 9.3% in 2008, the salariat the seeing the smallest increase, 2.3% to 3.8%, and the intermediate classes being in-between (though much closer to the working classes), their benefits rising as a proportion of household incomes from 3.8% to 7.6%. Most of the increase occurs after 1998, though the working classes saw a steep increase between 1991 and 1993.
If we consider how benefit incomes changed in absolute terms the working classes saw the largest increase, their real benefit incomes rising by £1965, the intermediate classes of £1809, and the salariat classes by £1061. As proportional increases these range from approximately 123% for the salariat to 176.5% for the intermediate classes, whereas real household incomes rose by between approximately 33.6% for the salariat and 41.9% for the working classes and labour incomes by between 26.9% for the intermediate classes and 32.6% for the working classes. Thus, during a period of rising incomes benefits increased quite substantially, both in absolute and relative terms. It is noteworthy that benefits rose more steeply for all classes after 1997 than before, this point marking a transition from a Conservative to a Labour government, though since this thesis is not a policy analysis the precise mechanisms and role played by political change must necessarily remain speculative.

Some globalization theorists argue that the ability of the welfare state to help those in need is increasingly contrained. While not conclusive, the facts as they appear in the data do not square with this claim. Benefits rose for all classes, in a period that saw total household incomes rise in absolute terms. This means that the growing proportion of household incomes derived from benefits was not driven by a decline in other sources of incomes but by benefits rising more than incomes from other sources. This is in line with some of the literature that suggests that while globalization must be taken seriously governments still have a great deal of scope to intervene. Consequently globalization does not impose specific policy prescriptions, its effects being in fact contingent on political choices (Drezner, 2001; Goldthorpe, 2002b; for a cogent critique of deterministic theories of social change see Boudon, 1986).

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By household reference person's class.

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Against this it might be argued that the increasing proportion of benefits in household incomes speaks in favour of the "democratization" of risk, i.e. that people in all classes are subject to increasing economic risk and thus receive more benefits. Figure 4.6 gives two kinds of information relevant to this thesis. First there is the proportion of respondents in the BHPS who are unemployed at each wave, both for the sample as a whole and by class position as defined by the unemployed respondent's most recent job. This is not an unemployment rate as these are typically calculated relative to those active in the labour market (employed plus those seeking employment). It is nevertheless quite informative. Secondly, the figure gives the odds-ratios of working class to salariat being unemployed.

First of all, unemployment fell during the period in question, especially until 1998 after which it remained fairly low. This holds for all three classes. Now
unemployment is not the only economic risk that people face, but it is certainly an important one. This suggests that economic risk was decreasing rather than increasing, at least with regards to unemployment. Secondly, as for the idea that risk is becoming increasingly independent of social class, the odds-ratios of working class to salariat unemployment are in fact substantially higher after 1998 than before. Thus, class inequalities in economic risk in terms of employment increased rather than decreased. This hardly suggests that economic risk is increasingly independent of social class and does not support that benefits making up a larger proportion of household incomes results from growing risk. It is interesting, however, that unemployment rise for all classes in 2008, the year of the advent of the international financial crisis, and the odds-ratios between the salariat and working classes fall.

4.3.3. Does class affect income?

So far I have shown that incomes vary systematically between classes. This is as expected and in a sense a rather trivial finding. But the association between class and income may well be spurious, for example if the same mechanism directs class allocation and income. The obvious suspect would of course be skill, acquired most typically through education (Gershuny, 1993). One's skills will then affect one's opportunities in the labour market where one's reward will be a function of one's productivity (Le Grand & Tåhlin, 2011; Saunders, 1996; Treiman, 1977). This view is popular among the adherents of the theory of the logic of industrialism. Industrial society, according to this view, has a built in drive towards efficiency which requires meritocracy (Bell, 1973; Dunlop, Harbison, Kerr, & Myers, 1975; Kerr, Dunlop, Harbison, & Myers, 1960/1973). This undermines the association between
class origins and education attainment while strengthening the link between the latter and class destination.

There is ample literature indicating that this has not in fact occurred, i.e. that there is no systematic tendency for countries to become more meritocratic as they move further down the industrial path (Erikson & Goldthorpe, 1993; Erikson, Goldthorpe, Jackson, & Yaish, 2005; Goldthorpe, 2000b; Goldthorpe & Mills, 2008). I will not undertake a rigorous test of this theory here, as the time-span covered by the data is too limited. One simple way to arrive at a preliminary result is to see how much of the variance of incomes is explained by social class at each wave of the BHPS and to see if that association declines steadily over time. Figure 4.7 shows the $R^2$ for an ordinary least squares regression where the log real annual incomes of households headed by a couple, both of which are employed, are regressed on the class position of both partners. On its own class accounts for between 10% and 25% of the variance of annual household incomes, with the exact proportion fluctuating somewhat from one year to the next. The class positions of household reference person's and their spouses account for between 14% and 35% of log real annual household incomes. It is difficult to discern a trend over the period in question as there is some fluctuation and the time-span is too short to draw conclusions about historical trends. The explanatory value of social class for income inequality declined from 1992 to 1999, rose sharply between 1999 and 2001, decline again after that until 2006, after which it rose again. This can hardly be described as a secular decline throughout the period under study, caused by the inherent logic of industrialism or other mechanisms decoupling incomes from class.
Figure 4.7. $R^2$ from OLS regressions, log annual household incomes of dual earner households regressed on class of household reference persons alone and with their spouses' class (full eleven-class Goldthorpe schema). Household weights. 1991-2005.

This still does little to settle the issue whether class itself affects incomes or whether incomes and class position are determined to some extent by the same factors. The data I am working with does not allow this to be determined decisively. To fully account for class influences on incomes I would need to have a general theory of class allocation, wage determination, and draw out the implications of incomes and class position with regards to social and tax policy, including access to services. Such theory would have to be tested on comparative micro-data. It is possible that this could be achieved using the EU-SILC, though it is a testament to the complexity of the task that even Whelan and his associates have shied away from this level of detail in their analyses in their work on deprivation and economic risk, preferring to use regime classifications as a crude proxy for policy (Whelan & Maitre, 2010).
Still, the BHPS allows a partial test and if providing a full answer is too difficult we may well settle for that until the difficulties have been overcome. The pertinent question is whether class itself explains some proportion of household incomes. It seems logical to borrow the approach used in determining the extent of the gender wage gap. It is widely agreed that the uncorrected wage gap does not give an accurate account of gender inequalities, there being factors that both explain and justify that gap that to some extent. To determine the influence of such factors wages are regressed first on gender and then further variables are added to try and eliminate or reduce the coefficient for gender.

Figures 4.8-11 show the results of such an exercise. For each years annual household incomes were regressed on the class position of couples. The income measure was corrected for inflation, setting it at 2005 prices using the OECD’s annual consumer price index. To correct for income not following a normal distribution I took the natural log of the resulting measure. The resulting measure is the dependent variable for the regression (the same measure as was used for the results reported in figure 4.7).

The measures of interest were of course class position. Two dummy variables were derived from the collapsed three-class Goldthorpe schema, indicating that the household reference person or their partner were members of the salariat or the intermediate classes. The working classes thus serve as a reference group. I chose to use the collapsed three-class schema rather than the full eleven-class schema because it is much easier to interpret the results as income follows a class gradient for the former but not the latter.

In line with the analyses presented in this chapter I am interested in households headed by an employed person that is either married or cohabiting. The
same restriction does not apply to the employment of their partners. In order to include those that had a partner that is not employed for whatever reason I constructed a dummy variable indicating non-employment of spouse that in itself is possibly a partial determinant of household incomes. I also coded the class position of non-employed spouses as zero on the aforementioned class dummy variables. This should not affect the coefficients of those variables as the non-employment dummy ought to soak up whatever effects that might result from this recoding.

The data inevitably placed some restriction on the selection of control variables as the relevant information must be collected at all waves of the BHPS. The final selection included the following indicators for both household reference person's and their spouses: 1) Education broken down into dummy variables for each level of qualifications, with those without qualifications serving as a reference group. The inclusion of controls for education is of central importance for whether it is the logic of industrialism or Sørensen's neoclassical soup, the argument is that rewards are increasingly determined by merit, of which education is a conventional if a somewhat crude proxy. If class effects disappear once we control for education it may be concluded that there are no class processes in play other than those resulting from the meritocratic allocation of people to class position; 2) age, squared to account for the non-linear relationship between age and income. Age is an important indicator as ages tend to rise over the early stages of worklife, albeit in different ways for different classes. In some cases class positions may also be associated with phases in the life-cycle; 3) a dummy variable indicating that people are members of a workplace union. Non-employed spouses were coded as zero, i.e. as non-members, in order to keep such observations in the analysis. Again, this should not affect estimates as the dummy variables indicating non-employed
spouses should soak up its effect; 4) the number of hours usually spent in paid employment per week. Non-employed spouses were coded as spending zero hours. Once again, this should not affect estimates on account of the dummy variable indicating non-employed spouses; 5) a dummy variable indicating a non-white ethnicity was included. It would have been preferrable to have a more fine-grained differentiation of ethnicities but the small number of observations on non-white people precluded that; and 6) a set of dummy variables indicating the sector of employment with civil servants serving as a reference group. Finally, two variables on household characteristics were included, i.e. a) the number of people and b) the number of children living in the household. The number of adults living in a household can contribute to a higher household income whereas the number of children living in a household can have the opposite effect on account of resulting restrictions on working-time and also because a sizable proportion of parents are at the early stages of their worklife, which is associated with lower incomes.

I ran the regressions both unweighted and using cross-sectional household weights. While the results were similar there were some substantive differences. I therefore report the weighted results. Because the regression includes controls for household composition, and for other reasons already discussed, I do not apply household equivalence scales.

As I am only interested in whether class affects incomes once other things have been controlled for, rather than in trying to construct a model to predict incomes, figures 4.8-11 report only the coefficients and the 95% confidence intervals for the class dummy variables. Figures 4.8 and 4.9 show these for the reference person having a salariat and an intermediate class position respectively. Figures 4.10 and 4.11 show the same for the class position of spouses.
Figure 4.8. OLS. Log real annual household incomes (2005 prices) regressed on the social class of household reference persons and their spouses as well as other labour market relevant characteristics. The beta coefficients and upper and lower bound of the 95% confidence interval for the dummy variable indicating that the household reference person is a member of the salariat. 1991-2008.

Figure 4.9. OLS. Log real annual household incomes (2005 prices) regressed on the social class of household reference persons and their spouses as well as other labour market relevant characteristics. The beta coefficients and upper and lower bound of the 95% confidence interval for the dummy variable indicating that the household reference person is a member of the intermediate classes. 1991-2008.
Figure 4.10. OLS. Log real annual household incomes (2005 prices) regressed on the social class of household reference persons and their spouses as well as other labour market relevant characteristics. The beta coefficients and upper and lower bound of the 95% confidence interval for the dummy variable indicating that the household reference person’s spouse is a member of the salariat. 1991-2008.

Figure 4.11. OLS. Log real annual household incomes (2005 prices) regressed on the social class of household reference persons and their spouses as well as other labour market relevant characteristics. The beta coefficients and upper and lower bound of the 95% confidence interval for the dummy variable indicating that the household reference person’s spouse is a member of the intermediate classes. 1991-2008.
Even with all the controls, including education, the coefficients for a salariat position of both household reference persons and their spouses are statistically significant at the 0.000 level for all years. The coefficients for the intermediate classes are statistically significant in most years, albeit only at the 0.05 level. If anything one can claim that the coefficients for having a salariat spouse has declined somewhat over time. On the whole, whoever, it seems safe to conclude class exerts an effect on incomes that is independent of education and other labour market relevant characteristics. The evidence also suggests that this class-effects persists over time though it is possible that it has declined very slightly throughout the period covered by the BHPS, though not enough to suggest that class has become irrelevant to economic inequality.

4.4. Conclusion

In this chapter I have attempted to assess claims that suggest that social class has become, or is in the process of becoming, irrelevant to economic inequality. The most relevant claims are those that see rewards being increasingly a function of human capital and merit that suggest that inequality is increasingly accounted for by inequality within classes and that class-effects are at most channelling the meritocratic allocation of people to class positions. My results do not support these claims.

All classes saw their incomes rise over the period under study, both in nominal and real terms, especially after 1999. The data indicates that the working classes gained on both the salariat and the intermediate classes throughout the period. In 1991 the mean real annual household incomes of the working classes were just over 63% of the salariat's. By 2008 it was up to about 68%. This suggests
a very gradual reduction in class inequalities. However, since the data does not provide a good coverage of the top 1% incomes, which is the group that has been driving growing inequality in Britain after 1990, it seems likely that the relative gains of the working classes are somewhat overstated. Furthermore, the sizable gap remains in 2008. By decomposing the Gini-coefficient by the collapsed three-class Goldthorpe schema I also found that inequality between classes contributed far more to overall inequality than within class inequality, and increasingly so towards the end of the period. The results of regressing log real incomes on social class indicated that class has an independent effect on income when other labour-market relevant characteristics of household reference person's and their spouses have been controlled for and that this effect as well as the explanatory power of social class remain strong throughout the years that the BHPS was collected.

These results are not conclusive. It is quite likely that there are further characteristics that should have been controlled for in the regression in section 4.3, had information on them been available for all waves of the BHPS. Better measures of merit, for instance, would be of great value. Then there is the awkward residual produced by the decomposition of the Gini-coefficient, which suggests that there are good reasons to verify these results decomposing different measures of inequality. Nevertheless, none of the results presented in this chapter support the stronger claims about the decoupling of class and economic fortune and while it cannot be denied that some of the evidence suggest a slight decrease in income inequality between classes, if offers at best a very weak support for more modest claims of that variety. What the evidence seems to suggest is that class remains an important factor shaping economic inequality, though the precise ways in which it does so remain unclear.
In this chapter I have treated social class as static by using the data as repeated cross-sections. Social class is not static. In Chapter 3 we saw that there is a non-negligible amount of mobility between classes from one year to the next. Some such changes may even be predictable in terms of career development over the life-cycle. Thus while social class is a reasonable indicator of people's economic standing at a point in time it remains possible it tells us little about people's fortunes over time since social mobility from one year to the next may counteract the inequalities measured in the cross-section (however, see chapter 3). Furthermore, income is also changeable from one point to the next, often regardless of class mobility. I will explore that issues in the next chapter.
5. Income Mobility and Class Inequality

The analyses that were presented in the preceding chapter all treated the data as repeated cross-sections. Taking advantage of the panel structure of the data, however, allows a more direct approach to assessing claims about the effects of occupational mobility on the relevance of class for people's quality of life. One implication of such claims is that occupational mobility gives rise to income mobility, which leads to convergence of incomes over time regardless of differences associated with class in the cross-section, class positions being temporary rather than life-time experiences (e.g. Giddens, 1994).

In a recent study Stephen Jenkins uses the BHPS to analyse income mobility in the United Kingdom (Jenkins 2011; see also Cappellari & Jenkins, 2004; Jarvis & Jenkins, 1998 and 1999; Jenkins, 2000; Jenkins & Rigg, 2001; Jenkins & van Kerm, 2006). He found that a considerable amount of mobility occurs from one year to the next, though most of that mobility is short-range. His results also suggest that income mobility did not change during the period under observation, i.e. from 1991 to 2006. Comparing his findings to research on other countries (Burkhauser & Poupore, 1997; Chen, 2009; Gangl, 2005; Leigh, 2009) he concluded tentatively that Britain ranked near the middle compared to other European countries included in the ECHP and that income mobility rates seemed to be similar to those in the United States.

In this chapter I will examine the effect of income mobility on class inequality over time. My interest is not in income mobility as such but the extent to which it can credibly be claimed that income mobility is rendering social class irrelevant to economic inequality. Income mobility can be brought about by change
in occupation, which sometimes also implies a change in class position. In Chapter 3 we saw that although the majority of people occupy similar class positions in consecutive years and that there is a non-negligible amount of class mobility from one year to the next. But income mobility can also occur without class mobility, e.g. an unskilled manual worker moving from one employer to another to do essentially the same work but for higher wages or employees losing overtime-work. Thus we cannot conclude anything definitive about income mobility from evidence on class mobility.

The analyses presented in this chapter will be for the most part of two kinds. The former considers income mobility between two consecutive years, the latter income mobility over a gradually expanding interval using 1991 as a baseline year. In both cases class position is determined by respondent’s class position in the earlier/baseline year. This means that I do not attempt to account for how class mobility affects income mobility. What I am interested in is only to assess claims to the effect that income mobility over time is so extensive as to render class inequalities at a single point suspect, my rational being that if inequalities between people who occupied different class positions in 1991 persist in 2008 then we have some cause to dismiss such claims. Before proceeding with the analyses there are, however, some conceptual issues to work through.

5.2. What Is Income Mobility?

At its core income mobility is a fairly straightforward concept that refers to change in income between two points in time, either intergenerational (e.g. a person’s income at some point in time compared to that of their parents at some earlier time; eg. Atkinson, 1980-81; Björklund & Jäntti, 1997; Solon, 1992) or intra-generational
(i.e. a person's income at some point in time compared to their income at some earlier time; e.g. Hauser & Fabig, 1999; Jarvis & Jenkins, 1998; van Kerm, 2004). It is when we try to define what is meant by the concept of "change" that things get complicated. In this section I approach this issue from four angles, i.e. different processes of income mobility, the conceptualization of income mobility, its empirical measurement, and finally its normative implications.

5.2.1. Mobility Processes

A change in income may signify many different things. Firstly, and most obviously, there is a question of direction. Upward and downward mobility have the opposite consequences for people's living standards and are consequently experienced very differently by people. Rising income is good, falling incomes are bad. The loss of income may even be experienced more keenly than a proportionately equivalent gain in incomes would be (Tversky & Kahneman, 1991). Of course things are not quite so simple and income mobility experiences cannot be read off income changes in a simple manner.

One thing affecting the experience of income mobility is whether income changes are, or are perceived to be, temporary or permanent (or long-term). A temporary rise in income on account of increased overtime to meet employer's production targets will likely be perceived differently than getting a raise. The concept of "mental accounting" introduced by behavioural economists (Prelec & Loewenstein, 1998; Thaler, 1985) suggests that such temporary increases will not enter into people's regular stream of incomes and expenditures but will tend to be used for some special purpose. Similarly, a fall in income resulting from cutting work hours to accommodate an employer trying to adjust to a fall in demand will
likely be experienced in a different way than taking a job that pays less than one has previously held. When changes are perceived to be temporary the end of the spell will likely be perceived as a return to normalcy than as a change in incomes. The implication is that sometimes changes in incomes will not be experienced as income mobility and thus we cannot simply conclude that just because a person's income falls between two points in time that people have experienced mobility in a way that affects their living standards or their perceptions of their financial situation.

Implicit in the last paragraph is the distinction between permanent and transitory incomes, which has considerable purchase in research on income mobility in the United States (Baker, 1997; Baker & Solon, 2003; Guvenen, 2009). Consider for instance the implications of the Goldthorpe class schema for income mobility for different classes (Goldthorpe 2000). By definition the working classes occupy jobs that offer little in terms of career progression over time, have less employment security, and as output is easy to monitor also entail considerable income insecurity. The salariat, on the other hand, enjoys a prospect of gradually rising income as well as high levels of both employment and income security. In one sense both classes experience income mobility, just in very different ways. For the salariat income mobility implies gradually rising income but for the working classes it more likely implies income volatility and economic risk. Again, things are somewhat more complicated, which is what makes the distinction between permanent and transitory incomes useful.

The idea is that income streams are made up of a permanent and a transitory component. Both components can change over time. Permanent incomes change in a gradual and predictable ways over time whereas transitory incomes are random. Thus, the income mobility of the salariat described above can be understood as
changes in permanent incomes. It is less obvious whether to chalk the income mobility of the working classes down to transience. One way to view this is to see the incomes of the working class being composed largely of a transient component on account of income insecurity. It is, however, likely that working class incomes fluctuate over a specific range that can be quite stable over time. Despite the insecurity inherent in such situations members of the working class can form expectations about incomes for the foreseeable future on which they will establish patterns of consumption and expenditures. For many practical purposes such expectations can be treated as permanent incomes. Members of the working class can also have an actual permanent component to their incomes but with transient incomes being a larger component of their incomes than for the salariat, e.g. on account of frequent "windfalls" resulting from overtime. This kind of income mobility experience of the latter example will likely differ from those who have a fluctuating baseline. Statistical methods that distinguish between permanent and transitory components of incomes are too underdeveloped to deal adequately with such nuances (Jenkins, 2011, chapter 6), but it is nevertheless important to keep them in mind and allow for the resulting ambiguity in analyses of income volatility.

5.2.2. Absolute Or Relative Mobility

There is further disagreement about how income mobility should be understood, both at the micro and the macro level. At the micro-level the relevant distinction is between absolute and relative mobility (Fields, 2008). On the former view people are income mobile if their incomes change but on the latter view people are mobile only if their incomes change relative to the incomes of others. At the macro-level the distinction to make is between "structural" and "exchange" mobility. This
distinction is analogous to that between absolute and relative social class mobility from the works of John Goldthorpe and his associates. Structural mobility results from a change in the income structure, e.g. if the number of well paid jobs increases at the same time as the number of low pay jobs decreases. Such mobility cannot be taken as indicative of the openness of the social structure. Exchange mobility, on the other hand, is. It is a zero sum game in which the gains of some come at the expense of others, which implies a relative view of income mobility at the micro-level. In short, exchange mobility is the degree to which the people's ranking in the income distribution at time t is independent of their ranking at time t-1. In this chapter I will remain agnostic on whether income mobility should be understood in absolute or relative terms and present both kinds of analyses. Both tell a similar story.

5.2.3. Measuring Mobility

There are numerous ways to go about measuring income mobility between two points in time. There are measures that reflect different conceptualizations of income mobility (see preceding subsection) as well as different approaches to the same conceptualizations. I will not discuss the merits of different measures here, as I believe it is more convenient to discuss them in the context of specific analyses. In this section I will instead focus on a range of methodological issues that arise when we study incomes over time.

One difficulty with studying income mobility over time is that households are not a stable unit of analysis in that context (Duncan & Hill, 1985). Consequently one must resort to individual level analysis using equivalence scales to adjust for changes in household composition. While I do have my reservations this is a
necessary compromise in the absence of a better solution. This is, however, a double-edged sword. If a single employed person moves in with another single employed person a new household is formed with a higher household income than each of the constituent single person households. The incomes of the households these individuals belonged to before and after the union cannot be meaningfully compared without the application of equivalence scales. However, should the couple have a child their equivalized household income would fall even if their actual incomes remained unchanged, meaning that this change in income has nothing to do with income dynamics as such (though it is possible that their actual income would in fact change as well). In short, equivalence scales render the incomes of households with different numbers of earners comparable at the expense of confounding the effects of a change in the number of household members not earning incomes with actual changes in incomes. Both have implications pointing in the opposite direction for the comparability of household incomes over time at the individual level.

Equivalence scales come in some variety, depending on the information used to construct them (Coulter, Cowell, & Jenkins, 1992b). There are 1) econometric scales that are based on purchasing behaviour, 2) subjective scales based on people's subjective assessments, 3) scales based on expert judgment or 4) social assistance rates, and 5) what can be termed "pragmatic" scales. Different kinds of scales have strengths and weaknesses. Econometric scales are arguably to be preferred as they are derived from actual spending behaviours. Of course there is a great deal of scope for disagreement on how precisely to specify the functional form of the demand function and consequently there is no consensus on a single best scale nor is it clear that such consensus is in fact possible. Furthermore, any
given solution requires a set of assumptions, many of which have normative implications. Thus, despite their empirical grounding econometric scales are not free of value judgments. Among the issues that bedevil the development of econometric scales are a) whether scale relativities are constant over the income distribution; b) whether preferences are constant over different household types (e.g. do people tend to reduce their consumption of alcohol after having their first child only because they have less to spend on alcohol or are there other reasons in play); c) whether prices can reasonably be assumed to be constant in different areas and in different periods of time; d) which goods should be taken into consideration; e) whether a equivalence scale developed from specific expenditure data is applicable to other data-sets, or in other countries, or in different periods; and f) the quality of data from which any given scale has been derived.

Subjective equivalence scales are derived by relating the assessment of survey respondents of what level of income they would require to reach a specific standard of living to their family types (Kapteyn & van Praag, 1976). In some ways subjective scales are similar to econometric scales except that rather than being derived from people's behaviours they are derived from what they say. Thus they face many of the same problems as econometric scales, e.g. whether it is reasonable to assume that scale relativities are constant over the income distribution, while avoiding others (it may be argued that preferences that are contingent on family type - such as the consumption of alcohol - factor into people's own assessment of their needs. Then there are other problems that are specific to the subjective approach, such as whether people understand the income evaluation question and whether they understand it in the same way.

Equivalence scales based on expert judgments and social assistance
equivalence scales may or may not be based on information about people's spending behaviours. Nevertheless, both types of scales inevitably rely primarily on judgment about how much a given family type needs to get by. While scales based on expert judgment are designed primarily for research purposes, however, social assistance scales are designed to determine levels of financial support. Thus the latter are subject to influences from other considerations such as budget constraints. Both kinds of scales are typically developed with the lower end of the income distribution in mind, and it is questionable whether they are applicable to other parts of the distribution (it should be apparent by now that this is a problem universal to all equivalence scales).

Pragmatic scales are currently the most widely used equivalence scales. While such scales tend to be developed with an eye on econometric or subjective scales the extra income per additional household member needed to maintain a certain level of living is nevertheless determined by fiat. Consequently the construction of such indexes is quick and nearly costless, especially in comparison to scales derived from data. Their simplicity also makes them easy to apply to different data sets. On the other hand there are reasons to doubt that they reflect accurately differences in needs and economies of scale that arise from different household compositions. Using pragmatic equivalence scales nevertheless makes a great deal of sense. There is ample evidence that household size and composition gives rise to both different needs and economies of scale. Accounting for these thus preferable to not doing so if one is interested in comparing economic welfare across different kinds of households. As there is no consensus about the "correct" way to do this, one may as well do it by some rule of thumb. Household incomes equivalized in such a way are thus superior to non-equivalized income measures and
not clearly worse than other alternative methods of equivalization.

From the discussion above it should be clear that the choice of equivalence scales is to some extent a matter of convention, even though there is evidence that the choice can affect results in non-trivial ways (Coulter, Cowell, & Jenkins, 1992b; Jenkins & Cowell, 1994; Jenkins & Lambert, 1993). The most frequently used scale is the so-called modified OECD equivalence scale, which falls under the pragmatic category. Another pragmatic scale, widely used in comparative research, is taking the square-root of the number of household members (Atkinson, Rainwater & Smeeding, 1995). The square root scale does not distinguish between children and adults.

The BHPS comes with two versions of the McClements equivalence scale, which until recently enjoyed a status of being the semi-official household income deflator in the United Kingdom (Jenkins, 2011). The McClements scale is an econometric scale that was developed on the basis of data that referred to the early 1970s (McClements, 1977). It is of course questionable whether it is applicable to the period from 1991-2008, yet the scale relativities of the modified OECD and the McClements scales are quite similar (Jenkins, 2011). Furthermore, the scale relativities of the Square Root Scale are also similar for households of up to four or five people. Thus I feel justified in treating the choice of an equivalence scale as a matter of convenience and as the McClements scale comes with the data and having no grounds for choosing one scale rather than another I decided to use it. That scale comes in two versions, one equivalizing incomes before housing costs are deducted and the other after. I use the former. While taking housing costs into consideration may make income a more accurate predictor of the quality of people's lives the resulting indicator is further removed from being an actual measure of income,
making it less suitable for the study of income dynamics. While it would be informative to study men and women separately, as they differ in terms of income dynamics, I will for the sake of brevity focus on overall trends.

The annual household incomes variable requires a further transformation to facilitate comparisons between different points in time, namely to deflate this measure to its 2005 value as determined by the OECD’s consumer price index that was applied in Chapter 4 (see also Chapter 2).

I ran all analyses without survey weights as well as with different weights. While results were in most cases quite similar there were a number of subtle differences of substantive relevance. I therefore decided to report the weighted results, as the unweighted results are more likely to reflect panel maturation and attrition. The weighting procedures are discussed in the context of specific analysis in later sections of this chapter. Suffice it to say that for analyses focusing on two consecutive years I employ the enumerated individual longitudinal weights so as to maximise the number of observations. For analyses covering longer intervals I use balanced version of the BHPS and apply the individual respondent longitudinal weights for the year 2008. I should state that the conclusions regarding the claims that I am testing are robust to whether and how the data is weighted.

The final methodological issue that must be addressed is that of measurement error. Of course all the issues of measurement that were discussed in Chapter 2 apply to the indicators used in this chapter. In addition I am dealing with change in incomes and it is well established that derived change scores tend to have a lower signal-to-noise ratio than the measure that they are derived from. The issue is how and to what extent are analyses of income mobility affected by measurement error.
If measurement error is random and uncorrelated with past or present income, and the errors for particular individuals are uncorrelated over time then the error increases the dispersion of responses in the data. This is referred to as "classical measurement error". If this is the case the data overestimates the true extent of income inequality and underestimates the association between income measures taken at different points in time (i.e. overestimates income mobility). Studies on poverty transition suggest that measurement error leads to overestimation of transition out of poverty by as much as 50% (Breen & Moisio, 2004; see also Worts, Sacker, & McDonough, 2010), though these estimates of measurement error are derived from model assumptions rather than by comparing reported incomes with other sources of information.

However, other studies suggest that measurement error for income measures are in fact negatively correlated with income. High earners tend to underreport their incomes and low-income earners to over-report it. More directly relevant to the issue of income mobility, as income mobility tends to be short-range the same people tend to occupy similar positions from one year to the next. If these positions are close to either the upper or lower end of the distribution they will continue to under- or over-estimate their incomes. This means that the measurement error for the same respondent in panel data tends to be positively serially correlated (Bound, Brown, & Mathiowetz, 2001; Jenkins, 2011). This can be labelled as "mean reverting measurement error". This mean reversion reduces measured inequality to the extent that it may offset the increase in variance generated by the error (Gottschalk & Huynh, 2010; Dragoet & Fields, 2006). The implications for the study of income mobility are that "there is a fortuitous combination of offsetting effects. In addition to the upward bias arising as in the classical case, there are the effects of mean
reversion in both years, which are in opposing directions and so largely offset each other, and there is a bias-reducing impact of having errors positively correlated over time” (Jenkins, 2011, loc. 1280-1289).

In his analyses of income mobility using the BHPS Stephen Jenkins (2011) attempted to reduce the effects of measurement error by excluding respondents with incomes from unreliable sources, such as the self-employed, and those living in households where components of household incomes were imputed and found that results were not affected by doing so. Based on that I decided to take the annual household income measure at face value.

5.2.4. Normativity

Measures of income mobility can be distinguished broadly into axiological and descriptive measures. The former have implicit built in normative assumptions about social welfare that allow researchers to draw conclusions about the extent to which income mobility is good or bad from a particular point of view (Atkinson, 1980; Chakravarty, Dutta, & Weymark, 1985; Gottschalk & Spolaore, 2002; Ruiz-Castillo, 2004). Descriptive measures are just that. They are intended to provide an account of patterns and extent of mobility devoid of value judgement (Cowell, 1985; Fields & Ok, 1996). I will rely entirely on such measures, as my ambitions are limited to trying to determine if income mobility reduces class inequalities over time rather than judging the consequences of income mobility for social welfare.

Of course, descriptive measures have normative implications. High levels of income mobility can, for instance, be consistent with liberal ideals about equality of opportunity. This is more so for intergenerational than for intra-generational mobility, as there is case to be made that insofar as inequality in the cross-section reflects individual differences in ability and effort, a certain level of income
immobility would reflect that both tend to be fairly stable over time (Jenkins, 2011). On the other hand income mobility may also be indicative of income insecurity, which most people would tend to regard as a bad thing. As for the effects of income mobility on class inequality over time it is quite reasonable to view increasing, decreasing or unchanging inequality with favour or disdain, depending on one's political dispositions. I certainly have my own views on this that can be described as egalitarian. Here, however, I am only interested in determining what has or has not taken place, the evaluation thereof belonging to an entirely different debate.

5.3. Results

5.3.1. Absolute Mobility

In the context of income mobility the notion of absolute mobility refers to changes in incomes as such (Fields, 2008). If every person enjoys the same proportional increase in incomes the rank-order of the income distribution will have been preserved yet everyone will have experienced income mobility, according to this perspective. Of course money does not have value in itself but only in reference to the goods and services that it buys (Shafir, Diamond, & Tversky, 1997; Sen, 1982), so it seems reasonable to regard absolute income mobility as referring only to changes in real incomes, i.e. incomes corrected for purchasing power.

The simplest conventional way in assessing absolute income mobility is to run bivariate correlations of incomes at two points in time. Figure 5.1 shows the results of such an exercise. Class position was determined by respondent's class in the earlier year of each set of years. For this analysis annual household income was first deflated to 2005 prices, using the OECD's consumer price index. As these analyses must necessarily be at the individual level I then applied the McClements
equivalence scale before housing costs. The resulting indicator was correlated for each pair of consecutive years, using enumerated individual longitudinal weight for the latter year.

Figure 5.1. Bivariate correlations (Pearson) of equivalized real incomes (2005 prices) in two consecutive years, 1991-2008. All respondents. Weighted using individual enumerated longitudinal weights.

The thing to look for is evidence of increasing income mobility of all or some classes over time. This would be reflected in a falling correlation between the equivalent real income measures in consecutive years. This is clearly not the case. The correlations do not show a discernable trend for the intermediate and the working classes. As for the salariat it would seem that income mobility declines between 1991 and 2000, increases again up until 2005, after which it declines again. Given the limited time-frame of this study it is not clear how to interpret this. What is certain is that there is no evidence of income mobility increasing gradually over time. The cautious conclusion is that income mobility from one year to the next fluctuated without trend.
Income mobility over two consecutive years is in some ways a limited measure. It may well be that income mobility over longer time could bring about the decreasing relevance of class. Adopting a longer-term perspective can also give insight into differences between classes. Figure 5.2 shows the bivariate correlations between equivalent real incomes in 1991 and each of the later years included in the BHPS. To compare like with like over the whole period, the analysis is based on a balanced panel. This sample grows increasingly unrepresentative of the population over time. To correct for this I weighted the data using the longitudinal respondent weights for wave 18. The figure shows the markers reflecting the actual correlations and polynomial fit-lines to bring out the development over time.

![Figure 5.2](image)

Figure 5.2. Bivariate correlations (Pearson) of equivalized real incomes (2005 prices) in 1991 and each of the later years, 1991-2008. All respondents. Weighted using individual respondent longitudinal weights. Polynomial fit-lines. Balanced Panel.

Looking at figure 5.2 we see that income mobility does in fact increase substantially with the increasing distance between the observations that are being correlated. The lines are slightly convex as correlations decline most rapidly over
the shorter intervals, gradually levelling off as the timespan widens. This is most pronounced for those who were in the working classes in 1991 and least for those who were in the intermediate classes. The growth of income mobility with widening time-spans is consistent with some of theories claiming class is increasingly irrelevant to economic inequalities over the long-term. It is, however, consistent with other interpretations as well. For example, the class differences in income mobility are consistent with higher levels of insecurity for the working classes and greater security for the salariat. In Chapter 4 we also saw that incomes tended to rise for all classes throughout the period under study and that alone is sufficient to produce some level of absolute income mobility without affecting class inequalities over time in any way. Lastly, it is also possible the incomes are highly mobile but within a limited range that does not reduce class inequality over time.

Bivariate correlations tell us something about stability and change but nothing about the direction of change. Figure 5.3 shows the proportion of each class that had less income in the latter of each two consecutive years, i.e. downwardly mobile. The problem is to determine some cut-off point at which we would be willing to say that someone has been upwardly or downwardly mobile. It is rare indeed that any one person has the exact equivalent real income two years in row, though many obviously have similar incomes in each year. Thus there are good reasons to regard people whose income changes only a little as being immobile. The problem is to determine what "only a little" means in this context and whether it means the same thing for different classes. The procedure that I follow is very crude but produces results that are indicative. Later in this chapter I will consider the prevalence of large falls in incomes defined as drops of 25% or more (Jenkins, 2011). Any change in income, however small, is counted as income mobility. Thus,
someone whose income increases by just £1 is counted as upwardly mobile and someone whose income decreases by the same amount as being downwardly mobile.

For income mobility to erode class differences over time downward mobility would have to be more frequent for the salariat than for the intermediate classes and less frequent for the working classes. This is not the case according to figure 5.3. The rates of downward mobility of all three classes move quite closely together, with no class being consistently above or below the others. Looking at the development we see that frequencies of downward mobility seem to be declining for all classes up to 2000 and rising again after that, though this may be a part of long-term trendless fluctuation in which the more rapid fluctuations are embedded, rather than a shift in trends.

Figure 5.3. Proportion of each class reporting lower real equivalized income in the latter of each two consecutive years, 1991-2008. All respondents. Weighted using individual enumerated longitudinal weights.
Figure 5.4. Proportion of each class reporting lower real equivalized income in a latter year than in 1991, 1991-2008. All respondents. Weighted using individual respondent longitudinal weights. Polynomial fit-lines. Balanced panel.

As with the bivariate correlations comparisons of consecutive years only tell as small part of the story. Looking at wider time-gaps is again relevant for assessing whether income mobility undermines class inequalities. Figure 5.4 does in fact suggest that time reduces income inequalities between classes observed in the cross-section. The proportion of those who were in the salariat in 1991 who are downwardly mobile in a later year fluctuates trendlessly, whereas the proportions of the other two classes declines (more so for the working classes than the intermediate classes). At a one-year interval (1991-1992) the highest proportion of the downwardly mobile were among the working class (42.4%). At an eighteen year interval that proportion was down to 32.0%, and lower than that of the two classes above it. Whether we would conclude on the basis of this that income mobility over the long-term is making class irrelevant to economic inequality is a different matter. Differences between classes are generally rather small, though they tend to widen as we move towards the right side of the figure. The decline in the proportion that is downwardly mobile also declines surprisingly slowly as the interval between
observations widens. The rates of change and class differences seem rather too small to undermine class inequalities.

Obviously the proportions of those downwardly mobile do not provide a conclusive test of whether income mobility renders class irrelevant to economic inequality over the long-term. Though somewhat far fetched it is not entirely inconceivable that there are class differences in the range of income mobility, i.e. by how much people's incomes change, from one observation to the next. Furthermore, even if there is a great deal of income mobility within classes changes may vary on a range that is too narrow to reduce class inequalities. For instance, if the incomes of the upwardly income mobile working class rise in excess those of the salariat and the intermediate classes and the incomes of the downwardly mobile salariat fall more than those of the other two classes. As I said, this is highly unlikely and presenting the evidence may be labouring the point. Nevertheless, even if strictly unnecessary, looking at income trajectories over time gives further information without which the present study would be incomplete.

For this analysis I use the distinction between those who were upwardly and downwardly mobile in terms of incomes, looking at the mean proportional change in incomes for both for each class. Arguably this analysis should be concerned with absolute rather than proportional changes. However, using proportional rather than absolute changes makes comparisons between classes and sexes, as well as across time easier to interpret as both classes and men and women differ in their mean income levels and mean incomes tended to rise over time.

I will not present the results of income mobility between two consecutive years. The reason is that they are not particularly illuminating. For those that were upwardly mobile the proportional increase fluctuated quite erratically from one
period to the next. For those that were downwardly mobile the proportional decrease shifted around 20%, regardless of social class. Figure 5.5 shows the proportional increase of the upwardly and downwardly income mobile at a gradually widening interval between observations. 1991 is the baseline year against which incomes in the latter year are compared.

![Figure 5.5. Proportional increase and decrease in equivalent real annual household income, latter years relative to 1991. All respondents. 1991-2008. Weighted using individual respondent longitudinal weights. Polynomial fit-lines. Balanced panel.](image)

The figure shows that downward mobility is proportionally smaller than upward mobility. The downward trend is similar for all classes, though as the gap widens beyond eight years the downward mobility of the salariat begins to exceed that of the other classes, though not by much. As for the upwardly mobile, at the shorter intervals the salariat and the intermediate classes have greater proportional
mobility than the working classes. However, as the gap between observations widens the proportional mobility of the working class increases faster than for the other classes to eventually enjoy greater proportional upward mobility. While the trends for both upward and downward mobility are to some extent consistent with the idea that income mobility reduces income inequalities over time, it is not by very much and hardly by enough to suggest the irrelevance of class to economic inequality.

What has been presented in this section is an overview of broad trends which raise more questions than they answer and I admittedly have done very little to address these questions. Income mobility over time is most likely determined by numerous mechanisms all of which would have to be accounted for in order to explain income mobility over time. For example, I have not attempted to account for social class mobility. All analyses have used the class position of respondents at the earliest year included. As was shown in Chapter 3 a substantial proportion of people experienced some class mobility between 1991 and 2008. Household formation, change and dissolution may also play an important role as well as the gendered division of labour, especially when there are young children in the home. There is also the question of different phases in the life-cycle. These are all issues that must be understood if we are to provide an account of the dynamics of class inequalities of incomes, both in the cross-section and over time.

5.3.2. Relative Mobility

Using correlations to measure absolute income mobility rates does not tell us anything about how the location of the respondents in the income distribution changes from one wave to the next (Jenkins & van Kerm, 2006). One consequence
of this is that while bivariate correlations may show considerable mobility that mobility could occur over a too limited range to affect class inequalities, though this seems unlikely given the evidence presented in figure 5.5. Thus it is useful to consider relative mobility rates as well.

The most basic approach to estimating relative mobility over time is to examine the rank correlations over time. What complicates things for me is that I am not only concerned with income mobility but also with how it interacts with class. This adds a third dimension into the analysis that renders rank correlations unfeasible as I am not interested in the ranking within classes but how class relates to the overall ranking of incomes. A more suitable approach is to begin by dividing each wave of the BHPS into income deciles using all respondents to make the data more tractable, though at some loss of information, and to map the distribution of members of different social classes over income deciles. This is the approach I follow in this section.

Table 5.1 shows the distribution of the three social classes over income deciles. The upper left quadrant of the table shows this distribution for the year 1991. A much higher proportion of the salariat than of either of the other classes was in the top income decile. In fact just over half of the salariat was found in the top two deciles, compared to nearly 24% of the intermediate classes and just over 13% of the working classes. The opposite holds at the other end of the income scale. 47.7% of the working class is in the lower half of the distribution, 35.4% of the intermediate classes, and only 17.7% of the salariat.
Table 5.1. The distribution of social classes over income deciles (%). Individual enumerated longitudinal weights.

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<td>30.7</td>
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The majority of all three classes have income above the median. This seems peculiar given that deciles are of equal size by definition. What explains this is that the allocation to deciles is determined on the basis of all respondents, some of which do not have a class position determined by current job. These include the unemployed and pensioners who are likely to have low incomes. If I had to limit the sample used to construct deciles to those who are in paid employment the
distribution would have looked different. It would have given a clearer picture of
distributions of each class relative to the others but would not have been adequate to
study movements through the income structure as a whole.

The upper right quadrant of the table shows how respondents were
distributed over income deciles in 1992, depending on to their class position in
1991. The distributions are quite similar to those in the upper left quadrant. A larger
proportion of those who belonged to the working classes than of the other two
classes in 1991 found themselves in the lower half of the income distribution in
1992. The proportions in the top two deciles are also very similar to those in the
upper left quadrant. This applies also to the distribution in the lower left quadrant.

The most interesting part of the table is the lower right quadrant. It shows the
distribution of respondents over income deciles in 2008, according to their class
position in 1991. There is some indication that income mobility had reduced the
class inequalities observed in the 1991 cross-section. The proportion of the 1991
salariat who would end up in the top two deciles in 2008 is considerably smaller and
the proportion ending up in the lower half of the distribution substantially larger
than in 1991. On the other hand there appears to be polarization among the working
classes. The proportion of the 1991 working classes that would end up in the lower
half of the distribution in 2008 was actually slightly larger than in 2008 (53.9%
compared to 47.7%) but also the proportion ending up in the top two deciles (17.1%
compared to 13.1%). This may suggest that people occupying different class
position face different income dynamics, perhaps on account of such things as age
and career dynamics. Furthermore, despite some equalization between classes
considerable class differences remain even at an 18-year interval between the
observation of class and income. This is hardly consistent with the view of the
labour market as a neoclassical soup or class being a temporary experience.

Table 5.1 gives information about destinations in the income distribution contingent on class position in the same or an earlier year. As such it does not give any information about income mobility. For that we require tables cross-tabulating the distribution of respondents into income deciles at time t conditional on their distribution at time t-1 or some earlier time. I constructed cross-table for the years 1991 and 1992, 2007 and 2008, and 1991 and 2008. Such tables are rather cumbersome and risk inundating the reader with statistical detail. Table 5.2 summarizes the most important information from these tables. The full cross-tables are presented in Appendix 5A.

Table 5.2. Income immobility and short-range mobility (+/- 1 decile). Weighted using individual enumerated longitudinal weights. (%).

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<td>Immobile</td>
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<td>Immobile</td>
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<td>All</td>
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<tr>
<td>Salariat</td>
<td>49.5</td>
<td>77.9</td>
<td>51.5</td>
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<tr>
<td>Intermediate</td>
<td>37.4</td>
<td>71.9</td>
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<td>Working</td>
<td>35.3</td>
<td>73.0</td>
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If placement in income deciles at some time t was independent of one's location at some earlier time we would expect 10% to be immobile and 28% to be immobile or mobile only over a short range (+/- 1 decile). Beginning first with the one year intervals (1991-1992 and 2007-2008) we see that the patterns do not suggest that income at time t is independent of income at time t-1 as the proportion that is immobile exceed the expected value of 10% and those that are immobile or only mobile over a short range make up over 70% of each class. The salariat is markedly less income mobile than the other two classes at both intervals, with
income mobility being similar for the intermediate and the working classes. The proportions are very similar at both intervals. The only evidence of change is that the working class seems to be somewhat less mobile at the latter interval than at the former. In any case, this does not suggest that relative income mobility increased a great deal between 1991 and 2008 for any class.

Looking at the longer interval we see that the working classes approach perfect mobility, as do the intermediate classes to a lesser extent. As for the salariat it still experiences less relative income mobility. Its income mobility increases as the interval widens, but remains further away from the expected perfect mobility pattern.

5.3.3. Income Volatility

Income volatility is one aspect of income mobility and refers to changes in incomes that reflect economic insecurity. Thus it is of interest to see if there are class differences in income volatility. If two classes have similar levels of income mobility but one of them has higher rates of income volatility then the similar mobility rates tell very different stories about the classes in question.

One simple way to gauge the level of economic risk is to consider the proportion of respondents who report large drop in income, say by 25%, the assumption being that loss of income is more indicative of economic risk than gains. Figure 5.6 reports the results for a balanced panel of the BHPS, weighted using the longitudinal individual respondent weights designed for respondents who participate in all waves of the survey. The social class of respondents is fixed at the class position of the earlier of each pair of years and thus the figure shows whether people's location in the class structure is indicative of their exposure to economic
risk defined as a large fall in incomes over one year interval. The reader should beware that the prevalence of large income falls is probably overestimated as I do not distinguish between falls resulting from drops in permanent incomes and "returns to normalcy" following a large windfall. Furthermore, the addition of non-earning members to respondents' households (e.g. a child) may have the effect of amplifying income loss through the application of equivalence scales, making them seem larger than they really are.

In the 1991/1992 interval there is a clear class gradient to the proportion of respondents who suffered a large loss of income. The lowest proportion was for the salariat (10.8%) and the largest for the working classes (15.2%), with the intermediate class in between but closer to the salariat (12.7%). After that, however, class differences dwindle and the proportions of different classes move closely together. It should be noted that the assignment to social class based on people's employment in the earlier year means that the figure includes the effects of

Figure 5.6. Prevalence of large income falls (-25% ) between each two consecutive years. Proportion of each class (%). By class in earlier year. Weighted using individual enumerated longitudinal weights. Balanced panel.
such things as transitions into unemployment, illness and retirement as well as class mobility.

There are of course different ways to estimate economic risk in terms of income volatility. There are for instance a number of models designed to distinguish the transitory and permanent variance components of incomes. The basic model

\[ Y_{it} = u_i + v_{it} \]

is a random effects model where the natural logarithm of income per person \( i \) in year \( t \), \( Y_{it} \), is equal to a fixed permanent random individual-specific component, \( u_i \), with a mean of zero and constant variance \( \sigma_u^2 \) that is common to all individuals, and a year-specific idiosyncratic random components with a mean of zero and variance \( \sigma_v^2 \) that is also common to all individuals and uncorrelated with \( u_i \). Permanent incomes are assumed to be mostly fixed over time with changes being for the most part transient. This is obviously unrealistic and various extensions have been developed to overcome this by allowing the relative importance of the permanent and transitory component to change over time (Browning, Ejrnæs, & Alvarez, 2010; Geweke & Keane, 2000; Meghir & Pistaferri, 2004). Despite their sophistication these models all suffer from a serious weakness, as estimates tend to be highly sensitive to arbitrary variation of model specification (Guvenen, 2009; Jenkins, 2011; Shin & Solon, 2011).

Due to this Stephen Jenkins recommends relying on descriptive methods to distinguish the transitory from the permanent variance. One approach is to use the covariance of log incomes that are sufficiently distant from one another in time to estimate the permanent variance, the transitive component of incomes being derived

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3 The description of the model is taken almost verbatim from Jenkins (2011).
as a residual. The larger the interval between observations the less likely it becomes that the covariance is contaminated by the transitory component (Moffitt & Gottschalk, 2002). The advantage of this method is that it is very simple but it suffers from a serious drawback. If the permanent component changes over time (which in most cases it does) the estimates of transitory variance will be biased (Shin & Solon, 2011).

Moffitt and Gottschalk (Gottschalk & Moffitt, 2009; Moffitt & Gottschalk, 2011) have proposed an alternative method, i.e. to estimate permanent income by calculating the longitudinal average of each respondent's log income over a fixed number of years. The transitory variance is then derived by taking the difference between this average and the actual observed log incomes for each year. Much like the method described in the preceding paragraph this approach also provides biased estimates of the transitory variance if the permanent component changes over time.

A third measure has been proposed by Shin and Solon (2011). Theirs is a measure of income volatility and is estimated using the standard deviation of the difference in log incomes of individuals between two years.

\[ V_t = sd(y_{it} + s - y_{it}) \]

Like the other two descriptive measures used to estimate the relative contributions of permanent and transitory components of incomes, the estimates of the transitory component are biased by permanent income changes. However, this bias is much reduced if the permanent component of incomes has similar values at both points of observation. As the permanent component tends to rise quite gradually it is therefore preferable that the time interval between observations is short, e.g. one or two years.
Figure 5.7 shows the results for the Shin and Solomon income versatility estimates for each two consecutive years of the BHPS using a balanced sample. As the intermediate classes are "mixed" classes is it not clear what to expect when it comes to income volatility and in fact there are reasons to expect that the implications will differ depending on whether people occupy a mixed class position that entails output that is difficult to monitor or specialized skills. On account of this I will limit the discussion on comparing the salariat and the working class as the implications of the Goldthorpe class schema are quite clear with regards to income volatility for those classes relative to one another.

Through the 1990s the working class experienced more income volatility than the salariat. The income volatility of the working classes also fluctuated throughout the period while that of the salariat remained quite stable until 1998, after which it began to increase up until 2002, after which it declined again. For most of the period the working classes experienced more volatility than the
salariat, though there were four years when the opposite was true. On the whole, however, we must conclude that more of the income mobility experienced by the working classes tends to be a matter of volatility and risk.

5.3.4. Income Mobility and Class Inequality

The rationale behind research on income mobility is that inequalities in the cross-section do not give an accurate representation of income inequality. Incomes change over time at the individual level, the incomes of some falling and that of others rising. As a consequence inequalities should be smaller when measured over time than they appear in the cross-section. This has given rise to a conceptualization of income mobility as inequality reduction.

The standard way to measure income mobility defined as inequality reduction was developed by Anthony Shorrocks (1978). His rigidity index is derived by the inequality for each of gradually expanding intervals divided by the weighted sum of income inequality of each year included in the interval, the weights being the proportion of the incomes throughout the interval received in each year and summing to unity. Applied, for instance, to the Gini-coefficient it will typically show a decline in inequality as the time interval expands.

The Shorrocks index is intended to be applied to the income distribution as a whole and cannot be decomposed over subgroups. It may seem appealing to use the Gini decomposition presented in Chapter 4, replacing the Gini-coefficient with the contribution of between class inequalities to the overall Gini. This, however, is not valid because unlike the Gini-coefficient the between class component is not derived from individual level incomes but from the mean incomes of each class, making it largely insensitive to changes at the individual level.
A simple way to assess whether income mobility is reducing class differences over time is simply to take the average of income of individuals across waves and see if the class averages grow more equal over time. If income mobility is perfect over some given interval, let’s say a year, and then averaging incomes over that interval would cause class inequalities to disappear.

Figure 5.8 shows the mean incomes of a lower class as the proportion of the incomes of a higher class over expanding time intervals. As the interval expands those who were in the working classes in 1991 gain on both the intermediate classes and the salariat. The gains are, however, very modest and hardly suggest that income mobility of the extent that would render class irrelevant to income inequality. However, the averages presented in figure 5.8 are weighted down by the inclusion of earlier years and may therefore underestimate the degree of class equalization. A more appropriate way to approach the question is to take the average incomes of the baseline year and the year by which it is most likely
that perfect income mobility has been attained. For the BHPS that would be the last year at which the data was collected.


<table>
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<tr>
<th>Class Position</th>
<th>Sum of income over all waves</th>
<th>Standard deviation</th>
<th>Average of incomes in 1991 and 2008</th>
<th>Standard deviation</th>
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Table 5.3 shows two things, i.e. the average of incomes from each year summed over the 18 years covered by the BHPS and the average of income in 1991 and 2008. As for the summed incomes we see that throughout the period those who occupied a salariat position in 1991 made on average 33.9% more than those who occupied an intermediate class position and 57.9% more than those who were working class in 1991. Turning to the average of incomes of 1991 and 2008 we see that figure 5.8 does in fact underestimate the reduction of class inequalities wrought by income mobility, but not by much. The average incomes over the period of the working classes as a proportion of the salariat's were 63.3%, but the average of incomes of 1991 and 2008 was 65.1%. The differences between the two estimates are even smaller for working/intermediate class and intermediate/salariat comparisons. Thus, even at a 17 year interval there is nothing even approaching perfect income mobility and class position in 1991 is a fairly good predictor of class inequality over the period and in 2008. So much for the neoclassical soup and class not being a lifetime experience.
Underlying these results are a number of factors, some which are relevant to income dynamics and others that aren't. Of the latter kind we can list changes in the number of non-earning household members. The former kind is things such as unemployment, retirement, social class mobility and stages in work life careers. What research suggests is that mobility is more frequent during the early phases of people's labour market careers (Gershuny, 1993). People may "shop around" in the labour market or take transitional jobs while they find something more suited to their interests and abilities. Changes in the labour market may also have facilitated women's upwards mobility in terms of both class and income (Crompton, 1999).

5.4. Conclusion

In this chapter I sought to answer whether income mobility reduces class inequalities over time to the extent that we might dismiss social class as a determinant of life-chances. The data suggests that all classes experience considerable income mobility over time and that this mobility does in fact reduce class inequalities, though only to a very limited extent. In fact inequalities between people belonging to different classes in 1991 tend to persist up until 2008. These findings hardly support the conclusion that life-chances are increasingly independent of social class.

One thing I have neglected to discuss is the implications of regression to the mean for the results presented in this chapter. Using the BHPS Jenkins (2011) found that income mobility had a progressive effect on income inequality over time for the population as a whole. Part of the effect, however, was produced by regression to the mean. The further from the mean a given observation was at time t the more likely an observation of the same respondent at some later time would be closer to
Regression to the mean occurs because measurement contains random error, i.e. repeated measures will deviate in a non-systematic way around the true value of what is being observed. In addition there is also the matter of respondents having a-typical incomes in a given year for reasons that have nothing to do with measurement error or regression to the mean. While it is plausible the people's incomes over time (permanent income) will reflect the development of their income earning capacity, at any given point a number of people will have incomes that deviate substantially from their permanent income for purely transitory, though non-random reasons. For instance, Jenkins (2011) observed that people with high permanent incomes were more likely to have a-typical income years that were better than usual, whereas the opposite holds for people with low incomes. It is tempting to think that such systematic variation reflects different opportunities and risks faced by these groups.

When we are considering the population as a whole the implications of regression to the mean and a-typical income years lead to the over-estimation of income mobility and of the equalisation resulting from it (see for instance Breen and Moisio, 2004 on the effects of measurement error on the estimation of income mobility and transition into and out of poverty). That this is so for measurement error and regression to the mean is uncontroversial. That a-typical years have the same effects requires some elaboration because the changes observed are real rather than an artefact of the measurement. Consider a hypothetical respondent who has the same income (more or less) at times t and t+2 but for some reason makes a great deal more at time t+1. While what is being assumed is that the change is very real and not the product of measurement error it would seem peculiar to regard this
person as having undergone downward income mobility between times t+1 and t+2 on account of having had windfall at the earlier point. The concept of permanent income is useful to clarify why this is the case. In a sense income mobility concerns shifts in permanent incomes, which a-typical income years are by definition not. In any case, both a-typical incomes and measurement error are mean reverting and when the mean is question is that of the population as a whole it entails movements from the extremes of the income distribution towards its mean.

The same should for economic inequality between classes. To see why it should be recognised that the class schema is also a crude proxy for the income distribution. The salariat tends towards the upper end and the working classes toward the lower end. Thus the salariat should contain more cases that appear downwardly income mobile on account of measurement error or a-typical income years. Obversely, the working classes have a higher proportion of people that appear upwardly income mobile for the same reasons. This should, other things being equal, lead to the equalisation of inequalities between classes resulting from income mobility. The implication for the results presented in this chapter are that the reduction in income inequality resulting from income mobility is even less than observed, which further weakens the hypothesis that income mobility reduces the relevance of social class to people’s life chances.

The study presented in this chapter is severely limited. It almost certainly overestimates the level of income mobility and underestimates the equalisation between classes resulting from it. Future work on income mobility and economic inequality between classes should focus on disentangling the effects of regression to

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4 Of course some people have incomes that fluctuate quite erratically from one observation to the next. In that case we would talk about income volatility rather than income mobility or a-typical years (there being no typical years).
the mean, years of a-typical income, and income volatility. Furthermore, for wide
time intervals it also becomes necessary to account for the relationship between
social class mobility and income mobility, as well as how both of these are tied to
the life cycle. This entails adopting a more dynamic view of social class, i.e.
regarding people's social position as a trajectory of positions over time. To that end
something like the Essex Score may be more tractable than the Goldthorpe class
schema, as a continuous measure is likely more sensitive numerous changes that
affect people's socio-economic position than a categorical measure.

Furthermore, accounting for changes in household composition, especially
changes in the number of non-earning household members, is also of considerable
importance as is exploring how income mobility relates to different stages in the
life-cycle. Various transitions, e.g. into unemployment, disability and retirement,
are also of great interest in the context of social class. Despite these limitations this
chapter provides reasonably strong evidence that class matters for income inequality
over time.
## Appendix 5A

Table 5.4. Relative income mobility. Distribution of different classes into income deciles in 1992, contingent on their distribution in 1991 (%). Weighted using individual enumerated longitudinal weights.

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<td>8.8</td>
<td>10.2</td>
<td>10.5</td>
<td>5.2</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td>8.8</td>
<td>8.2</td>
<td>7.8</td>
<td>9.9</td>
<td>8.3</td>
<td>16.2</td>
<td>6.1</td>
<td>14.9</td>
<td>6.7</td>
<td>13.2</td>
</tr>
<tr>
<td></td>
<td>10.8</td>
<td>9.5</td>
<td>6.8</td>
<td>7.9</td>
<td>10.3</td>
<td>7.5</td>
<td>6.3</td>
<td>5.9</td>
<td>6.8</td>
<td>28.2</td>
</tr>
<tr>
<td>10 Top</td>
<td>3.1</td>
<td>8.7</td>
<td>0.0</td>
<td>18.5</td>
<td>15.2</td>
<td>11.7</td>
<td>5.0</td>
<td>7.3</td>
<td>21.3</td>
<td>9.2</td>
</tr>
</tbody>
</table>
6. Material Living Standards

In chapters 4 and 5 I examined the relationship between social class and incomes. Monetary measures such as incomes are the conventional way of estimating economic inequality as well as the quality of people's lives. However, in recent years there has been a growing scepticism about the validity of using monetary measures for such purposes, culminating in a report commissioned by the then president of France, Nicolas Sarkozy (Stiglitz, Sen, & Fitoussi, 2010). There have been doubts about monetary measures for a long time. Simon Kuznets, who was instrumental in devising the GDP as a measure, warned against using it as a measure of welfare (U.S. Secretary of Commerce, 1934).

The definition of relative poverty has been among the on-going concerns about the adequacy of monetary measure, which is typically defined as falling below a specific proportion of the median income. The problem is twofold: 1) The placement of the poverty line is largely arbitrary; and 2) the poverty line, however defined, tells us very little about the circumstances of those that fall below it. It was such concerns that lead Peter Townsend to use measures of material deprivation to supplement income measures in his landmark study Poverty in the United Kingdom (Townsend, 1979). What Townsend sought to do was to use indicators of material deprivation to establish a poverty line, i.e. a threshold under which the risk of suffering deprivation increased substantially. Townsend's study has exerted considerable influence on research on material deprivation ever since (Nolan & Whelan, 2011).

Similar concerns lead Joanna Mack and Stewart Lansley to rely exclusively on measures of material living standards in their Breadline Britain study (Mack &
Lansley, 1985). Their point of departure was that which underlies relative approaches to poverty, i.e. that people are poor if they cannot participate in the minimum acceptable way of life. Rather than setting an income poverty threshold they asked survey respondents to identify which of a range of items constitute necessities in order to elicit the "views of society as a whole" (Mack & Lansley, 1985, p. 42). The authors describe this as a consensual definition of poverty. The items that were included reflected both material well-being and social relations. The authors also claim that "only those aspects of life facilitated by access to money" (Mack and Lansley, 1985, p. 44) were tested in their survey.

Building on the work of Stein Ringen (Ringen, 2006/1987) Christopher Whelan and his associates (Layte, Maitre, Nolan, & Whelan, 2001; Nolan & Whelan, 1995; Nolan & Whelan, 2011) have published interesting studies on the relationships between material deprivation, economic vulnerability and income poverty. They find that while there is a significant overlap there are also important discrepancies between who is defined as poor or at risk according to these different measures. The central mechanism they propose to account for those discrepancies is differences between households in how resources accumulate or deteriorate over time. Having low incomes or frequent spells of unemployment leads to lower rates of accumulation and accelerated rates of deterioration.

The works of Whelan and associates gives us a mechanism that predicts differences in levels of material well-being. Insofar as social classes differ in terms of incomes and economic risk such as income and employment security, and insofar class position at a point in time is indicative of future incomes and vulnerability, the salariat classes ought to enjoy higher living standards than the intermediate classes, who in turn ought to enjoy higher living standards than the working classes.
Goldthorpe's theory of social class (Goldthorpe, 2000) points in this direction as it suggests that income mobility has different implications for different classes, i.e. risk and vulnerability for the working classes but gradual improvements over time for the salariat. The evidence presented in chapters 3 and 4 also supports these expectations.

Table 6.1. Items in BHPS that tap material living standards

<table>
<thead>
<tr>
<th>Housing problems</th>
<th>Consumer durables in accommodation</th>
<th>Consumption goods: Able to ...</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996 onwards</td>
<td>1991 onwards</td>
<td>1996 onwards</td>
</tr>
<tr>
<td>Shortage of space</td>
<td>Colour TV</td>
<td>keep home adequately warm</td>
</tr>
<tr>
<td>Noise from neighbours</td>
<td>VCR</td>
<td>pay for annual holiday</td>
</tr>
<tr>
<td>Street noise</td>
<td>Washing machine</td>
<td>replace furniture</td>
</tr>
<tr>
<td>Not enough light</td>
<td>Dish washer</td>
<td>buy new clothes</td>
</tr>
<tr>
<td>Lack of adequate heating</td>
<td>Microwave oven</td>
<td>eat meat on alternate days</td>
</tr>
<tr>
<td>Condensation</td>
<td>Home computer</td>
<td>feed visitors once a month</td>
</tr>
<tr>
<td>Leaky roof</td>
<td>CD player</td>
<td></td>
</tr>
<tr>
<td>Damp walls, floors etc.</td>
<td>1993 onwards</td>
<td>2004 onwards</td>
</tr>
<tr>
<td>Rot in windows, floors</td>
<td>Owns a car</td>
<td>have 2 pairs of shoes for each adult</td>
</tr>
<tr>
<td>Pollution/environmental problems</td>
<td>Not in 1996</td>
<td>keep house well decorated</td>
</tr>
<tr>
<td>Vandalism or crime</td>
<td>Freezer</td>
<td>have household contents insured</td>
</tr>
<tr>
<td></td>
<td>Tumble drier</td>
<td></td>
</tr>
<tr>
<td>1996 onwards</td>
<td>Satellite dish</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cable TV</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Telephone</td>
<td></td>
</tr>
<tr>
<td>2000 onwards</td>
<td>Mobile phone</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Internet access</td>
<td></td>
</tr>
</tbody>
</table>

The BHPS has up to 35 indicators that can be used to estimate material living standards, depending on the wave being used. Table 6.1 lists these indicators, sorted into three broad categories. The first category is "housing problems". The indicators there reflect problems that are derived from one's accommodations, either on account of the quality of the housing (e.g. shortage of space or leaky roof) or its location (environmental problems and vandalism or crime). While housing quality
and location are two distinct things it seems plausible that they are somewhat correlated and determined by similar factors, e.g. household resources, with worse housing also being less favourably located.

The second set of variables is made up of indicators of whether people possess particular consumer durables, in most cases electronics of some variety. These indicators are most numerous but they also differ most in terms of the number of waves in which each indicator is collected. There are six measures that are collected for all waves. One indicator that is collected from 1993 onwards. Two indicators that are collected in all years, except 1996. Three indicators that are collected from 1996 onwards, and two indicators from the year 2000 onwards.

The third category contains information on household consumption or the ability to afford specific consumption goods. There are six variables that are available for 1996 onwards and three variables that were added in 2004. These measures are quite typical for items in other surveys collecting information on the material level of living, a large number of them having been included in the European Community Household Panel (ECHP) and a more limited number in the European Union Statistics on Incomes and Living Conditions (EU-SILC), which replaced the ECHP in 2003.

There are different ways to use these kinds of indicators. On the one hand one can look at each indicator individually, though it is not obvious what conclusions one would draw based on a single item. What does it tell us that a certain proportion of homes has a CD player? One can also look at a number of items simultaneously. While this might allow for more substantive conclusions, the amount of information and the level of detail would most likely be overly cumbersome. Finally, one can combine items into scales or indexes and look at how
many items different households possess or lack. This is by far the most fruitful approach as it allows us to draw broad conclusions.

This is where things get tricky. As the proportion of people that own a particular good nears 100% that variable's relationship to measures reflecting the possession of different goods becomes increasingly random. This renders factor analysis and analysis of scale reliability problematic. A further problem is that once an item is possessed by nearly everyone belonging to some single class, class differences will diminish over time as other classes catch up. The first class being "saturated" seems to remain static over time. Table 6.2 shows the proportion of each of the classes that possessed a particular consumer durable or could afford a particular consumption good in 2005. We see that there are some goods that are all but universal throughout the class structure. The year was selected arbitrarily. A case in point is whether people's accommodations have a colour TV, with 99.5% of the salariat having such a device and 100% of the working classes.

In one sense this is a lesson in the relativity of consumption standards. When new goods hit the market they tend to be expensive, enjoyed first by those most able to afford them. As time goes by advances in technology and production drive prices down, making the good affordable to ever-larger proportion of the population. In time the market is saturated, with nearly all members of all classes having acquired the good. CD players are a case in point; in 1991 wave of the BHPS 45.9% of salariat households reported having one, compared to 32.4% of working class households. It can be argued that at that time CD players were not a standard household item but a luxury that was enjoyed to different degrees by members of different classes. By 2005 CD players had become something to be taken for granted, presumably on account of having become less expensive. Thus, while CD
players could be used to study differences in material living standards in the not too
distant past, in 2005 this item simply did not discriminate adequately between
different social groups. It can be assumed that nearly everyone who wants one has
one.

Table 6.2. Proportion of different classes that have a specific consumer durable or
enjoy a specific consumption good. Household reference person's class.
Respondents with partners. 2005. Weighted using cross-sectional household
weights.

<table>
<thead>
<tr>
<th>Durables in accommodation</th>
<th>Salariat</th>
<th>Intermediate</th>
<th>Working</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colour TV</td>
<td>99.5</td>
<td>98.9</td>
<td>100.0</td>
</tr>
<tr>
<td>VCR</td>
<td>99.1</td>
<td>97.9</td>
<td>99.1</td>
</tr>
<tr>
<td>Freezer</td>
<td>98.0</td>
<td>98.5</td>
<td>98.8</td>
</tr>
<tr>
<td>Washing machine</td>
<td>98.7</td>
<td>98.6</td>
<td>96.8</td>
</tr>
<tr>
<td>Dryer</td>
<td>73.7</td>
<td>70.5</td>
<td>71.8</td>
</tr>
<tr>
<td>Dishwasher</td>
<td>67.7</td>
<td>47.4</td>
<td>37.1</td>
</tr>
<tr>
<td>Microwave</td>
<td>93.8</td>
<td>95.3</td>
<td>96.0</td>
</tr>
<tr>
<td>Computer</td>
<td>92.1</td>
<td>84.3</td>
<td>80.3</td>
</tr>
<tr>
<td>CD player</td>
<td>96.2</td>
<td>93.5</td>
<td>90.9</td>
</tr>
<tr>
<td>Satellite TV</td>
<td>48.1</td>
<td>46.1</td>
<td>46.0</td>
</tr>
<tr>
<td>Cable TV</td>
<td>18.1</td>
<td>19.5</td>
<td>19.9</td>
</tr>
<tr>
<td>Landline phone</td>
<td>94.4</td>
<td>92.1</td>
<td>95.7</td>
</tr>
<tr>
<td>Mobile phone</td>
<td>92.5</td>
<td>92.0</td>
<td>87.9</td>
</tr>
<tr>
<td>Car</td>
<td>94.3</td>
<td>89.5</td>
<td>79.2</td>
</tr>
<tr>
<td>Internet access</td>
<td>92.2</td>
<td>86.5</td>
<td>83.7</td>
</tr>
</tbody>
</table>

Can afford:

| Keeping home adequately warm         | 99.7     | 99.0         | 99.6    |
| Annual holiday                       | 94.1     | 87.3         | 81.3    |
| Furniture                             | 95.2     | 94.0         | 92.8    |
| New clothes                          | 97.9     | 97.1         | 95.5    |
| Eating meat every other day          | 96.4     | 95.8         | 94.8    |
| Feeding visitors once a month        | 90.1     | 80.8         | 81.0    |
| Two pairs of shoes                   | 98.6     | 97.6         | 95.3    |
| Keeping house decorated              | 98.5     | 96.8         | 94.8    |
| Household contents insurance         | 98.2     | 93.8         | 93.5    |
As noted above, Table 6.2 shows that for many items class differences are either absent or extremely modest. Based on this it might be tempting to conclude that social class is indeed no longer of central importance to people's level of living. That would, however, be a somewhat hasty conclusion as the results are for the most part an artefact of what is measured and in what way. For example, colour televisions are now so common, being possessed by nearly all households, that material inequalities between classes are simply irrelevant. Evidence of such inequalities must therefore be sought elsewhere.

The problem is that many of the indicators are too general. For example, while most everyone has a colour television, such items differ greatly in terms of size, picture and audio quality, weight, the number of accessories people have attached to them, whether they are integrated with the stereo system and/or the home computer, as well as the features that are built into them. Thus, the fact that people have a colour TV tells us very little and it seems likely classes will differ systematically in the quality of their television gadgetry, if not in the proportions possessing some item of that particular kind. This is not to say that it is irrelevant that the possession of colour televisions is now all but universal among the working classes, which has undoubtedly improved the quality of working class life, but that class inequalities are not captured through such measures. That everyone has a colour television is one thing, claiming that all enjoy the same quality of viewing experience on account of this is quite another.

Table 6.3 shows the mean number of items possessed by different social classes. The results are based on two scales. The first scale includes 12 items on consumption goods and consumer durables that are also available in the EU-SILC. This is useful because Nolan and Whelan (2011) found these items to have a
Cronbach's Alpha of about 0.8 for the EU-SILC as a whole. Together these items show much lower scale reliability, the Alpha being only 0.594. Class differences are also very small, the working classes having on average 0.8 items fewer than the salariat. The latter scale combines all 24 items on consumption goods and consumer durables that are available for 2005. As expected Cronbach's Alpha rises somewhat, to 0.736. While this suggest a reasonably reliable scale, it must be remembered that Cronbach's Alpha is sensitive to the number of variables included in the scale, rising with each additional variable, other things being equal. An increase of 0.142 for 12 additional variables, doubling the number of variables in the scale, is hardly confidence inspiring. Furthermore, class differences remain almost the same, rising from 0.7 to only 0.8 items between the salariat and the working classes. It is worth noting, however, that the standard error shows some class gradient, tending to grow larger the further down the class structure we go. This might account for the class gradient in deprivation found by Whelan and his associates, even though the relationship between these variables and class position is weak when we adopt a more holistic approach to material well-being.


<table>
<thead>
<tr>
<th></th>
<th>13 point scale</th>
<th>25 point scale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Std. error</td>
</tr>
<tr>
<td>Salariat</td>
<td>11.3</td>
<td>0.033</td>
</tr>
<tr>
<td>Intermediate</td>
<td>10.8</td>
<td>0.054</td>
</tr>
<tr>
<td>Working</td>
<td>10.6</td>
<td>0.660</td>
</tr>
</tbody>
</table>

This problem is in some ways similar to those of "mashup" indexes, such as
the Human Development Index, frequently used to compare the quality of life in different countries. The problem with these kinds of indexes is many of the measures that they are made up of are not sufficiently discriminating when it comes to the most developed countries. Consequently the ranking of the countries towards the top of the list is largely random, generated by measurement error rather than real differences (Høyland, Moene, & Willumsen, 2012; Ravallion, 2010). Perhaps it is not useful to think of inequalities in the quality of life in affluent societies in terms of unmet needs, except for a very small minority.

What this suggests is that we need a theory to account for the differences in material living standards in terms of the individual choices that lead to the observed aggregate results. What I have to offer is hardly novel. It seems sensible to take departure in a rational actor theory, assuming that people seek to optimize their material well-being over time, the key constraints being money and time. Thus, when deciding whether to do without a particular good they will factor in how much it costs and the inconvenience (time and expenditure of effort) that alternatives would entail. Thus, doing without a washing machine is not an option as the time and the effort required to wash clothes without one are prohibitive whereas doing the dishes or taking the bus might be acceptable inconveniences in light of the price of dishwashers or cars. In short, there must be a less expensive alternative that is not too exacting for people to choose going without.

Consider for example the four variables that differ most clearly between classes, i.e. having a car, a dishwasher, or a computer, and being able to afford an annual holiday. These are all items that are relatively expensive and which one can in many cases do without. While a dishwasher is convenient one can also do the dishes the old fashioned way. Going away on holiday is refreshing, one can also
find rest and relaxation at home. Having a car is also a convenience, but one can make do with public transportation. Computers are very useful, but one can make do with computers in public libraries or Internet cafés. Other items on the list, however, can either be had relatively inexpensively (e.g. mobile phones) or are expensive but doing without would be a major inconvenience (e.g. washing machines). Thus it would seem that class differences are absent for items that can reasonably be regarded as necessities or that are relatively cheap.


<table>
<thead>
<tr>
<th>Class</th>
<th>At least once a week</th>
<th>At least once a month</th>
<th>Several times a year</th>
<th>Once a year or less</th>
<th>Never/almost never</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salariat</td>
<td>22.8</td>
<td>45.4</td>
<td>29.5</td>
<td>1.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Intermediate</td>
<td>14.7</td>
<td>45.9</td>
<td>33.9</td>
<td>3.6</td>
<td>2.0</td>
</tr>
<tr>
<td>Working</td>
<td>15.2</td>
<td>38.1</td>
<td>36.6</td>
<td>6.6</td>
<td>3.5</td>
</tr>
</tbody>
</table>

A further prediction that we would make on the basis of the aforementioned theory is that there would be a social gradient in terms of how often people eat out. While the cost of eating out does not have to be prohibitive it tends to be higher than for home cooked meals of equal quality, whereas preparing an everyday meal is rarely so onerous as to render it unfeasible. Thus the salariat would eat out most often and the working classes least frequently. The 2004 wave of the BHPS happens to contain an item on exactly that. Table 6.4 shows the frequency distribution of how often members of each of the three classes of the Goldthorpe class schema ate out in 2004. A higher proportion of the salariat than of the other two classes eats out at least once a week, and the combined proportion eating out at least once a month
or once a weak follows a class gradient, 78.2% of the salariat, 60.6% of the intermediate classes, and 53.3% of the working classes. Even though never eating out is very rare for all classes this is most frequently the case for working classes. The odds-ratios of the working classes never eating out are about five times higher than for the salariat (5.15 to be precise).

Now this hardly tells the whole story about class inequalities of eating out. Members of the salariat will not only eat out more frequently than the working and intermediate classes, they may also eat at very different restaurants that will differ in terms of both quality and kind of food from that enjoyed by the lower classes. The limited rational choice model suggested above does not account for those differences. Perhaps the salariat goes to more expensive restaurants because they can, the pleasure of the experience outweighing the additional cost, though in some cases it is undoubtedly also what is expected of people in particular positions though there are reasons to expect that this would be tied to particular occupational status groups rather than social class (Chan, 2010; Chan & Goldthorpe, 2007). It also seems likely that the costs of eating out relative to eating at home differ less between classes than do absolute costs, as the salariat probably eats better or more expensive than the other classes at home as well as in restaurants.

Another way to examine class differences is to consider purchases of consumer durables during the preceding year. The BHPS contains such items. Table 6.5 shows the proportion of households that bought new consumer durables, the mean number of items bought by those people, and the mean amount they spent on those items. The proportion that bought new consumer durables and the number of items bought does not follow a class gradient. While the number of items bought follows such a gradient the differences are small. However, there are substantial
differences in amounts spent on new consumer durables. The working classes bought new items for 56.9% of what the salariat spent. Viewed differently, the salariat spend £339.5 per item whereas the working classes spend £217.1 (36.1% less). These results are in line with the argument that I made above, that class inequalities are not revealed in the possession of goods but rather by differences in the quality of goods possessed.

Table 6.5. New consumer durables: Proportion who bought new items (%), mean number of items bought, and mean amount spent on new items, over the preceding 12 months. By household reference person’s class. Respondents with partners. 2005. Weighted using cross-sectional household weights.

<table>
<thead>
<tr>
<th>Class</th>
<th>Proportion who bought a new item over the past year (%)</th>
<th>Mean number of items bought</th>
<th>Mean amount spent on new consumer durables in preceding 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salariat</td>
<td>62.1</td>
<td>1.91</td>
<td>£648.4</td>
</tr>
<tr>
<td>Intermediate</td>
<td>60.0</td>
<td>1.83</td>
<td>£456.4</td>
</tr>
<tr>
<td>Working</td>
<td>62.0</td>
<td>1.70</td>
<td>£369.1</td>
</tr>
</tbody>
</table>

In light of the problems with the indicators of material well-being noted above it is very difficult to use them to draw conclusions about class inequality, especially about whether and in what way class contributes to such inequalities. Nevertheless, I will endeavour to pry as much information from these indicators as possible.

6.2. Class Differences in Material Well-being Over Time

While class inequalities in material living standards were exceedingly small in 2005 there are reasons to expect that this was not necessarily the case throughout the period I am concerned with. Remember that there was a class gradient in the proportion of households who possessed CD players in 1991 though class
differences had declined substantially by 2005. The question is whether this was a continuous process over the period.

For this analysis I use three sets of variables that reflect particular aspects of people's material circumstances, i.e. housing problems, possession of consumer durables, and the ability to afford specific consumption goods (see table 6.1 above). Information on housing problems and consumption goods was available only from 1996 onwards, while information on consumer durables was available for all waves of the BHPS. Not all items were available for all waves. Some were dropped at some point, others were added in later years, and for some measures there are gaps. I restrict myself to using measures that were available for all waves for consumer durables and from 1996 onwards for housing problems and consumption goods.

In their work on income poverty and material deprivation Whelan et al also use multiple measures, using factor analysis to determine which items go together. The resulting scales reflect different aspects of material well-being. In constructing their scales they weight each item by the proportion of respondents that possess the item in question, arguing that people have a stronger sense of deprivation if they lack an item that is widely possessed by other people in their society. This ties the resulting scales to societal standards. At the same time it relativizes material deprivation. Being deprived is a matter of feeling deprived rather than lacking a particular good. Furthermore, the sense of deprivation is the same for all who lack the item in question, as it is purely the function of the proportion of people who possess it.

To determine who is income poor Whelan and associates use the conventional cut-off point, i.e. those falling below 60% of the median income. This operationalization of the poverty line has very little theoretical justification, being
set more by convention and consensus than on the basis of theoretical reasoning or empirical evidence (Mack & Lansley, 1985; Nolan & Whelan, 2011; Townsend, 1979). Nevertheless, this definition of poverty has proven useful for empirical research and can be accepted on pragmatic grounds. The more difficult question is to determine the cut-off point for material deprivation. How many items must a person lack to be deprived? The solution adopted by Whelan et al is to set the proportion of those deprived equal to the proportion in income poverty as determined by the conventional cut-off point. One advantage of defining deprivation in this way is that the overlap between income poverty and material deprivation is not affected by the marginal distribution of either. The downside is that this definition of deprivation is atheoretical and any doubts that we might have about the conventional poverty line now contaminate the operationalization of deprivation. Finally, it is not obvious that the proportion of people who are income poor and materially deprived must necessarily be the same. Whelan et al’s definition of deprivation can, however, be defended on the same pragmatic grounds as the conventional poverty line. It may be crude, but it has shown itself to be quite effective for empirical research.

Table 6.6. List of variables used for scales measuring the material living standard.

<table>
<thead>
<tr>
<th>Housing problems</th>
<th>Consumer durables in accommodation</th>
<th>Consumption goods, able to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shortage of space</td>
<td>Colour TV</td>
<td>Keep home adequately warm</td>
</tr>
<tr>
<td>Noise from neighbours</td>
<td>VCR</td>
<td>Pay for annual holiday</td>
</tr>
<tr>
<td>Street noise</td>
<td>Washing machine</td>
<td>Replace furniture</td>
</tr>
<tr>
<td>Not enough light</td>
<td>Dish washer</td>
<td>Buy new clothes</td>
</tr>
<tr>
<td>Lack of adequate heating</td>
<td>Microwave oven</td>
<td>Eat meat on alternate days</td>
</tr>
<tr>
<td>Condensation</td>
<td>Home computer</td>
<td>Feed visitors once a month</td>
</tr>
<tr>
<td>Leaky roof</td>
<td>CD player</td>
<td></td>
</tr>
<tr>
<td>Damp walls, floors, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rot in windows, floors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pollution/environmental problems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vandalism or crime</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
My concerns in this chapter are different from those of Whelan et al. For one thing, I am interested in people's material circumstances as such rather than people's sense of deprivation. Thus I will not weight the items I use to construct different scales of material living standards. Secondly, I will not attempt to set a cut-off point to define the materially deprived. Instead I will treat scales of material living standards as continuous. I will also not limit my analyses to one aspect of those living standards. This reflects different concerns rather than a criticism of Whelan's work, on which I lean quite heavily, though I suspect it might benefit from a theoretical account of deprivation.

While my focus is on a more holistic account of the material level of living I am under no illusion that the measures that I use in this chapter are all encompassing and comprehensive. As I have already mentioned some of the scales could include more items if I were willing to restrict my study to a shorter time-span. Even with these additional indicators the case could always be made that something important was being left out. It is also questionable that material living standards are fully accounted for by housing and consumer goods and durables. Finally, the indicators of housing are negative in that they focus on problems rather than the quality of housing in a more comprehensive sense. This study is therefore necessarily incomplete and only gives a partial picture of the living standards of different social classes. I nevertheless believe that the results can further our understanding of related issues.

It must also be acknowledged that tests of scale reliability produced results that were somewhat less than satisfactory. Figure 6.1 gives the Cronbach's Alpha for the different scales for each year. On the whole the scale for consumer goods
performs the worst, ranging from 0.55 to 0.6 for most years, with a notably low Alpha in 2007. The scales for housing problems and consumer durables do somewhat better, ranging from 0.6 to about 0.7, though they are less than satisfactory. Thus, the scales are but indexes that tally the number of items of a particular kind people enjoy (consumer goods and durables) or problems they suffer (housing). This is acceptable insofar as they produce results that seem meaningful and in accordance with theoretical expectations.

![Graph showing Cronbach's Alpha for a scale on household consumption, consumer durables and quality of housing, 1991-2008.](image)

**Figure 6.1.** Cronbach's Alpha for a scale on household consumption, consumer durables and quality of housing, 1991-2008.

### 6.2.1. Consumption Goods

The items that make up the "consumption goods" scale reflect some of the most mundane aspect of material living standards, such as being able to keep one's home adequately warm and buying new clothes, as well as more luxurious items such as being able to go on a holiday each year. Individual measures do not tap the full range of material well-being. For instance, people are distinguished according to whether they can afford an annual holiday but not by what kind of holiday they can
afford (domestic or abroad, short or long). The scale may nevertheless give an insights into social class differences in quality of life.

Figure 6.2 gives the mean number of items on the list enjoyed by members of different social classes. Results are for the household level. The picture that emerges is that of consumption standards rising slowly over time, though somewhat faster during the earlier half of the period. For example, in 1996 the average working class household enjoyed 4.9 of the items in question but by 2008 they were up to 5.4 items.

As for class differences we see a class gradient. The salariat classes have the most and the working classes the least, though in some years the working and intermediate classes are close to being equal. However, it should be noted that the working classes saw a larger improvement in their lot than the other classes, the average number of consumer goods enjoyed in 2005 being 10.2% higher than it was
in 1996, whereas the increase was 7.5% for the salariat and 5.8% for the intermediate classes.

Figure 6.3 shows how the gap between classes in consumer goods developed over time. The largest gap is obviously between the salariat and the working classes. The figure shows that this gap narrowed between 1997 and 2004, after which it widened again. The working classes also gained on the intermediate classes. As for the intermediate classes relative to the salariat the gap seems to vary without trend throughout the period.

6.2.2. Consumer Durables

The concept of consumer durables refers most broadly to specific goods that are reused over time. In this case it is narrowed down to electrics such as colour televisions, washing machines, dishwashers and computers. It is of course questionable whether all these items can be regarded as necessities. Washing
machines seem the most likely candidate. It is however quite possible to get by without a dishwasher, though having one may also improve the quality of one family life quite considerably. For some computers are a necessity, for others they are useful but not necessary, while yet others may use them primarily for entertainment. Other items, such as CD players are primarily used for pleasure.

That an item is primarily a source of entertainment or pleasure does not make it irrelevant to one's material living standards. Entertainment is an important part of life and can reasonably be construed as a necessity, at least up to a point (Griffin, 1986). Perhaps the items on the list can be seen in utilitarian terms, some - such as dishwashers - relieving disutility while others are a source of enjoyment or utility. In any case, these measures on consumer durables have an advantage over the other measures of material living standards used in this chapter, i.e. that of being available for all the waves of the BHPS. A longer time-span gives more information on the basis of which we can draw conclusions about trends. Also, seeing that consumer durables typically require larger outlays than most of the items included in the index on consumption goods there are reasons to expect them to be less sensitive to changes in household incomes. When incomes fall people will immediately cut down on consumption and while they will also not buy the consumer durables, those that they already possess will continue to be at their disposal for some time longer. When incomes rise again people will expand their consumption, but the purchase of new consumer durables may have to wait while people recover resources that were depleted, especially if they ran into debt.
Figure 6.4 shows the mean number of consumer durables owned by members of different social classes. As with consumer goods there is a class gradient with the salariat possessing most consumer durables on average, the working classes possessing the fewest in all years. Again we see a gradual if somewhat convex increase over time that is somewhat faster than that for consumption goods, but as with consumption goods the increase slows down towards the end of the period. The working classes enjoyed the highest proportional increase over the period, or 45.1%. The intermediate class, however, saw its fortunes rise somewhat more than the salariat, by 40.9% compared to 35.2%. Despite this evident narrowing of class gaps in the possession of consumer durables between the beginning and the end of the period, what we have is in fact not a steady decline over the period.
Figure 6.5. Class differences in number of consumer durables enjoyed, by household reference person's social class. By household reference person's class. 1991-2008. Weighted using cross-sectional household weights.

Figure 6.5 shows how the gap between different classes developed from 1991 to 2008. Class inequalities decline over time, mostly after 2001. Readers should be aware, however, that it seems likely that the measured decline in class inequality is a methodological artefact rather than a substantive result. The material goods that are available are not a constant. As Fred Hirsch put it: "Such are the characteristics of what can be regarded for the moment as standard economic goods, scarce at any moment of time but increasing in availability through growth in production over time" (Hirsch, 1976, p. 22). To take an example from the list of goods included in the BHPS, consider CD players. At some point CD players become available. At first they are expensive, purchased by a few. Gradually advances in production reduce production costs and prices. Ownership of CD players becomes more widespread.

CD players replaced a previous consumer good, i.e. the record player. The ownership of record players declines as ownership of CD players becomes
more widespread. There is probably some lag between the spread of CD players and the disappearance of the record player. Many held on to their record players even after acquiring CD players. Their record players still functioned and people had invested non-negligible amounts of money in vinyl records. But in time people also replaced their records with CDs and eventually record players were phased out except for eccentrics and connoisseurs.

This development is evident in the data. The proportion of households owning CD players rises throughout the panel. Towards the end of the panel there was a CD player in nearly every household and already being replaced by a new technology, i.e. digital music players. If the BHPS had continued we would eventually have seen a decline in CD player ownership. This would not have signified a decline in material living standards but rather the replacement of one good for a functionally equivalent, (presumably) superior good.

While the introduction of new and in some ways superior goods may be desirable as such, it creates a difficulty for the monitoring of material well-being over time. New goods are necessarily excluded from long-term historical comparisons. Adding them to repeated surveys creates a break in the time-series, at least if the good they replace is withdrawn. On the other hand, how we interpret the ownership of a particular good also depends where we are in the cycle described above. Thus it is necessary to consider information on such things as class differences in the number and the cost of durables bought. This is done below. If they show similar declines in class inequality as the number of consumer durables we may be justified in concluding that class inequalities are in fact growing smaller. If not, then we can reasonably conclude that the findings presented in figure 6.5 are a but an artefact of the measurement of consumer durables.
### 6.2.3. Housing

As I mentioned before the indicators of housing quality refer to problems with housing, rather than a comprehensive evaluation of the quality of housing. In one sense this is convenient as problems are easier to define in a fairly universal manner. For instance, rot in floors and walls is likely to be seen by most, if not all, people as a problem whereas something like a roof garden is more a matter of taste. One implication of this is that a lower score is better on this particular scale, unlike on other two scales used in this chapter.

![Figure 6.6](image.png)

**Figure 6.6.** Mean number of problems with housing experienced by households, by household reference person's social class. By household reference person's class. 1996-2008. Weighted using cross-sectional household weights.

Figure 6.6 shows results that are very similar to those for consumption goods and consumer durables. The prevalence of problems with housing is low and there is a general trend towards improvement over time. There is also the usual class gradient in all years, with the salariat experiencing the fewest problems and the working classes the most. The salariat saw the biggest improvement, the number of problems falling by 43.4%, followed by the intermediate classes (-34%), with...
the working classes trailing behind (-30.4%). This makes sense in the light that expenses on housing and its maintenance can be cumbersome and thus more likely to be affected by the accumulation or deterioration of household resources over time, which in turn is affected by class related mechanisms, much like consumer durables. If incomes fall it will take time for the quality of one's housing to deteriorate. When incomes rise, however, it may be a while before one is prepared or able to invest in home maintenance, as it requires considerable outlays, often spread over time. Thus the sense of insecurity may also factor into decisions about maintenance, i.e. being put off as long as possible if people feel that their employment is insecure or their income stream uncertain.

Figure 6.7. Class differences in number of problems with housing, by household reference person's social class. 1996-2008. Weighted using cross-sectional household weights.

Figure 6.7 shows the difference between classes in the number of housing problems from 1996-2008. The picture that emerges from this analysis of housing
problems is not one of gradually declining class inequalities, but rather of trendless fluctuation of very small class differences.

6.2.4. Summary

The analyses so far show a class gradient in the distribution of material living standards for all the measures used, i.e. consumption goods, consumer durables and problems with housing. There was also a general trend towards improvement over time. Households enjoyed more goods and durables and suffered fewer problems with their housing. The working classes seemed to have made advances relative to the other classes on consumer durables, though this is likely an artefact of the measure used rather than reflecting the classes growing more equal. For consumption goods class inequalities declined up until 2004, after which they widened again. There is no trend in class inequality when it comes to housing problems.

Seeing that inequalities were less at the end of the period under study than at the beginning of it might be interpreted as supporting theories that imply that economic vulnerability is being spread throughout the class structure (Beck, 1992; Beck, 2000; Beck & Beck-Gernsheim, 2002), or that class defined in terms of employment is increasingly irrelevant to inequality, either because it is being replaced by culture and consumption (Bennett, Savage, Silva, Warde, Gayo-Gal, & Wright, 2009; Devine, Savage, Scott, & Crompton, 2005), or because disadvantage is now the product of underclass processes rather than more conventional class mechanisms (Berghman, 1995; Standing, 2011). This would be a misrepresentation of the findings. While class differences in terms of goods possessed may appear small it is probable that there are substantial differences in terms of the quality of
goods. Furthermore, the observed decline in class inequalities the possession of durable goods may well be nothing more than a artefact of the measurement used, as discussed above. The next section addresses this issue.

6.3. Recent Purchases

In section 6.1 we saw that there were considerable differences between social classes in terms of the amount they spend on consumer durables in 2005 and as some differences in the number of items bought, while the proportion of households who bought new durables did not follow a class gradient. Table 6.7 shows that the ordering of classes varies from one year to the next with regards to the proportion that bought new consumer durables and the number of items those people bought. The amounts spent, however, follow a consistent class gradient. The salariat spent most and the working classes least. The intermediate classes are closer to the working classes than the salariat. This supports the conjecture that class differences in material living standards lie in the quality rather than the quantity of goods.

Throughout the period under study there was a class gradient in how much people spent on new consumer durables. Figure 6.8 shows the spending on consumer durables of lower classes relative those above them. Class differences fluctuated over the period, displaying no trend, such as those one might deduce from some theories on the demise of social class. This suggests that we should dismiss the finding presented in figure 6.5 as an artefact of the measurement used rather than accepting that class inequalities in ownership of consumer durables have declined. It is more likely that the salariat is spending more than either the intermediate or working classes because they are buying better goods and move more quickly onto new goods, such as digital music players instead of CD players.
Table 6.7. Purchase of new household durables over the previous 12 months. Proportion who bought new items, number of items bought, and mean amount spent on new items, over the preceding 12 months, by household reference person's class. 1997-2005.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Proportion who bought new items over the past year (%)</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salariat</td>
<td>54.3</td>
<td>55.2</td>
<td>59.6</td>
<td>63.0</td>
<td>58.7</td>
<td>54.6</td>
<td>59.9</td>
<td>59.0</td>
<td>62.1</td>
<td>53.6</td>
<td>51.7</td>
<td>48.8</td>
</tr>
<tr>
<td>Intermediate</td>
<td>50.2</td>
<td>55.5</td>
<td>56.9</td>
<td>61.5</td>
<td>54.8</td>
<td>53.7</td>
<td>59.3</td>
<td>61.0</td>
<td>60.0</td>
<td>43.5</td>
<td>48.5</td>
<td>47.4</td>
</tr>
<tr>
<td>Working</td>
<td>53.0</td>
<td>58.7</td>
<td>61.4</td>
<td>58.1</td>
<td>53.3</td>
<td>57.9</td>
<td>62.1</td>
<td>56.5</td>
<td>62.0</td>
<td>50.2</td>
<td>54.9</td>
<td>52.2</td>
</tr>
<tr>
<td><strong>Mean number of items bought</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salariat</td>
<td>1.62</td>
<td>1.72</td>
<td>1.85</td>
<td>1.79</td>
<td>1.79</td>
<td>1.90</td>
<td>2.00</td>
<td>1.87</td>
<td>1.91</td>
<td>1.79</td>
<td>1.79</td>
<td>1.73</td>
</tr>
<tr>
<td>Intermediate</td>
<td>1.64</td>
<td>1.63</td>
<td>1.72</td>
<td>1.80</td>
<td>1.74</td>
<td>1.77</td>
<td>1.88</td>
<td>1.91</td>
<td>1.83</td>
<td>1.81</td>
<td>1.83</td>
<td>1.75</td>
</tr>
<tr>
<td>Working</td>
<td>1.60</td>
<td>1.56</td>
<td>2.00</td>
<td>1.68</td>
<td>1.71</td>
<td>1.92</td>
<td>1.94</td>
<td>1.90</td>
<td>1.70</td>
<td>1.71</td>
<td>1.74</td>
<td>1.68</td>
</tr>
<tr>
<td><strong>Mean amount spent on new consumer durables in preceding 12 months (£)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salariat</td>
<td>654.3</td>
<td>702.2</td>
<td>636.7</td>
<td>589.9</td>
<td>630.5</td>
<td>646.2</td>
<td>715.2</td>
<td>685.6</td>
<td>648.4</td>
<td>688.5</td>
<td>676.9</td>
<td>639.0</td>
</tr>
<tr>
<td>Intermediate</td>
<td>566.1</td>
<td>493.9</td>
<td>510.9</td>
<td>506.7</td>
<td>482.7</td>
<td>559.4</td>
<td>524.4</td>
<td>541.3</td>
<td>456.4</td>
<td>554.8</td>
<td>573.7</td>
<td>548.0</td>
</tr>
<tr>
<td>Working</td>
<td>460.3</td>
<td>456.7</td>
<td>445.9</td>
<td>484.0</td>
<td>433.4</td>
<td>525.0</td>
<td>487.5</td>
<td>469.1</td>
<td>369.1</td>
<td>480.5</td>
<td>545.4</td>
<td>453.2</td>
</tr>
</tbody>
</table>

Figure 6.8. Amount a lower class spent on consumer durables in the previous 12 months as a proportion spent by a higher class. By household reference person's class. Respondents with partners. 1996-2008. Weighted using cross-sectional household weights.
6.4. Financial Strain

In this chapter we have seen that material living standards are similar across classes in terms of possessing household appliances and consumption goods. We have also seen evidence of class differences that manifest in a higher proportion of the lower classes going without some conveniences (e.g. dishwashers) relative to the classes above them, as well as evidence that while everyone has the same goods the quality of these goods differs between classes. These class inequalities in material well-being persist, a fact that is masked if we consider only whether households have a specific item or not.

Of course these differences may not reflect the different capacity of members of different classes to maintain a standard of living. Ever since Veblen's *Theory of the Leisure Class* (1899/1994) researchers have been concerned with how social inequalities affect purchases and consumption behaviours. Today a number of authors suggest (e.g. Frank, 1999; Offer, 2006) that lower income groups feel compelled to mimic the consumption standards of those above them. As this is beyond their means they finance their consumption in no small part by borrowing money. This increases their financial strain and makes them increasingly vulnerable to risk.

One implication of such theories is that lower class households have to extend their resources further than higher-class households to keep up with consumption standards. The BHPS does not contain information about spending that would allow us to study it relative to people's incomes. It does, however, contain a measure of people's perception of their financial situation. In so far as there is a class gradient in the propensity to overextend household resources to keep up with consumption standards we would expect class differences in people's
perception of their financial situation, the salariat being least and the working classes most strained.

Table 6.8. How well would you say you yourself are managing financially these days? Distribution of responses by social class, by household reference person and for class homogamous couples. 2005.

<table>
<thead>
<tr>
<th></th>
<th>Living comfortably</th>
<th>Doing alright</th>
<th>Just about getting by</th>
<th>Finding it quite difficult</th>
<th>Finding it very difficult</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salariat</td>
<td>42.8</td>
<td>39.2</td>
<td>15.9</td>
<td>1.7</td>
<td>0.3</td>
</tr>
<tr>
<td>Intermediate</td>
<td>26.1</td>
<td>47.6</td>
<td>20.6</td>
<td>4.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Working</td>
<td>21.4</td>
<td>44.1</td>
<td>28.2</td>
<td>3.9</td>
<td>2.3</td>
</tr>
</tbody>
</table>

Table 6.8 shows how the responses of members of different classes to the question tapping financial strain are distributed. The proportions claiming to be either living comfortably or doing alright follow a class gradient. This certainly suggests that it is putting some strain on working class households and to a lesser extent on intermediate class households, though it must also be noted that only a small minority from each class finds their financial situation either quite or very difficult.

Figure 6.9 shows the mean levels of financial strain as measured by the aforementioned variable. A lower score indicates less strain. We see that the class gradient persists over time and that people's perception of their financial situation improves, especially during the earlier years of the BHPS. However, people's perception of their finances seems to have become somewhat more pessimistic in 2008, in the advent of the international financial crisis. Given that the most of the period saw an increase in consumption standards, this may suggest that incomes rose faster relative to prices than did consumption standards, allowing people to engage in more consumption with less strain. There is however little to suggest that
class relativities changed. Figure 6.10 shows the mean level of financial strain of lower classes relative to the mean levels of the classes above them. Class differences fluctuate very slightly without any trends.

Figure 6.9. How well would you say you yourself are managing financially these days? Mean scores by household reference person's social class. Respondents with partners. 1991-2008. Weighted using cross-sectional household weights.

Figure 6.10. How well would you say you yourself are managing financially these days? Mean scores of lower classes as a proportion of higher classes. By household reference person's social class. Respondents with partners. 1991-2008. Weighted using cross-sectional household weights.
The findings presented in this section are further evidence of class inequalities. Attaining the observed level of material living standards places greater financial strain on working class households than on intermediate class households, who themselves endure more such strain than salariat households. This is so even if these living standards differ between social classes. Thus it puts greater strain on working class household than on salariat households to achieve their level of living, even though the former's living standards are demonstrably lower. There is very little evidence for class convergence when it comes to financial strain. These inequalities persist, which is at odds with claims about the decreasing relevance of class processes for life-chances and quality of life.

6.5. Conclusion

In this chapter I have examined class inequalities in material living standards. When using conventional indicators of material well-being, covering housing problems, consumer durables and consumption goods, one is easily misled to the conclusion that class inequalities have all but disappeared. If one delves a little deeper it becomes apparent that such inequalities persist, but rather than being reflected in differences in the number of goods enjoyed they manifest in the quality and the value of those goods. The higher one goes up in the class hierarchy, the more people spend on goods and the more likely people are to enjoy certain conveniences like dishwashers or eating out. Attaining their position in the hierarchy of consumption also places different levels of financial strain on households depending on their class position. The lower classes attain a lower standard but suffer more strain than the classes above them.

For the most indicators examined in this chapter there is very little that
supports any position that holds that class no longer determines people's life-chances and has become irrelevant to economic inequality. There are no secular trends towards declining inequality that cannot be explained away as artefacts of the indicators used.
7. Class, Theory, and Politics

The concept of social class has long been at the heart of sociology. Much effort has been expended on studying it and arguing over its relevance. Many predicted its imminent demise in the decades following the Second World War. In more recent times adherents of other schools of thought have called its time of death and published obituaries.

From some perspectives the death of class is a preposterous idea, capitalist societies being class societies by definition (Wright, 1985 and 1997). For others, myself included, it is an empirical question. The test of the pudding is in the eating. Even if we accept that capitalist societies are by definition divided into classes the pertinent question is whether class is implicated in how people fare in life. If class has no consequences it is of little sociological or political interest.

Those that have sought to dismiss social class can be divided broadly into three schools of thought (a somewhat finer distinction was presented in Chapter 1). The first of these are structural functionalists that have claimed that class is, or will be, rendered irrelevant by the logic inherent in industrial capitalism (e.g. Bell, 1973; Dunlop, Harbison, Kerr, & Myers, 1975; Kerr, Dunlop, Harbison, & Myers, 1960/1973). Risking oversimplification the "logic of industrialism" school claimed that industrial society required the efficient allocation of human resources, rendering it increasingly meritocratic. Consequently the relationship between people's class origins to their class destinations would weaken, as would the relationship between class origins and education attainment. At the same time the relationship between education attainment and class destinations would strengthen. In addition the productive capacities of industrial capitalism would improve living
standards of most if not all, reducing class inequalities of incomes and quality of life. Mass production would also reduce class differences in life-styles and consumption patterns.

The second school to dismiss social class falls under the broad heading of modernization or post-modernization theory, though the claims advanced vary somewhat. There are those that claim that capitalism and, in some cases, the welfare state have so reduced class inequalities as to render class irrelevant and giving rise to new social cleavages (Castells, 1997; Inglehart, 1989 and 1997). Others, like Anthony Giddens (1994), argue that occupational mobility has become so frequent that class is no longer a lifetime experience (see also Castells, 2000). Still others frame their claims in terms of economic risk, e.g. that risk is increasingly detached from class (i.e. democratized; (Beck, 1992 and 2000; Beck & Beck-Gernsheim, 2002), though some acknowledge a disadvantaged minority of socially excluded people that cannot be accounted for in terms of class (Berghman, 1995; Kronauer, 1998; Paugam, 1996; Standing, 2011; Wilson, 1990).

Finally there is the cultural turn in sociology. On the one hand there are those that dismiss class altogether, associating it with what they see as economic reductionism (Lash & Urry, 1994; Urry, 2000). Instead they argue that culture should be seen as constitutive of social relations. In a sense this argument confuses the very reasonable claim that culture has causal efficacy that is worth studying on its own terms with a strong assumption about the ontological status of culture. On the other hand there are those that wish to retain the concept of social class but reframe it in cultural terms (Bennett, Savage, Silva, Warde, Gayo-Gal, & Wright, 2009; Devine, Savage, Scott, & Crompton, 2005; Savage, 2000; Savage, Devine, Cunningham, Taylor, Li, Hjellbrekke, Le Roux, Friedman, & Miles, 2013). Class,
they claim, is no longer constituted by economic processes such as people's position in the labour market. Instead class is determined by people's consumption, tastes and lifestyles.

7.2. Untimely Epitaphs

Many of the claims about the decreasing relevance of class give rise to proposition that can be tested against evidence and there is now a substantial body of research that suggests that many of these claims are overstated or plain wrong.

Starting with the drive towards meritocracy inherent in industrial society there is a great deal of evidence that suggests that people's destinations in the class structure is to some extent determined by the class they grew up in (Breen, 1998 and 2004; Erikson & Goldthorpe, 1985; Erikson & Goldthorpe, 1993). While there are some differences between countries as well as changes over time within countries, there is nothing that suggests a secular trend towards greater social fluidity that can be accounted for in terms of the logic of industrialism. In fact there is only one country, Sweden, that displays such a trend during the latter half of the 20th century (Erikson, Goldthorpe, & Portocarero, 1979, 1982 and 1983), though it seems to have slowed down considerably since the 1980s (Jonsson, 2004). It seems somewhat more plausible that the Swedish case can be explained in terms of the education and social policies that Swedish governments have pursued rather than in terms of industrial development (Goldthorpe, 2000b). The general conclusion, however, is that changes in the class structures rather than increasing social fluidity account for the social mobility that we observe.

The relationship between education and class allocation is also far from perfect (Breen & Whelan, 1993; Jackson, Goldthorpe, & Mills, 2005). Furthermore
it would seem that education attainment is not independent of class (Erikson, Goldthorpe, Jackson, & Yaish, 2005 and 2007; Heath & Clifford, 1990). This is a contested issue. According to one perspective the growing educational attainment of people from working class backgrounds can be explained almost entirely in terms of the expansion of higher education rather. The first to take advantage of this expansion are those at the top of the class structure, with the lower levels gradually closing the gap but only when the demand for education at the top has been saturated. Class inequalities thus remain the same (Hout, 2006; Raftery & Hout, 1993). Others argue that class inequalities in education have in fact declined, but not disappeared (Goldthorpe, 2007). There is a further disagreement on what is driving these patterns, whether it is a bias against working class cultures build into the school system (Bourdieu, 1984) (Bourdieu, 1984), parents using their resources strategically to improve their children's chances, with different classes having different resources (Devine, 2004), or whether they are the outcomes of rational choices in a class differentiated opportunity structure, made with an eye on minimizing the risk of downward mobility (Goldthorpe, 2000b).

Paralleling the literature on social mobility and education attainment there is one on class voting. According to the presumed logic of industrialism class voting would decline as similar living standards and lifestyles would make class cleavages less salient in the voting booth. Much of the evidence supporting this claim was found using the Alford Index that is based on a dichotomous view of class, distinguishing only between manual and non-manual workers (Clark & Lipset, 1991; Clark, Lipset, & Rempel, 1993). This distinction has been criticised as being overly simplistic as it overlooks differences within these two categories (Evans, 1999a; Heath, Jowell, & Curtice, 1985). For instance, if skilled manual workers are
more likely than unskilled manual workers to vote conservative than a rising
proportion of conservative manual workers might reflect either a conservative shift
among this class or the growing number of skilled workers relative to the unskilled.

The Goldthorpe class schema has made it possible to do a more fine grained
studies of class voting. The findings are in some ways similar to those on social
mobility. Class voting varies between countries and over time, but not in a way that
is consistent with some inherent logic of industrialism, or with the rise of post-
material values for that matter. The most plausible determinant of class voting
seems to be whether the parties on the left pursue class politics (Evans, 1999a;
Evans, Heath, & Payne, 1995; Goldthorpe, Lockwood, Bechhofer, & Platt, 1968b;

The evidence of material deprivation, income poverty, and economic risk
also points in the same direction. These seem to follow a class gradient, which is
inconsistent with risk being "democratized" as well as with theories of social
exclusion and the underclass (Whelan, 1996; and Nolan & Whelan 1999 & 2000).
While there is some evidence that risk of deprivation and poverty is to some extent
tied to the life-cycle, they are also tied to social class. In fact the size of "life-cycle
effects" seem to be contingent on people's class position (Whelan, Lucchini, Pisati,
& Maitre, 2010; Whelan & Maitre, 2008b). Once again politics and policy seem to
matter (Whelan & Maitre, 2010 and 2012).

The findings discussed above make up the most substantial lines of inquiry
into the relevance of social class using the Goldthorpe schema. There are also other,
more embryonic research projects that suggest that class is relevant to other areas of
life as well. These include employment and work-life balance (McGovern, Hill,
Mills, & White, 2007), assortative mating (Mills & Henz, 2013), and earnings
inequality (Williams, 2012). It seems that those eager to declare social class dead would do well to seek empirical confirmation before penning an epitaph.

7.3. Economic Inequality and Social Class

This thesis provides further evidence on the continued relevance of class but on an issue that has remained somewhat neglected by those using the Golthorpe class schema (though see Williams, 2012), i.e. economic inequality. As such this is in some ways a first stab at the relationship between economic inequality and social class. I'll be the first to admit that it has barely scratch the surface of some relevant topics, leaving a great many important questions unanswered and unasked. What it has achieved, however, is to demonstrate that social class remains relevant to economic inequality. In what follows I will give a brief summary answer to each of the questions posed in Chapter 1, each under its own heading. I will also point out the limitations of this study and suggests avenues of future inquiry that might further our understanding of the relationship between social class and economic inequality.

7.3.1. Is within-career social mobility so extensive that social class is no longer a life-time experience?

Chapter 3 addressed question, testing the claims advanced by renowned social theorists such as Anthony Giddens, Manuel Castells, and John Gray, to the effect that occupational mobility has become so frequent that class is no longer a lifetime experience. If this were true then class would be of little relevance to economic inequality.

This is however not the case. Even if we accept that the composition of the class structure is changing in the way these theorists claim, i.e. expansion of the
service classes and the manual classes contracting, within-career social mobility is not so frequent as to suggest that class is irrelevant to people's economic fortunes. In fact, most people only rarely or never move up or down a level in the class structure. The evidence does not suggest either that mobility is increasing. In fact mobility over two consecutive years declined towards the end of the period. From this we must conclude that any claims about the class structure being hyperfluid are at best highly overstated.

There is much that remains unclear about within-career mobility. It is likely that a sizable proportion of mobility occurs during the early stages in people's employment histories, following the transition from education to work, during which people may have to "shop around" to find a job that matches their talents and temperament. It also seems likely that some career tracks are characterized by a gradual progression through a range of class positions. These processes will likely differ for men and women and factors such as ethnicity and geography will possibly enter into it as well. These are only a few of the issues that need to be addressed by further research on mobility within careers.

7.3.2. Are economic inequalities between classes declining and inequalities within classes increasing?

There is some evidence presented in Chapter 4 indicating that class inequalities declined slightly from 1991-2008. This however needs to be qualified. The BHPS does not provide an adequate coverage of the top 1% of the income distribution and it is this group that has primarily been driving increased income inequality in Britain since the end of the 1980s. The exclusion of this group, however, may give a more accurate picture of the "typical" salariat. But even if income inequalities have declined amongst the bottom 99% the change is very small and does not support the
conclusion that class is becoming irrelevant to economic inequality. This conclusion is bolstered by the fact that decomposing the Gini coefficient into within and between class inequality shows that the latter contributes far more to overall inequality and that its relative contribution is greater at the end of the period than at its beginning.

The analyses focused exclusively on households headed by a couple. Inequalities between single person and single parent households were ignored. This is obviously an important area of research for future studies. These kinds of households will likely differ in various ways, such as stages in the lifecycle, lifestyles and consumption patterns, education, and a number of other things. It also seems likely that single person households will differ in important ways between classes, e.g. between young urban professionals and precariously employed manual workers. Furthermore, by focusing on the class position of the household head - defined as the household reference person - I have ignored the possibility that assortative mating along class lines affects economic inequalities between households (Mills & Henz, 2013; Ermisch, Francesconi, & Siedler, 2006).

Another limitation is that all the households considered were headed by an employed person. Given that unemployment is somewhat more frequent the further down we go in the class structure it seems likely that this leads to an underestimation of class inequalities. This may be compounded if social class affects people's economic fortunes in unemployment and retirement, issues that are of considerable interest in their own right. In the present study, however, this selection of cases loads the dice in favour of the theories that I am testing, lending further credibility to the finding that they do not stand up to empirical scrutiny.
7.3.3. Does income mobility over time reduce income inequalities between classes to the extent that we may conclude that class is becoming irrelevant to people's life-chances in the long-term?

Even if mobility between levels in the class structure is not as frequent as some theorists believe the possibility remains that income mobility regardless of social mobility reduces class inequality over the long-term. Chapter 5 presents the evidence on this issue and while it is true that income mobility over time does reduce class inequality over time it is hardly to the extent that requires us to dismiss class as irrelevant to economic inequality. In fact, class position in 1991 is to some degree predictive of income in 2008. Once again the evidence suggests that social class is highly relevant to economic inequality.

All of the issues that are relevant for subject of social mobility are also important in the context of income mobility. In addition it seems paramount to study the relationship between mobility within careers and income mobility. In addition it is important to study how household composition affects incomes over time so that we can get a clear picture of how much change is due to changes in income and how much is due to changes in equivalence scales brought about by a change in the number of non-earning household members.

7.3.4. Is there evidence of the "democratization of risk" throughout the class structure?

This question is not central to this thesis but there are some findings that have implications for it. Firstly, the odds ratios of the working classes being unemployed relative to the salariat actually increased during the period under study. There was also some evidence that the working classes experience more income volatility than the salariat, though class differences are smaller during the second half of the period. The latter finding could be said to support some versions of the
democratization of risk argument. I remain sceptical, if only because measuring income volatility is highly problematic and the measure I employed can be regarded as the least bad one available rather than a particularly good one. However, given class inequalities in incomes and risks of unemployment it seems likely that the working classes are more prone to income poverty and deprivation than the intermediate classes and the salariat.

7.3.5. How are economic inequalities reflected in material living standards and people's perceptions of their financial situation?

The indicators of material living standards in the BHPS give the impression that class inequalities are quite small. I would argue that this is an artefact of the way material living standards are measured in the BHPS (as well as in many other surveys) rather than a reflection of class differences (or absence thereof). When new goods hit the market they tend to be adopted faster by enthusiasts and people of means. As time goes by innovation reduces prices and thus expanding the market. Items that were once luxuries and status symbols become more common and eventually almost everyone has them. Items that reflect class inequalities at some point will in many cases cease to do so in the long-run.

It is difficult to keep track of such changes and it is a real question whether it is worth the effort. The adequacy of existing indicators also depends on context. For instance, items included in the EU-SILC may do very nicely when our objective is to compare different countries. The more numerous indicators in the BHPS, however, are not sufficiently discriminating to allow us to say anything meaningful about class inequalities in material living standards in Britain. If we want to get at these we must ask further questions. It is not enough to know if a person has a portable phone. We must follow up with "Is it a smartphone?" We might also want
to know the brand to determine if it is a good one or a cheap knock-off. We would probably be hard pressed to justify such an inquiry. Not having a top of the line smartphone is certainly what has been termed a “first world problem” and hardly something that would give rise to moral outrage at the social injustices inflicted on the disadvantaged classes. It nevertheless tells us something about the economic inequalities of class.

The evidence presented in Chapter 6 suggests that there are class inequalities in material living standards and that these are reflected more in the quality than in the quantity of goods. Furthermore, indicators of people's subjective financial situation suggest that maintaining their level of living puts greater financial strain on the working classes than either the intermediate classes or the salariat.

One thing I neglected to do in this thesis was to study the relationship between incomes over time and material well-being. This is clearly an important issue that has received considerable attention in the context of income poverty and material deprivation. Class inequalities in incomes, different risks of unemployment, and differences in income volatility may all affect the ability of households and individuals to accumulate resources as well as the financial obligations that they are able and willing to take on.

7.4. Conclusion

Theories that imply that class is dead have enjoyed remarkable prominence in recent decades and continue to do so despite the weight of evidence against them. In Britain their influence can be detected in the politics pursued by the Labour Party under Tony Blair, which did not give much prominence to class politics (Crompton, 2008). During its reign economic inequalities between social classes persisted and
the evidence presented in Chapter 4 even suggests that the contribution of class to economic inequality, as measured by the Gini-coefficient, increased relative to inequality between members of the same class. Social class is very much alive and ignoring it will not change this fact.

One line of inquiry that I have not followed is to consider whether and in what way politics matters. The change in government in 1997 and the policies pursue by the Labour government would be the key to such an endeavour. Such a study would have to disentangle the effects of specific policies from other mechanisms that influence economic inequalities between social classes. Understanding the political dimension, i.e. class voting at the individual level and class politics at the level of parties, is a necessary step if we are to explain for example class inequalities in total incomes and disposable incomes after tax and transfers rather than just labour earnings.

I suspect that politics play a crucial role in shaping class inequalities. However, social class seems to have fallen out of fashion on the left, being replaced by emphasis on diversity, identity, and what passes for economic responsibility. Meanwhile class processes are left unattended, free to shape people's lives, in some cases for the better and in other cases for the worse. It is therefore important that social research casts light on the extent and the nature of these processes. This does not amount to a commitment to class amelioration. It may well be that we decide that nothing should be done about class inequalities, but that decision should be based on the empirically grounded knowledge of these inequalities rather than on an ungrounded rejection of their relevance.

Is it likely that the Labour Party will rally to the class banner in the foreseeable future or that a new working class party will emerge capable of
mounting a serious electoral challenge? This is a question for another branch of class analysis, as hopelessly speculative as it is. However, if the economic inequalities of class persist or widen, this will be in a degree attributable to the fact that the political leaders of the left have chosen to ignore them.
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