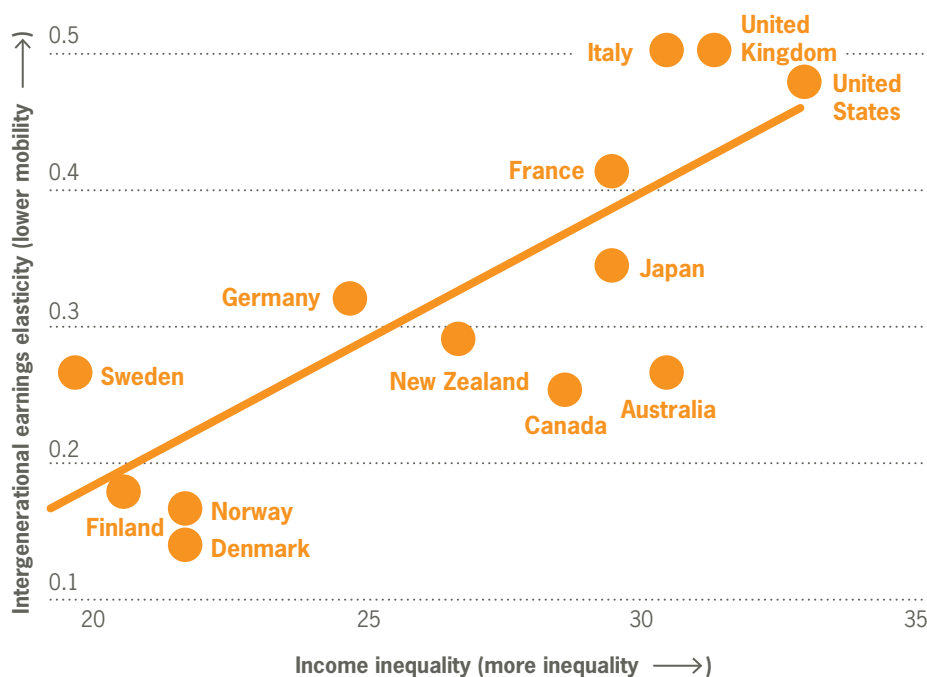


In the UK, the rich stay rich and the poor stay poor

THE GREAT GATSBY CURVE: HIGHER LEVELS OF INEQUALITY LEAD TO LOWER LEVELS OF SOCIAL MOBILITY



What does this mean?

The chart shows income inequality compared to 'intergenerational income elasticity' – how likely it is that what people earn in relation to the rest of the population will differ from what their parents earned. The graph shows that it is more likely that people's earnings will differ from their parents in more equal countries. In other words, social mobility is lower in unequal societies. In the most unequal countries, such as the UK, inequality creates big advantages for the rich and disadvantages for the poor that are harder to overcome.

Explaining the data

This data is taken from a study by Miles Corak, *Income inequality, equality of opportunity and intergenerational mobility*, published in *The Journal of Economic Perspectives*, volume 27 number 3, pages 79-102