

"IS THE BLACK MIDDLE CLASS SHRINKING?"

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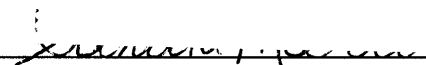
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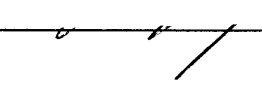
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**PEACE**

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Submitted to the Department of Urban Studies and Planning  
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## ABSTRACT

Many researchers argue that the middle class in America is shrinking. They contend that the 1980s was the first time that children could not expect to do as well, economically, as their parents. According to Bradbury(1986) the general perception of a shrinking middle class is correct. Bradbury contends that, "over the last decade or so, real family income has declined, and its distribution has become more unequal."<sup>1</sup>

Not surprisingly, the decline in real family income and unequal distribution has had far reaching effects among Blacks, whose incomes are traditionally lower than Whites even when real incomes are rising. Not only have Blacks experienced a decline in real income during the 1980s, but also a widening income gap with Whites.

In this paper I explore, using 1980 and 1990 census data, whether the middle class in the Black community is shrinking in the United States, as defined by income. If indeed the Black middle class did shrink, what were the chief causes of this shrinkage? For example, did it shrink because of an increase in the number of female heads of households in the Black community? Or, was it due to shifts in the shares of families in each income bracket, meaning a growth in the fraction of families with incomes above or below the middle class income bracket? Thirdly, how do families with children compare to those without? Is the shrinking middle class affecting mostly childless families or families with children? Further, what does this distribution look like for Black families as compared to Whites? For instance, are Black married couples, like their White counterparts, having fewer children today as compared to a decade ago? And finally, what are the policy implications if indeed the shrinking middle class is mainly affecting those families with children?

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<sup>1</sup> See Bradbury(1986)

In answering the question, "Is the Black middle class shrinking?", I found that:

- the middle class did shrink for both Black and White families during the ten year period 1980-1990
- families with at least one child also experienced a shrinkage in the size of the middle class for both Black and White families
- while the fraction of families with children decreased between 1980 and 1990, the likelihood of a child growing up in a family whose incomes were below \$20,000 rather than above \$50,000 still remained over the ten year period
- the fraction of Black families that receive income from female heads of households is much higher than it is for White families
- Black family income is seriously lagging behind White family income in terms of the fraction of families with middle class and upper incomes and the Black/White family income gap is getting wider
- the increasing fraction of female heads of households had little to no effect on the shrinking size of the middle class. What little effect it did have was felt more by White families than by Black families

Thesis Advisor: Professor Frank Levy

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## **Chapter One - Introduction and Scope of the Problem**

### **I. Introduction & Scope of the Problem**



## I. INTRODUCTION AND SCOPE OF THE PROBLEM

Over the years many economists have asked the questions: is the middle class shrinking and can the middle class buy today what it did in the past? Researchers in this area have either tailored their work towards White families only or have looked at people of all races in the U.S. However, few have explored what is happening to the Black middle class specifically and whether the increasing proportion of female heads of households among Black families affected, if at all, the size of the Black middle class.

Determining, how the Black community has fared, in terms of income growth, over the last decade from 1980-1990, will help those of us who concentrate our work in urban areas and are concerned with the overall economic health of the Black family. It will give us a better understanding of what to expect in terms of the number of children growing up living the American dream--two parents, single family home in the suburbs versus the number who are growing up in one parent households with lower incomes. Being a child in a single parent family often, but not always, means growing up poor.

If the Black middle class<sup>2</sup> is shrinking, as is argued by economists Jeremiah Cotton<sup>3</sup>, then what kind of families are facing the brunt of this shrinkage? Is it those families without children or those with children? Further, whose incomes are dropping?

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<sup>2</sup> Middle class is defined as those families with incomes between \$20,000-\$50,000 in 1991 dollars

<sup>3</sup> See Cotton, "The Gap at the Top: Related Occupational Earnings Disadvantages of the Black middle class"

Is it husband/wife families or is it those families that are headed by women? Or, are incomes dropping at all? The shrinking middle class could be caused by increases in the fraction of families with incomes above \$50,000, rather than increases in the fraction of families with incomes below \$20,000. These questions are extremely significant in light of the current economic situation that is plaguing the United States. Often times when the bottom drops out among Whites in terms of increased unemployment and extended joblessness, the pain is far greater in the Black community.

To examine the changing size of the Black middle class, it is necessary to first define the Black middle class. This issue of definition becomes critical because if we are unable to define the middle class, how are we to count them or even attempt to analyze whether this demographic group is changing? Therefore, any argument for or against the notion of a shrinking middle class becomes totally dependent on who is doing the counting. This distinction is very significant and in many instances at the root of why opinions diverge so greatly. The two most common ways to count the middle class are to look at either annual family income or the occupation of the family head.

My analysis in this paper is based on annual family income. I feel one of the best ways to look at Black family progress is to look at their income. It is a known fact that Black individuals have less wealth as compared to their White counterparts.<sup>4</sup> However,

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<sup>4</sup> While wealth comparisons between Blacks and Whites are difficult to make, according to Gorham & Harrison, in 1983 the Fed(Federal Reserve System) found only 66% of "nonwhites and Hispanics" had any liquid assets at all, compared with 93% of Whites. In that year, median total financial assets held by Whites amounted to approximately \$4500; for nonwhites and Hispanics the comparable figures was only \$1000.

in terms of annual income, the gap between Black and White families appeared to be converging over the ten year period. For example, 42% of all Black families in 1990 had middle class incomes versus 47% for White families, a difference of only 5 percentage points. Ten years earlier, in 1980 the fraction of Black families with middle class incomes was 45% versus 53% for White families, a difference of almost 10 percentage points. But, the story doesn't stop here, while on the one hand it appears by looking at statistics on the fraction of Blacks with middle class incomes that they are converging with White families, the fraction of Black families with lower incomes (\$20,000 and below) was also increasing over the ten year period. By looking for changes in the middle income distribution of Black families as compared to White families, I began to notice that there are several different kinds of Black experience. Between 1980 and 1990, some Black families were getting richer, while others were getting poorer.

In this thesis I will provide, using 1980 and 1990 family income data from the Bureau of the Census, an analysis of the changing Black and White income distribution over the ten year period 1980-1990 and explore whether the middle class overall, and the Black middle class specifically, is growing or shrinking. While I recognize that this topic has been well examined over the years and has been the focus of much heated debate, it does not suggest that we have reached a better understanding of how families are doing today versus ten to twenty years ago. What has remained consistent over the ten years is what it means to be middle class in America. To be middle class in the U.S.

is to have the purchasing power to buy the American dream, which at least includes a car, a home, a vacation once a year, etc. With this understanding of what it means to be middle class, the question then becomes, "what fraction of our families are actually living this dream"?

In chapter 2, the section on Methodology and, I explain in detail the specific computations and explanations to how I arrived at my conclusions. Chapter 3, I discuss my findings and in Chapter 4 I explore a literature review of some of the research arguments about the changing size of the middle class overall. Chapter 4 also includes a brief review of the current literature on trends in the changing size of the Black middle class and in the increasing proportion of female household heads. Chapter 5 concludes with a brief summary of my overall findings and their possible implications.

## **Chapter Two - METHODOLOGY**

- II. Summary of Methodology
- III. Data Source and Computations

## **II. SUMMARY OF METHODOLOGY**

In this study I will use 1980 and 1990 census data to first look at annual earnings of Black and White, husband-wife(HW) and female headed(FH) families to determine the income distribution of each group. Then, I will seek to determine, by looking at the income distribution for each of the four groups, whether and for whom the middle class has been shrinking in the ten year period. Once the size of the middle class has been understood, in addition to which demographic group has been experiencing the bulk of the change, I will seek to answer what I consider to be a major question: why has the size of the middle class changed over the ten year period, for both Blacks and Whites?

I will look for any significant differences in the changing size of the middle class or lack thereof, between Blacks and Whites, in order to determine if there are any distinct shifts or changes in the income distribution for husband-wife families and female headed families. I will take into account how the proportion of husband-wife families and female headed families differ between Blacks and Whites and whether these differences have contributed to the fluctuations in the size of the middle class.

Finally, I will seek to determine how, if at all, the increasing incidence of female heads of households has contributed to the shrinkage of the Black middle class or contributed to any changes or shifts in the income distribution.

### III. DATA SOURCE AND COMPUTATIONS

The family income data used in this study was gathered from the 1980 and 1990 census. Following Katherine Bradbury's methodology used in a 1986 study<sup>5</sup>, I used a simple shift-share analysis technique to break down the total change in the distribution of family income between 1980 and 1990. This shift-share analysis allows me to determine how much of the change in the distribution of family income is due to 1). shifts in the demographic composition of families and 2). shifts in the distribution of income within each demographic group. Five family groups were analyzed: husband-wife, wife doesn't work; husband-wife, wife does work; female-headed, female doesn't work; female headed, female works; and male-headed families. A second analysis applied the same categories to just families with and without children.

After controlling for inflation over the ten year period, income was grouped into (8) \$10,000 intervals ranging from "under \$10,000 to over \$70,000" for each demographic group mentioned above, for both Blacks and Whites and families with and without children. (refer to Appendix A-H) Note, this study only included those heads of families between the ages of 25-54 years old. I selected heads of families between the ages of 25-54 years old because most families are at their prime earning potential within this age bracket. Before the age of 25 years old, many individuals are just entering the

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<sup>5</sup> Katherine Bradbury's paper, "The Shrinking Middle Class" examined changes in the distribution of family incomes in the U.S. from 1973-1984.

workforce. And as for women, many of them are beginning to have children and have dropped out of the labor force or have not yet entered it. As a result they are not counted in labor force statistics. Individuals older than 54 years old tend to have lower labor market earnings due to retirement.

Computations:

If  $a_{ijt}$  is the fraction of families in demographic group  $i$  that have incomes in class  $j$  in year  $t$ , and  $S_{it}$  is the fraction of all families in demographic group  $i$  in year  $t$ , then

$$\sum_j a_{ijt} = 1 \text{ for all } i \text{ in year } t, \text{ and}$$

$$\sum_i S_{it} = 1 \text{ in year } t.$$

The overall distribution of families across income classes in year  $t$  can be calculated as the weighted average of the income distributions of the demographic groups that comprise the whole. Thus the fraction of all families that have incomes in class  $j$  in year  $t$ ,  $b_{jt}$  is equal to

$$b_{jt} = \sum_i a_{ijt} S_{it}$$

The fraction of families with middle class incomes is the sum of the  $b_{jt}$ 's across the income range defined as the "middle". The middle in this study is defined as those incomes between \$20,000-\$50,000 to allow for uncomplicated comparisons with other research conducted about the middle class. The researchers that I refer to in this study as well as most others, define the middle class as those incomes between \$20,000-\$50,000.

To calculate what the overall distribution of families across incomes would be in



1990 if the 1980 demographic mix held, the 1980 shares of each demographic group (the  $S_i$ 's) are applied to the 1990 income distribution for each group (the  $a_{ij}$ 's). Thus

$$b_{jx} = \sum a_{ij90} * S_i80.$$

The difference between  $b_{jx}$  and  $b_{j90}$  is said to be attributable to the change in shares in the relative size of demographic groups, and the difference between  $b_{jx}$  and  $b_{j80}$  is attributable to shifts in the income distributions within demographic groups.<sup>6</sup>

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<sup>6</sup> Bradbury, p. 53-54

## **Chapter Three - Findings**

### **IV. Data Analysis**

- A. Black & White Families**
- B. Black & White Families with at least one child**
- C. Discussion**

## IV. DATA ANALYSIS

### *A. BLACK AND WHITE FAMILIES*

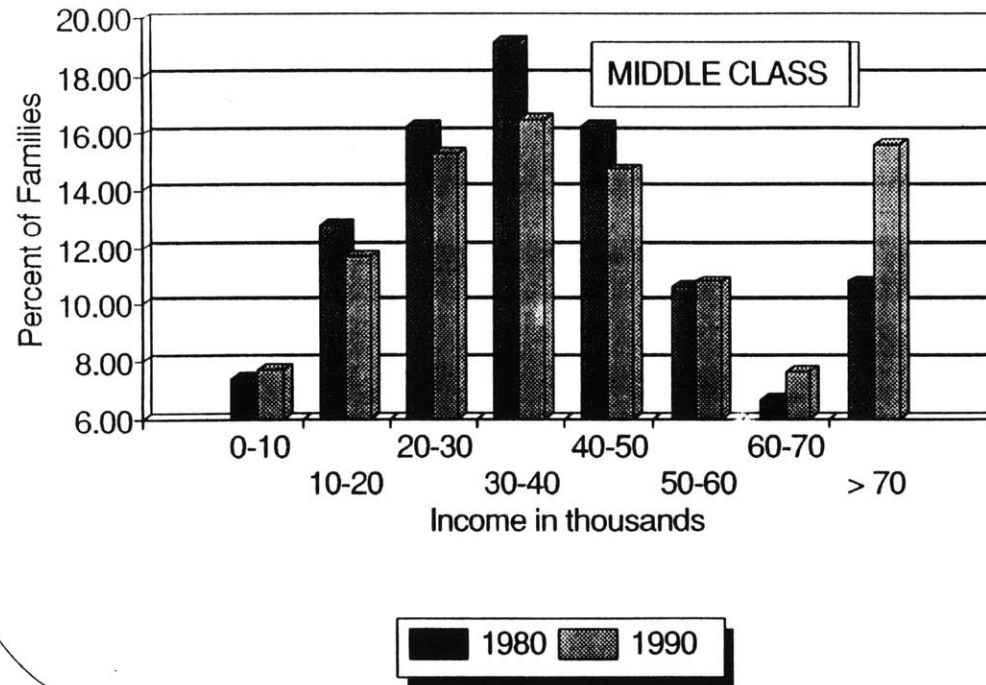
In 1980, the overall family income distribution for family heads aged 25-54 years old looked like an even shaped bell curve, a few families at the lower and upper end of the distribution and a whole lot of families in the middle. By 1990, that even shaped bell curve, that is a lot of families in the middle of the income distribution and few people at the lower and upper end of the distribution, began to flatten out in the middle with each tail beginning to increase. In the ten year period, the income distribution began to show a picture where families were becoming richer and poorer. (See Figure I)

The White family income distribution in 1980 mirrored that of the overall U.S. average, an even shaped bell curve. (See Figure II) By 1990, that curve began to shift much like the U.S. average. However, when the middle of the distribution began to flatten out it was the upper tail that picked up most of what the middle lost. In other words, the White family, in the ten year period, was becoming richer. Then why, the growth in the lower end of the income spectrum for the country average, if White families were getting richer?

When looking at the income distribution for Blacks the bell curve was not so even in 1980 and by 1990, that same curve was following the same trend as White families, as the middle was losing the lower and the upper end of the income distribution was gaining. However, when looking at the actual percentages of Black families with

Figure I

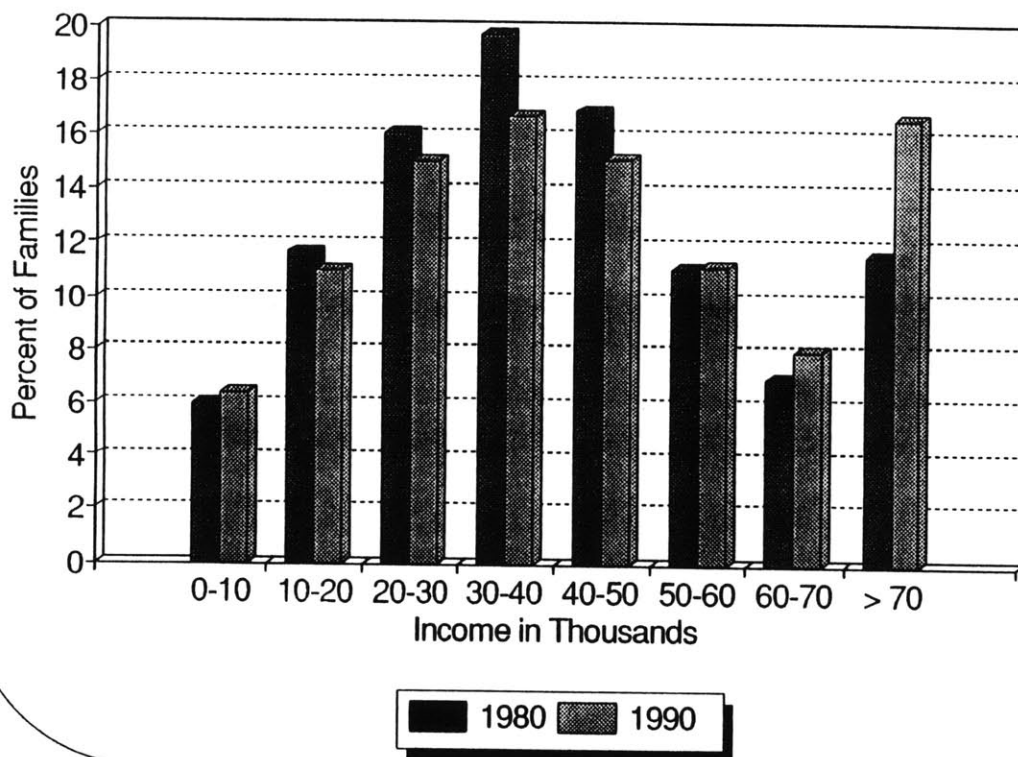
### FAMILY INCOME DISTRIBUTION 1980-1990 Head aged 25-54 years old



Source: U.S. Census 1980 & 1990  
Based on my calculations

Figure II

**WHITE FAMILY INCOME DISTRIBUTION**  
Head aged 25-54 years old/1980 & 1990



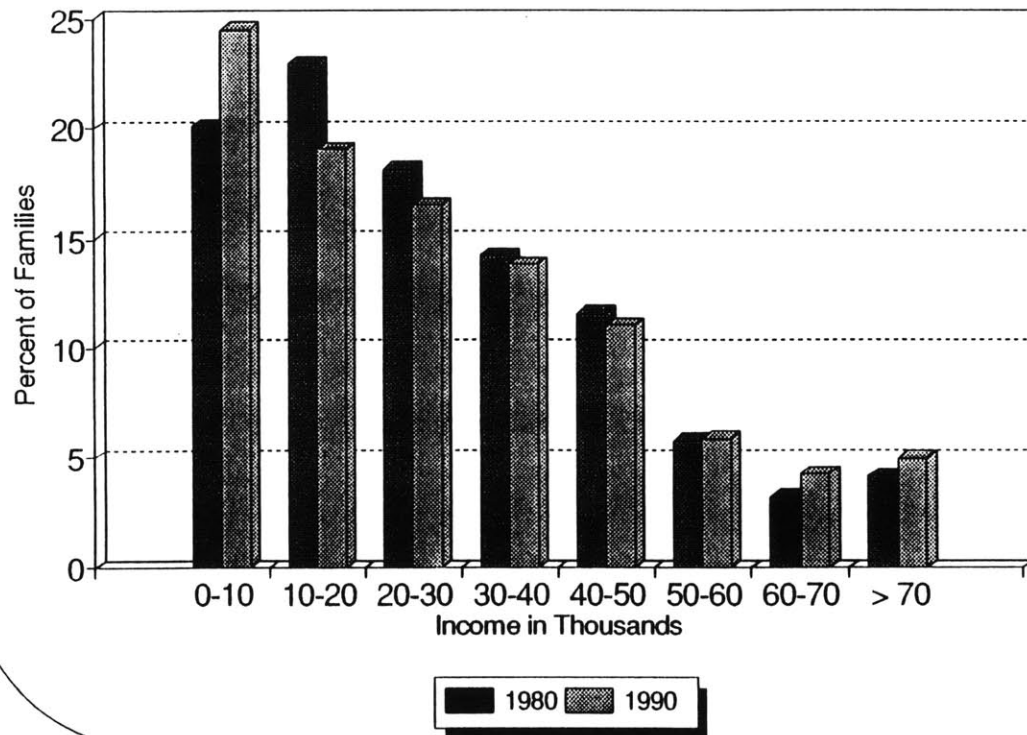
Source: U.S. Census 1980 and 1990  
Based on my calculations

incomes below \$20,000 we find that this figure decreased over the ten year period going from 41% in 1980 to 39% in 1990. It appeared that Black families too were getting richer over the ten period.

However, when focusing attention specifically on families with at least one child, the picture wasn't so clear. (See Figure III & IV) I found that there were two different phenomenas taking place during the same time period. While overall Black and White families appeared to be getting richer, families with a least one child where experiencing a different shift in the income distribution over the ten year period. Essentially, as indicated above there were two totally different stories developing simultaneously. One story is that while the middle class shrank, families were experiencing an increase in the fraction of families with incomes above \$50,000. The other story is that families with at least one child over the ten year period witnessed, as the middle class shrank, an increase in the fraction with incomes below \$20,000. Therefore, the question then becomes, what happened to overall families in the ten year period? And, what happened to families with at least one child? In the following pages, I will attempt to accurately interpret "what the numbers say" about why the difference between the overall family average and those families with at least one child. When looking at the Black family income distribution for all families the increase in those families at the lower end of the income spectrum seems fairly large.(see figure V) However, when taking a closer look a clearer picture begins to emerge and tells a story of what was happening to the Black middle class between 1980 and 1990.

Figure III

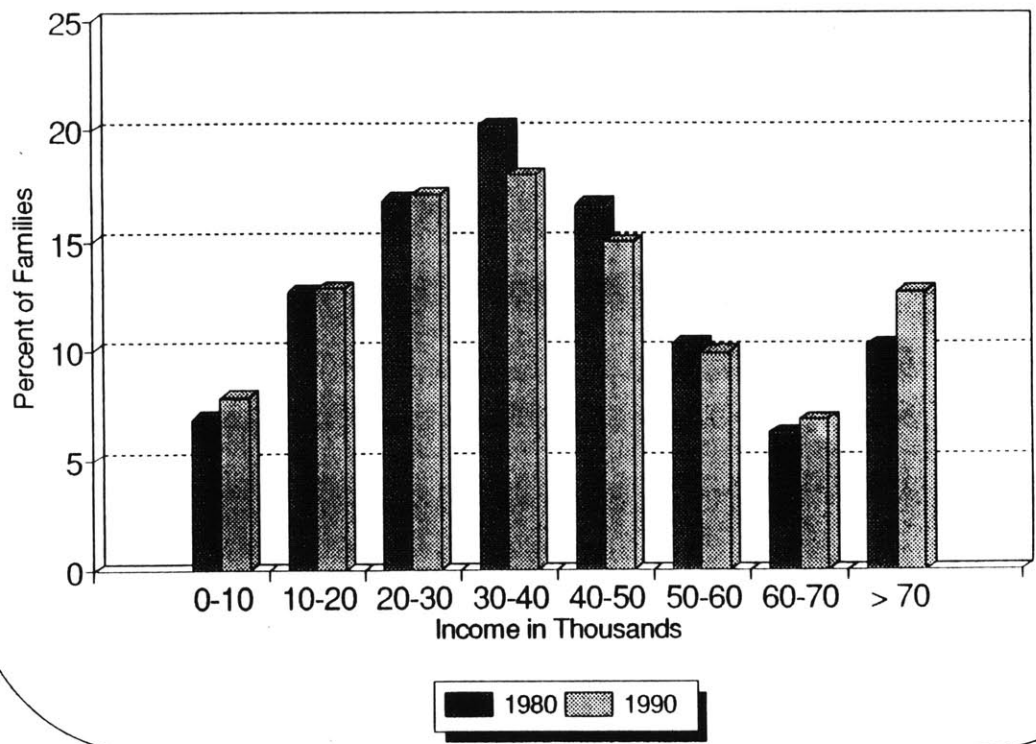
**BLACK FAMILY INCOME w/at least 1 child**  
Head aged 25-54 years old / 1980 & 1990



Source: U.S. Bureau of the Census 1980 and 1990  
Based on my computations

Figure IV

**WHITE FAMILY INCOME w/at least 1 child**  
Head aged 25-54 years old / 1980 & 1990

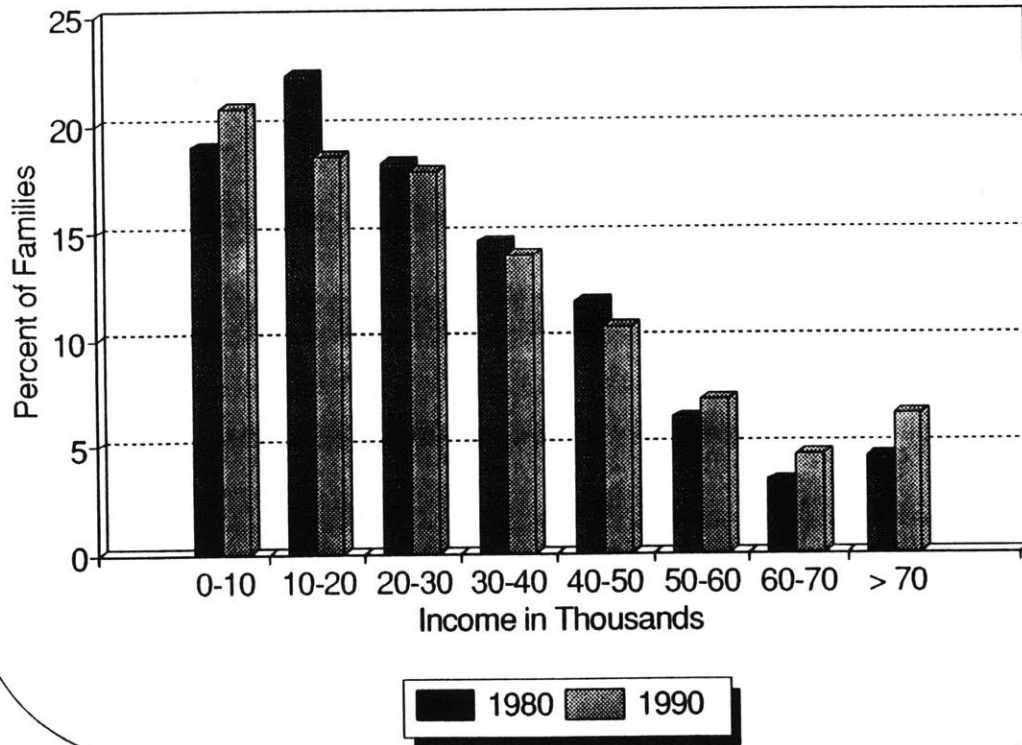


Source: U.S. Bureau of the Census 1980 and 1990  
Based on my computations



Figure V

**BLACK FAMILY INCOME DISTRIBUTION**  
Head aged 25-54 years old/1980 & 1990



Source: U.S. Bureau of the Census 1980 and 1990  
Based on my computations

By taking total family income and breaking it into (8) \$10,000 dollar increments(refer to Appendix A-H), we can more clearly see just how many families have middle class incomes--middle class income being defined as incomes between \$20,000-\$50,000. To determine the fraction of all families with middle class incomes you take the sum of the middle class incomes for each demographic group and then derive a percentage of the total number of Black families. In 1980, the largest fraction of Black families were middle class(45%), the second largest group was lower income families(41%). Only 14% of all Black families had incomes above \$50,000 in 1980 versus 30% for White families.

By looking at the percentage of middle class earners in the Black family in 1980 and 1990, we see that there was only a 3 percentage point decrease in the size of the middle class. While the middle class in the Black family went from 45% to 42% in the ten year period, the upper class increased by 4 percentage points from 14% to 18% and the lower income earners went from 41% to 39%, a decrease of only 2 points. The upper income earners in the Black community, basically picked up what the middle and lower income earners had lost. (See Table I)

Many have argued that the Black middle class is shrinking as a result of the increase in the percentage of female heads of households. This is true, however for very different reasons than what many would suspect. First, female heads of households did experience an increase in the ten year period from 37% in 1980 to 42% in 1990. However, this large jump is not necessarily due to a surge in the absolute number of

DISTRIBUTION OF FAMILIES BY INCOME - Black

Table I

Income	Number of Families (thousands)		Percent of Families		Percent of Families	
	1980	1990	1980	1990	1980	1990
0-10	718	824	19.01%	20.79%	below	41.29%
10-20	841	736	22.27%	18.57%		
20-30	689	709	18.25%	17.89%	middle	44.68%
30-40	552	552	14.62%	13.93%		
40-50	446	420	11.81%	10.60%		
50-60	237	284	6.28%	7.17%	upper	18.22%
60-70	125	181	3.31%	4.57%		
> 70	168	257	4.45%	6.48%		
Total	3776	3963	100.00%	100.00%	100.00%	100.00%

Source: U.S. Bureau of the Census 1980 & 1990  
 My computations

female heads of households as much as it is due to the small increase in overall families, so that the proportion of female heads of households appeared to be greater than what it really was. In other words, the increase in real numbers for female heads of households was quite small. Secondly, as the middle class shrank and the fraction of female heads of households increased the Black family didn't get poorer, it actually saw an increase in the fraction with incomes above \$50,000. For families with at least one child, however, the decline of the middle class and the increase in the fraction of female heads of households did have a negative effect.

Another interesting trend that surfaced when analyzing Black family income trends is that it was specifically husband-wife families, where the wife did work, that experienced a decrease in the percentage of middle class earners. For husband-wife families where the wife didn't work, in 1980, 47% had middle class incomes, by 1990 this figure increased to 52%. However, among husband-wife families where the wife worked, in 1980, 59% had middle class incomes, by 1990 only 51% had middle class incomes. For husband-wife families(wife works) with incomes above \$50,000, the share went from 26% in 1980 to 35% in 1990. As for female heads of households in the Black family, this group actually experienced an increase in the percentage of those that had middle class earnings from 37% in 1980 to 40% in 1990. One explanation could be that this increase came from the decrease in female heads of households with incomes in the 0-\$10,000 income bracket. Although this claim cannot be made for certain without longitudinal data.(See Appendix A & B)

White families too, showed a drop in the number of middle class families. In 1980 53% of White families were in the middle class. By 1990 this figure had dropped to 47%, a decrease of 6 percentage points. Like Black families, a large portion of what the White family with middle class earnings lost in terms of the fraction of all families in this group, those with upper incomes gained. The upper income earners went from 30% in 1980 to 36% in 1990. The lower income earners, on the other hand did not increase at all, actually this group remained virtually the same with a decrease of one percentage point, from 18% in 1980 to 17% in 1990. (See Table II)

Unlike Black families, White females heads of households with middle class earnings remained relatively the same over the ten year period with a one percentage point decrease from 57% in 1980 to 56% in 1990. The group that witnessed the largest decrease was husband-wife families of both types. The fraction of this group with middle class incomes dropped by as much as (8) percentage points over the ten year period. Husband-wife families where the wife didn't work went from 56% in 1980 down to 47% in 1990 and husband-wife families where the wife did work decreased 7 percentage points from 54% in 1980 to 47% in 1990.

DISTRIBUTION OF FAMILIES BY INCOME - White

Table II

Income	Number of Families (thousands)		Percent of Families		Percent of Families	
	1980	1990	1980	1990	1980	1990
0-10	1894	2375	6.00%	6.35%	below	17.69%
10-20	3694	4119	11.69%	11.01%		
20-30	5060	5629	16.02%	15.04%	middle	52.67%
30-40	6243	6259	19.76%	16.73%		
40-50	5335	5645	16.89%	15.08%	upper	46.85%
50-60	3507	4194	11.10%	11.21%		
60-70	2192	2983	6.94%	7.97%		
> 70	3664	6219	11.60%	16.62%		29.64%
<b>Total</b>	<b>31589</b>	<b>37423</b>	<b>100.00%</b>	<b>100.00%</b>		<b>100.00%</b>

Source: U.S. Bureau of the Census 1980 & 1990  
 My computations

## *B. BLACK AND WHITE FAMILIES WITH AT LEAST ONE CHILD*

Of all families between 25 and 55 years old, 75% were families at least one child in 1980.(Refer to Table III) By 1990, this figure had drastically decreased to 35%. Fewer families were selecting to have children. This was true for both Black and White families. In 1980 81% of all Black families were those w/at least one child, for Whites during the same year, this figure was 74%. By 1990 only 35% of all Black families were those w/at least one child, for Whites the figure was roughly about the same as the Black family figure at 34%. With this drastic decline in families w/at least one child, my next question is, of those families with at least one child how did their income distribution change over the ten year period?

I found that the fraction of families w/at least one child for both Blacks and Whites, as compared to all families declined drastically across all income brackets over the ten years.(Refer to Figure VI & VII) In other words, not only did the proportion of lower income families with at least one child decrease over the ten years, but also those families with earnings in the middle and upper ends of the income distribution. For Black families the largest decrease was those families with incomes above \$50,000 and under \$20,000. In 1980, 74% of all families with an income range between \$50,000-\$60,000 had at least one child. By 1990, this figure had decreased to only 32%. In 1980, approximately 80% of all middle class families had at least one child. By 1990, this figure had dropped to only 39%. For White families, the largest decrease in the

Table III

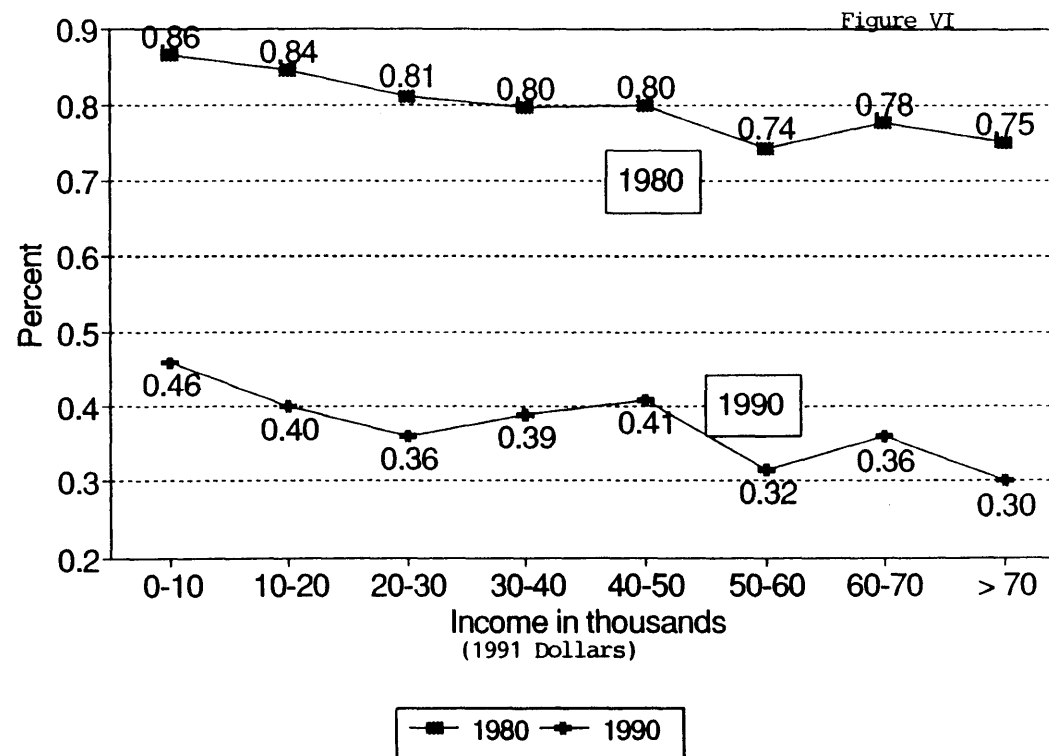
TOTAL FAMILIES & PERCENTAGE by race/year and size of family					
	1980				
	BLACK		WHITE	TOTAL	
ALL FAMILIES	3845	10.80%	31753	89.20%	35598
ALL FAMILIES w/at least one child	3149	11.78%	23592	88.22%	26741
	81.90%		74.30%		75.12%

TOTAL FAMILIES & PERCENTAGE by race/year and size of family					
	1990				
	BLACK		WHITE	TOTAL	
ALL FAMILIES	4041	9.69%	37669	90.31%	41710
ALL FAMILIES w/at least one child	1590	11.05%	12794	88.95%	14384
	39.35%		33.96%		34.49%

Source: U.S. Bureau of the Census 1980 & 1990



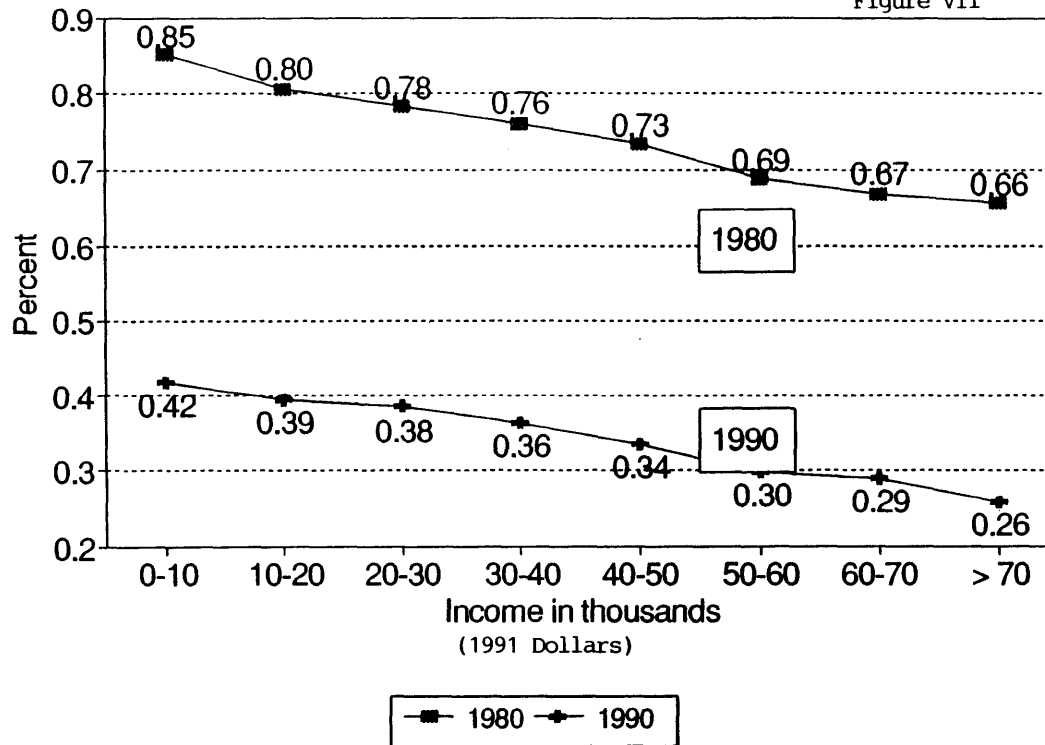
FRACTION OF FAMILIES W/AT LEAST 1 CHILD  
as compared to all families - Black



Source: U.S Census 1980 and 1990  
Based on my computations

### FRACTION OF FAMILIES W/AT LEAST 1 CHILD as compared to all families - White

Figure VII



Source: U.S. Bureau of the Census 1980 and 1990  
Based on my computations

proportion of families with at least one child was concentrated among those families with incomes under \$20,000. In 1980, this figure was 85%, by 1990 it had dropped to 42%. White families with incomes above \$50,000 experienced the smallest decrease in the ten year period, on average.

Unfortunately, what this information demonstrates is that while individuals, both married and single who consider themselves a family, are waiting longer to have children--the proportion that do have at least one child have a higher likelihood of having incomes between \$0-\$10,000. In other words, by 1990, a child in this country was more likely to grow up in a family where the incomes were below \$20,000, rather than in a family where incomes were greater than \$50,000.

Looking at the distribution of families with at least one child for Blacks and Whites by themselves, not as a fraction of all families, as I did in the above, I found that for both groups, there was an increase in the fraction of families with at least one child, with incomes below \$20,000. (See Tables IV & V) For Black families this figure went from 43% in 1980 to 44% in 1990, for White families the figures were 20% in 1980 and 21% in 1990. Further, notice that the bulk of the increase was concentrated among those families with incomes between 0-\$10,000 or in other words an increase in families living in poverty. While the greatest increase was among families living at or below the poverty level, it is worth noting that there was also an increase in families with at least one child, with earnings in the upper income bracket (\$50,000 and above). The largest jump was in the income bracket of \$60,000-\$70,00 for Black families going from 3% in

DISTRIBUTION OF FAMILIES w/at least one child  
 BY INCOME - Black

Table IV

Income	Number of Families (thousands)		Percent of Families		Percent of Families	
	1980	1990	1980	1990	1980	1990
0-10	620	380	20.12%	24.50%		
10-20	709	296	23.00%	19.08%	below	43.12% 43.58%
20-30	559	256	18.14%	16.51%		
30-40	439	215	14.24%	13.86%	middle	
40-50	356	172	11.55%	11.09%		43.93% 41.46%
50-60	176	90	5.71%	5.80%		
60-70	97	65	3.15%	4.19%	upper	
70-80	126	77	4.09%	4.96%		12.95% 14.96%
Total	3082	1551	100.00%	100.00%		100.00% 100.00%

Source: U.S. Bureau of the Census 1980 & 1990  
 My computations

DISTRIBUTION OF FAMILIES w/at least one child  
 BY INCOME - White

Table V

Income	Number of Families (thousands)		Percent of Families			Percent of Families	
	1980	1990	1980	1990		1980	1990
0-10	1610	995	6.86%	7.84%			
10-20	2969	1624	12.66%	12.80%	below	19.52%	20.64%
20-30	3950	2167	16.84%	17.08%			
30-40	4742	2281	20.22%	17.98%	middle		
40-50	3904	1897	16.65%	14.95%		53.71%	50.01%
50-60	2413	1253	10.29%	9.88%			
60-70	1465	862	6.25%	6.79%	upper		
> 70	2400	1609	10.23%	12.68%		26.77%	29.35%
Total	23453	12688	100.00%	100.00%		100.00%	100.00%

Source: U.S. Bureau of the Census 1980 & 1990  
 My Computations

1980 to 4% in 1990. For White families they experienced a large increase in the income bracket of \$70,000 and above going from 10% in 1980 to 13% in 1990.

Without a doubt, for both Black and White families, the middle class did experience a decline over the ten year period from 44%(1980) to 41%(1990) for Blacks and 54%(1980) to 50%(1990) for Whites. Both groups witnessed virtually no change in the number of those with lower incomes(incomes under \$20,000). Similar to the overall family average, both groups' upper income earners increased by approximately 2 percentage points between 1980 and 1990. What was discomfoting for families w/at least one child, was the decline in the percentage of each demographic group with middle class incomes. Among Black families, female heads of households w/middle class incomes in families w/at least one child went from 43% in 1980 down to 40% in 1990 among Black families. For White families this figure was 51% in 1980 and by 1990 had dropped ten percentage points to 41%. Husband-wife families, with and without spouses in the labor force, for both Black and White families suffered a decreased in the percentage with middle class incomes by as much as 6 percentage points. By calculating a weighted average of each demographic group for both Blacks and Whites with and without at least one child, I found that total Black family income is far more dependent on the incomes of single heads of households versus their White counterparts.(Refer to Table VI)

White families can count on incomes from husband-wife families to a much greater degree, therefore skewing their overall family income significantly higher than

PERCENTAGE OF FAMILIES  
w/ Middle Class Incomes (\$20,000-\$50,000)

Table VI

	Percentage of Families with Middle-Class Incomes	
	1980	1990
All Families (head aged 25-54 yrs old)	52.00%	46.43%
husband-wife wife doesn't work	55.60%	48.82%
husband-wife wife works	54.28%	47.84%
female head wife doesn't work	11.71%	10.29%
female head	41.23%	43.11%
male head	50.79%	50.03%
	1980	1990
All Families (head aged 25-54 yrs old) w/at least one child	52.57%	49.08%
husband-wife wife doesn't work	56.57%	51.39%
husband-wife wife works	56.69%	53.82%
female head wife doesn't work	10.82%	6.84%
female head	37.97%	33.76%
male head	51.56%	45.51%

Source: Calculations based on data from U.S. Bureau of the Census  
My computations

that of Black families and also making their families significantly richer, on average. This same conclusion can be made when comparing the weighted averages for families w/at least one child. However, the outcomes are a little more discomfoting because they involve families with children.

In 1980, Black families with at least one child were 2.5 times more likely to receive their income from female heads of households. By 1990, this figure had increased to 3.3 times more likely. Black family income(w/at least one child) coming from husband-wife families decreased during the ten year period from 33% to 28%, while White families remained the same over the ten year period with 46% of their family income coming from husband-wife families.



### *C. DISCUSSION*

Based on the above data analysis, we can answer a number of important questions such as: What is the size of the middle class? Is it growing or shrinking? Are the same changes in the income distribution occurring among families with children as well as for those without? How do Black families compare to White families when looking at the size of the middle class and how has it or has not changed over the ten year period? And finally, we know how much of total family income for each group comes from husband-wife families and how much comes from female heads of households. What the above analysis hasn't told us is what would the income distribution look like or how would the fraction of middle class families change if, say for example the fraction of female heads of households was the same in 1990 as it was in 1980. Theoretically, we can assume that if the proportion of female heads of households remained at its 1980 level, then the fraction of middle class families would be higher than it actually is. Surprisingly, this did not occur to the degree that one would expect it too.

The fraction of Black families with middle class incomes in 1980 was 45%. By 1990 this figured had decreased by 3 percentage points to 42%. As for White families, the fraction with middle class incomes in 1980 was 53%. By 1990, the fraction of White families with middle class incomes significantly declined down to 47%, a 6 percentage point decrease.

If I hold constant the fraction of each demographic group and only change the

fraction of female heads of households to its 1980 level, the fraction of Black families with middle class incomes in 1990 would have been 43% instead of 42%. With a difference of only one percentage point between the actual fraction of middle class Black families in 1990 versus what it would have been had the fraction of female heads of households remained at its 1980 level, suggests that the decrease in the size of the middle class is not chiefly due to the increase in the fraction of female heads of households as was suspected. If I change the fraction of each of the five demographic groups to what they were in 1980, I found that in 1990 the fraction of Black family middle class incomes would have been 43%, approximately exactly the same as what it really was in 1990. Again, suggesting that the decline in the Black middle class must not be demographic. I can conclude that changes in the family structure have not affected the size of the Black middle class between 1980 and 1990.

If I conduct the same calculations as above for White families, I observed that making the fraction of female heads of households in 1990 what it was in 1980, had almost no affect on the proportion of White families with middle class incomes. In 1990 the fraction of middle class families among Whites was 47%, a 6 percentage point decrease from its 1980 level of 53%. When I changed the fraction of female heads of households to its 1980 level, the fraction of middle class families would have remained the same at 47%. When I changed the fraction of each of the demographic groups to their 1980 levels, I found that the fraction of White families, in 1990, with middle class incomes would have also remained approximately the same at 47%.

Overall Black and White families have both suffered a decrease in the size of the middle class between 1980 and 1990. It is conclusive that the decrease was not a result of changes in the family structure. In other words, some factor other than demographics, was the chief cause of the shrinking size of the middle class for both groups between 1980 and 1990. Since we witnessed an increase in the fraction of families with incomes above \$50,000, one theory that might explain why the middle class shrank over the ten year period says that, there were more husband-wife families where both individuals worked and this dual income family unit would move into the income bracket of \$50,000 and above. Another theory that could explain the shrinkage of the middle class is the one that argues, over the ten year period we began to see an increase in people earning less money in 1990 than in 1980 for doing the same jobs. This kind of phenomena could theoretically cause an increase in the fraction of families with incomes in the less than \$50,000 income bracket over the ten year period.

Both Black and White families with at least one child witnessed a shrinkage in the fraction with middle class incomes also. The decrease was approximately three percentage points for both groups. However the shifts in the fraction of female heads of households slightly differed between the two groups. The fraction of female heads of households increased by 2 percentage points for Black families going from 40% in 1980 to 42% in 1990. For White families with at least one child, the fraction of female heads of households slightly decreased over the ten year period from 12% in 1980 to 11% in 1990. Even with this slight decrease in the fraction of families with female heads

of households for White families, it does not explain the three percentage decrease in the fraction of middle class families. As for Black families, as indicated above, the fraction of families with female heads of households increased. Suggesting that for both Black and White families with at least one child, that the shifts in the fraction of female heads of households, be it either an increase or decrease, does not explain why the middle class shrank over the ten year period.

In 1990, 50% of all White families with at least one child were middle class. If I change the fraction of female heads of households to its 1980 level, then the fraction of White families with at least one child that were middle class would have been 52%. This means that if the fraction of husband-wife families and female heads of households were at their 1980s levels in 1990, than the fraction of White families with middle class incomes would have decreased by one percentage point instead of its actual decrease of two percentage points.

In 1990, 41% of Black families with at least one child were middle class, a decrease of three percentage points from its 1980 level of 44%. If I change the fraction of female heads of households in 1990 to its 1980 level, I found that the fraction of middle class Black families with at least one child would have been 42%, a one percent increase from its actual level of 41%.

### **Chapter Three - LITERATURE REVIEW**

- V. Recent Trends in the Changing Size of the Middle Class
- VI. Recent Trends in the Changing size of the Black Middle Class
- VII. Female Heads of Households

## V. RECENT TRENDS IN THE CHANGING SIZE OF THE MIDDLE CLASS

Following World War II, American families were experiencing a rapid growth of the middle class and the equalization of family incomes.(Levy 1988) According to Levy:

"Family income equality did grow a little in the 1950s and 1960s. But the real nature of the growing middle class was rising incomes. In 1947 the average family had an income of about \$14,830(in 1987 dollars). By 1973 this figure had almost doubled, and the average family had an income of \$28,890. Inequality among family incomes had not declined radically but a growing proportion of families could afford a middle-class lifestyle, a single-family home, one or two cars, a washing machine and dryer-and it was in this sense that the middle class grew. After 1973 family incomes stagnated..."<sup>7</sup>

Back in 1947 the middle three-fifths of families received 53% of all family income. In 1969 the share was 54.8%. According to economists Bob Kuttner, "as the economy shifted away from its traditional manufacturing base to high-technology and service industries, the share of jobs providing a middle-class standard of living was shrinking." As a result, Kuttner states, "the country's(U.S.) future as a middle class society was in jeopardy."<sup>8</sup>

To the extent that one researcher argues that the middle class is shrinking such as Kuttner or Bradbury(1986), there is yet another who will argue just as vehemently that the middle class is not shrinking at all, but that what we are witnessing is a restructuring

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<sup>7</sup> See Levy(1988), p. 115

<sup>8</sup> Kuttner(1983)

of the economy. The later point of view is held by economists Neal Rosenthal. Neal Rosenthal(1985) argued that claims such as Kuttner's fail to take into account the complex nature of the economic structure in the U.S. Indeed he agrees "that there has been a decline in "smokestack" industries, rapid growth in high tech industries and a large number of openings in low paying occupations--the extent to which each of these factors has contributed or can be expected to contribute to the decline of middle income earners is open to debate."<sup>9</sup>

Not being able to agree on whether the middle is shrinking or has shrunk over the past ten to twenty years is only one source of a number of heated debates that surround this question of "how well off are we?". The debate over why the middle class has changed can be as complicated, if not more so, than determining whether the middle class is the same today as it was ten years ago. According to leading researchers, there are basically three different stories that explain why the middle class is shrinking. The first is the demographic argument that says the chief cause of the middle class shrinking is the increase in the fraction of female heads of households. Economists Katharine Bradbury(1986), Bart Landry(1987) and Jeremiah Cotton(1990) tell one story in which the main reason for a shrinking middle class is declining family income, increasing income inequality and people employed in worse rather than better occupations. The other story says that the reason there is a shrinking middle class is that individuals are earning lower wages in the 1980s than in the 1970s for doing the same jobs.

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<sup>9</sup> Rosenthal(1985), p.6

According to Bluestone & Harrison manufacturers in the United States were paying out in wages in 1986 nearly \$22 million less each hour than they had been in 1973. For example, producers of durable goods in 1973 paying an employee \$10.75 per hour by 1986 a person doing the same job was making \$10.33 per hour. Contrary to many mainstream economists, Bluestone & Harrison further argue that the growth in the number of female workers had no significant impact on the increase in the inequality of wages.

According to Bradbury, from 1949-1973 incomes of American families rose steadily pausing only briefly during recessions and reaching new heights during each expansion. However, since 1973 the ground lost in recession hasn't been regained. The percentage of families with incomes over \$50,000 and the percentage of families with incomes below the poverty line started to increase. Basically, Bradbury argued, "the distribution of income is becoming more unequal. In her paper "The Shrinking Middle Class"<sup>10</sup>, Bradbury concluded that the middle was indeed shrinking. Further, she argued that demographic changes were not the major reason for the decline in the percentage of families with middle-class incomes from 1973-1984.

While much debate continues to surround the issue of how to define the middle class, we can all agree that to be middle class really means having an income that is somewhere in the middle of the income distribution and to have a certain lifestyle that would allow individuals to purchase a home, car and other pleasurable necessities of life.

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<sup>10</sup> See Bradbury(1986)



Our concern is with the fact that, as stated by Levy, "that the two definitions have began to diverge over the years, and being in the middle of the distribution no longer guarantees a middle-class income."<sup>11</sup>

Most other analysts that examine the income distribution usually use a data set that includes all families. To get a more accurate look at the income distribution I am looking at only those families with heads between the ages of 25-54 years old. When most people think of who they "expect" to have a middle-class lifestyle, they are really referring to families in their prime earning years. For example, the fact that a family headed by someone who is "20 years old" or "73 years old" and doesn't have a middle-class income would not surprise or alarm many people. The 73 year olds may have lower expenses while the 20 year old has their good earning years ahead of them and not yet reached their full earning potential. Therefore, I found that it wasn't important to look at people who were either younger than 25 years old or older than 54 years old, but rather people who I expect to be in the middle class.

"Defining the middle class as all those families with Census money incomes between \$20,000 and \$50,000 demonstrates that the fraction of middle income families did indeed decline between 1973-1984 from 53% to less than 48%. Most of the decline in the middle-class share was picked up by the lower income class which increased from 32% of families to 36%; the upper income class grew slightly, from 15% to 16% of families."(Levy 1988)

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<sup>11</sup> See Levy(1988), Dollars and Dreams, p. 206

Using the same definition for the middle class as Levy, the fraction of middle income families did decline between the ten year period 1980-1990 from 52% in 1980 to 46% in 1990.<sup>12</sup>(see figure III) However, most of the decline in the middle class was not only picked up by the lower income class but by the upper income class also. For Black families specifically, what the middle class lost, the upper income class picked up. Black middle class families went from 45% in 1980 to 42% in 1990. Meanwhile the upper income Black families(those families with incomes above \$50,000) increased from 14% in 1980 to 18% in 1990. (See Figure V) As for White families, middle class families went from 53% in 1980 to 47% in 1990. The upper income families, went from 30% in 1980 to 36% in 1990. (See Figure II)

To some extent, what happened between 1973-1984-an increase in the lower income class-was still happening in 1980-1990. But on the other hand, some new trends were also beginning to unfold. It appeared that as the middle class was declining the upper income was gaining.

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<sup>12</sup> While I use the same definition as Levy(1988), note that he looked at a different population in his study. His population included all families rather than just families between the ages of 25-54 years old.

## VI. TRENDS IN THE INCOME DISTRIBUTION OF BLACK FAMILIES

Many have argued (Landry, 1987; Cotton, 1990) that as of the 1980s the Black community has been seeing a growth in people living at the two extremes. According to Landry, Black families are either extremely wealthy and living comfortably or they are extremely poor and living hand to mouth. As compared to their earlier counterparts of the 1960s and 1970s, he would argue, Blacks, overall are not doing as well. Following the Civil Rights Movement of the 1960s, we began to see an emergence of a Black middle class. This upsurge was due to the increase entry of Black people into jobs that were previously not open to them and access to better education.

Bennett Harrison & Lucy Gorham in their study, "Growing Inequality in Black Wages in the 1980s and the Emergence of an African-American Middle Class", found, that the Black population was definitely experiencing a polarization in family income during the 1980s. They argued:

"In 1979-The business-cycle peak prior to the recessions of 1980 and 1982-34.7 percent of all Black families had annual incomes under \$12,500 a year(in 1987 dollars), while 7.90 percent had incomes of \$50,000 or more. by 1987, the low-income share had risen to 37.1 percent, the high-income share to 9.5 percent, and the middle had fallen from 57.4 percent to 53.4 percent of the population of Black families. These data are consistent with recent research showing increasing income polarization among Black households during the post-recession period 1983-1987."<sup>13</sup>

Prior to the 1980s, Blacks had already begun to witness a slowdown in their

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<sup>13</sup> See Gorham & Harrison, p. 237

movement into the middle class. According to Landry(1987):

"The deep recession of 1974-75 combined with high inflation, rising unemployment rates, which fell below 5% for Whites in only two years of the decade, then recurrent recessions and double-digit inflation sent the economy into a slump, ending two decades of booming prosperity. As a result the growth of the Black middle class slowed dramatically, especially among Black males who increased their presence in the middle class by less than 1 percent. Almost all of the growth in the Black middle class during this decade resulted from the ability of Black women to continue finding white-collar jobs, particularly at the clerical level where demand was high<sup>14</sup> ...most Black families who had reached a middle-class standard of living by the mid-1970s managed to do so only because of two incomes. Few Black families in which wives did not work full-time even reached the intermediate standard of living."<sup>15</sup>

In 1976, about 39% of middle class Blacks were lower middle class, compared to 28% of Whites. At \$18,255 (in 1976 dollars) the average income for lower-middle class Blacks was \$5,500 below the requirement for a middle-class living standard. "All in all, a significantly larger percentage of middle-class Blacks than Whites lacked the income to live up to the standard of their class as a whole."<sup>16</sup>

By the 1980s a different phenomena began to emerge. At first glance it almost appeared that the Black community was absent of a middle class. While Cotton(1990)<sup>17</sup> argued that indeed the middle class is shrinking, according to Landry:

"the 1980s were not experiencing an absence of a middle class but rather a "new" and distinctively different middle class that wasn't evident in the 1960s or 1970s.

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<sup>14</sup> See Landry(1988), p.74 & 75

<sup>15</sup> " ", p. 138

<sup>16</sup> " ", p. 137

<sup>17</sup> Cotton uses occupational data as his main data source

While the pre-1980 black middle class grew out of an unprecedented increase in opportunity in white collar occupations, for both Black men and women, the middle class that would later emerge was due to the increase in opportunity for Black women specifically. More Black than White families owed their middle-class position to the occupational achievement of the wife rather than of the husband. Black middle class families were three times as likely to depend on the incomes of both spouses to maintain or approach a middle class standard. In the case of Black families, this second income contributed by the wife was just the right amount to send the family income across the line that defined them as middle class."<sup>18</sup>

In 1960 the Black middle class was at 13.4% as compared to Whites in the same time period. 44.1% of all Whites were in the middle class.<sup>19</sup> Between 1960-1970 the percentage of middle class Blacks suddenly doubled, growing from about 1 in 8 to 1 out of every 4 Black workers.<sup>20</sup> It was a growth shared by both Black men and women in all three strata of the middle class: Professionals, managers, and small businessmen, and clerical and sales workers.

At the other end of the shrinking middle class debate is economist Jeremiah Cotton. Cotton has argued that the notion of a growing Black middle class is a farse. According to Cotton, "the growth is usually attributed to the government's anti-discrimination and affirmative action efforts. By looking at Black and White earnings and occupations between 1959-1987, Cotton determined that Blacks have increased in numbers in upper-white collar occupations but that their earnings have failed to match

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<sup>18</sup> See Landry(1987)

<sup>19</sup> See Landry, p. 68

<sup>20</sup> " ", p. 69

those of their White counterparts" The reason, he argues that they(Blacks) have failed to keep up with their White counterparts is due to lower earnings and the relatively large earnings differentials.<sup>21</sup> For example, according to Cotton:

"...in 1979, the Black/White male earnings ratio for individuals 18 years and over with a 4-year college education was .62 among "executives and administrators." This meant that for every dollar in earnings of a White male executive, a similarly placed Black male earned 62 cents. If a Black male had 5 or more years of college he would have earned 74 cents per every White male dollar."<sup>22</sup>

However, despite Cotton's claims, by looking at families rather than individuals and only looking at families whose head is between 25-54 years old, I found in 1980, 45% of all Black families were middle class compared to 53% for White families. By 1990, this figure, although it had decreased, was 43% for Black families and 47% for White families. It almost appeared that Black and White families were actually converging in terms of money income. But, unfortunately this wasn't so. Only 18% of Black families had incomes above \$50,000 in 1990, up from 14% in 1980 versus 36% of White families, which was an increase from its 1980 figure of 30%. Therefore, while Black families were getting richer, White families were getting richer quicker.

At the other end of the income distribution, the disparity between Blacks and Whites was even greater. In 1980, 41% of all Black families had incomes below \$20,000. By 1990 this figure had decreased to 39%. As for their White counterparts,

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<sup>21</sup> See Cotton, "The Gap at the Top: Relative Occupational Earnings Disadvantages of the Black Middle Class", p. 21

<sup>22</sup> " ", p. 22

18% of all White families had incomes below \$20,000 in 1980. By 1990 this figure had decreased by 1 percentage point to 17%.

The fraction of Black families with at least one child, with middle class incomes, in 1980 was 44%, by 1990 it has decreased 3 percentage points to 41%. For their White counterparts, in 1980 this figure was 54% and by 1990 the fraction of White families with at least one child, with middle class incomes had decreased to 50%. (See Table IV & V) Interestingly, among families with at least one child the Black/White middle income gap was greater than the overall familial average. I suspect that this larger income gap may be due to the fact that female headed families are a bigger fraction of families with children as compared to 25-54 year old families. Consider how families are formed, either a man and a woman marry or a single woman has a child. The later is obviously a larger fraction of families with at least one child than they are in all 25-54 year old families. In all 25-54 year old families, husband-wife families represent a larger fraction. This means that since female headed families are a greater fraction of families with at least one child, and tend to have lower earnings, then they can cause the income gap among families with children to be larger than the income gap for all families.

To test this hypothesis I looked at the fraction of female headed families with at least one child as compared to the overall average for all families that are female headed (this average includes all female heads of households, those with children and those without). While the differences aren't large, the data does suggest that because female headed families are a bigger fraction of families with at least one child and because the

fraction of female headed families among Black families is larger than it is for White families, they could cause the larger income gap between Whites and Blacks. In 1980, 40% of all Black families with children were female headed families as compared to 37% for all families headed by a female. In 1990 this figure had increased to 42% for both families with children and those without, respectively. However for White families rather than witnessing a slight increase the fraction of all families with children who were female headed as compared to the overall familial average slightly decreased. In 1980, 13% of all families with children were female headed versus 11% for all families headed by a female. By 1990, 10% of families with children were headed by females versus 13% for overall families, respectively.



## VII. FEMALE HEADS OF HOUSEHOLDS

Many researchers have argued that the growing number of female heads of households has serious implications for the earning capacities of today's families and the likelihood of children growing up in poverty. As this issue relates to the middle class income debate, the question is how much does this increase in female household heads contribute to middle class shrinkage over the past ten years? Traditionally, it is female heads of households that have lower incomes among families. If there is an increase in the fraction of female heads of households, the potential for their increase to cause a shrinkage in the size of the middle class is great. The baseline assumption is that an increase in female heads of households would not lead to a greater fraction of families with incomes in the middle or upper income class; but will result in a shrinking of the middle class and an increase in the fraction of families with lower incomes. However, when looking at the income distribution of female heads of households, I found that as the middle class shrank, the upper income bracket (above \$50,000) as well as the lower income bracket increased. In fact, the upper income bracket increased at a greater rate than the lower income bracket between 1980 and 1990.

According to Levy, within most occupations, women still earn about 20-30 percent less than men, even when age, education, and hours worked are held constant.<sup>23</sup> Further, during the early postwar period about one half of young white women (aged 18

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<sup>23</sup> See Levy, "Dollars and Dreams", p. 141

to 24) worked. Among older White women (aged 25-54) one third worked, and women showed little tendency to return to work after their children were grown. By the late 1950s almost half of all White women aged 45-54 years were working, and women in their late 30s were returning to work as well. But the women most likely to have young children-those aged 25-34 still remained out of the labor market in large numbers. For Black women the story was different. Unlike White women, Black women have always worked in large numbers, a reflection of economic necessity, and in the early post war period nearly half of all black women worked (compared with one third of White women).<sup>24</sup>

"Throughout the 1960s the number of Black families headed by a woman was growing quickly but this trend had little effect on Black women's labor force participation. Fifty percent of Black female family heads were in the labor force, a figure only slightly below the 58% of married Black women. Thus, relatively large numbers of female heads of households worked. But for those who did not work, the economic consequences for their families were severe, in 1969, at the peak of the economic boom, 70 percent were in poverty."<sup>25</sup>

Many have argued that the decline of the "traditional family" is one of the chief causes for the shrinkage of the middle class. Married-couple families accounted for 85% of all families in 1973 and fewer than 80% by 1984. In 1990 this figure was at 83% for

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<sup>24</sup> " ", p. 146

<sup>25</sup> See Levy, "Dollars and Dreams", p. 147

White families and 51% for Black families. Single parent families, especially those headed by women, expanded rapidly, their numbers increasing by over 50% between 1973-1984. By 1990, single parent families (including both male and female headed families) was 17% for White families, an increase of 3 percentage points from its 1980 level and for Black families this figure was 49% in 1990, a 7 percentage point increase from its 1980 level. (See Figure VIII-XI)

Husband-wife families are concentrated in the middle class, while a large fraction single parent families have incomes below middle-class levels, particularly female headed families. (See Figure XII & XIII) Thus one might expect the decline in the number of husband-wife families to have a powerful effect on the size of the middle-class, but it did not. According to Bradbury, "if the only change occurring over the 1973-1984 period had been the decline in the husband-wife fraction of all families, the middle class share of all families would have fallen less than 1 1/2 percentage points, not the actual 5 percentage points. Thus the decreasing proportion of husband-wife families that contributed to the decline of the middle class was a small part of the overall change. Further, Bradbury argues that the key to change was not the decline in husband-wife families but rather the decline in the fraction of husband-wife families with middle-class incomes from 57% to 52%."<sup>26</sup>

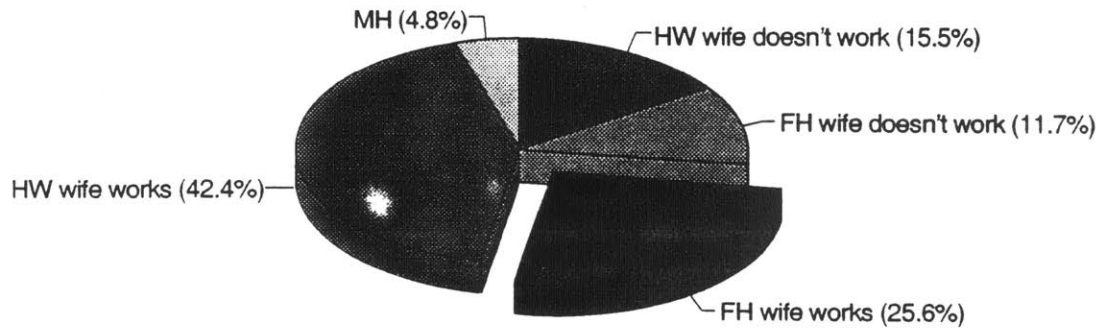
Between 1980 and 1990 the percentage of female heads of households increased from 37% in 1980 to 42% in 1990. Surprisingly, for Black families the fraction of

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<sup>26</sup> Bradbury, p. 51

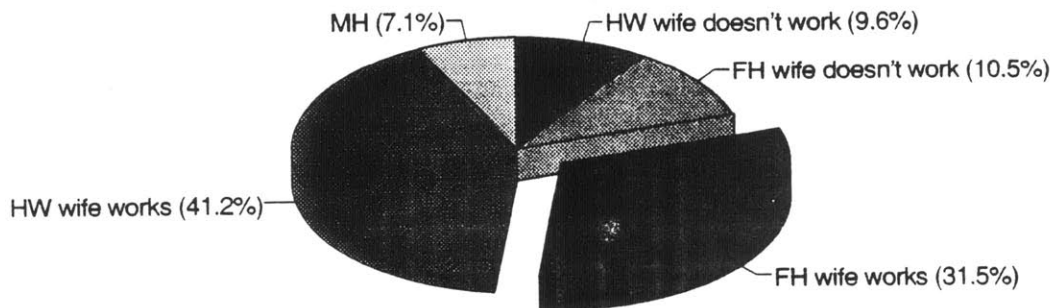
**BREAKDOWN OF FAMILY TYPE in 1980**  
**(Black) - Figure VIII**

Head aged 25-54 years old



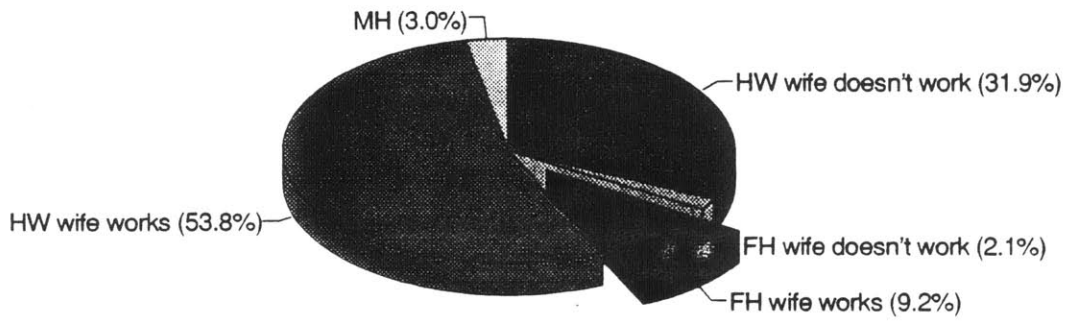
Source: U.S. Bureau of the Census 1980 and 1990  
Based on my computations

**BREAKDOWN OF FAMILY TYPE in 1990**  
**(Black) - Figure IX**  
Head aged 25-54 years old



Source: U.S. Bureau of the Census 1980 and 1990  
Based on my computations

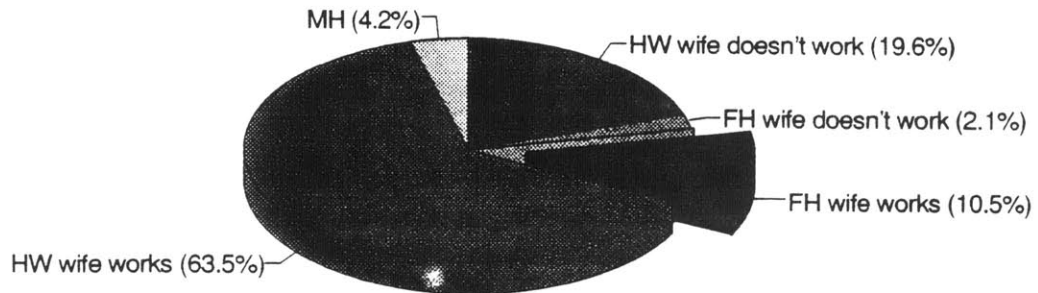
**BREAKDOWN OF FAMILY TYPE in 1980**  
**(White) - Figure X**  
Head aged 25-54 years old



Source: U.S. Bureau of the Census 1980 and 1990  
Based on my computations

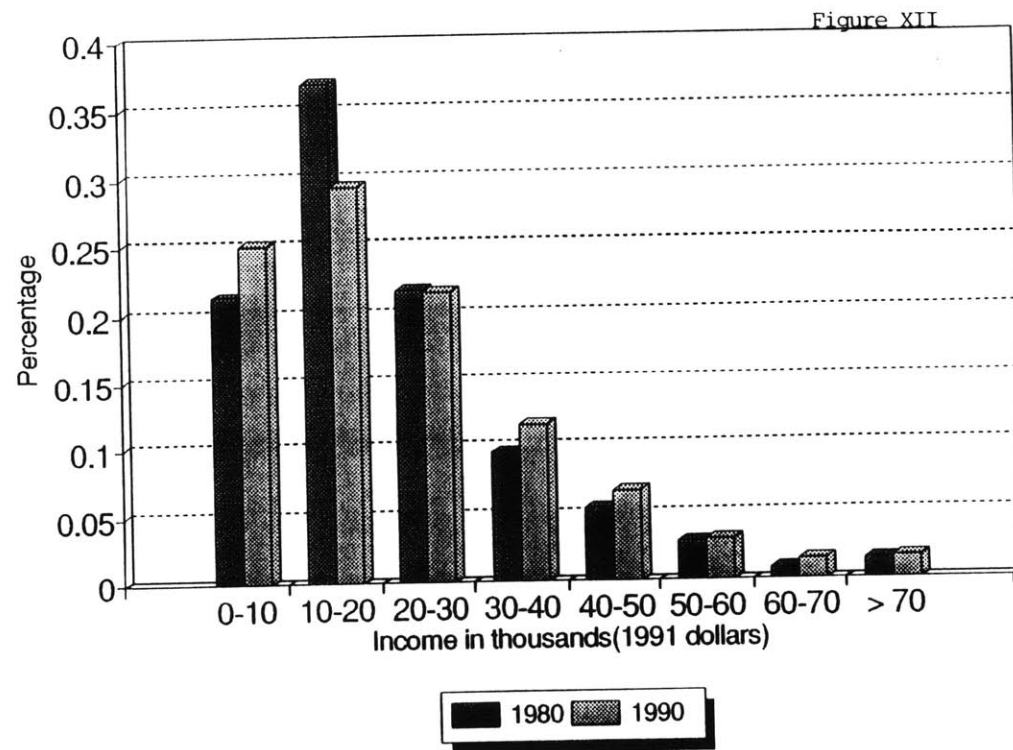
BREAKDOWN OF FAMILY TYPE in 1990  
(White) - Figure XI

Head aged 25-54 years old



Source: U.S. Bureau of the Census  
Based on my computations

Percentage Black Female Heads(25-54yrs)  
according to income (1980 & 1990)

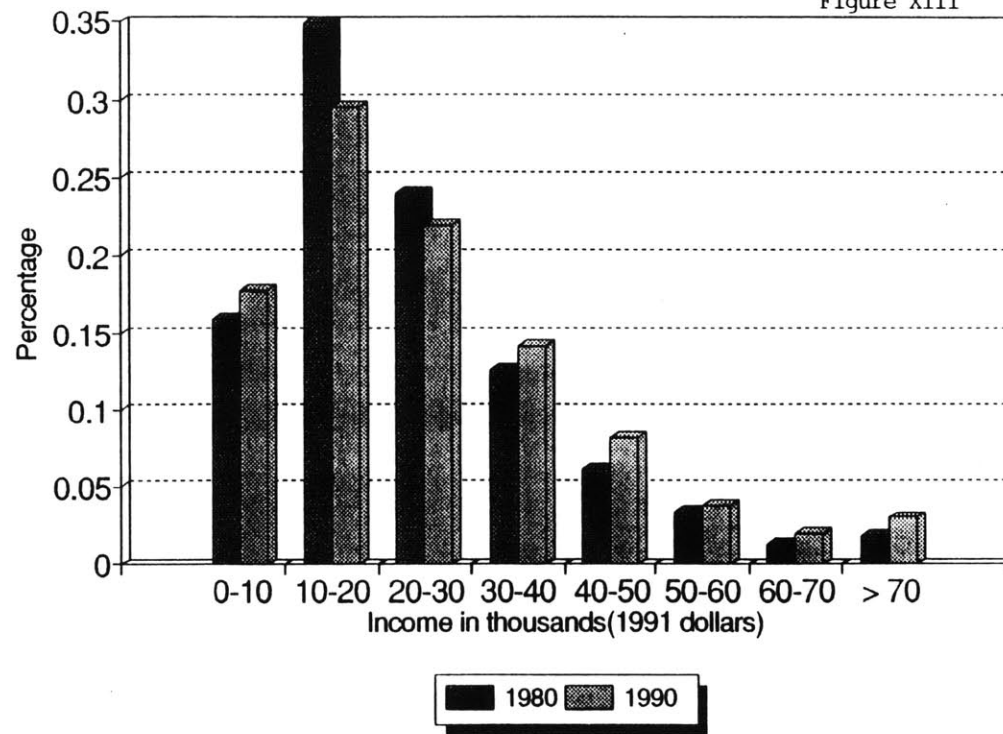


Source: U.S. Bureau of the Census 1980 and 1990  
Based on my computations



Percentage White Female Heads(25-54yrs)  
according to income (1980 & 1990)

Figure XIII



Source: U.S. Bureau of the Census 1980 and 1990  
Based on my computations

female heads of households with middle class incomes actually increased over the ten year period from 37% to 40% for Blacks families. For white families the fraction of female heads of households with middle class incomes remained the same at 18% in 1980 to 17% in 1990.

Viewed in terms of children (of all races) rather than families, the shift toward female-headed families was steeper. While the number of female-headed families was increasing, two-parent families were lowering their childbearing rate and so the proportion of children in female-headed families grew sharply. In 1970, 10% of all children were in female-headed families. By 1984, 21% of all children and 54% of Black children were in families headed by a woman.<sup>27</sup>

The proportion of female heads of households with middle class incomes was 40% for the Black family in 1990, and 44% for White families during the same period. This was an increase for Black families of 3 percentage points from its 1980 level and increase of one percentage point for White families. Even though female heads of households experienced an increase in the fraction with middle class incomes over the ten year period, it was still quite alarming to discover the proportion of female heads of households that had incomes under \$20,000. In 1980, for Black families, this figure was 58%, by 1990 it had decreased to 54%. For White families, the figure was 51% in 1980 and was down to 47% in 1990.

Since, female heads of households tend to have lower incomes, then it should be

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<sup>27</sup> See Levy, Dollars and Dreams, p. 158

true that an increase in the fraction of female heads of households would mean an increase in the share of female heads of households with incomes below \$20,000. However, I found that, while the fraction of female heads of households was rising, not all female headed families shifted from the middle class to the lower income class, but that some witnessed an increased in the upper income class as the middle class declined.

Nevertheless, while its worth recognizing that some female headed families got richer, the fraction of female heads of households with incomes below \$20,000 is still far too high. The main reason for the concern is the fact that one cannot argue that raising a child is difficult under any circumstances, and it is even more difficult when it is attempted alone. Single mothers, on average, tend to have less money than two-parent families. And further, on average, children raised by single mothers do somewhat worse on most measures of success than children raised by married couples.

## **Chapter Four-CONCLUSION**

### **VIII. Conclusions**

## VIII. CONCLUSIONS

Based on my analysis I conclude that the both the Black and White middle class has indeed been shrinking over the ten year period. However, I have found that unlike what many believe, these groups are not getting poorer as much as they are getting richer. This is not a bad thing. We would be far more troubled if the middle class and upper class was shrinking while the lower class was growing. This is not happening. What we are witnessing over the ten year period is situation where the middle class is shrinking because the upper class is growing and in the meantime the lower class is either staying the same or slowly decreasing. And, if we did see some increase in the percentage of families at the lower end of the income distribution, it was very minimal at best, while again, increases in the upper end of the income distribution was as much as four percentage points.

While Black families appear to be getting richer over the ten year period, they are still far behind their White counterparts in terms of the income distribution. The fraction of Black families with earnings below \$20,000 is still far too high. In saying that, I cannot simply say that Blacks are therefore getting richer. It appears that the situation in the Black community is as Cotton has argued which is, there is a growth in the two extremes, families that are getting richer and families that are getting poorer.

Unfortunately, most of the decrease in the size of the middle class was felt by single parent families with at least one child, specifically. This fact should become our

utmost concern. Even with the increase in the fraction of families at the upper end of the income spectrum, we are still caught in a dilemma which is, those families that are at the lower end of the income spectrum are overwhelmingly families with at least one child.

Families with at least one child, over the ten year period also experienced a shrinkage in the size of the middle class for both Black and White families. While both groups witnessed a small increase in the fraction with incomes below \$20,000, they also saw an increase in the fraction with incomes above \$50,000. However, what is unfortunate is that the small increase in the fraction of families with one child with incomes below \$20,000 was mainly concentrated to families with incomes between 0-\$10,000.

Families with at least one child seem to be feeling the force of the decrease in the middle class and in the increase in the fraction of female heads of households. However, as Bradbury experienced in her study in 1986, the shifts in the size of the various demographic groups has had very minimal impacts on the size of the middle class and therefore cannot be charged as the chief cause for the shrinkage. There are other forces at work.

The most troubling finding in this study was the fact that a child in 1990 was worse off than ten years earlier. The fact that a child, in both 1980 and 1990, had a greater chance of being in a family where the income is below \$20,000 rather than above \$50,000 says a lot about the way American children are growing up. Particularly for

Black children the statistic is discomfoting. In 1990 46% of all Black families with incomes between 0-\$10,000 have at least one child. The implications of having this many children growing up in poverty can have devastating effects.

While the fraction of Black families with at least one child, with incomes below \$20,000 only increased by a 1 percentage point, the fraction of this group with an income between 0-\$10,000 increased by 4 percentage points. On the other hand the fraction of this group with an income between \$10,000-\$20,000 decreased by 4 percentage points. What this data suggests is that it is the working poor (those with incomes between \$10,000-\$20,000) specifically who saw a decrease, while the unemployed poor (those with incomes between 0-\$10,000) witnessed an increase over the ten year period. It is interesting that the change in the fraction of working poor and unemployed poor happens to be exactly the same over the ten year period. I can't help but wonder if the decrease in the fraction of Black families with at least one child with incomes between \$10,000-\$20,000(working poor) was due to the increase in the fraction of unemployed poor(0-\$10,000). Meaning that perhaps the families who were the working poor in 1980 were the unemployed poor ten years later.

It is fact that children of middle and upper income earners tend to grow up and become middle and upper income earners themselves, however at the other extreme are children of poor parents and those children tend to disproportionately grow up and become low income earners like their parents.

Policy makers need to recognize and understand how this cycle of urban living

and low income earnings for Black families tend to go hand and hand and therefore they should strive to come up with some kind of system that would be effective at breaking that cycle. That system might be better education in urban areas, or better job training to increase job opportunities for individuals. While I don't profess to know exactly what the best system is, the fact that 46% of all Black families with at least one child had, in 1990, an income between 0-\$10,000, says that something has to be done.



BLACK TOTAL FAMILY INCOME - 1980

Appendix A

INCOME	HW wife no	HW wife yes	FH wife no	FH family	MH	TOTAL
0-10	100	56	320	206	36	718
10-20	171	190	78	356	46	841
20-30	122	296	24	210	37	689
30-40	92	334	9	93	24	552
40-50	59	313	6	52	16	446
50-60	16	182	1	28	10	237
60-70	10	100	2	8	5	125
> 70	17	129	2	14	6	168
<b>TOTAL</b>	587	1600	442	967	180	3776
Percentage (Sit)	0.155456	0.423729	0.117055	0.256091	0.047669	1
Percentage w/middle class incomes (Aijt)	0.465077	0.589375	0.088235	0.367115	0.427778	
<b>WEIGHTED AVERAGE</b> (Bjt)	0.072299	0.249735	0.010328	0.094015	0.020392	0.446769 (Mt)

Source: U.S. Bureau of the Census 1980  
My computations

BLACK TOTAL FAMILY INC 1990

Appendix B

INCOME

	HW wife no	HW wife yes	FH wife no	FH family	MH	TOTAL
0-10	61	60	337	313	53	824
10-20	85	165	49	366	71	736
20-30	94	273	14	268	60	709
30-40	71	284	10	145	42	552
40-50	32	277	4	83	24	420
50-60	21	212	1	37	13	284
60-70	2	151	0	18	10	181
> 70	16	212	1	20	8	257
<b>TOTAL</b>	<b>382</b>	<b>1634</b>	<b>416</b>	<b>1250</b>	<b>281</b>	<b>3963</b>
<b>Percentage (Sit)</b>	<b>0.096392</b>	<b>0.412314</b>	<b>0.104971</b>	<b>0.315418</b>	<b>0.070906</b>	<b>1</b>
<b>Percentage w/middle class incomes (Aijt)</b>	<b>0.515707</b>	<b>0.510404</b>	<b>0.067308</b>	<b>0.3968</b>	<b>0.448399</b>	
<b>WEIGHTED AVERAGE (Bjt)</b>	<b>0.04971</b>	<b>0.210447</b>	<b>0.007065</b>	<b>0.125158</b>	<b>0.031794</b>	<b>0.424174 (Mt)</b>

Source: U.S. Bureau of the Census 1990  
My computations

WHITE TOTAL FAMILY INCOME - 1980

Appendix C

INCOME	HW wife no	HW wife yes	FH wife no	FH family	MH	TOTAL
0-10	619	335	400	461	79	1894
10-20	1337	1022	155	1009	171	3694
20-30	1881	2235	48	693	203	5060
30-40	2171	3488	31	365	188	6243
40-50	1602	3435	11	178	109	5335
50-60	866	2467	5	96	73	3507
60-70	505	1590	4	38	55	2192
> 70	1092	2436	6	52	78	3664
<b>TOTAL</b>	<b>10073</b>	<b>17008</b>	<b>660</b>	<b>2892</b>	<b>956</b>	<b>31589</b>
<b>Percentage (Sit)</b>	<b>0.318877</b>	<b>0.538415</b>	<b>0.020893</b>	<b>0.091551</b>	<b>0.030264</b>	<b>1</b>
<b>Percentage w/middle class incomes (Aijt)</b>	<b>0.561302</b>	<b>0.538452</b>	<b>0.136364</b>	<b>0.427386</b>	<b>0.523013</b>	
<b>WEIGHTED AVERAGE (Bjt)</b>	<b>0.178986</b>	<b>0.289911</b>	<b>0.002849</b>	<b>0.039128</b>	<b>0.015828</b>	<b>0.526702 (Mt)</b>

Source: U.S. Bureau of the Census 1980  
My computations

WHITE TOTAL FAMILY INCOME - 1990

Appendix D

INCOME	HW wife no	HW wife yes	FH wife no	FH family	MH	TOTAL
0-10	575	406	548	699	147	2375
10-20	1087	1407	142	1165	318	4119
20-30	1333	3039	64	861	332	5629
30-40	1267	4125	19	561	287	6259
40-50	974	4148	14	323	186	5645
50-60	612	3310	3	146	123	4194
60-70	409	2431	2	75	66	2983
> 70	1086	4887	7	118	121	6219
<b>TOTAL</b>	7343	23753	799	3948	1580	37423
<b>Percentage (Sit)</b>	0.196216	0.634717	0.021351	0.105497	0.04222	1
<b>Percentage w/middle class incomes (Aijt)</b>	0.486722	0.476235	0.121402	0.441996	0.509494	
<b>WEIGHTED AVERAGE (Bjt)</b>	0.095503	0.302274	0.002592	0.046629	0.021511	0.468509 (Mt)

Source: U.S. Bureau of the Census 1990  
My computations

BLACK TOTAL FAMILY INCOME w/at least one child  
1980 - Head aged 25-54 years old

Appendix E

INCOME	HW wife no	HW wife yes	FH wife no	FH family	MH	TOTAL
0-10	75	40	292	190	23	620
10-20	136	145	71	326	31	709
20-30	93	248	23	171	24	559
30-40	76	270	9	70	14	439
40-50	47	257	6	37	9	356
50-60	14	141	0	17	4	176
60-70	9	80	2	4	2	97
> 70	14	95	2	10	5	126
TOTAL	464	1276	405	825	112	3082
Percentage (Sit)	0.150552	0.414017	0.131408	0.267683	0.03634	1
Percentage w/middle class incomes (Aijt)	0.465517	0.607367	0.093827	0.33697	0.419643	
WEIGHTED AVERAGE (Bjt)	0.070084	0.25146	0.01233	0.090201	0.01525	0.439325 (Mt)

Source: U.S. Bureau of the Census 1980  
My computations

**BLACK TOTAL FAMILY INCOME w/at least one child**  
**1990 - Head aged 25-54 years old**

Appendix F

INCOME	HW wife no	HW wife yes	FH wife no	FH family	MH	TOTAL
0-10	23	21	184	129	23	380
10-20	38	74	22	134	28	296
20-30	39	111	7	80	19	256
30-40	35	125	6	36	13	215
40-50	15	117	3	29	8	172
50-60	10	68	1	8	3	90
60-70	1	53	0	9	2	65
> 70	5	60	1	10	1	77
<b>TOTAL</b>	166	629	224	435	97	1551
<b>Percentage (Sit)</b>	0.107028	0.405545	0.144423	0.280464	0.06254	1
<b>Percentage w/middle class incomes (Aijt)</b>	0.536145	0.561208	0.071429	0.333333	0.412371	
<b>WEIGHTED AVERAGE (Bjt)</b>	0.057382	0.227595	0.010316	0.093488	0.02579	0.414571 (Mt)

Source: U.S. Bureau of the Census 1990  
 My computations

WHITE TOTAL FAMILY INCOME - 1980 Head Aged 25-54yrs/ with at least one child

Appendix G

INCOME	HW wife no	HW wife yes	FH wife no	FH family	MH	TOTAL
0-10	495	254	367	433	61	1610
10-20	1067	750	130	910	112	2969
20-30	1527	1680	38	566	139	3950
30-40	1767	2585	22	264	104	4742
40-50	1313	2420	8	105	58	3904
50-60	668	1661	3	47	34	2413
60-70	401	1020	2	19	23	1465
> 70	824	1513	5	26	32	2400
<b>TOTAL</b>	8062	11883	575	2370	563	23453
Percentage (Sit)	0.343751	0.506673	0.024517	0.101053	0.024005	1
Percentage w/middle class incomes (Aijt)	0.571446	0.562568	0.118261	0.394515	0.534636	
<b>WEIGHTED AVERAGE</b> (Bjt)	0.196435	0.285038	0.002899	0.039867	0.012834	0.537074 (Mt)

Source: U.S. Bureau of the Census 1980  
My computations

WHITE TOTAL FAMILY INCOME - 1990Head Aged 25-54yrs/ with at least one child

Appendix H

INCOME	HW wife no	HW wife yes	FH wife no	FH family	MH	TOTAL
0-10	246	143	274	266	66	995
10-20	556	586	48	319	115	1624
20-30	660	1229	18	164	96	2167
30-40	606	1504	2	102	67	2281
40-50	459	1346	3	59	30	1897
50-60	252	968	0	17	16	1253
60-70	169	669	0	12	12	862
> 70	416	1161	1	18	13	1609
<b>TOTAL</b>	<b>3364</b>	<b>7606</b>	<b>346</b>	<b>957</b>	<b>415</b>	<b>12688</b>
Percentage (Sit)	0.265132	0.599464	0.02727	0.075426	0.032708	1
Percentage w/middle class incomes (Aijt)	0.512782	0.536287	0.066474	0.339603	0.46506	
<b>WEIGHTED AVERAGE (Bjt)</b>	<b>0.135955</b>	<b>0.321485</b>	<b>0.001813</b>	<b>0.025615</b>	<b>0.015211</b>	<b>0.500079 (Mt)</b>

Source: U.S. Bureau of the Census 1990  
My computations



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