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Economic Inequality and Changing Family Structure

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Cornhusker Economics

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Market Report	Year Ago	4 Wks Ago	7/15/16
Livestock and Products,			
Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.	148.20	119.24	117.00
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	266.86	161.26	162.07
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	228.69	145.42	153.02
Choice Boxed Beef, 600-750 lb. Carcass.	234.85	225.53	206.00
Western Corn Belt Base Hog Price Carcass, Negotiated	75.53	80.48	72.99
Pork Carcass Cutout, 185 lb. Carcass 51-52% Lean.	81.69	86.63	89.41
Slaughter Lambs, woolled and shorn, 135-165 lb. National.	158.92	143.29	161.90
National Carcass Lamb Cutout FOB.	360.64	340.95	342.44
Crops,			
Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu.	4.92	3.76	3.09
Corn, No. 2, Yellow Nebraska City, bu.	3.90	4.05	3.21
Soybeans, No. 1, Yellow Nebraska City, bu.	9.85	10.85	10.12
Grain Sorghum, No.2, Yellow Dorchester, cwt.	7.05	6.51	5.04
Oats, No. 2, Heavy Minneapolis, Mn, bu.	2.85	2.60	2.69
Feed			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	*	165.00	165.00
Alfalfa, Large Rounds, Good Platte Valley, ton.	85.00	75.00	75.00
Grass Hay, Large Rounds, Good Nebraska, ton.	*	80.00	80.00
Dried Distillers Grains, 10% Moisture Nebraska Average.	130.00	156.00	127.50
Wet Distillers Grains, 65-70% Moisture Nebraska Average.	42.50	50.00	37.50
* No Market			

Rising economic inequality in the United States and around the world is widely seen as an important public policy issue. While academic social scientists have long been interested in the causes and consequences of inequality, the economic situation in the aftermath of the Great Recession of 2008-09 has stimulated increased public awareness of this issue along with an outpouring of books and articles aimed at understanding it. Explanations for the current increase in the level of inequality draw attention to technological change, globalization, the declining influence of labor unions, and public policies among many other causes. In addition, many analysts point to changes in family structure as a contributing factor to the rise of economic inequality (e.g., Galbraith, 2016; Milanovic, 2016). The purpose of this article is to explore this aspect of the inequality problem in the United States.

Important changes in the American family structure have been caused by assortative mating, which occurs when people with similar backgrounds, education, or earnings marry each other (Hou & Myles, 2008). According to Greenwood et al. (2014), there has been an increase in assortative mating since 1960. Fifty years ago, highly-paid men often married women with less education working as secretaries or receptionists who would then drop out of the labor force to manage the household and care for the children. Today, highly-educated people

with high incomes are likely to marry each other, while those with limited education and modest incomes marry individuals similar to themselves. Such changes in marriage patterns widen the income disparities among households. Lundberg et al. (2016) report data showing that many people at the lower end of the income distribution choose to cohabit rather than marry and note that this relationship pattern is often disadvantageous for children. The image in the United States is one of high-income households made up of two doctors, lawyers, or university professors both with high salaries and lower-income households made up of cohabiting adults with high-school educations and children related to only one of the adults.

Family structure in the United States has changed dramatically over the past fifty years. Lundberg et al. (2016) note that the average age of first marriages increased from about 23 to 29 for men and from 21 to 28 for women. In addition, the number of children born to unmarried couples increased, divorce rates rose, and cohabitation increased. These changes differ by socioeconomic status, however. For example, in 1960, there were almost no differences in the marriage rates of those with college degrees and those with high school diplomas. In contrast, in 2010, the percentage of Americans aged 33 to 44 with college degrees who were married was just under 70%, while the percentage of those with high-school diplomas who were married was about 50% (Lundberg et al., 2016). Also, divorce rates among college graduates are much lower than among high school graduates and increases in non-marital births occurred primarily among non-college graduates (Lundberg et al., 2016). Another important change that has taken place over the past five decades has been an increase in the number of women entering the workforce, regardless of whether they are married or whether they have children, as well as decreased opportunities for men, in particular those with lower levels of education (Cancian & Reed, 2009).

People with college educations tend to have more stable marriages, as evidenced by the lower divorce rates, with better outcomes for their children. According to Amato (2008), changes in American family structure contributed to increased poverty, especially among children. Children living with one parent, whether as a result of non-marital childbearing or divorce, suffered psychological stress as well as the material effects of limited financial resources. Married couples

with children are five times less likely to be poor than single-parent families (Cancian & Reed, 2009). Negative psychological impacts include lower academic achievement, problems in social interaction, and lower self-esteem (Amato, 2008). Poverty rates for women with a college education are much lower than for women who have only completed high school, and these effects are compounded by the fact that less-educated women are more likely to be single mothers. Poverty levels are much higher also for unmarried women in general, regardless of their education level (Lundberg et al., 2016). Changes in family structure are both a cause of increased economic inequality (because the effects on children make the next generation less well-equipped to prosper in the modern economy) and an effect of inequality (men with only high-school degrees are less employable and less marriageable so women at the same socio-economic level see little benefit to marriage).

Because there is a strong preference in the United States for deferring to individual choices in matters of family and marriage, attempts to reduce assortative mating through some kind of policy intervention would almost certainly be viewed as overly intrusive and undesirable. Understanding this phenomenon, however, may be helpful in designing policies to reduce its effects on economic inequality. Improving educational opportunities for low-income families, including expanded programs for early childhood education, might encourage lower-income individuals to enter into stable marriages that could enrich the lives of both children and adults. Reform of discriminatory judicial policies that lead to widespread incarceration of low-income men could improve the chances that lower-income women would be able to find suitable spouses. Policies such as these might help to counteract the negative consequences of the natural tendency among contemporary Americans for “like to marry like.”

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