Conventional wisdom about income inequality in America is radically different in the early 1990s than it was ten to fifteen years ago. At that time, Alan Blinder (1980) began a review article on the distribution of economic well-being by noting that “the more things change, the more they remain the same.” Blinder’s central conclusion was “...when we...consider the distribution of economic welfare—economic equality, as it is commonly called—the central stylized fact is one of constancy. As measured in the official data, income inequality was just about the same in 1977...as it was in 1947.” (p. 416) Henry Aaron (1978) put it even more colorfully by stating that following changes in the income distribution “was like watching the grass grow.” (p. 17)

Economists were puzzled as to why inequality of family income in the post–World War II era had been so stable, despite the rapid growth of government spending in general, and antipoverty spending in particular (Reynolds and Smolensky, 1977). Inequality, in contrast to poverty, was not much discussed in Congress or in the media. Economists writing in the late 1970s did not expect inequality to increase. Indeed, Robert Haveman (1977) concluded that

If one were inclined to speculate, ... it would not be unreasonable to forecast that, in 1985, analysts will attribute a modest reduction in income inequality during the 1975–1985 decade to some combination of (1) an overhauled and somewhat larger income support system, (2) a reformed federal revenue system resulting in increased effective tax rates on higher income recipients, (3) a
significantly expanded public employment policy, and (4) a modest reduction of labor market rigidities, including a reduction in labor market discrimination against racial minorities. [p. 19]

Jeffrey Williamson and Peter Lindert (1980), using a model that had successfully replicated two centuries of United States inequality experience, also projected falling inequality for the 1980s:

There are, it seems, three good reasons for expecting continued downward pressure on the pay advantages of the more skilled: Labor force growth will drop off and remain low throughout the 1980s; more balanced patterns of productivity growth are likely to be forthcoming in the wake of the jump in the relative price of the fuels; and the pattern of factor proportions has converged among sectors in a fashion that makes further leveling likely as average skill levels grow. [p. 289]

Peter Gottschalk (1981) was similarly optimistic about the trend in poverty. His projections, based on forecasts of the growth in mean earnings, earnings inequality, and the assumption that cash transfers would grow as fast as national income, were for a 1985 poverty rate of 9 percent.

We now know that these and other researchers did not foresee the slowdown in mean earnings, the rise in earnings inequality, the continuing high poverty rates, and the diminished governmental concern with poverty and inequality that characterized the 1980s. In fact, all four of Haveman’s expected policy changes were reversed in the 1980s. The income support system is now somewhat smaller, effective tax rates on higher income recipients are lower, most public service employment programs have been eliminated, and much recent attention has been focused on persistent labor market discrimination (e.g., Kirschenman and Neckerman, 1991). After thirty years of relative constancy, a period that was ending when Blinder, Haveman, Williamson and Lindert, and Gottschalk were writing, we have experienced a decade of rising inequality of both earnings and family income.¹

Economists, Congress, and the media are now focused on rising inequality and the growing gap in living standards between the rich and the poor. As Lynn Karoly demonstrates in her chapter, there is no doubt that inequality of earnings and family income have increased.² As a result, the old conven-

¹See Karoly (Chapter 2) and Gramlich, Kasten, and Sammartino (Chapter 7) in this book for reviews of trends in inequality and the effects of government policies during the past decade.
²The only dissenting voices are Mayer and Jencks (1991), who use consumer expenditure, rather than income, measures of inequality. They find that inequality of expenditures did not increase between the early 1970s and mid-1980s. However, Cutler and Katz (1991), using the same consumer expenditure data for a different time period, show that inequality of expendi-
tional wisdom that “a rising tide lifts all boats” has been rejected. We now know that the 1980s was a decade of “uneven tides.” Most small boats were docked where the tides were low, while the few large boats, docked in different harbors, rose with the uneven tides.

Although we know what happened in the 1980s, we do not know what will happen when the next economic recovery begins. The recent recession has probably led to an even higher level of inequality in 1992 than in 1989. But there is no simple explanation of the causes of the increased inequality of the 1980s. Will inequality continue to increase over the next decade as it has over the past decade? Why did inequality not fall during an almost eight-year economic recovery? What role have demographic factors played? Did changes in government programs and policies with regard to minimum wages, taxes, and income transfers contribute to rising inequality? These are some of the questions addressed by this volume.

While we have learned much about the trend in inequality from dozens of recent studies, the following statement, written in 1920 by Hugh Dalton, serves as an appropriate introduction to this volume:

The question whether the inequality of income is increasing or decreasing in modern communities is one of the most important questions in economics. Many writers have attempted to answer it, but their answers do not generally carry much conviction. To determine whether, under modern conditions, inequality tends to increase or decrease, involves the enumeration of a large number of distinct and conflicting tendencies and the weighing and balancing of them one against the other. [Quoted in Brady, 1951, p. 4]

Recent research has taught us that Dalton was correct. There are no simple explanations. No single factor accounts for the many complex changes in the distribution of income. Rather than looking for a single “smoking gun,” recent studies have tried to gauge the relative importance of alternative explanations. Those explanations that seem to be either inconsistent with the data or quantitatively too small to explain the rising inequality of the 1980s have been discarded. This volume continues in that spirit by bringing together original essays that explore several possible explanations for growth in inequality. Our objective is to fill in several gaps in our understanding of the causes of changes in inequality.

To place these studies in context, we first present a brief overview of the historical changes in inequality and the evolution of the conventional wisdom.
regarding the interpretation of these trends. We then briefly describe the chapters in this volume.

Historical Changes in Earnings and Family Income Inequality

In the most comprehensive review of long-run changes in income inequality, Williamson and Lindert (1980) place the post-World War II stability in inequality into historical perspective. After documenting the dramatic leveling of income differences between the Great Depression and the end of World War II (1929 to 1945), they conclude that

the leveling ceased by 1950. By almost any yardstick, inequality has changed little since the late 1940s. If there has been any trend, it is toward slightly more inequality in pre-fisc income and toward slightly less inequality in post-fisc income. This stability has been extraordinary even by twentieth century standards. [p. 92]

Figure 1.1, however, shows that just as Williamson and Lindert were going to press, the “extraordinary” stability in family income inequality was breaking down. While the Gini coefficient for family income had declined by .013 points over three decades (from .378 in 1949 to .365 in 1979), it jumped by .036 points in the next decade (from .365 in 1979 to .401 in 1989).1

Another way to view this increased inequality is to compare families at different points in the distribution. Growth in mean family income was very rapid and widely shared between 1949 and 1969. The inflation-adjusted income of a family at the 20th percentile grew by 92 percent, while the income of a family at the 80th percentile grew by 82 percent. In contrast, mean income grew very little over the next two decades. Growth was substantial for families at the top of the distribution, while those at the bottom actually lost ground. In 1989, the real income of a family at the 20th percentile was 5 percent below the 1969 level, while that of a family at the 80th percentile was 19 percent higher.

Figure 1.1 shows inequality in family income rising almost continually after 1975. While the sharp increase in inequality between 1979 and 1983

1Levy (1987) has shown, and we agree, that the published Census data presented in Figure 1.1 overstate the trend toward inequality because they are based only on money income and exclude taxes paid and government noncash payments, such as Medicare and food stamps. However, accounting for noncash benefits and taxes would lead to an even greater increase in inequality during the 1980s, as public benefits to the poor and taxes on the wealthy were both cut.
can be attributed to the recessions of the early 1980s, the continued increase during the ensuing recovery was counter to all expectations. The conventional wisdom (e.g., Blank and Blinder, 1986) holds that inequality is countercyclical. During recessions, employers retain the most experienced workers as demand declines. The newly hired and least-skilled, who have below-average earnings, are laid off and experience disproportionate income losses. Recoveries are characterized by increased employment of the least experienced. Such countercyclical swings in inequality have characterized most recoveries prior to the 1980s.

Blank and Blinder's (1986) prediction of the degree of inequality for 1989 demonstrates not only that the expansion of the 1980s had a countercyclical impact on inequality, but also that inequality increased by a substantial amount. They estimated a model for the 1948–1983 period that describes how the income share received by each quintile of families had varied over the business cycle. Then they predicted what the income distribution would look like in 1989, given several scenarios. Their optimistic scenario, about which they said "... it is most unlikely for the economy to grow for seven
Table 1.1 Changes in the Distribution of Family Income: 1973–1989

<table>
<thead>
<tr>
<th>Quintile</th>
<th>Share of Income Received by Each Quintile</th>
<th>1983–1989 Change in Income Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1973 (1)</td>
<td>1983 (2)</td>
</tr>
<tr>
<td>Lowest Quintile</td>
<td>5.5%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Second</td>
<td>11.9</td>
<td>11.1</td>
</tr>
<tr>
<td>Third</td>
<td>17.5</td>
<td>17.1</td>
</tr>
<tr>
<td>Fourth</td>
<td>24.0</td>
<td>24.4</td>
</tr>
<tr>
<td>Highest Quintile</td>
<td>41.1</td>
<td>42.7</td>
</tr>
</tbody>
</table>

Sources: For Columns (1), (2), and (4), Blank and Blinder (1986); for Columns (3) and (5), U.S. Bureau of the Census (1990).

years without a recession” (p. 206), used inflation and unemployment rates for 1989 that turned out to be quite similar to the actual 1989 values.

Columns 1–3 of Table 1.1 show the actual Census Bureau data on the income share received by each quintile of families in 1973, 1983, and 1989. As expected, inequality increased between 1973 and 1983, a period of falling real family income and increasing unemployment. Blank and Blinder’s predicted changes in quintile shares for the 1983–1989 period are shown in Column 4, and the actual changes between 1983 and 1989 are shown in Column 5. Even though family income increased and inflation and unemployment declined between 1983 and 1989, inequality increased. The income share of the bottom 80 percent of families was lower in 1989 than in 1983 or 1973.

The 1989 income shares received by the lowest and the highest quintiles deviate the most from the Blank-Blinder predictions. The income share of the lowest quintile fell to 4.6 percent instead of rising to 5.3 percent and the share of the top quintile increased to 44.6 percent instead of falling to 41.9 percent. As the chapter by Edward Gramlich, Richard Kasten, and Frank Sammartino demonstrates, most of the income growth of this top quintile was actually concentrated among the top 1 and 5 percent of all persons.

The economic performance of the 1980s was atypical, and, in some ways, resembled the 1920s. While Williamson and Lindert considered the 1920s to be atypical, their description of it, which follows, sounds similar to patterns observed in the 1980s.

This leveling was then undone in the 1920s, with higher-paid groups increasing their pay advantage over both the urban unskilled and farm labor. By 1929,
the gaps between traditionally high-paid and low-paid jobs were almost as wide as in 1916, when the widest gaps in American history seem to have prevailed. . . . The return to inequality in the 1920s was so great that . . . the real income gains for the top 7% of the nonfarm population alone matched the increase in real personal income, leaving no apparent net gain for the rest of the population. [p. 81]

By the late 1980s, there was widespread agreement in the public and academic press about the broad outlines of the distributional changes that had taken place. The causes of the change were, however, much less well understood. Research into the causes of changes in inequality were severely hampered by the dimensions of the problem—a complete explanation would involve nothing less than a full general equilibrium model of labor and capital markets with sufficient detail to capture the changes in labor markets institutions, demographics, and public policies that occurred during the 1970s and 1980s.

Rather than starting with a grand behavioral model, research in this area has tended to be exploratory and descriptive. By describing the dimensions of the problem and seeing whether potential explanations are consistent with the stylized facts, researchers have focused attention on a smaller number of potential hypotheses. The chapters in this book follow this tradition by exploring specific changes in labor markets, demographic trends, and public policies that could have affected inequality.

Overview of Essays in this Volume

In Chapter 2, Karoly lays out the facts by answering the following questions: When did inequality begin to increase? What was the trend in the 1980s? Does the trend in inequality differ for individuals versus families, for men versus women, for blacks versus whites? Has inequality of family income (or individual earnings) grown due to decreases at the bottom or increases at the top of the distribution or both? Are the answers to these questions sensitive to the inequality measure used?

Karoly analyzes annual data on earnings and family income from the March 1964 through March 1990 Current Population Survey computer tapes. She examines a variety of income concepts and consumer units (family income, income of families and unrelated individuals, income adjusted by family size) and a variety of inequality measures (the relative income of percentiles, the variance of the logarithm of income). She concludes that inequality has been increasing by all measures. Furthermore, many of the
time-series show that the relative economic status of families in the bottom of the distribution has been falling for almost two decades.

According to Karoly, the 1980s were unique in the extent of the relative gains of the rich. Although definitions of "classes" are arbitrary, she finds that the upper classes, as well as the lower classes, increased in the 1980s and that the middle class declined.

Labor Market Factors

The essays in Part II explore alternative explanations for changes in the distribution of earnings. Since labor market income accounts for about 70 percent of family income, changes in the distribution of earnings potentially offer the most important explanations for changes in the distribution of family income.

To put the essays on labor market changes in this volume into context, we briefly review the major findings from the rapidly growing literature on increased earnings inequality. The puzzle that these studies attempt to unravel is why inequality between skill groups and within skill groups (e.g., the earnings of college-educated, white males, with one to five years' experience, working full-time year-round) increased during the late 1970s and 1980s. For example, in Chapter 3, Kevin Murphy and Finis Welch show that college graduates with one to five years of experience earned about 32 percent more than high-school graduates with similar experience in 1978. This college premium rose to 60 percent by 1989. Such large changes in such a short time span have seldom been experienced.

Research undertaken during the late 1970s and early 1980s focused primarily on supply-side factors to explain changes in both between- and within-skill class inequality (e.g., Murphy and Welch, 1988). For example, researchers explored the hypotheses that decreases in earnings among low-wage workers reflected labor supply responses to increased government transfer benefits, or that decreased wage rates of young workers reflected the excess supply of inexperienced workers as the baby boomers entered the labor market.

These and other supply-side explanations can explain, at most, only a small part of the recent increase in inequality. Although it could be argued that the baby boom depressed the relative wages of less-experienced workers during the 1970s, the fact that the earnings of young workers did not spring back when the baby boom was followed by the baby bust has eroded support for this supply-side explanation. Likewise, while increased income transfers could have induced labor force withdrawals and reduced the annual earnings

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*For a review of all the recent studies, see Levy and Murnane (1991).*
of less-skilled workers in the 1970s, the social welfare retrenchment of the 1980s should have had opposite effects. In fact, inequality of annual earnings grew the fastest during the period of most rapid retrenchment (Moffitt, 1990).

By the mid-1980s, researchers began to abandon supply-side explanations and to evaluate demand-side factors. This shift was partially prompted by the inability of supply-side explanations to explain the rising inequality. More important, however, was the fact that the earnings of more-skilled workers, particularly college graduates, were rising at the same time their numbers were also expanding. The simultaneous rise in prices and quantities implicated shifts in labor demand as the primary factor contributing to increased inequality.

Two demand-side factors have received the most attention—changes in industrial structure (fed largely by the globalization of markets and by changes in international competition) and changes in technology. According to the deindustrialization hypothesis (Bluestone and Harrison, 1982), increased international competition led U.S. companies to alter their patterns of employment and wage structures. The manufacturing base that had offered higher wage opportunities to less-educated workers shrank due to foreign competition in the markets for manufactured goods, as U.S. producers moved some factories to less-developed countries and reduced wages in their remaining U.S. plants. Meanwhile, the worldwide demand for highly educated American workers, and hence their earnings, increased. Their services could more easily be sold in international markets, where such skilled workers were relatively scarce. The result was a widening of skill differentials in the U.S. labor market.

This story is plausible, and also largely consistent with the time-series evidence. The increased inequality does partially reflect a growing skill premium, and it did occur at roughly the same time as the U.S. economy was increasing its role in international trade. The weakness in this explanation, however, is that it leaves largely unexplained the increased inequality within specific industries, especially in those industries that have little connection to international trade. While it is possible that wage differentials spread to all industries as a result of firms having to compete to keep their high-skilled workers, this requires large labor supply responses across industries. Furthermore, the bidding up of wages of skilled workers in these industries would lead them to become less skill intensive. Murphy and Welch (in Chapter 3) show that these patterns are not consistent with the facts. Gottschalk and Mary Joyce (1991) show that the pattern of greater skill intensity in the face of rising prices of skilled workers also occurred in a number of other industrialized countries in the 1980s.

An alternative demand-side explanation is that technologies have changed
in such a way as to raise the productivity of educated workers relative to less-educated workers. The computer explosion and other examples abound, suggesting that the change in the skill differential reflects technologically driven increases in productivity. While the technology argument is plausible, it can only be tested indirectly since direct measures of technology are not readily available (see Bound and Johnson, 1989).

In Chapter 3, Murphy and Welch address the hypothesis that changes in earnings and wage inequality largely reflect changes in the industrial structure of employment. They ask whether the changes in the returns to skill and the skill mix reflect a disproportionate growth in industries that are skill-intensive and pay above-average differentials for skilled workers. If this were the case, then the data would at least be consistent with one part of the "deindustrialization" story. They find that changes in the returns to skill and skill intensity resulted largely from changes within even narrowly defined industries. They conclude that even if the United States had maintained its manufacturing base and the relative size of the service sector had not grown, the distribution of earnings would still have become substantially less equal. They conclude that technological change, rather than changing industrial structure, is the primary factor contributing to inequality.

Changes in the institutional bases for wage setting offer another potential explanation for rising inequality. Unions, for example, have historically secured higher wages for their members, particularly in those manufacturing industries that have been most affected by changing patterns of international trade (e.g., automobiles and steel). The United States experienced a sharp decline during the 1980s in the percentage of the workforce covered by union contracts. This decline was concentrated in the private sector. Among blue-collar workers, union density fell from 39 percent in 1980 (the same as in 1970) to 24 percent in 1987.

In Chapter 4, Richard Freeman estimates the effect of declining unionization on earnings differentials between types of workers and on earnings inequality among male workers. He finds substantial effects. He estimates that about 20 percent of increased earnings inequality among employed men in the 1980s was associated with declining unionization. But increasing inequality was evident among unionized as well as nonunionized workers, suggesting that the primary cause of rising inequality lies elsewhere. When Freeman compares the U.S. experience to that of other industrialized na-

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The deindustrialization hypothesis encompasses other hypotheses, such as the hypothesis that changes in international competition were an important factor leading to changes in industrial structure and that the industries that grew were not only skill-intensive, but also the industries with high within-group inequality.
tions, he finds that inequality increased in many countries, but that increases tended to be smaller in those countries that were more highly unionized.

These labor market essays, and other studies that try to explain the rise in earnings inequality, all find large increases in wage inequality within finely defined groups. Murphy and Welch find increased inequality even after controlling for experience, education, and industry. Freeman finds inequality increasing even among unionized workers. He concludes that changes in unionization account for about 15 to 40 percent of the rise in the college premium, with the estimates falling in the lower range when he takes into account who is unionized.

What is the cause of this increased within-group inequality? One can argue by analogy that these increases must be due to increased demand for skills that have not been measured. If measured skills, such as experience and earnings, have higher rates of return in the 1980s than in the 1970s, it seems reasonable to assume that the same demand factors have raised the returns to unmeasured skills. The best procedure would be to measure these skills directly. While this may never be possible, Krueger (1991) does offer some evidence on one skill that is unmeasured in most studies—the skill associated with the use of computers. He finds that workers who use computers earn roughly 10 to 15 percent more than observationally similar workers who do not use them. Also, computer usage increased in most industries. Thus, this technological advance can explain part of the increased within-group inequality in many industries. It can, however, only explain part of the story, as computerization was of minimal significance in some sectors that experienced increased inequality.

**Demographic Factors**

The second major set of factors addressed in this volume consists of those demographic changes that influence family income inequality. Previous research in this area has focused on two demographic factors: the age and gender composition of families. First, changes in the age structure of family heads can potentially affect inequality, as younger and older families have below-average incomes. Karoly conducts a decomposition that partitions the increased inequality into one component due to the changing composition of the population and one to changes in within-group inequality. She finds that almost all of the increased inequality over the last twenty years is due to increased dispersion within age cohorts, and not to changes in the relative sizes of the cohorts.

The second commonly cited demographic change is the rapid growth in the proportion of all families headed by women without husbands present.
Since these households have much lower income than married-couple families, this demographic shift places more families in the lower tail of the distribution and is clearly poverty-increasing. However, previous research found that poverty rates were raised by no more than 0.1 percentage points per year because of demographic shifts (Gottschalk and Danziger, 1984). Similarly, Karoly finds that the increased inequality largely reflects rising inequality within family types, rather than the shift toward female-headed families.

Part III contains two chapters that examine the effects of recent changes in family size and family structure on income distribution. In Chapter 5, Gottschalk and Sheldon Danziger examine how changes in family size and family composition have contributed to rising child poverty and family income inequality over the last two decades. They find that the observed small changes in child poverty for blacks and whites since the late 1960s reflect large, but offsetting, demographic and economic changes. The trend toward female household headship has received considerable attention in the literature. However, several equally large, poverty-reducing demographic changes have received little attention. Gottschalk and Danziger find that decreases in the number of children per family and increases in maternal educational attainment have largely offset the poverty-increasing impact of increases in single parenthood.

In Chapter 6, Maria Cancian, Danziger, and Gottschalk examine how another important change in family structure—the increasing labor-force participation of married women—has affected the level and distribution of income among married-couple families. Wives’ earnings have become increasingly important in raising mean income and in reducing inequality. In the past decade, wives’ earnings accounted for more than two-thirds of the increase in the mean income of couples. Furthermore, income inequality among couples increased over the past twenty years and would have increased to an even greater extent were it not for the increased earnings of wives. Reductions in the dispersion of wives’ earnings partially offset increases in the dispersion of husbands’ earnings and the increased correlation in the earnings of spouses.

Public Policies

The third major area explored in this volume considers the effects of changes in public policies on the distribution of income. The late 1970s saw a reappraisal of the effects of the social welfare programs that had been enacted or expanded in the decade following the launching of the War on Poverty. This reappraisal was motivated, in part, by the economic stagnation—rising unemployment and inflation rates, falling real wages, rising real tax bur-
dens—that characterized the years following the oil shock of 1973 and the subsequent recession.

The official perspective of the early 1980s, evident in the federal budgetary retrenchment in social spending, was quite different from that of previous decades. Antipoverty programs themselves were blamed for the fact that poverty failed to decline during the 1970s as it had during the 1950s and 1960s (Murray, 1984). The “Reagan experiment” assumed that if government avoided active interventions in a wide range of domestic policy areas, productivity and economic growth could be increased and prices, unemployment, and poverty could be reduced.

As a result, the 1980s were marked by historically large changes in tax and transfer policies. The effect of the rapid inflation of the 1970s was to erode the real value of many transfer benefits and push lower- and middle-income taxpayers into higher marginal brackets. Meanwhile the tax structure became more regressive, as social security taxes were raised and the progressivity of the income tax was diminished.

In Chapter 7, Gramlich, Kasten, and Sammartino examine the effect on family income inequality of changes in federal tax and income transfer policies. Like Karoly, they document that inequality in market incomes increased in the 1980s. They also incorporate Internal Revenue Service data, which have much better income information on the richest households than the CPS data that Karoly uses. They demonstrate that the income of the richest 1 percent of the population grew almost four times as fast as the mean income. Given the large increase in market inequality in the 1980s, government tax and transfer policies would have had to become more redistributive than they were in the 1970s just to keep post-tax, post-transfer inequality constant. Instead, tax and transfer policy changes became less effective in reducing market inequality. As a result, post-tax and transfer inequality increased by even more than market inequality. Between 1980 and 1990, the Gini coefficient of post-tax and post-transfer income increased by about 17 percent. About 60 percent of this increase can be attributed to increasing inequality of market income. The remainder reflects government’s failure to maintain the redistributive effectiveness of the fisc.

The 1980s also differed from previous decades in that the Reagan administration opposed any increase in the minimum wage. Prior to the 1980s, the minimum wage was typically increased every few years. The minimum wage remained at $3.35 per hour between 1981 and 1990, falling as a percentage of the average wage to an historically low level. Michael Harrigan and Ronald Mincy, in Chapter 8, examine what would have happened to family income inequality had the minimum wage kept pace with inflation. They employ a simulation model and conclude that virtually none of the rising inequality of the 1980s can be attributed to the falling value of the
real minimum wage. Such a change in the minimum wage would have reduced poverty (Mincy, 1990). However, it would not have affected inequality because minimum-wage workers are spread widely across the distribution of family income.

The chapters in this book were not intended to provide support for any particular agenda for reducing poverty or income inequality. Rather, they analyze the effects on inequality of recent changes in labor markets, demographic structure, and public policies. In general, most of these forces have been inequality-increasing and have contributed to the rejection of the pre-1980s conventional wisdom of a stable income distribution. They clearly document a new conventional wisdom—rising inequality in the 1980s. They also suggest that a return to the lower levels of inequality that characterized the post-World War II era is not likely to occur without dramatic changes in labor markets, demographic structure, or tax and transfer policies.

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References
INTRODUCTION


