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Blacks Trail in Growth of Income --- Study Finds Parents' Gains May Not Protect Children As Whites Seem to Benefit

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Blacks born into the middle class in the late 1960s are far more likely than whites to earn less than their parents, a new study of economic mobility has found.

The study examined how children born in the late 1960s fared in the late 1990s and early 2000s. Overall, it found that two-thirds of the adult children earned more, adjusted for inflation, than their parents did at the same age in the late 1960s.

But when the study examined families by race and their rank by income, they found stark differences between black and white families.

Children of black parents earning in the middle 20% of all families in the late 1960s had a 69% chance of earning less than their parents, the study found. For white children, that chance was just 32%.

"Economic success in the parental generation . . . does not appear to protect black children from future economic adversity the same way it protects white children," the study's author, Julia Isaacs, a scholar at the Brookings Institution, writes in the report, to be released today.

The study doesn't develop its own explanations for the disparity. But Ms. Isaacs says other research has raised several possibilities. One is that black parents have less wealth, in the form of homes or other assets, than white parents of the same income, which might affect the economic prospects of their children. Another is that marriage rates are lower for blacks than for whites, so black children may be more likely to grow up to be single parents.

Yet another theory is that in the 1960s, black women were more likely to work than white women, and thus black incomes received less of a boost as women's overall participation in the labor force rose in subsequent years.

The report is part of a continuing examination of economic mobility conducted under the auspices of the Pew Charitable Trusts, with contributions from Brookings, the American Enterprise Institute, the Heritage Foundation and the Urban Institute.

The study used data from the Panel Study of Income Dynamics, run by academics with federal funding, which has been following several thousand sets of parents and children since the 1960s. The study's sample comprised 2,367 individuals between the ages of birth and 18 in 1968; their median family income in 2006 was \$71,900, up 29%, after inflation adjustment, from the median income of their parents' generation.

Its findings may both contradict and reinforce Americans' image of their society as highly mobile. On the one hand, it found that parents' income ranking was a strong determinant of their child's. For parents born into the bottom 20%, 42% of children were also in the bottom 20% four decades later. For parents born into the top 20%, 39% of their children were also there four decades later. On the other hand, that means the majority of children ended up in a different income quintile than their parents.

Moreover, the poorest children were the likeliest to do better than their parents: 82% of the children of parents in the bottom quintile earned more as adults than their parents did; that was true of just 66% of children of parents in the middle quintile, and 43% of children of parents in the top quintile. Ms. Isaacs says it is easier to move up from the bottom than the top.

But Ms. Isaacs says the experience is quite different depending on race. For white families, 90% of children born to parents in the bottom 20% earned more by adulthood; for black families, it was 73%. In the middle quintile, commonly referred to as the middle class, 68% of white children grew up to earn more than their parents, but just 31% of black children did.

"Black children and white children do not have equal chances of moving up the income ladder," Ms. Isaacs writes.

