

'Have Mores' Soar; Immigrants Alone Achieve American Dream
October 30, 2006 - Employment & Training Reporter, by Cecilio Morales

It takes five generations for the drawbacks of a family's poverty or the advantages of privilege to be neutralized and, in general, the rags-to-riches American Dream seems to work only for immigrants. Only a concerted effort in education and second-chance programs can diminish the U.S. inequality of opportunity, which is larger than that of other advanced and wealthy nations.

This is the scholarly consensus of 16 specialists focused on examining various aspects of economic opportunity in the newest issue of the Princeton-Brookings journal *The Future of Children*. The issue attempts to grapple with a long-standing concern of economist Isabel Sawhill, the journal's senior editor, one she outlined in her 1998 work *Getting Ahead*.

“We have a belief that people have lots of opportunity to the point that the public doesn't pay attention to disadvantage or income inequality,” Sawhill told MII, adding that inequality is growing. “A group at the very top is pulling away from everyone else. The ‘have mores’ are pulling away from the ‘haves.’”

Immigrants are the only ones who appear to be faring better than middle- and lower-income Americans and the reason is very simple. “They're going from a standard of living that's much lower,” Sawhill explained.

The answer lies in beefing up education, which is shown in several articles in the issue to be a leveller. Sawhill told MII that “workforce development programs that are good can also help.”

“It takes about five generations for the advantages and disadvantages of family background to die out in the United States,” Sawhill writes, summarizing the findings. “People do go from rags to riches — or riches to rags — in a single generation, but only rarely. Americans need to pick their parents well.”

Moreover, University of California at Berkeley scholars Emily Beller and Michael Hout show in their article, the United States “is at the median in terms of opportunity” compared to other wealthy nations. U.S. economic opportunity is lower than that in Canada, Norway and Sweden, but higher than in Germany, Ireland or Portugal.

When looked at in terms of occupation rather than income, the United States and the United Kingdom have “significantly less” mobility than Canada, Finland, Sweden, Norway and Germany. Hout, an economics professor, and Beller, a PhD candidate in sociology, offer two explanations for the variance in occupational opportunity. “The United States and Great Britain have high income inequality coupled with low income mobility, whereas Scandinavian countries display the opposite pattern,” they write. “High

income inequality at a given time could cause a high intergenerational persistence of economic status.”

The other factor is education financing policy. “Progressive public policies toward education financing could explain why some countries have higher rates of economic mobility,” they state.

These data have implications for traditionally disadvantaged groups, such as women and ethnic minorities, particularly African Americans. Melissa Kearney, a fellow in the economic studies program at the Brookings Institution, finds that although some progress has been made, the transmission of income from parents to children among blacks differs noticeably from that among whites and that a woman's economic status remains significantly determined by marriage.

Historical Gains

“In 1940 about 90 percent of black men and women lived in poverty. Black men earned, on average, 43 percent of what white men earned. Only 12 percent of blacks aged twenty-five to twenty-nine had completed high school; less than 2 percent had a college degree,” Kearney explains. “By 2000 the poverty rate among blacks had fallen to 30 percent; relative average earnings among black men had risen to 73 percent; and roughly 15 percent of blacks aged twenty-five to twenty-nine had a college degree. In 1963 black men were 4.7 times as likely as white men to have wages in the lowest 10 percent. By 2001 this ratio had declined to 1.73.”

Kearney cites work by economist Claudia Goldin to report similar progressive gains by women. In the largely agrarian 1820s, women made about a third of what men earned, a factor that climbed to about 50 percent by 1859, in the new manufacturing sector. With women's entry into the clerical and sales sectors the ratio rose again from 46 percent to 56 percent through the 1930s. Between 1950 and 1980, the ratio was “virtually constant” at 60 percent, in part because new inexperienced women workers entered the labor force. The gender gap narrowed again between 1980 and 1991, to 74 percent. At present women's hourly earnings are on average 80 percent of men's.

Only 2.5 percent of married women reported working outside the home in 1890, but 66 percent did in 2000. “‘Marrying up’ was once the primary — if not the only — means for a woman to improve her economic status over that of her parents. Today, women are more likely to improve their status through occupation and earnings,” Kearney states. “Yet marriage remains extremely important in determining women's economic status ... For married women on average, more than 60 percent of their family income is not attributable to their own earnings.”

Obstacles also block black advancement, although they appear more intractable. “Unlike the gender gap in earnings,” Kearney explains, “the racial earnings gap narrowed during the 1960s and early 1970s but has since largely stagnated.”

Another topic tackled by the scholars is the much theorized about “culture of poverty” and a variety of policies proposed or experimented with to encourage parents to marry, work and become religious in the belief that such behavior will prevent their children from becoming poor.

Jens Ludwig, professor of public policy at Georgetown University, and Susan Mayer, professor of public policy at the University of Chicago, point to what they call the “poverty-prevention paradox.” The poverty rate among poor people's children depends not only on how many poor children grow up to be poor adults, but also on how many children who originally are not poor grow up to be poor adults. Reducing the chances that poor children become poor adults will dramatically lower future poverty rates only if most poor adults begin life as poor children.

Yet “children who grow up with parents who are married, working, and religious also face some risk of experiencing poverty as adults,” the scholars explain. “Therefore even successful efforts to change parental behavior or culture among ‘high-risk’ families will have surprisingly modest effects on poverty in the next generation.”

Moreover, they add, little good evidence supports the idea that marriage, work and religious adherence have strong causal effects on children's long-term economic success.

- The complete series of eight articles is published jointly in the fall issue of the Brookings-Princeton journal *The Future of Children*. To purchase either a subscription or a single copy, call (866) 698-0010. The issue may be downloaded free at www.futureofchildren.org.

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