

Poverty and the Family

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Until recently, poverty could be analyzed without paying major attention to the family. That is now no longer the case. Policy debates are increasingly centering around the family, and both major political parties are furiously attempting to formulate a family policy. Because of the long-term neglect of this topic by researchers, family policy is running far ahead of informed scholarship. At present, we do not even have good preliminary answers to the most basic issues: the causes of the declining black family, the feminization of poverty, and the rising numbers of children among the poor. We also know little about the consequences of those demographic changes in family composition on the distribution of economic rewards. This chapter attempts to examine some of those consequences.

The chapter is organized in three sections. The first describes the changing division of the American family between the poor, the middle class, and the affluent. Throughout this section, my depiction of the rise of the middle class since 1940 and the decline in family poverty, racial, and ethnic differences are highlighted. Particular attention is paid to the increasing divergence between intact families (those with both spouses present) and female-headed families. In view of the purpose of this volume, portraits of long-term changes in family poverty are provided for white, black, and Hispanic families. Because of the diversity among Hispanics, separate portraits are provided for Mexicans and Puerto Ricans. The second section examines the people who live in these families, investigating in particular the implications of changing family rates on the feminization of poverty. The final section deals with the basic issue of the role played by the breakup of the family, especially the black family, on rates of family poverty.

AMERICA DIVIDED: THE POOR, THE MIDDLE CLASS, AND THE AFFLUENT

From the first attempts to measure poverty, debate has continued on whether the measure should reflect absolute or relative deprivation. The official government statistic is based on an absolute concept, so that the income necessary to escape poverty is adjusted upward over time only by the rate of inflation. Critics of the official statistics contend that poverty is a relative concept that should be defined according to the average income in that year. In this view, barring changing shapes of the distribution curve, the bottom quarter of the income distribution would always be classified as poor.

Neither extreme position is satisfactory. If the absolute income standard had been set 100 years ago, few would be poor today. Only 25 years after the poverty income threshold was established, one hears ever more persuasive calls for a revision of the values set in 1963. Similarly, the definition of the poor as the bottom quarter of the income distribution among both Ugandans and Americans does not allow economic growth to reduce poverty at all.

I have adopted a middle ground, using elements of both absolute and relative definitions. It turns out that my definition also corresponds more closely to popular notions of what poverty means. Surveys about the income required not to be poor indicate that many people believe the poverty threshold has increased 50 cents for every dollar increase in real income. Based on that observation, my definition of poverty increases the poverty threshold income by half a percent for every 1% growth in real income. More precisely, I start with the standard poverty-income thresholds jointly stratified by the number of persons and related children under 18 in the family. Assuming that those who set this standard hit the mark when the initial statistic was generated, these income thresholds were centered in 1963. Income cutoffs were then adjusted by half the real income growth rate or decline relative to 1963.¹

The appeal of the poverty line owes a great deal to its simple separation of the poor from the rest of the population. Building on that simplicity, I divide families into three income classes: the poor, the middle class, and the affluent. The starting point for my affluence line is arbitrary; it was set to include the top 25 percent of white families in 1960 (the census year closest to establishment of the poverty line in 1963). Because the standard for affluence should grow at least

¹Median white family income was used to compute the real growth rates. (Medians derived from calculations using decennial census tapes.) Income may be from any source (e.g., earnings, social security). At other points in the paper, the term *earnings* is used to refer to money received from a job. Family income refers to the total income from all family members. Throughout this chapter, unrelated individuals are not included. The 1940 census provides data only on earnings, not income.

Table 1. Income Groups of Families, 1940–1980
(Percentages)

	1940	1950	1960	1970	1980
All families					
Poor	34	22	15	11	11
Middle class	40	50	62	66	63
Affluent	26	28	23	23	26
White families					
Poor	31	18	12	9	9
Middle class	42	52	63	66	61
Affluent	27	30	25	25	30
Black families					
Poor	71	54	48	32	30
Middle class	26	42	49	59	59
Affluent	3	4	6	9	11
All Hispanic families					
Poor	55	43	32	23	23
Middle class	33	45	59	66	65
Affluent	12	12	9	11	12
Mexican families					
Poor	69	51	37	25	24
Middle class	26	41	56	66	68
Affluent	5	8	7	9	8
Puerto Rican families					
Poor	— ^a	38	32	33	39
Middle class	—	49	63	60	55
Affluent	—	13	5	7	6

^aSample size too small.

SOURCE: Computations from decennial census data.

as rapidly as real income, the 1960 cutoff is adjusted fully for real income growth to set the cutoffs in other years.²

To determine the long-term trends in numbers of poor families since 1940, Table 1 separates families into three income classes for the census years 1940–1980. In 1940, 34% of all families fell below the poverty cutoff,³ lending some

²The affluent income cutoffs were 2.45 (1940), 2.80 (1950), 3.54 (1960), 4.09 (1970), and 4.25 (1980) times the poverty cutoffs in each year.

³Using the more conventional inflation-adjusted poverty cutoffs, 51% of all families were poor in 1940, 16% in 1960, and 9% in 1980. The cutoffs for white families were 48% in 1940, 13% in

posthumous support to Franklin Roosevelt's claim that one-third of his contemporary America was ill-fed, ill-clothed, and ill-housed. In that year, 4 in 10 American families belonged to the middle class and another quarter qualified as affluent. The class tensions of the Great Depression may have been exacerbated by the roughly equal size of these three economic groups. In particular, middle-class America was not much larger in numbers than the poor.

The real story since 1940 has been the spectacular reduction in the ranks of the poor. Between 1940 and 1960 alone, the percentage of all families in poverty was more than cut in half, to 15%; 20 years later, in 1980, one in every nine families was poor. The pace of change was, however, quite uneven. Between 1940 and 1960, 83% of the secular decline in poverty among families took place. Progress was so large during these years that the total number of poor families declined by more than a million. The gains continued, but at a much diminished pace, in the subsequent 20 years. In fact, with my measure the proportion of poor families remained unchanged during the 1970s. Many of the victories of the War on Poverty apparently took place 5 years before the war was officially declared. The relative performance across these decades offers important clues concerning the contributors to long-run reductions in poverty.

A corollary of the falling relative size of the poverty group was the emergence of a numerically dominant American middle class. Between 1940 and 1960, the proportion of families in the middle class grew about 10 percentage points per decade. With the end of the economic boom, middle-class growth slowed during the 1960s and declined slightly during the 1970s. In the last decade, the middle class has lost constituents because of growing numbers of affluent families. Reflecting the constancy in relative income inequality, the proportionate size of the affluent group was, however, the same in 1980 as in 1940.

Table 1 also demonstrates that since 1940 poverty rates have diminished sharply for families of both races. Reflecting their weight in the total population, secular trends among white family poverty moved in lockstep with rates for all families. Poverty was pervasive in the black community of 1940; 70% of all black families were then destitute, with little hope that their lot or even that of their children would soon improve. From this dismal starting point, progress in reducing black poverty is impressive. By 1960, for the first time in American history, the median black family was not poor. Fully 30% of 1980 black families were still part of the poor black underclass. But placed in historical perspective, such figures still represent enormous progress toward eradicating black family poverty. Political rhetoric on the race issue must eventually balance two compe-

1960, and 7% in 1980. These figures for black families were 87% in 1940, 47% in 1960, and 27% in 1980.

ing truths. America has made considerable strides in reducing black poverty, but by the standards of a just society, it remains at unacceptably high levels.

The numbers for black families in Table 1 simultaneously illustrate the persistence of black poverty, the growth of the black middle class, and the recent emergence of a nonnegligible black upper class. In 1940, by any definition, the overwhelming majority of black families were poor. The small black middle class consisted of only one in four black families. At the other extreme, very few black families were members of the economic elite. Placed in the perspective of black history, these 40 years were unique because of the emergence of a black middle class, whose members by 1980 constituted almost 60% of black families. In that year, one in every nine black families was affluent, a fourfold increase over 1940.

Table 1 also illustrates the changing economic status of Hispanic⁴ families. Separate profiles are presented for two numerically large subgroups—Mexicans and Puerto Ricans. In 1940, the economic plight of Hispanics rested roughly midway between that of non-Hispanic white and black families. More than half of all Hispanic families were classified as poor, and only one in three as middle class in that year. Although Hispanics as a group fared somewhat better than black Americans in 1940, there was little difference between the living standards of blacks and Mexicans. Seventy percent of 1940 Mexican families had incomes below the poverty threshold, little different from the rate for black families.

As was true for other American families, economic growth lifted many Hispanic families out of poverty and into the middle class. By 1980, the aggregate poverty rate among Hispanics was 23%, and two-thirds of 1980 Hispanic families were members of the middle class. The pace of economic advancement was somewhat slower, however, among Hispanics than among our other groups. The Hispanic poverty rate in 1980 was 42% of its 1940 level; in contrast, among all white families, the 1980 poverty rate was 29% of its 1940 value. As was true

⁴Census families were identified as Hispanic if the head of the family was Hispanic. The head was determined to be Hispanic if he or she met any of the following general conditions: was born in Central or South America, Spain, Mexico, Cuba, Puerto Rico, or the Spanish-speaking Caribbean; parents were born in any of the above countries; has a Spanish surname; Spanish is/was spoken in the home (except 1950); the census identified this person as Spanish (1960, 1970, 1980); or the head identified himself or herself as Spanish (1980 only).

Spanish families were identified as Mexican if the family head was born in Mexico, the head's mother or father was born in Mexico, or if the family resided in one of the five southwestern states: Arizona, California, Colorado, New Mexico, or Texas.

Spanish families were identified as Puerto Rican if the family head was born in Puerto Rico, the head's mother or father was born in Puerto Rico, or if the family resided in New Jersey, New York, or Pennsylvania.

The assistance of Marta Tienda in this ethnic definition is gratefully acknowledged. See Chapter 2 by Tienda and Jensen in this volume for a more detailed discussion of income status of Hispanics.

for all white and black families, the decline in the fraction of Hispanic families who were poor stalled during the 1970s.

Our separate statistics for Mexicans and Puerto Ricans attests to the great diversity among Hispanics in their level of economic well-being and the rate by which it has improved over time. On the one hand, Mexicans represent an economic success story, as their economic gains were even more rapid than those of blacks. Whereas black and Mexican income levels in 1940 were roughly the same, poverty rates among Mexican families declined to one in four families in 1980, and almost 70% became fully accredited members of the middle class. In contrast, Puerto Ricans' economic status changed little in the 30 years after 1950. Indeed, their 1980 poverty rate of 39% is actually one percentage point higher than it was in 1950. Particularly disturbing is the deteriorating position of Puerto Ricans during the 1970s, as the proportion in poverty rose by six percentage points. These bleak statistics point to one of this nation's best-kept secrets—a widespread and rising incidence of poverty among Puerto Rican families.

Table 1 also demonstrates another distinctive feature of the economic changes of Hispanic families after 1940. Whereas the percentage of black families classified as affluent expanded fourfold between 1940 and 1980, there was no change in the percentage of Hispanic families who were affluent. The relative numbers of Hispanic families among the economic elite was one in eight in 1940, and remains at that same level today. Once again, this stable aggregate figure hides considerable subgroup heterogeneity, with significantly declining numbers of Puerto Ricans in the affluent group, whereas the relative percentage of affluent Mexicans has registered a modest increase.

THE GROWING ISSUE OF FEMALE-HEADED FAMILIES

Not all families participated equally in these long-term trends. A central issue of this chapter concerns the disparate record of female-headed as compared with intact families (both spouses present). Table 2 documents the well-known and dramatic changes in the makeup of American families. Between 1940 and 1960, there was rough stability in the proportion of all families headed by women, but with the rising incidence of unwed parenting and divorce, the fraction of such families rose after 1960 and at an accelerated rate during the 1970s. By 1980, women headed almost one in seven families, almost 70% larger than the 1960 proportion.

Although the social and economic forces driving this trend affected both races, they reached epidemic proportions among blacks. Throughout this period, black families were always more likely than white families to have an absent father. One in six black families was female-headed in 1940, twice the white

Table 2. Distribution of Families according to Headship, 1940–1980 (Percentages)

	1940	1950	1960	1970	1980
All families					
Intact	87.6	89.3	89.5	86.9	83.2
Female-headed	8.6	7.9	8.1	10.4	13.6
Male-headed	3.8	2.8	2.4	2.7	3.2
White families					
Intact	88.3	90.3	90.8	88.9	86.6
Female-headed	7.9	7.0	6.9	8.5	10.5
Male-headed	3.8	2.7	2.3	2.6	2.9
Black families					
Intact	79.4	79.0	75.7	67.4	54.4
Female-headed	15.7	17.2	20.7	28.1	38.2
Male-headed	4.9	3.8	3.6	4.5	7.4
All Hispanic families					
Intact	83.4	82.9	84.7	82.1	76.1
Female-headed	10.7	12.2	11.6	14.3	19.0
Male-headed	5.9	4.8	3.7	3.6	4.9
Mexican families					
Intact	82.8	83.0	85.4	83.2	79.5
Female-headed	11.5	12.0	11.1	13.0	15.3
Male-headed	5.7	5.0	3.5	3.8	5.2
Puerto Rican families					
Intact	83.1	79.9	80.0	70.6	60.9
Female-headed	12.0	17.2	15.6	25.4	34.2
Male-headed	4.8	2.3	4.4	4.0	4.9

SOURCE: Computations from decennial census data.

rate. This proportion jumped sharply after 1960; almost four in ten black families were so constituted in 1980. The deteriorating position of the black family cannot be passed off simply as part of a more general social phenomenon. An additional two percentage points of white families became female-headed after 1970. In that decade alone, the increase among black families was ten percentage points. Either unique factors influenced the black family, or racially common factors affected blacks more intensely.

Until 1970, there was rough stability in the proportion of Hispanic families headed by women. During the 1970s, the incidence of female-headed families rose until it represented almost 20% of all families in 1980. Once again the principal Hispanic story is that of considerable diversity. The eye-catching num-

bers are those of Puerto Ricans. In the 20 years after 1960, the incidence of female-headed families more than doubled until, by 1980, more than one in three Puerto Rican families were female-headed. Although this problem is usually cast as a black one, one could just as accurately portray the rising rates of female headship among Puerto Ricans as reaching epidemic proportions. In contrast, Mexican families have remained relatively stable, with a slight rise in the relative numbers of families headed by women during the 1970s.

Table 3 permits a comparison of intact and female-headed households by using the same three-way income division as Table 1. Some caution must be exercised in interpreting secular trends by family type. Because the composition of families changed so much over time, this table cannot tell us whether the condition of the remaining family members deteriorated when they became female-headed or whether most of these families came from the previously poor. Indeed, the evidence I present below indicates that both forces were at work—becoming a female-headed household diminishes total family income; the families that became female-headed were increasingly selected from families with lower income. With this cautionary note in mind, we examine the relative economic status of intact and female-headed families.

To take the good news first, the 40-year trend points to considerable long-term poverty decline among intact families of all demographic groups. One-third of these families were poor in 1940, but only 7% were poor by 1980. As has been the case throughout, much of the poverty reduction took place before 1960. However, the economic status of intact and female-headed families continued to diverge during the subsequent 20 years. As a result, the post-1960 decline in poverty rates (as well as the increase in affluence rates) was noticeably larger in families with both spouses present. In particular, the rise in rates of affluence among these families was unusually large during the 1970s.

The serious economic difficulties faced by many black families can hide an often overlooked group of black intact families who are doing quite well. In 1940, even their poverty rates hovered around 70%, attesting to pervasiveness of black poverty at that time. But among all the demographic subgroups this study examines, subsequent gains were largest among intact black families. Their poverty rates were cut almost in half between 1940 and 1960. Contrary to the aggregate trend for all black families, the proportionate rate of progress was larger between 1960 and 1980. Only 15% of intact black families had incomes below the 1980 poverty cutoff, as declining black poverty rates continued even during the stagnant 1970s.

The post-1960 era is especially remarkable for the spectacular rise in the fraction of intact black families in the elite class. Among such families, affluence rates doubled, and much of this rise took place in the 1970s. Two-thirds of intact black families were economically middle class, and one in six had an income large enough for membership in the affluent class. The emergence of this sub-

	1940		1950		1960		1970		1980	
	Intact	Female-headed	Intact	Female-headed	Intact	Female-headed	Intact	Female-headed	Intact	Female-headed
All families										
Poor	33	47	20	48	12	42	8	39	7	36
Middle class	40	36	51	37	64	47	66	53	64	58
Affluent	27	17	29	15	24	11	26	8	29	6
White families										
Poor	30	41	17	42	10	34	7	32	6	30
Middle class	41	39	52	40	64	52	67	58	64	62
Affluent	29	20	31	18	26	14	26	10	30	8
Black families										
Poor	69	81	49	76	39	69	21	58	15	53
Middle class	27	17	44	21	54	29	69	40	68	44
Affluent	4	2	7	3	7	2	9	2	17	3
All Hispanic families										
Poor	55	66	40	62	28	59	17	56	16	52
Middle class	34	24	47	30	62	38	70	41	70	44
Affluent	11	10	13	7	10	3	12	3	14	3
Mexican families										
Poor	70	77	53	67	33	68	20	57	19	52
Middle class	27	17	39	26	59	29	70	40	72	46
Affluent	4	6	8	7	7	3	10	2	9	2
Puerto Rican families										
Poor	— ^a	—	33	62	29	52	20	69	21	72
Middle class	—	—	52	38	66	46	71	29	70	26
Affluent	—	—	15	0	5	2	8	2	9	2

^aSample size too small.

SOURCE: Computations from decennial census data.

group of prosperous black families is especially notable when tracked against the corresponding white experience. Although white rates of affluence in husband-wife families were roughly stable, black rates increased fourfold. Among families of this type, the odds of achieving affluence were almost 7 to 1 in favor of whites in 1940; they dropped to 1.7 to 1 by 1980. Given the 70% poverty rates that prevailed in 1940, a dual black economic experience would have seemed farfetched then. Today, a two-tier black economic society is a reality, and black families with both mother and father present are the principal inhabitants of the prosperous world.

Unfortunately, there is a full complement of bad news to tell as well. Persons in female-headed families were always more likely to be poor and less likely to be included among the affluent. Their 1940 poverty rates were 47%, as compared with the overall rate of 34%. So many black families were poor in 1940 that the higher incidence of poverty in female-headed black families only shifts the issue to how much poorer these families were.

Although poverty rates decreased over time even for these families, the decline was quite modest compared with those of other family configurations. More than a third of all families headed by women remained poor in 1980. Average incomes of female-headed families failed to keep up with the economywide income growth, so that as a group their situation worsened relative to that of other families. Their deterioration is best read from the affluent column, which comes closest to measuring economic status relative to the mean. Of female-headed families, 17% had family incomes above the 1940 affluence line compared with about one in twenty families in 1980.

Table 3 also depicts the increasing concentration of black poverty in those families headed by women. Although a rising economic tide lowered these poverty rates as well, the generated waves were not large. More than two-thirds of black families headed by women were poor in 1960, and the median such family remains poor today.

The overall trends for Hispanics parallel those just described for other families. Among Hispanics, Table 3 indicates that the largest and most persistent improvement in reducing the ranks of the poor occurred among intact families. One in six intact Hispanic families was poor in 1980, compared to more than one in two in 1940. Table 3 isolates one reason why the representation of Hispanics within the elite has not accelerated. The sharp rise in the numbers of black families in this affluent class was due to a spectacular increase in the percentage of black intact families who were affluent (a 1980 rate of 17% compared to 9% in 1970). No such change took place among Hispanics, where there was only a slight rise in the percentage of affluent intact families.

The poverty problem has become increasingly concentrated in female-headed families. Our three-way income class division among all Hispanic families in

1980 is quite similar to that of black families. If one knows today that an Hispanic family is headed by a woman, the odds are better than even that such a family is poor. Puerto Ricans dominate the bad news. Seventy-two percent of all female-headed Puerto Rican families have needs-adjusted incomes below our poverty thresholds. This rate is almost 20 percentage points higher than the black rate in 1980 and an equal number of percentage points greater than the Puerto Rican rate in 1960. It is the deteriorating economic reality faced by an expanding number of female-headed families that is at the core of the declining relative economic position of Puerto Ricans.

The degree of overlap of family income distributions among intact and female-headed families portrays the expanding gap between these families. The overlap is described in Table 4, which lists the fraction of female-headed households with incomes exceeding three critical values in the intact-family income distribution: the bottom quartile, the median, and the top quartile. To illustrate, in 1940, 60% of white female-headed families had incomes in excess of the lowest quarter of intact families, and 37% had incomes larger than the average (median) white intact family. Because equality in the distributions would imply proportions of 75% and 50%, the family income distribution of female-headed families was below that of intact families in 1940.

The key point, however, concerns the extent to which the distributions have moved apart over the years. By 1980, only 18% of white female-headed families had incomes in excess of the median intact family, and little more than a third exceeded the bottom 25% of intact families.

Table 4. Overlapping Income Distributions of Female-Headed and Intact Families

	Percentage of female-headed families whose income exceeds intact families' income				
	1940	1950	1960	1970	1980
Blacks					
Bottom quartile	62	49	47	38	36
Median	34	23	24	18	15
Top quartile	14	9	10	6	5
Whites					
Bottom quartile	60	50	48	43	37
Median	37	31	29	24	18
Top quartile	17	14	13	9	6

SOURCE: Computations from decennial census data.

Table 5. Income Groups by Gender, Race, and Hispanic Ethnicity, 1940–1980 (Percentages)

	1940	1950	1960	1970	1980
All families					
Poor					
Women	34	23	15	11	11
Men	34	22	13	8	7
Middle class					
Women	40	50	52	65	63
Men	40	50	62	66	64
Affluent					
Women	26	27	23	24	26
Men	26	28	25	26	29
White families					
Poor					
Women	31	20	12	9	9
Men	31	19	11	7	6
Middle class					
Women	41	50	63	66	63
Men	41	51	62	66	63
Affluent					
Women	28	30	25	25	28
Men	28	30	27	27	31
Black families					
Poor					
Women	71	57	45	32	30
Men	70	52	39	26	22
Middle class					
Women	25	38	49	60	60
Men	26	41	54	64	64
Affluent					
Women	4	5	6	8	10
Men	4	6	7	10	14
All Hispanic families					
Poor					
Women	56	44	32	22	22
Men	56	42	28	18	16
Middle class					
Women	33	44	60	67	66
Men	32	45	62	70	70
Affluent					
Women	11	12	9	11	12
Men	12	13	10	12	14

Table 5. (Continued)

	1940	1950	1960	1970	1980
Mexican families					
Poor					
Women	70	56	37	25	23
Men	71	55	33	21	18
Middle class					
Women	26	36	56	66	69
Men	24	37	59	69	73
Affluent					
Women	4	8	7	9	8
Men	4	9	8	10	9
Puerto Rican families					
Poor					
Women	— ^a	44	30	31	38
Men	—	36	26	21	23
Middle class					
Women	—	45	65	61	56
Men	—	51	68	70	69
Affluent					
Women	—	11	5	8	6
Men	—	13	6	9	8

^aSample size too small.

SOURCE: Computations from decennial census data.

The Feminization of Poverty

These divergent trends across family types carry immediate implications for the people who live in these families. A direct corollary of the rising numbers of female-headed families is the feminization of poverty. Table 5 presents three-way income strata separately for adult men and women. In 1940, poverty was sex-neutral. Because incomes are typically pooled among family members to set family consumption levels, all members tend to share a common economic fortune. At the very least, poverty is definitionally sex-neutral because all family members are assigned as a group to their income class.

Over 90% of all 1940 families included a husband and wife. As a result, the margin for any sex differential in poverty rate was very small. The margin that did exist had little effect because poverty rates of families headed by men were

little different from the overall family rate.⁵ The higher 1940 incidence of female-headed families resulted in some black feminization of poverty. But by and large it is no surprise that the coinage of the term *feminization of poverty* is of recent origin. One reason less concern was registered historically about income disparities by gender than about racial wage differences is that the implications were quite different concerning levels of economic well-being. Unless resources were very unequally distributed within families, Table 5 indicates that in 1940 men and women shared a similar economic lot across the entire income distribution. This is no longer the case.

Although the feminization of poverty is a real phenomenon, it should not obscure the fact that poverty rates have declined substantially for men and women alike. Poverty rates of women were about one in nine in 1980, a threefold reduction across these 40 years. But with the breakup of the two-parent family, rates for women and men have increasingly diverged. A direct consequence of the growth of the single-parent family is that economic well-being became linked to the sex-specific earnings capacity of a single person.

Poverty rates among families headed by women are higher because they are disadvantaged from both sides of the computed income/needs ratios; women earn less than men, and mothers' "needs" are larger because children typically live with them. The fraction of all adult women (i.e., wives) in intact families actually changed very little between 1940 and 1960 (see Table 2). The expanding feminization of poverty during those years resulted from the increasing income divergence between intact and female-headed families. Their incomes continued to diverge during the subsequent 20 years. In addition, the fraction of women heading families increased to 14% in 1980 (from 8% in 1960), accelerating the feminization of poverty. Of adults in 1980 below the poverty cutoff, 62% were women, as compared with 52% 20 years earlier (not shown in tables). Given this direct link to the rising prevalence of female-headed households, the feminization of poverty is more acute among blacks and Puerto Ricans. Of the 1960 adults in poor black families, 58.6% were women; by 1980, 68.7% were women. Similarly, whereas poverty rates among Puerto Rican women have been rising since 1960 (from 30% to 38%), rates among Puerto Rican men fell (from 26% to 23%).

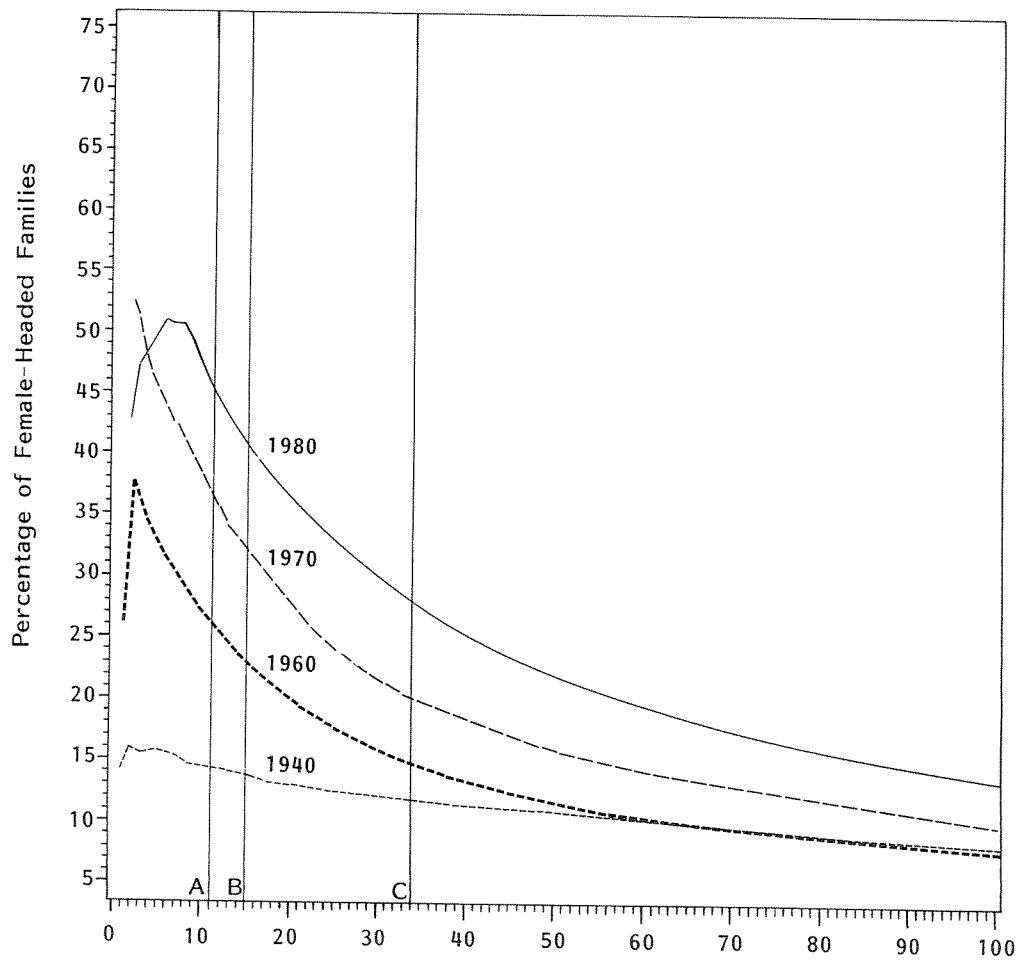
The Full Distribution of Family Income

Our exclusive concentration to this point on these broad income groups does not give us detailed information concerning the plight of the families well below

⁵To illustrate, assume that there was one adult of each sex in intact families and only one adult in the single-headed families. Using the numbers in Tables 2 and 3, the poverty rate for adult women would be $(876/962 \cdot .33 + .089/.962 \cdot 47) = .34$.

the poverty line or how many families might be just above it. A graphic exposition depicts the characteristics of families along the full distribution of income. Throughout the remainder of this chapter, discussion concentrates on comparisons of black and white families only.

Figure 1 measures the cumulative percentage of families that are female-headed at each point along the income distribution. To derive this percentage, all families were first ranked from bottom to top of the distribution, using as a metric their income relative to my adjusted poverty line (to take into account increases in real family income and the different “needs” of families of different



Cumulative Percentile Distribution of Adjusted Income among All Black Families

Figure 1. Cumulative percentages of female-headed families in the income distribution for all families, 1940, 1960, 1970, and 1980. Families are ranked from bottom to top of the distribution by their income relative to the author’s adjusted poverty threshold. Each percentile represents the total of families at and below this point in the distribution. The vertical lines are the author’s poverty thresholds for the indicated years; families to the left of those lines were considered poor under this measure (see Table 1). Key to vertical lines: A = poverty line, 1970 and 1980; B = poverty line, 1960; C = poverty line, 1940.

sizes). The horizontal axis represents this family income distribution. The vertical axis tells us the fraction of families headed by women among all families. The beginning of each plotted line in the graph, at its intercept on the vertical axis at the left, thus represents the fraction of female-headed households among all families with the lowest incomes; the end of each line, at its intercept with 100% of the cumulative distribution on the right, is the total proportion of female-headed families in the population. The slope of each line indexes the proportion of female-headed families at each point along the income distribution. For example, the curve for 1980 indicates that approximately 45% of the families whose income was in the bottom 11% of the income distribution were headed by women (intercept of 45% on the vertical axis, 11% on the horizontal axis), whereas female-headed families constituted less than 20% of all families (intercept of the line at 100% of the distribution, the end of the line on the right). The three solid vertical lines within the figure represent the position of the poverty lines for 1940, 1960, 1970, and 1980.⁶ These lines demonstrate the proportion of all families below the poverty line in each of those years.

Figure 2 shows, rather than the cumulative percentage, the precise percentage of female-headed families at each point of the income distribution. For example, among families who were at the 11th income percentile in 1980, almost 35% were headed by women.⁷ Figures 3 and 4 depict these same relationships among black families alone.

Figure 1 shows, across the decades, the increasing concentration of female-headed households among families with the lowest incomes. Poverty rates were always higher among female-headed families, even in 1940, when the fraction of female-headed families ranged from 14.3% among the poorest 10% of families to 5.9% of the families at or below the 90th percentile, and 12% of families at or below the poverty line for 1940 had women as heads. However, this 1940 relationship pales into insignificance when placed alongside the subsequent decades. By 1960, a pronounced negative relation emerged between family income position and family type: among the poorest 5%, one-third of all families were female-headed; within the poorest 10%, more than a quarter were headed by women. The concentration of poverty among these families became even more severe by 1980, when half of all families the lowest 5% did not have a husband present.

The curves shown in Figure 2 indicate that the heaviest concentration of female-headed families is the bottom-third of the income distribution. Thereafter, the fraction of families headed by women drifts slowly downward. This pronounced negative correlation of income ranking and female-headed families

⁶The poverty lines for 1980 and 1970 are identical (11%). In 1960, 15% were poor; in 1980, 34% were poor. See Table 1.

⁷These marginal curves have been smoothed.

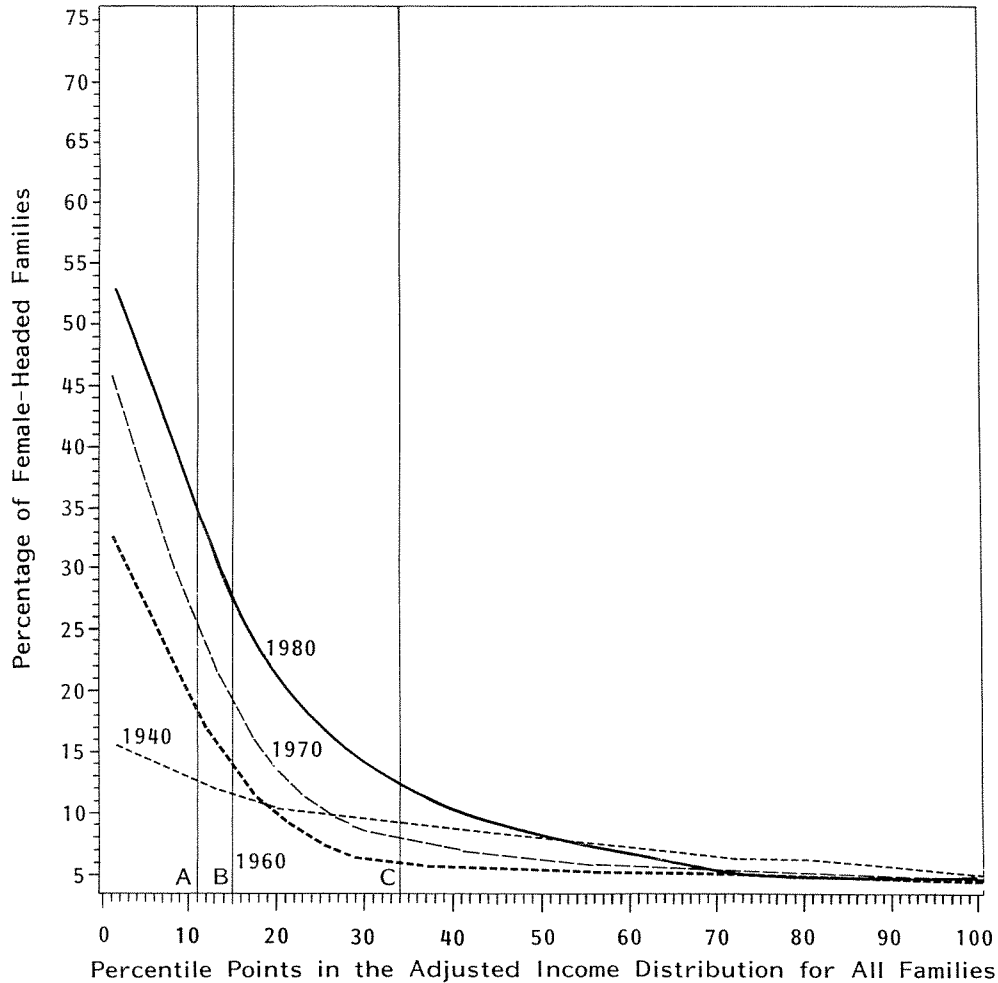


Figure 2. Percentages of female-headed families at particular points in the income distribution for all families, 1940, 1960, 1970, and 1980. Families are ranked from bottom to top of the distribution by income relative to the author's adjusted poverty threshold. Each percentile represents only the families at this point in the distribution. The vertical lines are the author's poverty thresholds for the indicated years (see Table 1). Key: A = poverty line, 1970 and 1980; B = poverty line, 1960; C = poverty line, 1940.

suggests a cautious interpretation of the composition of the poverty population (shown in the areas to the left of the solid vertical lines): as the overall poverty rate declines, the proportion of the poor who are female and members of female-headed households will almost certainly rise.

Not surprisingly, this association is sharper among black families (see Figures 3 and 4). The increasing concentration of the black poor in female-headed families reflects the greater prevalence of such families in the black population as well as a more steeply sloped association of family type with income ranking. Figure 3 shows that in 1980 close to 60% of all black families below the median black family income had women as heads, and 70% of the poorest one-fifth of

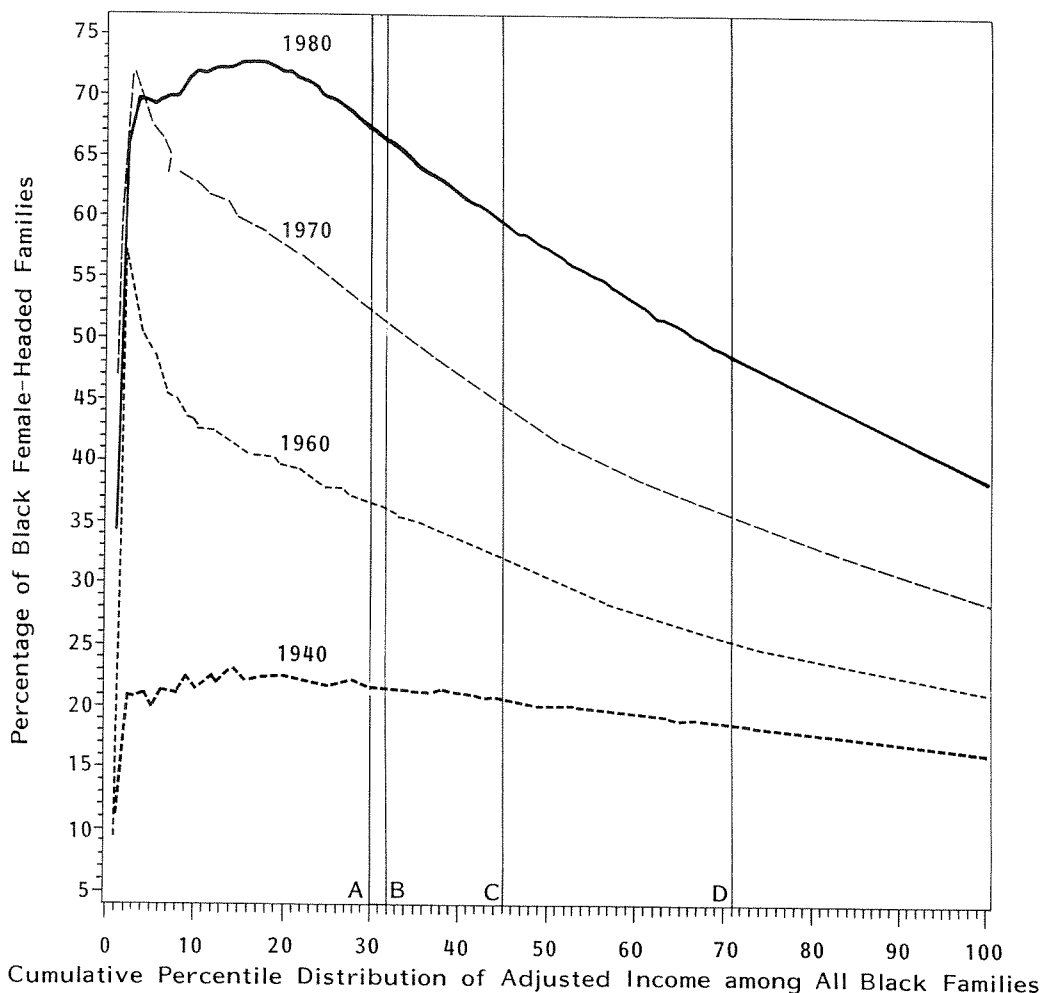


Figure 3. Cumulative percentages of black female-headed families in the income distribution for all black families, 1940, 1960, 1970, and 1980. See Figure 1 for further explanation. Key: A = poverty line, 1980; B = poverty line, 1970; C = poverty line, 1960; D = poverty line, 1940.

black families were headed by women. And Figure 4 shows that in 1980, among black families at the 90th income percentile, only 13% were headed by women. Knowing whether a black family is female-headed has become an increasingly accurate predictor of black economic status.

THE ECONOMIC IMPACT OF THE CHANGING FAMILY

The effect of the changing composition of American families on the economic welfare of its members is of central importance. Until recently, the family did not figure prominently in discussions of poverty, which focused more on labor market outcomes. The family entered mainly through concern that fertility

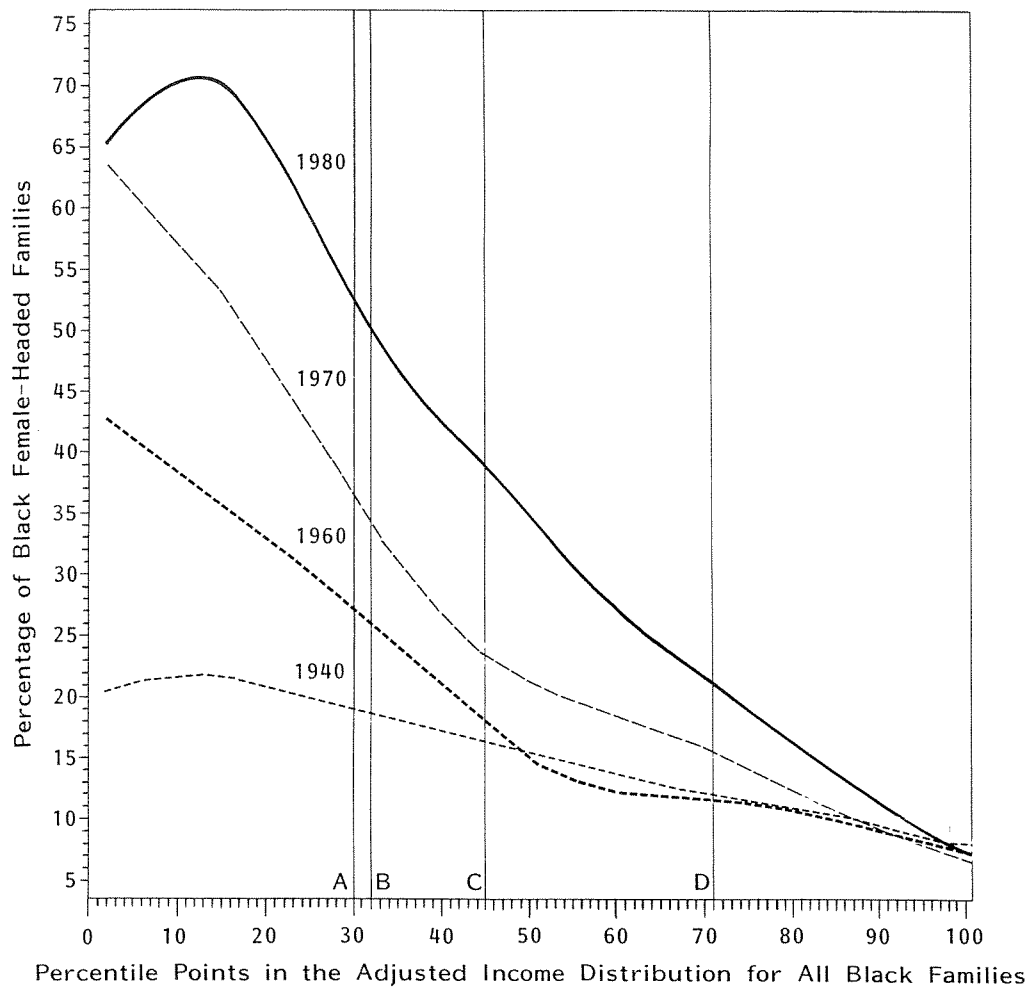


Figure 4. Percentages of black female-headed families at particular points in the income distribution for all black families, 1940, 1960, 1970, and 1980. See Figure 2 for further explanation. Key: A = poverty line, 1980; B = poverty line, 1970; C = poverty line, 1960; D = poverty line, 1940.

rates were higher among the poor, thereby expanding the relative size of a possible future underclass. Moreover, questions that were raised about the role of the family in racial terms touched raw nerves: the hostile reaction to the Moynihan (1965) report meant that the black family became an almost taboo subject for scholars and policy-makers alike.

I will concentrate exclusively on the consequences of marital instability on the distribution of economic rewards. I step aside from the difficult task of identifying the root causes of the rising incidence of families headed by women. That question remains a formidable research topic for which consensus among researchers has not yet emerged. In my view, existing research has not yet successfully isolated the main causes of the decline in the black intact family. The narrowing of differences in economic prospects between black men and

Table 6. Black Income as a Percentage of White Income among those Aged 26–55

Income source	Census year				
	1940	1950	1960	1970	1980
Family income	41.1	48.9	56.3	61.2	62.5
Male earnings	44.0	60.7	58.1	66.9	72.2
Income of intact families	41.6	55.2	61.4	71.4	82.0

SOURCE: Computations from decennial census data.

women, the rising rates of joblessness among young black men, and the income transfer programs of the Great Society may seem to be the most promising candidates, but their effect has not yet been measured with precision.⁸

A focus on the impact of family stability on economic welfare turns attention immediately to racial differences. The much higher rate of female headship in black families has been alleged by some to be a primary determinant of current rates of black poverty as well as of the slowdown in the reductions in black poverty over time. Because of this, I organize my discussion around differences between blacks and whites.

In a recent paper, I documented the rapid long-term labor market advances made by employed black men (see Smith & Welch, 1986). In 1940, black men earned 44% as much as white men. By 1980, the typical employed black male received 72% as much as the average employed white (see Table 7 below). Including the earnings of black women would simply add to the picture of rapid improvement in the labor market status of blacks. Twenty-five years ago, the typical black woman earned half the wage of the typical white woman; today, racial wage parity prevails among women (see Smith, 1979). But have these black labor market advances led to improved levels of well-being for the typical black family?

Economic progress has indeed been less satisfactory, especially in recent years, for the black family. Table 6 compares trends in the income gap between races using family income and male income as the two metrics. Whichever income concept is used as the yardstick, the broad trends across the 40 years indicate that the income gap between races has narrowed substantially. In 1980, black family income was 63% as high as white family income, compared to 41% in 1940. There were very distinct trends within subperiods. Between 1940 and 1960, the black-family income gap closed slightly more rapidly than did the black-male income gap. But trends after 1960, and particularly during the 1970s,

⁸For an excellent discussion of these issues, see Wilson and Neckerman (1986).

were quite different. Black family income as a percentage of white family income barely increased in the 1970s (from 61.2% in 1970 to 62.5% in 1980).

The increasing disparity between the continued improvement in black labor market outcomes and stagnation in the economic welfare of the black family are best reflected in poverty statistics. Between 1940 and 1970, improvements in the economic well-being of black families moved lockstep with the substantial long-run labor market gains made by black men. The black poor shared in these labor market gains, as witnessed by the decline in the percentage of poor black families from 70% in 1940 to 32% by 1970. However, this process stopped during the 1970s, when black poverty stabilized at unacceptably high levels. In 1980, 29% of black families were poor, little different from the rate that prevailed 10 years earlier. Although black America could take little solace from the fact that poverty among white families also stagnated during the 1970s, this parallel does offer an important clue to the reasons for the slowdown.

The Black Family and Black Poverty

What are the reasons for the decline in reduction of black poverty? One frequently mentioned candidate, a cessation of the long-run improvement in black labor market skills and wages, turns out not to be plausible. It is important to remember that labor market progress in narrowing the wage gap continued during the 1970s. For example, black working men earned 73% as much as whites in 1980, as compared to 67% in 1970.

If a decline in relative labor market prospects for black workers is not a plausible explanation, what else can explain the slowdown in reduction in black family poverty? In the remainder of this section, I will argue that the continuing breakup of the black family and the absence of economic growth during the 1970s are the principal culprits.

One difficulty in assessing the role of the family, especially with the cross-sectional census data I have used thus far, is that a basic question remains unanswered. Are poor female-headed families poor because their heads are not married, or would these women remain poor even if they married? The problem arises because women heading families are unlikely to be random draws from the population, but are more likely to come from impoverished backgrounds. Compounding this problem, the selectivity of the female-headed household is likely to have changed significantly over time. Because this selectivity issue cannot be answered directly with cross-sectional data, I will rely on more indirect methods.

Analysis of the changing age distribution of female-headed families since 1940 demonstrates not only that this selectivity is real, but that it has changed a good deal over these years. Among both races, female heads of households have become much younger over time. One in every eight female-headed black families had a head under 24 years of age in 1980 compared to one in every 25

families in 1940. Parallel age trends exist for whites, where the fraction of women in the 16–24 age group who are heads of families had expanded seven-fold since 1940. Although the trend over time toward younger families is actually sharper among whites, large racial differences in the age distribution remain. In 1980, 46% of black female-headed families had a head under 35 years of age (compared to a rate of 36% among whites). The average age of the black woman heading a family remains much lower than that of her white counterpart.

To separate a possible confounding age effect, Table 7 distributes by marital status young women who reported themselves as female family heads in 1980 and 1960. The change to note across these 20 years was the spectacular rise in the proportion of unmarried female heads. Among those under 24, three-quarters of all black female heads of families were never married—more than double the proportion 20 years earlier. Most of these families consisted of unwed mothers with small children. Among whites, these younger families were approximately evenly divided between the never married and those divorced or separated, but the never-married rates among whites have more than doubled since 1960.

The changing composition of female-headed families goes a long way toward explaining the increasing divergence between the incomes of intact and female-headed families. Much more so than in the past, these families are now young unwed mothers, women with low earning capacities. But the incomes of these women are low not only because of their limited ability to earn but also because of the absence of a spouse's earnings. It is to this subject that I now turn.

Table 7. Marital Status of Female Heads of Families, 1960 and 1980 (Percentages)

Marital status	1960		1980	
	Ages 16–24	Ages 25–34	Ages 16–24	Ages 25–34
Black families				
Never married	35	15	76	39
Divorced or separated	46	64	9	54
Widowed	4	10	11	4
Married spouse absent	15	10	3	2
White families				
Never married	16	10	44	12
Divorced or separated	48	58	50	80
Widowed	6	13	2	24
Married spouse absent	29	19	4	4

SOURCE: Computations from decennial census data.

Table 8. Family Income Consequences of Divorce or Separation
(1985 dollar values)

Number of years divorced	Mean income before divorce	Income during divorce years					Mean income after remarriage
		1	2	3	4	5	
1	\$26,265	\$19,496					\$33,061
2	32,002	26,829	\$17,785				40,564
3	33,042	25,356	16,216	\$18,728			45,802
4	35,471	22,546	16,592	18,686	\$16,710		33,010
5	42,502	25,486	17,856	20,094	21,171	\$19,730	—
6	30,809	14,124	13,961	16,110	14,519	18,359	—
7	34,911	20,377	18,406	18,737	18,950	18,431	—
8	54,598	26,376	20,436	26,346	25,873	22,576	—
9	37,321	18,256	21,137	31,004	35,694	34,570	—
Divorced when last in sample	30,547	20,884	16,696	16,208	16,833	16,526	

SOURCE: Computations from data in the Panel Study of Income Dynamics.

sample). Yearly total family income for up to 5 years of divorce or separation is listed between the mean family income of women before and (if available) after this incidence of female headship.¹¹ The income consequences of female headship are readily apparent from Table 8. To illustrate, examine the sequence for women who remained divorced for precisely 3 years. In the 2 years before their divorce, these women lived in families with a mean total family income of \$33,042 (all figures here are 1985 dollars). During the first year of divorce, family income fell by one-quarter, to \$25,356, but averaged only \$17,472 in the final 2 years of divorce. Following remarriage, family incomes rose to \$45,802, suggesting that, for these women at least, divorce may not always have bad monetary consequences.

Women who became female heads through divorce or separation had average incomes that were half as large as when married, and only 40% of their subsequent family incomes when they remarried. Although the details are af-

¹¹Family income is taken directly from the PSID and is inflated to 1985 dollars. This variable is generated by the PSID as the sum of the following variables each year: taxable income of head and wife; total transfer income of head and wife; taxable income of others (in the same household); and total transfer income of others. Because income variables in the PSID refer to the previous year, values are deflated using the consumer price index for the previous year; for example, family income in 1970 is multiplied by 0.341, the value of the consumer price index for 1969.

affected somewhat by the length of divorce or separation, the pattern just described is typical for women who became female heads through divorce. The full family income consequences of divorce are very large, cutting family incomes roughly in half.

Table 9 separates these family income dynamics by race.¹² Women of both races exhibit similar patterns; a two-step decline (in the first year, then more in subsequent years, of divorce) followed by at least a full recovery after remarriage. In one sense, black women are somewhat less affected than white women by this particular transition into female headship. The drop in their income as a result of divorce is smaller because the husbands they had married had less income than the husbands white women had married. Because black family income is so much lower than white family income, the effect on black women of divorce greatly enhances their probability of becoming poor.

Tables 10–12 show other prominent transitions into and out of female headship. Because the sample sizes for many of these specific durations are quite small, the durations are aggregated into three groups: 1–4 years, 5–9 years, and “open-ended,” meaning in a particular status at least 5 years and still in the same status when last observed in the PSID sample. For the first two groups, within-duration income sequences are summarized by the mean. Table 10 includes women who were divorced or separated when first observed in the PSID but who subsequently remarried. Tables 11 and 12 deal with the other major type of female headship, women who had not married. Table 11 describes family income dynamics for women whom we observed for at least 2 years before they became single heads of families.¹³ Finally, Table 12 describes women first observed as unmarried female heads and who subsequently married.

In all three of the transitions depicted in these tables, the family income consequences of entering or exiting female family headship remain large. Black women’s gains from remarriage in Table 10 are much smaller than those of corresponding white women. Of particular interest for our purposes are the transitions for unmarried heads of families (Tables 11 and 12). Family incomes during years of female headship are lowest for these women. In most cases, family incomes are below \$10,000 during the years of female headship, well below family incomes of the divorced women described in Table 8.

The important point to note relates, however, to black women. Not only are their incomes low during their years of female headship, but their family incomes were quite meager when they were members of a family earlier, before becoming

¹²With the exception of the initial divorce year, no strong pattern existed across other years spent divorced or separated. Because of this, in Table 9 family incomes during female headship for years 2 through n are summarized by the mean. This mean family income is placed under the last divorce year.

¹³The typical, but not exclusive, experience of these women was that they lived with their parents before forming their own families.

Table 9. Black and White Family Income Consequences of Divorce or Separation (1985 dollar values)

Number of years divorced	Mean income before divorce	Income during divorce years					Mean income after remarriage
		1	2	3	4	5	
White families							
1	\$27,005	\$19,759					\$34,591
2	32,282	26,007	\$17,950				41,772
3	33,234	25,717		\$17,527			46,473
4	36,033	22,811			\$17,431		33,261
5	45,418	24,570				\$20,874	—
6	31,779	13,763				15,422	—
7	37,527	21,317				19,630	—
8	55,138	26,753				24,163	—
9	37,321	18,256				30,601	—
Divorced when last in sample							
	32,508	21,875				17,652	
Black families							
1	17,168	16,265					21,430
2	30,682	30,709	17,003				34,866
3	30,605	20,774		16,781			37,277
4	14,309	12,596			13,521		25,573
5	32,772	28,466				15,838	—
6	24,669	16,412				17,736	—
7	15,066	13,244				11,052	—
8	28,659	8,297				6,769	—
9							
Divorced when last in sample							
	21,816	16,472				11,732	

SOURCE: Computations from data in the Panel Study of Income Dynamics.

heads. Unmarried black women who became heads of household clearly were previously members of relatively impoverished families. It is these women who represent the major new dimension of the poverty problem—women from low-income families whose incomes are depressed even further as they form their own families out of wedlock.

Table 10. Family Income Consequences of Remarriage among Divorced Women (1985 dollar values)

Number of years remarried	Mean income before remarriage	Income during remarried years					Mean income after remarriage ends
		1	2	3	4	5	
All families							
1-4	\$18,800			\$31,581			\$21,504
5-9	17,540					\$43,007	—
Open-ended ^a	19,770	\$43,818	\$38,562	39,524	\$42,767	39,512	—
White families							
1-4	19,949			34,096			22,534
5-9	17,423					45,167	—
Open-ended ^a	19,962	45,387	39,821	40,313	44,307	40,251	—
Black families							
1-4	14,087			21,267			17,282
5-9	18,205					30,248	—
Open-ended ^a	18,080	29,997	27,480	32,574	29,202	33,000	—

^aThe open-ended category includes those women who were remarried for at least 5 years and were still remarried when last observed in the PSID sample.

SOURCE: Computations from data in the Panel Study of Income Dynamics.

Female Family Headship and Poverty

I now return to cross-sectional census data to examine the effect of changing family types on family poverty. The income consequences of transitions into and out of female headship shown by my analysis of the PSID will be used to simulate the incomes that families in the census would have if they married. A race-specific family-income multiplier was estimated for each transition.¹⁴ Depending upon whether our census female family head was married, a different multiplier was applied.

What impact do these simulations have on observed rates of family poverty and the way these rates have changed over time? For each decade, Table 13 lists

¹⁴These multipliers are all expressed as mean family incomes during the female-head-of-family state divided by mean incomes during that state, no matter which transition occurred first. The multipliers are as follows: (a) *marriage to divorce*, all families = 1.75, white families = 1.76, black families = 1.54; (b) *divorce to remarriage*, all families = 1.97, white families = 2.01, black families = 1.64; (c) *to unmarried head of family*, all families = 2.20, white families = 2.28, black families = 2.04; (d) *unmarried head to married*, all families = 1.81, white families = 1.81, black families = 1.79.

Table 11. Family Income Consequences of Becoming an Unmarried Female Family Head (1985 dollar values)

Number of years as female head	Mean income before becoming single head	Income during female headship years					Mean income after single headship ends
		1	2	3	4	5	
All families							
1-4	\$23,192			\$10,450			\$22,518
5-9	24,311					\$10,253	—
Open-ended ^a	20,487	\$7,427	\$7,750	8,485	\$8,232	9,846	—
White families							
1-4	26,724			11,706			25,015
5-9	26,741					9,318	—
Open-ended ^a	27,158	9,268	8,113	9,723	10,530	13,722	—
Black families							
1-4	15,318			7,650			16,953
5-9	17,685					13,785	—
Open-ended ^a	16,257	6,260	7,520	7,701	6,775	7,355	—

^aThe open-ended category refers to women who were unmarried heads of families for at least 5 years and during their last year in the PSID.

SOURCE: Computations from data in the Panel Study of Income Dynamics.

actual poverty rates among female-headed families in each census year and poverty rates computed by applying the simulated incomes for those families if they had married. For these calculations and those that follow, I first scaled observed family income up by using multipliers obtained from the PSID. In addition, the poverty threshold was adjusted by adding one new family member (the mythical husband).

As Table 13 shows, the effect of hypothesized marriage on poverty rates within these female-headed families was large. Instead of a rate of 35% poor among these families in 1980, only 19% would be poor if married. Almost half of all poor female-headed families would be removed from that category by marriage. The impact on poverty is strong for both racial groups. Half of black female-headed families were poor in 1980; less than a third would remain so after a hypothetical marriage. Because women and their children who are in poverty owe much of their impoverishment to rising rates of female headship, both would share more than proportionately in these poverty reductions through marriage.

Although the magnitude of poverty reduction depicted in Table 13 is large, my calculations imply that poverty rates among the hypothetically married female-headed families are still higher than those among the originally intact families. For example, 6% of white and 14% of black intact families were poor

Table 12. Family Income Consequences of Marriage after Being an Unmarried Female Family Head (1985 dollar values)

Years married	Income in last 2 years of single headship	Income during married years					Mean income after marriage ends
		1	2	3	4	5	
All families							
1-4	\$11,307			\$17,899			\$10,925
5-9	19,598					\$22,876	—
Open-ended ^a	14,823	\$28,352	\$29,068	29,322	\$30,918	30,525	—
White families							
1-4	8,373			12,544			8,567
5-9	29,655					25,484	—
Open-ended ^a	15,097	28,153	29,944	30,065	31,831	31,410	—
Black families							
1-4	12,987			20,904			12,275
5-9	8,628					20,029	—
Open-ended ^a	13,388	29,393	24,472	25,422	26,125	25,881	—

^aOpen-ended category refers to women married at least 5 years and during their last PSID year.
 SOURCE: Computations from data in the Panel Study of Income Dynamics.

Table 13. Actual and Hypothetically Adjusted^a Poverty Rates (Percentages) among Female-Headed Families

Poverty rate	Census year			
	1940	1960	1970	1980
All families				
Actual	51	44	39	35
Adjusted ^a	33	28	23	19
White families				
Actual	44	36	32	28
Adjusted ^a	26	21	17	14
Black families				
Actual	83	68	59	51
Adjusted ^a	65	48	38	31

^aAdjusted by computing what incomes would have been if the female family head were married, using income data from the PSID.

SOURCE: Actual poverty rates from decennial census data; adjusted rates from simulated incomes if married, computed from PSID data.

in 1980. This difference confirms that female-headed families are not randomly selected from the population but are instead families more likely to be poor in any case.

The effects of these hypothetical marriages among female-headed poor families are illustrated in Table 14, where I list the observed aggregate family-poverty rates from 1940 to 1980. Below these actual rates are listed the rate that would have prevailed if all female heads of families were married. In 1980, the aggregate poverty rate would fall by 2.2 percentage points, removing three-quarters of a million families from the poverty rolls. The size of the discrepancy between the observed and the adjusted rate has grown steadily over time as the fraction of female-headed families has risen. For example, the 1960 poverty rate would have been only 1.3 percentage points lower if we completely eliminated female headship.

The real news in Table 14 concerns racial differences. By any reasonable standard, the impact of marriage on black poverty rates is large. In 1980, black family poverty rates would be 8.2 percentage points lower than the observed rate of 29%, a one-third reduction in black poverty. Moreover, rising rates of black female headship have significantly affected time-series trends. In particular, reductions in black family poverty are much larger after 1970 in my adjusted series. The decline in black family poverty would have been twice as large after 1970 had female headship not grown.

What role, then, has the breakup of the black family played in stemming the long-term reduction in black poverty? As in many racial issues in this country, opinions have polarized. At one extreme are those who argue that if it were not for the continuing breakup of black families the problem of black poverty would

Table 14. Actual and Hypothetically Adjusted Poverty Rates among All Families^a

Poverty rate	Census year			
	1940	1960	1970	1980
All families				
Actual	33.5	14.6	10.4	10.1
Adjusted ^a	32.1	13.3	8.7	7.9
White families				
Actual	30.1	10.8	8.3	8.4
Adjusted ^a	28.8	9.9	7.0	6.9
Black families				
Actual	70.0	43.6	31.6	29.0
Adjusted ^a	66.7	39.4	25.3	20.8

^aAdjusted to eliminate all female-headed households.
SOURCE: Computations from the decennial censuses.

be over. Others dismiss family breakup as a cause, partly because it raises questions about the efficacy of some existing social programs.

How much of existing black poverty can legitimately be assigned to the breakup of the two-parent family? I answered this question by calculating what the poverty rate among black families would have been if the incidence of black female-headed families in 1980 was the same as that of the white population. The result of that calculation shows, not surprisingly, that the quantitative truth lies between the polar opinions. Instead of the actual rate of 29% in 1980, 23% of black families would have been poor if they had shared the same rates of female headship as white families.

To put it one way, 30% of existing racial differences in poverty are due to the instability in the black family, not an insignificant number. However, to put it another way, even if the black family issue were entirely resolved, black family poverty rates would still far exceed those of whites, and almost a quarter of black families would remain mired in poverty. Clearly other factors are also playing a central role.

One of these factors is economic growth. The sustained and rapid growth of the post-1940 American economy carried with it impressive benefits that helped blacks and whites alike. For example, inflation-adjusted incomes of white men have expanded by two and a half times since 1940. Thus the whites to whom I am comparing blacks in 1980 were far wealthier than the whites who represent our contrast group in 1940. According to my estimates for men (see Smith & Welch, 1986), 45% of the reduction in black poverty since 1940 has resulted from economic growth and the remaining 55% is due to expanded black labor market skills. Economic growth and improved black job skills, the latter principally through education, go hand in hand as the key weapons history identifies as eradicating black poverty.

Economic growth has since 1970 had its dark side. Between 1970 and 1980, real incomes grew by less than 0.7% per year, compared to an annual rate of 3.9% over the previous two decades. The virtual absence of real income growth during the 1970s carried a terrible price in limiting reductions in the ranks of the black poor. A major problem for blacks in the 1970s was not that their situation did not improve relative to whites; it was that, for the first time, the whites they were being compared to were no better off in 1980 than in 1970.

The question I now ask is what black-family poverty rates would have been in 1980 if economic growth had not slowed and if the breakup of the black family had not accelerated. If economic growth had been maintained at the rapid rate of the 20 years between 1950 and 1970, black family poverty would have been 4 percentage points lower: 25% rather than 29% of black families would have been poor. If, in addition, black female headship rates were also maintained at their 1960 levels, the black poverty rate would decline further, to 21.3%. In combination, these two factors fully account for the fact that black-family poverty rates during the 1970–1980 decade did not continue to decline at their previous rates.

To sum up, this chapter has examined the impact that the changing American family has had on the economic well-being of its members. I have argued that the rising rates of female headship have significantly altered the relationship of family type and economic status, especially among black families. The deterioration in the American family is largely responsible for the feminization of poverty, the increasing concentration of children among the poor, and the slowdown in long-term reductions in black poverty.

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