

## I. ECONOMIC MOBILITY INDICATORS: SOCIAL CAPITAL

### FAMILY INFLUENCES

**The attributes of parents and the structure of families are influential in developing certain behaviors and skills that can have a lasting influence on the economic mobility of children.** Many factors may explain why one person moves up, or down, the economic ladder faster than another. Social capital appears to be the foundation for individual economic mobility in that it is the source of human and financial capital. By social capital we mean the non-financial resources available to individuals through their relationships to people or institutions that shape the capabilities of an individual to take advantage—or not to take advantage—of the opportunities that are linked to mobility.

For any person the first source of social capital is the family. The quality of the relationships between parents and their children, the shared values and attitudes of family members, and the non-material types of investment that parents make in their children are examples of social capital within the family. Importantly, family social capital often enables a child to access other resources that are available within and outside the family.

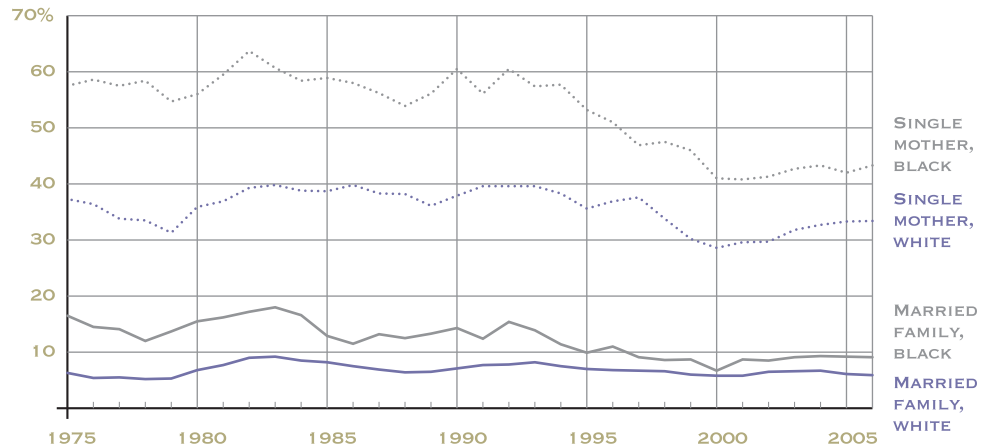
#### INDICATOR: FAMILY STRUCTURE

Children in single-parent families are much more likely to experience poverty growing up than are children with two parents. Furthermore, decades of research have revealed that children who grow up with two married parents fare, on average, significantly better than do peers in other family structures on a number of important outcomes that are associated with upward economic mobility later in life. These outcomes include academic achievement, including secondary and postsecondary educational attainment, employment and occupational status.<sup>1</sup> By the same token, studies have found that children who were raised in married, two-parent families are less likely to engage in behaviors that may hinder their future success in school, such as delinquency and dropping out of high school, as compared to peers in other family structures.<sup>2</sup> While scholars continue to debate the extent to which family structure and child outcomes are causally linked, the preponderance of existing research suggests that growing up with married parents confers advantages on the typical child relative to other family structures.<sup>3</sup>

FIGURE 1

**Families with Married Couples Less Likely to Live in Poverty, Regardless of Race**

Poverty rates of families with children under the age of 18, by family structure and race/ethnicity, 1975–2006.



Source: U.S. Census Bureau, 2008, Table 4.

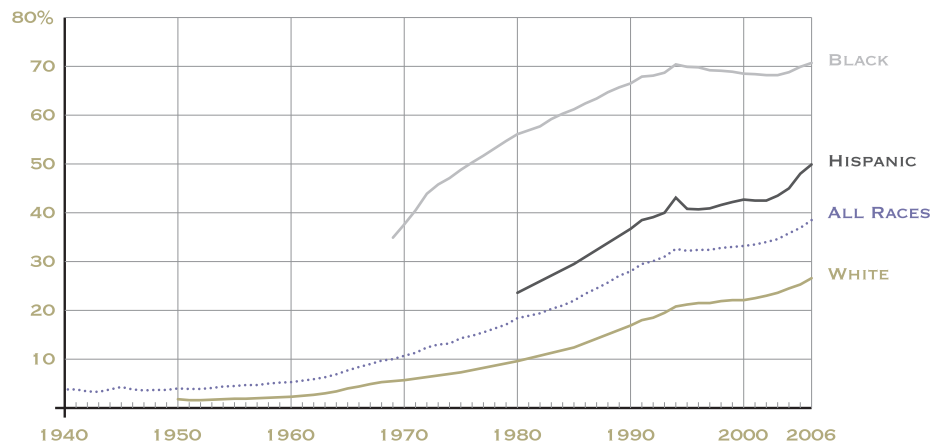
The proportion of children born to single parents and living in single-parent households has increased greatly in recent decades, and is especially high in the African American community. Such children are far more likely to be brought up in poverty and have bleaker economic prospects as adults.

FIGURE 2

**Births to Unmarried Mothers Continue to Rise**

Most affected are blacks, of whom nearly 71% of children born today will have unmarried mothers.

PERCENTAGE OF BIRTHS TO UNMARRIED MOTHERS, BY RACE/ETHNICITY



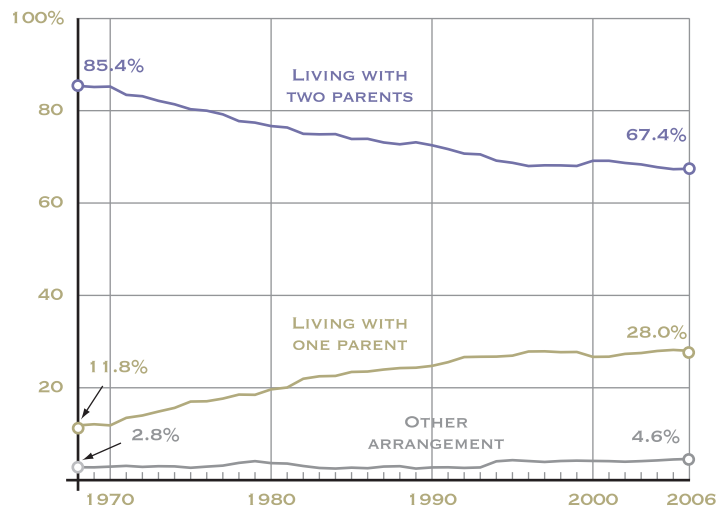
Source: 1940–1960 data: Ventura and Bachrach, 2000; 1960–2004 data: Child Trends Databank, 2005; 2005 final birth data: Martin, and others, 2007; 2006 preliminary birth data: Brady, Martin and others, 2007.

During the last half of a century, the structure of American families has shifted dramatically, with disturbing implications for the mobility of today's children. Beginning in the mid-1950s, the percent of children born to single mothers began rising. By 1970, the percent of children born to unwed mothers broke 10 percent (as shown in Figure 2), while more than 10 percent of children lived with an unmarried parent (as shown in Figure 3). By 2005, 38 percent of all births were to unwed mothers and 28 percent of all children lived in single-parent families. While the trend among the general population raises concern, the pattern in the African American community is alarming. The proportion of births to unwed mothers in the black community is about 70 percent—nearly three times the rate for white children. The rise in out-of-wedlock childbearing, along with high rates of divorce, has produced steady changes in the living arrangements of American children.

FIGURE 3

**Two-Parent Families on The Decline**

Living arrangements of children under 18 years old by family structure, 1968–2006.



Source: U.S. Census Bureau, 2006.

This is a concern because, regardless of race, children raised in single-parent households are more likely to live in poverty and are less likely to do well in areas that influence future economic mobility, such as educational attainment. This pattern of upbringing makes it likely that the economic “stickiness” that holds back the ability of lower-income American children to climb the economic ladder will become more pronounced and widespread in the future, especially for African Americans.

**A child brought up in a married household has many advantages in pursuing economic success.** For one, the income of the household is often higher by virtue of a second earner, and that increases the probability of higher future earnings for the child. But it is not just that two earners are better than one. Marriage seems to provide incentives for husbands to work harder, which results in increased earnings relative to single men.<sup>4</sup>

While family structure is important, it is clearly not the only factor. Children who grow up in two-parent families are also more likely to have parents with access to a greater number of resources, such as income, education and experience, and thus able to make better investments in their children.<sup>5</sup> In this way, the family environment in which a child grows up, which is highly correlated with family structure, determines many of the outcomes, such as health, education and cognition, that drive economic mobility.<sup>6</sup>

**Household poverty tends to persist over the generations. This is true in general, but it is particularly true for African Americans, even after accounting for family structure.** Some studies, such as another Economic Mobility Project report, *Upward Intergenerational Mobility in the United States*, have found that African Americans growing up in two-parent families have a slightly higher probability of moving out of the bottom quintile relative to those who grow up in single-mother households (59 percent compared with 54 percent).<sup>7</sup> However, even after accounting for differences in family structure, the probability that an African American will make it out of the bottom quintile by adulthood remains well below that of whites. Since poverty appears to be more easily transmitted from one generation to the next in the African American community, the economic mobility of those who come from families with low incomes will be much lower for blacks than for whites, regardless of the structure of the family in which the child grows up. In other words, it appears much more difficult for African Americans to escape poverty.

#### INDICATOR: PARENTING SKILLS AND EDUCATION

Parental education influences a child's academic prospects in a number of ways, as do certain parenting skills, such as the ability to develop strong bonds. In particular, the level of education reached by parents influences the ways in which they raise their children and seek to improve the education of their children. For example, better-educated parents tend to create home environments that foster behavioral skills and cognitive development that are more suitable for promoting academic achievement.<sup>8</sup> More-educated parents may also have higher expectations for their children that they communicate to them. (See Chapter II, "Human Capital.")

Parents also serve as role models for children in ways that help or hinder their opportunities. Parents and their adult children resemble each other in terms of participation in school activities, drug use, age of first sexual experience, crime and aggression, perceived control over one's life, self-esteem, depression, shyness and many other traits that may affect economic mobility.<sup>9</sup> Mothers and fathers play different parenting roles, and a child brought up with both of these influences is likely to be better placed to take advantage of certain opportunities in life. For instance, fathers who take an active role in parenting their children, such as by helping to build their language skills through reading or talking to their children, tend to have children who academically outperform those with fathers who are less involved.<sup>10</sup> Also, children who grow up in two-parent families where the father is not involved are more likely to have substance abuse problems later in life and are more likely to drop out of high school.<sup>11</sup>

**Other ways that parents' education and parenting skills affect child human capital:**

- The likelihood that a young child is read to every day increases with a mother's education level.<sup>12</sup>
- More-educated mothers and mothers who score higher on academic aptitude tests tend to create better home environments for their children, and better home environments may aid young children in their early behavioral and cognitive development.<sup>13</sup>
- Stronger parent-child bonds influence children at a critical early age. There is some evidence to suggest that sensitivity and responsive care from the mother secure mother-child attachment during the first years of a child's life, which appears to bolster early childhood development of socio-emotional, behavioral, cognitive and language skills.<sup>14</sup> Children who have stronger bonds with their parents tend to exhibit better behavioral outcomes than do children whose parents are less engaged in their lives.<sup>15</sup>
- Parents who combine warmth toward children with discipline generally have children with better school outcomes and fewer behavior problems than other children, and parents who exhibit little warmth and impose little discipline generally have children with worse outcomes.<sup>16</sup>

## INDICATOR: PARENTAL SIMILARITY

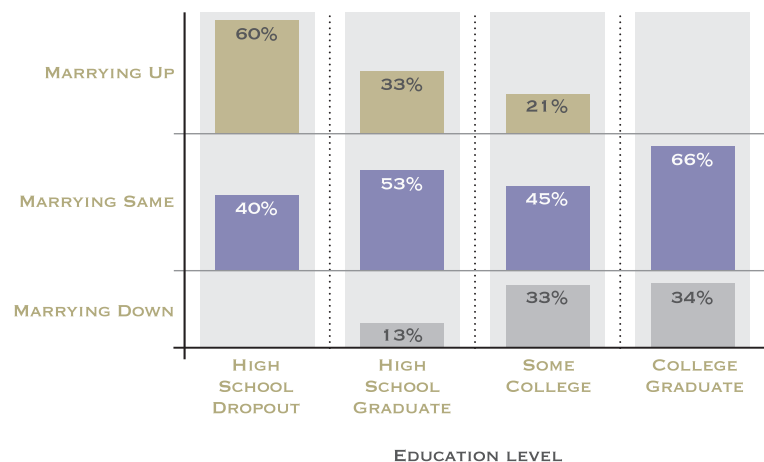
**Likes attract, and so marriage tends to reinforce good or bad parental factors in shaping a child’s long-term prospects.** In the way people seek out and marry each other, there is a tendency for spouses to resemble each other in terms of education and other characteristics. The result: parents tend to reinforce each others’ influence on a child’s future rather than moderating each others’ influence.

For instance, a high school graduate is more likely to marry another high school graduate than someone with more or less education. Likewise, a college graduate is more likely to marry another college graduate than someone who did not graduate from college. In fact, this pattern holds for people at every level of education except those who drop out of high school, who are probably more hard-pressed in today’s world than those with more schooling to find and marry someone of a similar background.

FIGURE 4

**Married Couples Tend to Have The Same Level of Education**

In general, there is a higher probability that a person will marry someone with the same level of education, as opposed to someone with less education (“Marrying Down”) or more education (“Marrying Up”).



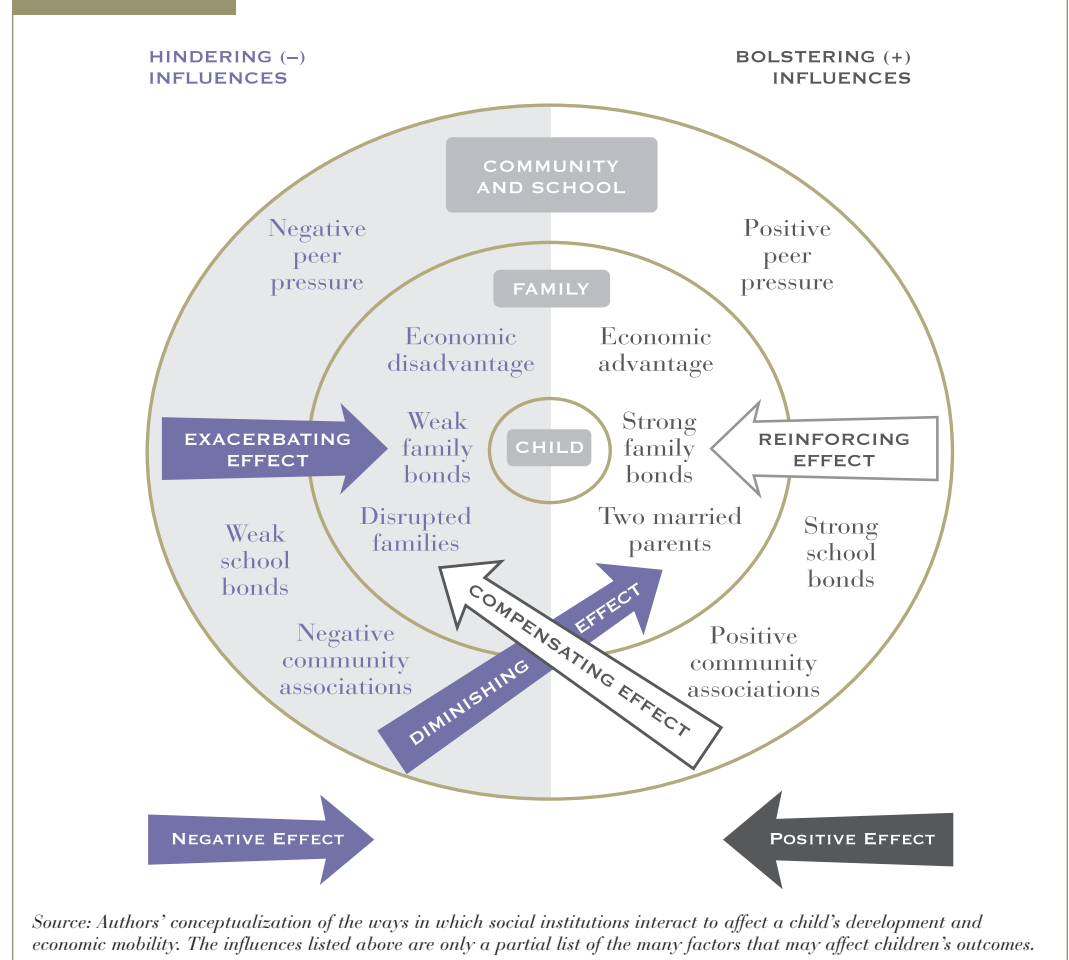
Source: Authors’ calculations for all individuals who are married and over 18 in the 2000 U.S. Census.

These patterns of “assortative mating” have serious implications for economic mobility, since education has such a strong influence on parents’ lifetime earnings, access to employer-provided health insurance and saving for retirement—each of which influences the chances that their children will do well in life. The reinforcement of parents’ individual traits, for better or for worse, within marriage highlights how complicated family structure effects are and qualifies the conclusion that marriage facilitates the mobility of children.

## SOCIAL INSTITUTIONS AND COMMUNITY INFLUENCES

The wider community and society also exercise considerable influence on economic opportunity and the ability of children to take advantage of it. This influence grows along with age, becoming influential as children enter school and considerably more important in adulthood. Influences from outside the family interact with family influences to hinder or bolster the mobility of children. Figure 5 illustrates these interactions. For example, strong family bonds typically have a positive effect on outcomes, while weak family bonds can be expected to have a negative effect. Community and school factors, such as positive peer influences from other students, can independently bolster child outcomes. In addition, community and school factors can reinforce positive family factors while compensating for negative family factors. Conversely, hindering community influences can exacerbate negative family factors while also diminishing positive family factors.

**FIGURE 5** Social Institutions Are Critical Drivers of Child Development



**INDICATOR: SCHOOL-BASED RELATIONSHIPS**

**Relationships formed in school are critical in determining attitudes and outlooks that affect academic achievement.** The relationships formed in school and the culture of the school can have particularly decisive effects on a child's attitude toward education, vision of the future, values and other traits that are critical to success in school and the workplace. A number of relationships originating in the school setting generate social capital, some bolstering and others hindering children's success, some reinforcing or diluting the earlier parental influence. These include parent-teacher and teacher-child relationships, as well as relationships between children, between children and their friends' parents, and between the parents of children.

For example, one study found that the school-wide level of parent involvement in school activities, such as the PTA, fundraisers and classroom volunteer work, increased children's math achievement even after accounting for a number of family, school and other social capital factors.<sup>17</sup> Other research shows that the achievement levels of classmates affects how much children learn in school and that teacher quality affects child achievement.<sup>18</sup>

School-based relationships with peers can have particularly influential impacts that can be both positive and negative. Sometimes interactions with peers can have a positive effect on academic achievement, such as when students having trouble with their coursework seek help from other students who have a stronger understanding of the material. At other times, peer interactions may reinforce negative behavior. This may occur when a student becomes involved with a group that has negative views of academic success or of high-achieving students. There has been growing concern among middle-class African American parents, for instance, that their efforts to raise the expectations of their children and encourage success at school are blunted by discouraging peer pressure among other African American children—especially boys—at high school.<sup>19</sup>

However, interactions within neighborhoods can be just as influential as those relationships found in schools.

## INDICATOR: COMMUNITY INFLUENCES

**The neighborhood matters.** Neighborhoods that are socially disorganized, economically depressed or filled with distrust, as well as those with a lower proportion of married households, tend to be associated with negative community-level outcomes, such as increased crime rates.<sup>20</sup> In particular, one study that examined low-income Boston neighborhoods found that living in a neighborhood where other youths are involved in crime, using drugs, unemployed or not in school increases a youth's probability of being involved in the same activity even after controlling for family and personal characteristics.<sup>21</sup>

Socially disorganized communities that suffer from disrupted or weakened family, friendship and associational ties often lack a culture that reinforces positive behaviors and discourages negative behaviors.<sup>22, 23</sup> The social organization of neighborhoods partially explains variations in crime rates that are independent of the aggregated characteristics of neighborhood residents.<sup>24</sup> Neighborhoods filled with individuals willing to intervene on behalf of the common good have less crime.<sup>25</sup> In contrast, neighborhood-concentrated disadvantage appears to be associated with increased tolerance of deviance.<sup>26</sup> Family disruption on the community level is associated with increased unsupervised peer networks and property and violent crime.<sup>27</sup>

**A Positive Influence: Religion-Based Networks.** For an example of one way that social networks may increase economic well-being, consider how people are affected by living in a city where they share the same religion as many of that city's residents.<sup>28</sup> One study reveals that if Catholics, for instance, live in a metropolitan area that is 40 percent Catholic rather than 30 percent Catholic, Catholics' incomes will be about 1 percent higher where Catholic density is greater (see Figure 6). That difference may reflect the greater social interaction with neighbors and religious institutions that comes from social networks available to Catholics in areas where co-resident Catholics are more common.

The density of one's religious group in a metropolitan area not only raises the probability of household income growth for those in that group, it also increases the likelihood of educational attainments and marriage, among other outcomes. Further, some research has found that an increase in religious density has a substantially positive effect on religious attendance, which in turn may be socially significant and positively affect household income or college graduation.<sup>29</sup>

Such a result is not unexpected, as individuals who share a common thread are able to take advantage of more opportunities through interaction with members of their community. Potential mechanisms through which involvement in religious institutions affects child outcomes could include increased social interaction with one's neighbors as well as the additional insurance that religious organizations may offer families against sudden economic shocks, both prime examples of the resources to which social capital provides access.

FIGURE 6

## Effect of Religious Density on Outcomes

## A 10-PERCENTAGE-POINT INCREASE IN RELIGIOUS DENSITY LEADS TO A:

0.9% increase in household income
0.05 year increase in education
0.9% increase in the likelihood of graduating from college
0.4% increase in the likelihood of being married
0.4% decrease in the likelihood that of dropping out of high school
0.3% decrease in the likelihood of being divorced

Source: Gruber, 2005.

It is important to note that this same study found that ethnic density does not reveal a similar effect on income or other outcomes as was found for religious density. Further, the benefits of religious density may well reach a threshold or tipping point where high religious density may mean religious segregation, thereby increasing the costs of such density to exceed the benefits that the social networks bring.

**A Negative Influence: Gangs.** At the other extreme of social networks, criminal gangs offer forms of social capital that can be damaging or disastrous to a child's likelihood of doing well later in life. As described in Figure 7, a 1995 survey of public school eighth-grade gang members found that 52 percent reported joining their gangs for protection, 48 percent joined to gain respect and 46 percent joined because of a friend in the gang, reflecting the potential for a strong peer effect associated with joining a gang. Gangs may supply youth with needs that are unfulfilled because of weak family and community bonds. By joining a gang, youths are exposed to high levels of criminal activity and risk incarceration, which can damage future chances of going to college or later employment. Furthermore, those who have previously been incarcerated tend to have lower wage mobility than do those without a criminal history.<sup>30</sup>

FIGURE 7

## Why Do School-Aged Students Join Gangs?

52% reported joining a gang for protection
48% reported joining a gang in order to gain respect from peers
46% reported joining a gang because a friend was in the gang

Source: Freng and Winfree, 2004, based on a 1995 survey of public school eighth-grade gang members.

Another source of evidence that neighborhoods matter is the Moving to Opportunity housing voucher experiment. Results from the experiment, in which families in poor communities were given vouchers to use for rent in higher-income communities, indicate that moving to a neighborhood with lower poverty rates helped girls by improving their mental health, reducing risky behavior, and improving educational outcomes.<sup>31</sup>

Once children reach adulthood, other social institutions increase in importance, while those that influenced development in childhood matter less.

## INDICATOR: WORK-RELATED NETWORKS

The notion that social networks and networking leads to greater job opportunities resonates strongly with many. In fact, there are strong associations between networking through professional organizations and a number of occupational outcomes, such as executive compensation, job opportunities, product innovation, entrepreneurship, as well as occupational advancement or promotion.<sup>32</sup>

FIGURE 8

## What is The Likelihood of Starting a New Business?

If your business network is <b>maximally diverse</b> (comprises at least five different types of relationships) rather than minimally diverse (only one type of relationship, such as coworkers or kin)	An increase in the odds of starting a new business by over 400 percent.
If your business network <b>comprises only family members</b> , rather than having no family members	A reduction in the odds of starting a new business by 95 percent.

Source: Renzulli, Aldrich, and Moody, 2000.

The diversity of social networks, in particular, can help to create entrepreneurs, since having personal connections with business owners and more knowledge of successful business models increases the probability of starting a business. (See Figure 8.) Social networks with other business owners may also increase the likelihood of entrepreneurial success, since members of the network are granted relatively open access to the group's collective knowledge of what works and what does not.

Finally, social networks are a primary way in which people find jobs. The size and nature of individuals' social networks influence the kind of jobs that they hear about.<sup>33</sup>

### SUMMARY

The parental traits that have important positive influences on a child's future economic trajectory are associated with good economic conditions for the parents as well. By contrast, single-parenthood, low levels of parental education and similar traits are associated both with poorer prospects for the child and worse economic conditions for the parent. While social capital acquired through the family plays a significant role from the very beginning, as a child moves into adolescence and then into adulthood, social capital acquired through the wider community becomes comparatively more important and interacts with parental influence. It can reinforce benefits associated with good parenting or it can weaken those benefits. It can compensate for weak or damaging parental influences or exacerbate them. In that sense, it does indeed "take a village to raise a child," and the interplay of social and parental influences within that village seems to help explain why some children are more likely than others to move up the economic ladder or slip down the rungs.

## NOTES

- <sup>1</sup> McLanahan and Gary Sandefur, 1994; Coleman, 1988; Furstenberg and Hughes, 1995; Teachman, Paasch, and Carver, 1996; Teachman, Paasch, and Carver, 1997; Biblarz and Raftery, 1999; McLanahan, 1997.
- <sup>2</sup> Sampson and Laub, 1993; Jang and Johnson, 2001; McLanahan and Sandefur, 1994.
- <sup>3</sup> For challenges to the conventional wisdom on family structure, see (among others) Harding, Jencks, Lopoo, and Mayer, 2005; Lang and Zagorsky, 2001; and Maire Ni Bhrolchain, 2001.
- <sup>4</sup> Ahituv and Lerman, 2005.
- <sup>5</sup> Heckman, 2008.
- <sup>6</sup> Ibid.
- <sup>7</sup> Mazumder, 2008.
- <sup>8</sup> Hart and Risley, 1995.
- <sup>9</sup> Duncan, Kalil, Mayer, Tepper, and Payne, 2005.
- <sup>10</sup> Cooksey and Fondell, 1996.
- <sup>11</sup> Salem, Zimmerman, and Notaro, 1998.
- <sup>12</sup> Federal Interagency Forum on Child and Family Statistics, 2006.
- <sup>13</sup> Votruba-Drzal, 2003.
- <sup>14</sup> Belsky and Pasco Fearon, 2002; Baumwell, Tamis-LeMonda, and Bornstein, 1997; McCartney, Owen, Booth, Clarke-Stewart, and Vandell, 2004.
- <sup>15</sup> Parcel and Dufur, 2001.
- <sup>16</sup> Lamborn, Mounts, Steinberg, and Dornbusch, 1991.
- <sup>17</sup> Parcel and Dufur, 2001.
- <sup>18</sup> Hanushek, Kain, Markman, and Rivkin, 2003; Rockoff, 2004.
- <sup>19</sup> Fryer, 2005.
- <sup>20</sup> Sampson and Groves, 1989; Messner, Baumer, and Rosenfeld, 2004; Rosenfeld, Messner, and Baumer, 2001.
- <sup>21</sup> Case and Katz, 1991.
- <sup>22</sup> The definition we use of a socially disorganized community is one with a high concentration of low economic status, ethnic heterogeneity, high residential mobility, and family disruption. See Sampson and Groves, 1989.
- <sup>23</sup> Sampson, 2004.
- <sup>24</sup> Sampson, Raudenbush, and Earls, 1997.
- <sup>25</sup> Sampson and Raudenbush, 1999.
- <sup>26</sup> Sampson and Bartusch, 1998.
- <sup>27</sup> Sampson and Groves, 1989.
- <sup>28</sup> Gruber, 2005.
- <sup>29</sup> Ibid.
- <sup>30</sup> Western, 2002.
- <sup>31</sup> Kling, Liebman, and Katz, 2007.
- <sup>32</sup> See Adler and Kwon, 2002, p. 17 for a brief review.
- <sup>33</sup> Granovetter, 1995.