

Wealth and Social Mobility

Impact Partner Workshop

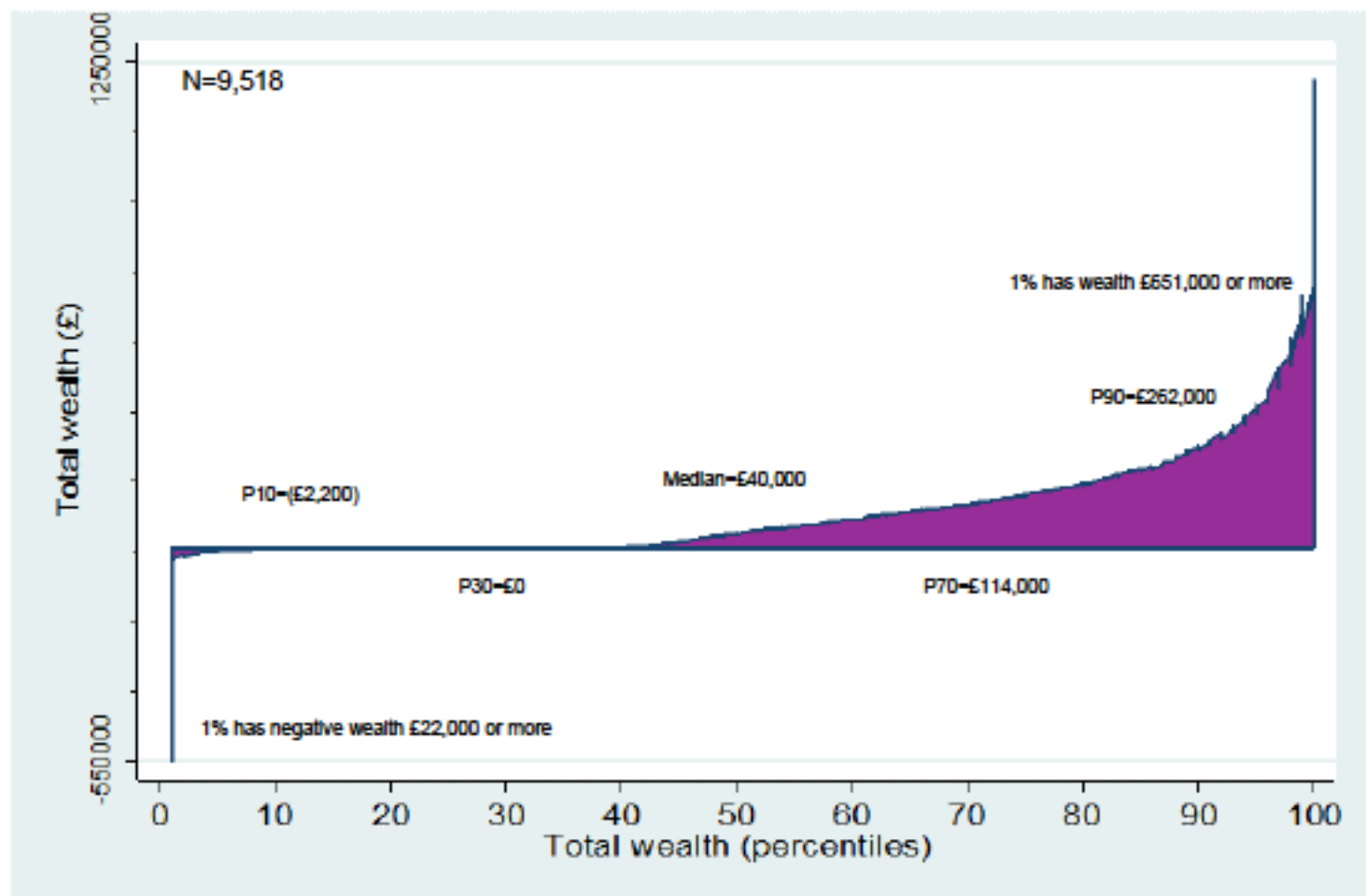
13 March 2017

Current Research

The impact of parental wealth on childhood outcomes

- **Is parental wealth related to childhood outcomes?**
 - Housing and financial wealth
 - Children's mental health, cognitive ability and physical health
- **How does the effect of wealth compare to that of household income?**
- **Do the results vary across the three childhood outcomes?**

Net household wealth in the MCS at age 11 (2012/13)



Net total wealth =

Net housing wealth + net financial wealth

Net housing wealth =

Value of home - outstanding mortgage

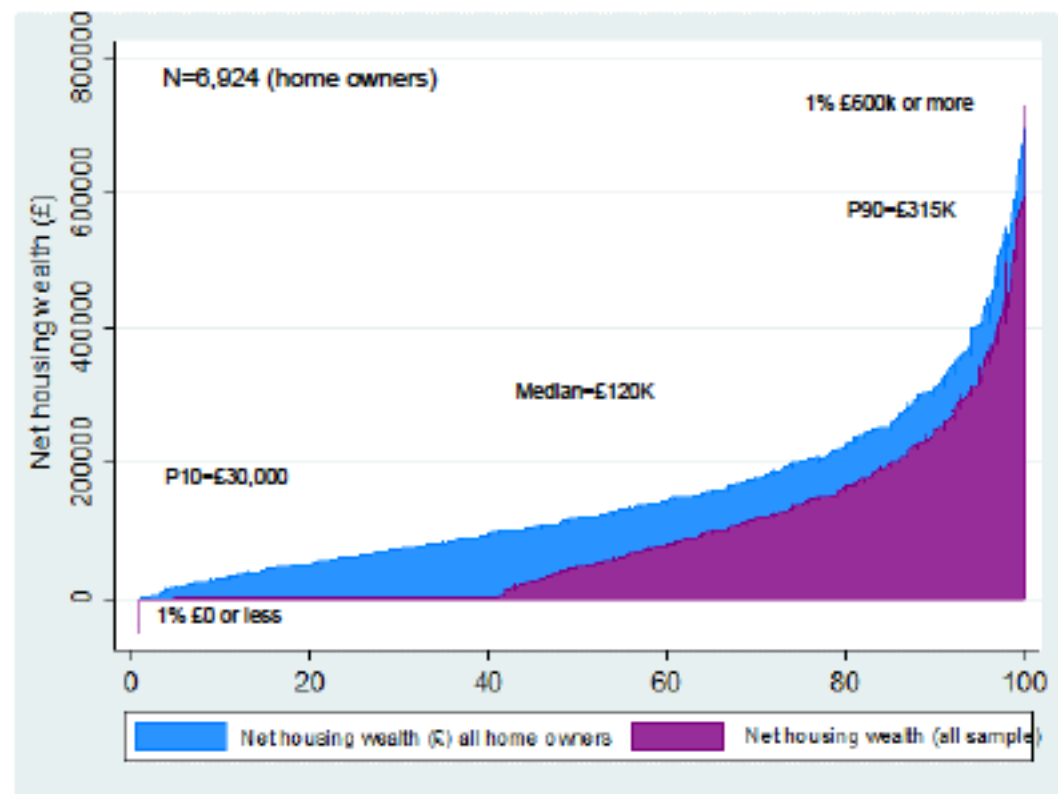
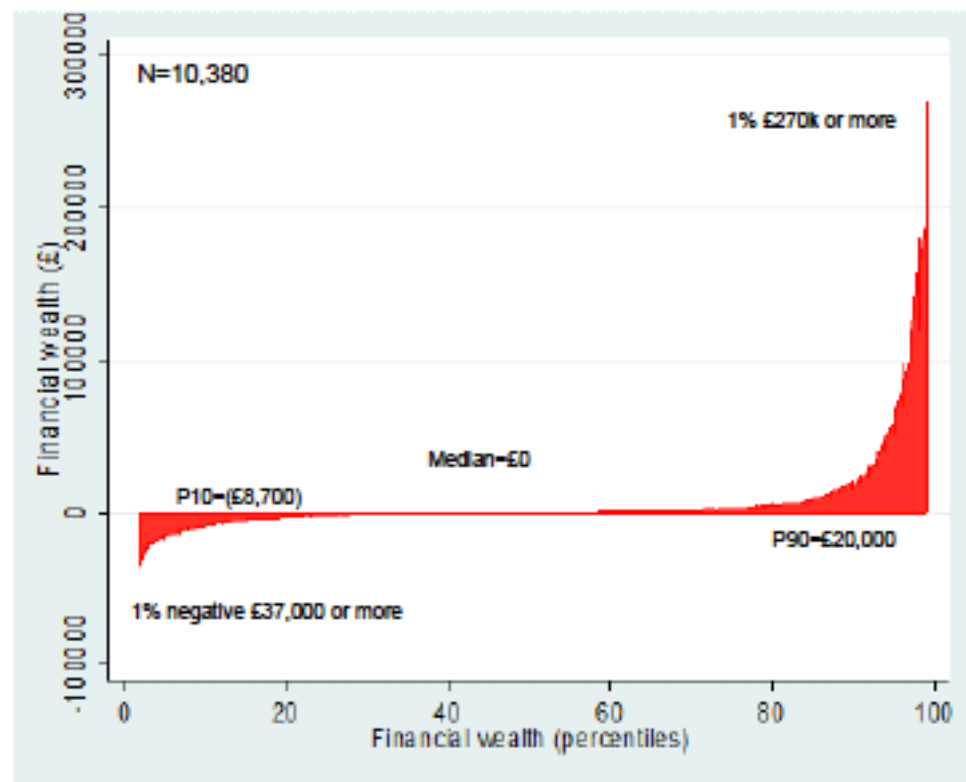
Net financial wealth =

Savings - debt

(Savings= Bank or savings account, Premium bonds/National savings, ISA , stocks & shares, Unit trusts, other property, other savings, investments and assets)

(Debt = credit or store card, hire purchase, personal loans, catalogue or mail order purchase, DWP social fund loan, other loan, student loan, other debt)

Net financial and housing wealth (MCS age 11)



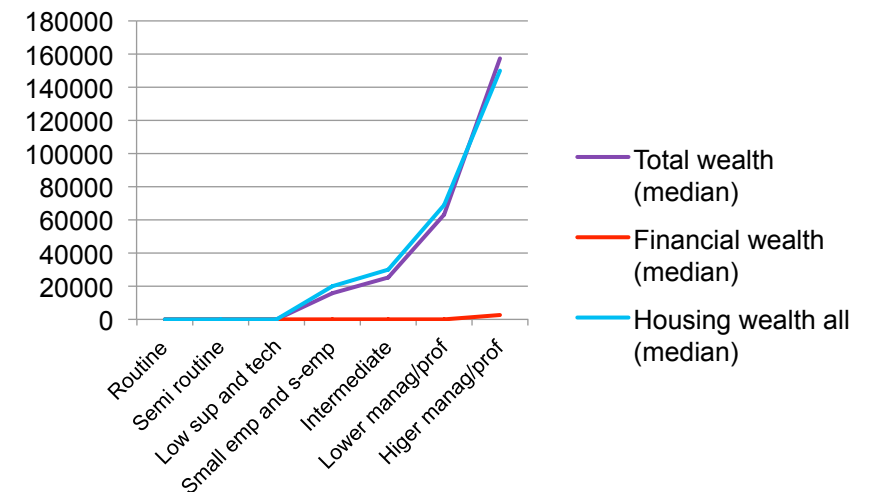
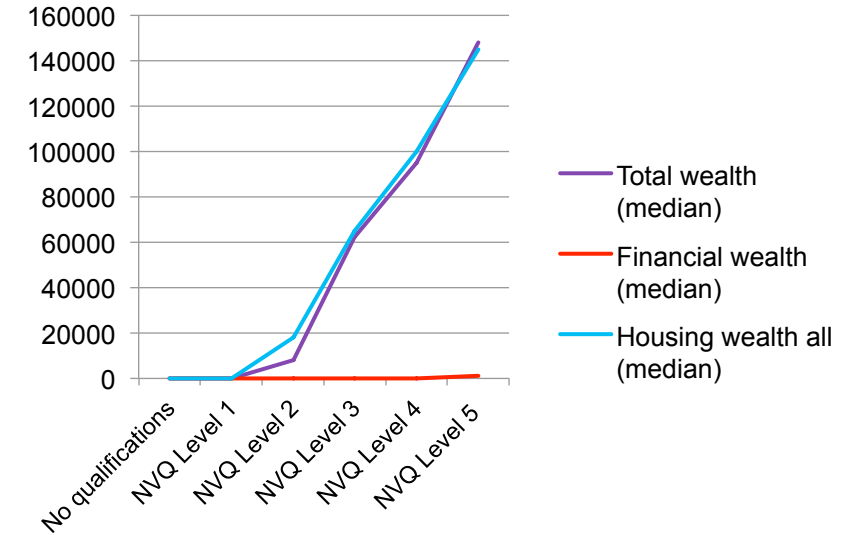
Why might we expect wealth to affect children?

“Wealth could be a more accurate indicator of longer term economic resources of the family and a family’s access to opportunities and advantages” (Oliver and Shapiro, 1995)

- **Consumption**
 - Material deprivation from low income can result poor nutrition, unsafe environments, lack of educational resources etc
- **Longer term investment**
 - Housing wealth allows families to live in more desirable areas, higher performing schools or to fund education and long-term resources
- **Security and empowerment**
 - Protection from day to day stress and anxiety, Income shocks e.g. job loss, health
 - ‘Conspicuous consumption’ – alleviate class anxiety, increase prestige, aspirations and expectations, acceptance peers
- **Family characteristics**
 - Behaviours e.g. postponement of consumption, financial discipline and long term planning

Wealth, family SES and child outcomes (all age11)

	Total wealth	Housing wealth	Financial wealth	Current income	Permanent income	Cognitive ability	SDQ
Housing wealth	0.918						
Financial wealth	0.617	0.300					
Current income	0.539	0.344	0.217				
Permanent income	0.592	0.454	0.271	0.838			
Cognitive ability	0.153	0.118	0.073	0.229	0.236		
Total difficulties (SDQ)	-0.205	-0.124	-0.092	-0.275	-0.277	-0.241	
General health	0.123	0.078	0.053	0.206	0.208	0.135	-0.296



Total difficulties (SDQ)

(MCS5 0-20 SDQ difficulties score standardised)

Table 3: Total difficulties x total wealth

	(1)	(2)	(3)	(4)	(5)
Net total wealth (log)	-0.90***	-0.65***	-0.29***	-0.16**	-0.14*
Permanent income (log)	(0.15)	(0.12)	(0.08)	(0.06)	-0.16***
Current income (log)				-0.20***	(0.04)
Predicted probabilities set at total wealth					
10 th percentile	0.13	0.08	0.02	-0.00	-0.01
25 th percentile	0.12	0.08	0.02	-0.00	-0.01
50 th percentile	0.02	0.00	-0.02	-0.02	-0.02
75 th percentile	-0.13	-0.10	-0.06	-0.05	-0.04
90 th percentile	-0.29	-0.21	-0.11	-0.07	-0.07
Measures included in model:					
Childhood		X	X	X	X
Household			X	X	X
Family SES, and:				X	X
Current income				X	
Permanent income					X
Observations	8,074	8,074	8,074	8,074	8,074

Standard errors reported in parentheses. *** p<0.001, ** p<0.01, * p<0.05, + p<0.10

Total difficulties (SDQ)

(MCS5 0-20 SDQ difficulties score standardised)

Table 4: Total difficulties x housing wealth (all)

	(1)	(2)	(3)	(4)	(5)
Net housing wealth (log)	-0.33*** (0.02)	-0.24*** (0.02)	-0.12*** (0.02)	-0.07*** (0.02)	-0.07*** (0.02)
Net financial wealth (log)	-0.04 (0.05)	-0.04 (0.03)	-0.02 (0.02)	-0.02 (0.02)	-0.01 (0.02)
Permanent income (log)					-0.13** (0.04)
Current income (log)				-0.16*** (0.05)	
Predicted probabilities set at housing wealth					
10 th percentile	0.24	0.17	0.07	0.03	0.03
25 th percentile	0.24	0.17	0.07	0.03	0.03
50 th percentile	-0.04	-0.04	-0.04	-0.03	-0.03
75 th percentile	-0.23	-0.17	-0.10	-0.07	-0.07
90 th percentile	-0.37	-0.28	-0.16	-0.10	-0.10
Measures included in model:					
Childhood		X	X	X	X
Household			X	X	X
Family SES and:				X	X
Current income				X	
Permanent income					X
Observations	8,074	8,074	8,074	8,074	8,074

Standard errors reported in parentheses. *** p<0.001, ** p<0.01, * p<0.05, + p<0.10

Verbal cognitive ability

(MCS5 BAS verbal similarities - standardised)

Table 8: Verbal cognition x total wealth

	(1)	(2)	(3)	(4)	(5)
Net total wealth (log)	0.73***	0.53***	0.43***	0.14*	0.08
Permanent income (log)	(0.13)	(0.10)	(0.10)	(0.06)	0.27***
Current income (log)				0.23***	(0.05)
Predicted probabilities set at total wealth					
10 th percentile	-0.09	-0.06	-0.04	0.01	0.02
25 th percentile	0.09	-0.05	-0.04	0.01	0.02
50 th percentile	0.00	0.01	-0.02	0.03	0.03
75 th percentile	0.11	0.09	0.08	0.05	0.05
90 th percentile	0.24	0.19	0.16	0.08	0.06
Measures included in model:					
Childhood		X	X	X	X
Household			X	X	X
Family SES and:				X	X
Current income				X	
Permanent income					X
Observations	8,074	8,074	8,074	8,074	8,074

Standard errors reported in parentheses. *** p<0.001, ** p<0.01, * p<0.05, + p<0.10

General physical health

(MCS5 – general level of health – 1-5 (poor to excellent) standardised))

Table 11: General health x total wealth

	(1)	(2)	(3)	(4)	(5)
Net total wealth (log)	-0.51*** (0.10)	-0.21** (0.07)	-0.18* (0.07)	-0.08 (0.06)	-0.02 (0.06)
Permanent income (log)					-0.20*** (0.03)
Current income (log)				-0.11* (0.05)	
Predicted probabilities set at total wealth					
10 th percentile	0.05	0.00	-0.00	-0.02	-0.03
25 th percentile	0.05	-0.00	-0.01	-0.02	-0.03
50 th percentile	-0.01	-0.03	-0.03	-0.03	-0.04
75 th percentile	-0.09	-0.06	-0.05	-0.04	-0.04
90 th percentile	-0.18	-0.10	-0.09	-0.06	-0.04
Measures included in model:					
Childhood		X	X	X	X
Household			X	X	X
Family SES and:				X	X
Current income				X	
Permanent income					X
Observations	8,074	8,074	8,074	8,074	8,074

Standard errors reported in parentheses. *** p<0.001, ** p<0.01, * p<0.05, + p<0.10

Summary of findings

- **Wealth matters for childhood mental health**
 - Wealth predicts mental health over and above SES
 - The size of the effect is similar to parental “long-term” income
 - This result driven by the impact of wealth on hyperactivity and peer problems
- **Wealth does not predict childhood verbal cognitive ability or general physical health, over and above SES, however:**
 - Other domains of cognitive ability; maths, reasoning, memory etc
 - Other measures of physical health; conditions, clinical etc

Policy implications

- **Assisting with household wealth accumulation could improve the mental health of children**
 - Suggests policies which assist households in acquiring assets, increasing savings and reducing debt
- **Reducing wealth inequalities has the potential to reduce inequalities in childhood mental health**
 - Inequalities in wealth far greater than those in income
 - Suggests promising avenue for reducing inequalities in childhood mental health
- **Further thoughts welcome!**

Planned work directions

1. Social Mobility: Parental SES and children's wealth accumulation

- Is wealth accumulation in mid-life associated with parental socio-economic status in childhood?
- New measures of wealth now available in BCS70 (age 42) and NCDS (age 55) allowing us to address this question
- 'Composite' parental SES – provides better indicator of overall material circumstances experienced in childhood
- Consider the role the child's own development in transmitting the inter-generational association

Planned work directions

2. Housing wealth and children's outcomes

- How do changes in housing wealth affect childhood development?
- We have linked land-registry house price data to the MCS (children born around 2000) – objective measure of house value
 - Now in process of creating a house price index, tracking house price over time
 - Particularly relevant given the time period: housing crisis from 2008, when child cohort members were around 8 years old.
- We have repeat measures of childhood mental health
 - Allows us to consider how *changes* in housing wealth impact on *changes* in childhood mental health
 - Before and during/after the recession

3. Parental wealth and children's development over time

- Building on previous work, how does parental wealth affect the development of children over time?
- We have repeat measures of childhood mental health
 - Colleagues have shown that children can be grouped according to their mental health trajectories
 - Allows us to consider whether parental wealth is associated with which group a child is in
- We have also linked Key Stage 1 (age 7) and 2 (age 11)
 - Allow us to consider whether parental wealth is associated with Key Stage 1-2 Value Added
 - Due to richness of MCS data, we can examine impact on “performance” separate to ability

Thank you