Foreword

Too much talk about social inequality generally makes Americans uncomfortable. We are, after all, a nation founded on the premise that "all men are created equal," and most Americans see themselves as part of a vast middle class that encompasses the greater part of society. The evident economic differences between rich and poor do not dislodge the popular conviction that America still provides equal opportunities for all. In a free market economy, open to individual enterprise and ability, some people will inevitably work harder, or get a better education, or invest more fortunately, and as a result, accumulate more resources than others. In principle, these inequalities of outcomes need not threaten equality of opportunity, so long as the children of rich and poor can still start life's race on equal footing. In fact, of course, an individual's chances in life have always been shaped to some degree by family resources of all kinds—income, education, social connections, political influence. America's promise of equal opportunity has, at best, been approximated by social reality—much more closely at some periods in our history than others.

The three decades after World War II were a particularly promising time in this regard. Pent-up demand fueled an industrial boom after the war that produced strong economic growth and put Americans back to work, erasing memories of the Great Depression. High rates of unionization reduced wage competition between firms in many industries. American business, with little challenge from abroad, could afford generous labor settlements. Wages for manufacturing and other workers made steady gains, and economic disparities between rich and poor declined. The GI Bill made college available to returning veterans, and the subsequent expansion of state-supported higher education brought college within reach of more families than ever before. The civil rights movement ended legal discrimination and began to pry open educational and economic opportunities for previously excluded groups. Economic mobility rose significantly, and an individual's chances to prosper were less tightly determined by family resources. The great American social project of growing the middle class and broadly sharing prosperity appeared to be an inexorable and irreversible trend. We know now that it was not.

Beginning late in the 1970s, the United States experienced a series of economic shocks and demographic changes that caused economic inequality to rise sharply. Although there are still arguments about exactly how and why this happened, the broad outlines of the story are, by now, familiar. Stagflation in the 1970s, the two oil price crises, and loss of market share to reviving foreign competition led to a period of restructuring in many U.S. industries. The dismantling of regulations and the de facto weakening of labor protections, undertaken to shore up U.S. competitiveness, put strong downward pressure on wages, particularly for male workers with limited education in previously unionized industries. At the same time, the increasing penetration of information technology into all sectors of the economy began to automate many production jobs and substitute computer power for many repetitive, low-skill clerical jobs. The result was declining demand for workers with no more than a high school education, a trend that has persisted ever since. Finally, and most notoriously, globalization—in the form of increased trade with low-wage countries, increased outsourcing of production and service jobs to offshore locales, and increased immigration to the United States of workers willing to accept very low wages—has put American workers, and particularly those with modest skills and training, into competition with a much larger labor pool on a worldwide scale. Not surprisingly, the result has been a long downtrend in wages at the bottom of the labor market.

To be sure, many Americans have benefited from the new economy. Globalization has put downward pressure on prices and made many consumer goods dramatically cheaper. Investments in information technology eventually led to a welcome burst of productivity growth in the 1990s, which ushered in an unprecedented period of low unemployment and low inflation toward the end of the decade. All workers gained ground in the strong economy of the late 1990s, but college-educated workers benefited most. The wage premium paid to college graduates rose to about 85 percent above the wages of high school graduates. While the 1980s saw a dramatic widening of the wage structure across the board, in the 1990s workers in the bottom 10 percent made up some lost ground against the median, but workers in the top 10 percent continued to pull away from everyone else. Family incomes, which reflect changes in family composition and employment as well as wages, showed even more pronounced trends. Overall, mean family income grew about 30 percent in real terms from the end of the 1970s to the beginning of the new century. But the distribution of aggregate national income became dramatically more unequal. From 1979 to 2002, families in the top fifth of the income distribution increased their share of the national income from 44 percent to just under 50 percent, with almost all of this gain going to families in the top 5 percent. Every other quintile lost income share, and losses became progressively steeper (in percentage terms) going down the income scale. The bottom fifth of all American families saw their meager share of national income decline from 4.3 percent to 3.5 percent.

Although these facts are well known, we still understand very little of their larger social significance. Is the recent burst of economic inequality nothing but a temporary consequence of the transition to a new and more productive economy? Can Americans respond to the increasing economic importance of education by going to college in greater numbers and insulating themselves from computerization and global competition? Or will inequality, once under way, prove difficult to reverse? This might happen if the families who have fallen behind economically also fall behind in other ways that will make it more difficult for them, and for their children, to compete with the more advantaged. If, for example, as economic inequality rose over the past twenty-five years, the children of families at the bottom of the income distribution were increasingly likely to live in single-parent families, grow up in distressed neighborhoods, receive substandard child care and health care, attend poor-quality schools, and have less of an opportunity to go to college, then economic inequality might become a self-reinforcing trend. Inequality might also tend to reinforce itself at the other end of the economic spectrum if high-income families became wealthy enough to purchase private substitutes for public goods and withdraw political support for public investments in schools and social insurance systems that benefit the poor.

In 2000 the Russell Sage Foundation and the Carnegie Corporation of New York joined forces in support of a program of research designed to examine whether the recent rise in economic inequality has in fact exacerbated social inequalities of the kind that might make economic inequality more difficult to reverse. We commissioned forty-eight social scientists organized into six working groups to examine many different dimensions of social life in an effort to determine, from the available social data, the *level* of social inequality observed between rich and poor in each social domain and the *changes* in levels of inequality that appear to be correlated with the recent rise in inequality. For each social domain, we asked how the lives of rich and poor changed over the last three decades as economic inequality rose. Did inequality in family structure and investments in children, in educational quality and opportunity, in health care and outcomes, in job quality and satisfaction with work, in political participation and influence, and in many other aspects of social life become more or less pronounced?

This large and diverse volume provides a first installment on the answers to these questions derived from reviewing the research literature and analyzing available data. The pattern of answers is complicated but by no means unintelligible. In domains where social participation depends, even partially, on the private ability to pay, social inequality tended to rise in step with economic inequality. The gaps between rich and poor in enrollment in four-year colleges, use of quality day care, and access to the Internet all became more pronounced as economic inequality increased. But when public funding of a social resource expanded, this pattern was reversed. For example, expenditures per pupil in primary and secondary schools became more equal as state governments responded to court-ordered equalization, and states with underfunded public schools began to invest more in education. Clearly, public investment can be effective in reducing social inequality where there is political support. Other observed trends in social inequality were more subtle, and if there are economic influences, they are less direct and obvious than just the ability to pay. For example, voting rates among the poor have declined more than among higher-income, higher-education groups. Is this because the poor believe that the political system is unresponsive to their needs, or are they simply too hard-pressed to take time off from low-wage jobs to vote? To take another example, single-parenthood has recently risen most rapidly among women with the least education. Is this because less-educated women have little to gain economically from marrying men whose economic prospects are increasingly limited? Or is it because they have so much less to lose economically by having a child out of wedlock than more-educated women?

The chapters that follow wrestle with these and many other questions about the recent trends in social inequality. Subsequent publications in the social inequality project will attempt to delve more deeply into the causes and consequences of these social changes and attack the big and difficult questions about whether the ways in which social inequality has increased appear likely to reduce economic mobility in the future and weaken America's promise of equal opportunity. In the meantime, this landmark volume offers an unprecedented statistical portrait of the many differences in the lives of rich and poor Americans. It is, like America itself, a complex picture.

Eric Wanner

Introduction

About twenty-five years ago, economic inequality began to rise in the United States. Poverty increased and incomes fell among the poor, while the affluent enjoyed a substantial increase in their standard of living. This inequality has grown through both recession and recovery, and shows few signs of abating. Debate continues about the causes of rising inequality, but most experts agree that any explanation should include global trade, immigration, a decline in union strength, the computerization of work, and the decline in the real value of the minimum wage. This dramatic change in the distribution of incomes jeopardizes the progress made after World War II in reducing poverty and improving standards of living across the board, and also in reducing racial and ethnic inequality.

By itself, this economic inequality would be ample cause for concern, but its impact could well be compounded by its social consequences. Rising social inequality—in many different domains, such as family life, education, or civic engagement—could magnify the burden of rising poverty for the most vulnerable and sustain the effects of inequality far into the future. To take one not entirely hypothetical example, economic inequality could lead to a widening gap in education outcomes because rising incomes among affluent families bring new resources to suburban school districts, or because more affluent families opt out of the public schools into higher-quality private education, while falling incomes among the poor make it more difficult for them to improve or escape their underfunded public schools. Rising economic inequality might also widen the gap in access to high-quality preschool, to private college education, and to other privately financed educational services, such as tutoring or prep courses for college entrance tests. With so much riding on education—particularly access to secure, well-paying jobs—it is clear that rising educational inequality could have very significant long-term effects.

Despite the possibility of these far-reaching implications, the rise in economic inequality has received little public attention. Perhaps this is because inequality has risen so gradually over the last twenty-five years, or because changes in inequality are distributed over the entire population and are therefore difficult to perceive in any immediate way. In addition, although inequality is an intuitively meaningful idea, measures of inequality are less familiar to the public than are the indicators used to track other economic phenomena. We regularly see the ups and downs of the unemployment rate reported in the news, for instance. By contrast, the Gini coefficient, the most commonly used measure of inequality, is very far from being a household word.

Four years ago, the Russell Sage Foundation and the Carnegie Corporation of New York began a special project to promote research on social inequality. Working groups of social scientists were established at six leading universities to examine the social implications of rising economic inequality in a wide range of areas including family functioning, neighborhood quality, education, health, working conditions, political participation, and involvement with crime and the criminal justice system. With support from the two foundations, the scholars in these working groups have begun to generate a stream of new research intended to help the nation understand the deeper significance of the recent rise in inequality.

Social Inequality is the first major product of this Russell Sage–Carnegie project. It reflects the initial charge given to the six working groups, which was to conduct a thorough review of what we know about recent changes in inequality in specific social domains. The individual chapters in this volume are quite varied. Some draw from a large and well-established base of research, providing incisive reviews and sometimes a re-analysis of current work. In other chapters, for instance one on Internet access, the topic was novel enough that the authors had to map out a new field of study. A number of authors went beyond the existing evidence to present their own new research findings, providing a preview of the original empirical research that will be forthcoming from the social inequality project in the future.

Publishing these diverse papers together, in this rather hefty volume, seemed important for several reasons. At the simplest level, it reminds us that we cannot reckon the full cost of economic inequality unless we consider its impact across a wide range of social domains: family life, education, health, the body politic, and much else. More subtly, inequality in one domain may well have implications for another. Changes in family life could spill over into the schools. A decline in job quality for low-skilled workers could affect their health or their ability to form and maintain stable families. Although each of these chapters focuses on a single topic, juxtaposing them in this volume allows us to explore connections among these multiple domains. Finally, scholars who study inequality face some common problems of research design and method. By including work from a variety of disciplines, the volume can promote exchange of insights and research strategies across the fields.

This book examines a number of dimensions of social inequality, including inequality in family and neighborhood, education and work, health, and political participation and the formation of public policy. It pays special attention to recent trends that may threaten to sustain inequality into the future.

The remainder of this introduction offers a tour through the subsequent chapters, highlighting findings about these trends. We begin with a preview of conceptual and methodological issues underlying the analysis of inequality presented here. The final section of this volume provides a more technical and complete treatment of these issues. William Evans, Michael Hout, and Susan Mayer review the different types of inequality effects and the problems of estimating them independently. Michael Hout discusses strategies for modeling the relationship between inequality and intergenerational mobility. Readers interested in precise coverage of these issues would do well to consult these chapters at the outset. For others, the conceptual guidelines in the following section should be sufficient.

METHODS AND CONCEPTS

Our project is concerned primarily with dimensions of participation in social life that are correlated with economic resources. So, in the first instance, we are concerned to know whether there is a positive gradient relating the *levels* on some economic scale with *levels* on the social dimension under study. Although income is usually the economic scale of choice, education is sometimes substituted for income, since annual income can vary a great deal from year to year, and educational attainment is an excellent predictor of lifetime earnings.

In tracking *trends* over time, we are interested in whether increasing economic inequality is matched by increasing inequality in the social dimension under study. This could happen because the correlation between the economic and social variables remains constant over time and increased dispersion on the economic scale is simply reflected by increased dispersion on the social scale. Or, it could happen because the correlation between the two variables increased over time. So, for example, there may be increasing differences between the college enrollment rates of students from rich and poor families if increasing inequality of family incomes makes it more likely that rich families can pay the bill and less likely that poor families can. Or, it might be that families' economic resources become a more important determinant of college enrollment because scholarship aid and student loans fail to keep up with rising tuition, and a family's ability to pay becomes an even more important factor in a student's decision to go to college. Finally, of course, it is possible that both these changes (rising economic inequality and an increasing correlation of economic and social trends) could happen at once.

Although the effects of changing trends in economic inequality are often referred to as a unitary phenomenon, it is important to keep in mind that inequality may rise in quantitatively distinct ways. The poor may fall behind the rest of the population, for example, or the rich can leap ahead of everyone else. These are obviously very different kinds of economic changes, and they are likely to have different social consequences. While studies of inequality are increasingly recognizing these differences, traditional measures of inequality, such as the Gini coefficient, are insensitive to them. Ratios of the income available at various points in the distribution are more informative, such as the 90/50 ratio, which compares the well-off to the median, or the 50/10 ratio, which compares the median to the poor.

In addition to affecting the economic resources available to an individual at a given position in the distribution, economic inequality also changes the distribution of resources available to others. Does the shape of the distribution of economic resources available to others influence an individual's outcomes, even while his own resources remain the same? For example, is it healthier for an individual, let's say with the median income, to live in a society where most people have incomes fairly similar to his own, or to live in a society with the same median income but a large difference between rich and poor? Only one of the chapters in this volume (by Christine Eibner and William Evans) examines a variant of this stronger claim about the social effects of inequality of the resources available to others, but it is well to keep the difference in mind.

Finally, economic inequality may exert effects on the political system in ways that reflect the overall shape of the distribution. So, for example, if the well-to-do pull away from the rest of the population, then the upper tail of the distribution will become fatter, and the income of the median citizen will fall below the mean. If the distribution is still sufficiently bell-shaped that most votes are to be found in the vicinity of the median voter, then there should be increasing political pressure for redistributive policies, such as progressive taxation and social insurance programs. Most of the chapters in the section on inequality and public policy are at pains to explain why something of the sort has *not* happened, at least in the United States.

FAMILY AND NEIGHBORHOOD

Family life and neighborhood are highly salient for the immediate well-being of children, and for the eventual economic and social status of the next generation. We know, for example, that growing up in a single-parent family can marginally but significantly impair school performance, raise the odds of teen pregnancy and criminal involvement, and depress future employment and earnings. It is therefore particularly worrisome that in this volume, both David Ellwood and Christopher Jencks, and Steven Martin report growing class differences in the incidence of single-parent families. Well-educated women are increasingly postponing both childbirth and marriage, but they marry when they have children. Less-educated women are also postponing or eschewing marriage, but not childbirth. As a result, nonmarital births have risen much more quickly among less-educated women during the past thirty years. Although the causes of these trends are complex, Ellwood and Jencks argue that decisions to marry and bear children have become more a matter of individual choice in the past thirty years due to changing social norms, which have made unwed motherhood more acceptable, and more effective methods of birth control, which enable women to postpone childbirth. As women consider their options, implicitly or explicitly, rising economic inequality may well influence their decisions. Less-educated women may have little economic incentive to marry, given the increasingly limited economic prospects of their likely partners. Nor do they have as much to lose from early childbearing as more educated women with increasingly brighter career prospects, so they have less reason to put off having a child.

While family structure was becoming more unequal over the period, many other family and community resources show more favorable trends. Robert Haveman and his colleagues find that parental education, time spent on child care, and preschool care have all increased since the mid-1970s, while family size declined. But the distribution of most family resources—including both financial assets and expenditures on children—remained highly unequal, as did more intangible aspects of family life. For example, Suzanne Bianchi and her colleagues present new research on parents' investments in children, showing among other things that college-educated parents report spending about 20 percent more time with their children than noncollege-educated parents. These large differences did not increase over the last thirty years of rising inequality, leading Bianchi et al. to speculate that increasingly hard-pressed parents in poor families are able to protect the time they spend with their children from other encroachments, even if they cannot match the level of parental time put in by more advantaged parents.

Neighborhoods with high concentrations of poverty and scarce social resources have long been linked to developmental problems for the children living in them. Neighborhoods with high crime rates, high residential turnover, poor institutional supports, and weak communal ties make it difficult for poor families to provide the kind of environment in which children can thrive. In the 1970s and 1980s, concentrated poverty became more prevalent in American cities, as economic inequality increased at the bottom of the income distribution. The growth of concentrated poverty leveled off in the 1990s, perhaps because much of the increased inequality in the 1990s occurred at the top of the income distribution. Anne Pebley and Naran Sastry review these trends in their chapter and discuss the difficulties of disentangling the causal impact of poor neighborhoods from the problems of the poor families that live there. While research on economic segregation largely focuses on the isolation of the poor, the increasing geographic detachment of the wealthy from the rest of society (for example, in gated communities) may eventually pose problems for a democracy that depends upon a broadly shared sense of social solidarity to sustain political support for public facilities. Investigation of these more subtle "neighborhood effects" at the top of the income distribution is an important item for future research.

EDUCATION AND WORK

Education is another dimension of inequality with transparent importance for the next generation. Over the last three decades, the economic value of education has risen dramatically. High school dropouts are marginalized in a very competitive job market, and strong cognitive skills and college credentials are increasingly important to economic attainment. Americans have responded to this rising demand for skill by getting more and better education wherever they can. Our question is whether families at the bottom of the income distribution have the opportunity to improve their educational preparation as effectively as more advantaged groups. By and large, the answer appears to be no.

This is most clearly the case at the beginning and end of the educational process, where access to educational facilities depends in part on private financing and the ability of individual families to foot the bill. In their chapter, Marcia Meyers and her colleagues show that the wealthiest fifth of American families spend almost five times as much for preschool child care as the bottom fifth. The type of daycare used also reveals inequalities; well-off families are more likely to use regulated day care centers and poorer families are more likely to rely on informal arrangements. This difference between rich and poor is echoed at the other end of the educational spectrum, where Thomas Kane finds that students from well-off families have been able to increase their enrollment in four-year colleges more rapidly than students from poor families. This is true, even after differences in educational preparation between these groups are taken into account. Again, the problem appears to be financial. As tuition increases for four-year colleges have outstripped available financial aid, students from poor families have been increasingly unable to keep up with the rich.

The picture is more mixed in K–12 education, where fully funded public schools are available to all. The question here is whether the quality of public schools available to the poor matches the quality of schools in richer neighborhoods. Because public schools have been funded largely by local property taxes in the past, there have long been large differences between rich and poor school districts in expenditures per pupil. As Sean Corcoran and his colleagues show, however, these differences have actually declined over the past thirty years, due largely to successful legal challenges to the inequities of local financing. In state after state, courts have ordered state governments to step in and make school budgets more equal. The result is a significant decline in the inequality of expenditures per pupil across the nation's school districts. But large financial differences remain: expenditures per pupil in the richest 5 percent of all public schools are still more than twice the expenditures in the poorest 5 percent of all schools. Moreover, many non-economic measures of school quality still show large differences, as Meredith Phillips and Tiffani Chin show in their chapter. Schools with high concentrations of poor students have a higher incidence of school violence, less-well-maintained physical plants, fewer advanced placement courses, less-well-stocked school libraries and less-well-prepared teachers than schools in richer districts. Evidently, overcoming inequalities of these kinds will take more than the degree of financial equalization between schools achieved to date.

Patterns of achievement and attainment in the K–12 years are also mixed. As Robert Hauser shows, income and race differentials in grade retention and school dropout rates have diminished over the last three decades. The gaps in achievement between rich and poor students, and between white and minority students, remain large, however. Given these gaps in academic achievement, Hauser suggests that class and race differences in grade retention and school dropout rates are likely to widen again as school reform increasingly mandates high-stakes testing for grade promotion.

Two chapters in this section concern topics loosely related to education—Internet access and working conditions. Use of the Internet has become so widespread in both school and work that we must take seriously its implications for inequality. Despite extensive federal investments to provide Internet connections for the nation's public schools, higher-income families continue to have better access to advanced Internet technology. Moreover, individuals with higher cognitive and technical skills are likely to use the Internet more for education and research, and less for entertainment. It is too soon to know whether the Internet will reinforce existing class inequality or ameliorate it. It is not too soon to map out a research agenda, however, and Paul DiMaggio and his colleagues take a major step in that direction.

Educational inequality has its most immediate consequences in the labor market, as new workers are sorted into good and bad jobs. With the deregulation of business, the decline of unions, and the rise of contingent labor, some analysts fear that protections for workers have weakened and job quality has deteriorated, particularly for low-skilled workers. Neil Fligstein and Taek-Jin Shin present evidence showing that inequality in benefits, workplace safety, and nonstandard shift work have all widened roughly at the same time that earnings inequality has increased—with low-paid workers losing ground on all fronts. Not surprisingly, the gaps between high- and low-earning workers in self-reported satisfaction with one's work and financial situation also grew over the same period. Interestingly, managers and professionals worked increasingly longer hours, and felt more pressure at work, but also enjoyed their jobs more.

HEALTH

Given the very strong relationship between economic status and health, we might expect growing economic inequality to be mirrored in the health status of the population. There are many channels through which income might improve health, including better material living conditions, access to better medical care, and protection from environmental hazards. If inequality in health widens, there may be long-term reciprocal consequences for economic inequality; for just as income can affect health, so health can impact income. Illness and disability make it more difficult to hold a job, of course, and as recent research shows, poor health in childhood leads to lower education and earnings in adulthood. Through its effect on health, then, the long-term implications of economic inequality could be substantial. Rising inequality in health is difficult to measure in the short term, however, because some medical problems may take years to appear. As John Mullahy and his colleagues show, there have been large and stable differences in self-reported health between the poor and nonpoor since the mid-1970s. But there is no indication in the data that these differences increased as inequality rose over the past years. However, as Janet Currie and Joseph Hotz note in their chapter about child mortality, improvements in product safety, environmental protection, intensive-care technology, and other changes have improved health across the board in the past two decades, and may offset the effects of the rise in economic inequality.

Epidemiologists have speculated that living in a more unequal society has an impact on health that goes beyond the material deprivations of poverty. Inequality may be stressful for those who are not doing as well as the rest of their peer group, and people may respond to the stress of relative deprivation with unhealthy behavior such as smoking, over-eating, and binge drinking, which is likely to raise their mortality. Intriguing evidence for this idea comes from field studies of primates, which show higher levels of stress hormones among those who are lower in the status hierarchy. Christine Eibner and William Evans present new evidence that when relative deprivation is higher—as it is under conditions of greater inequality—people are more likely to smoke and to be overweight, and more likely to die from coronary disease or lung cancer. These patterns give credence to epidemiologists' ideas about the psychosocial effects of inequality, and have implications beyond the field of health.

POLITICAL PARTICIPATION

The book devotes two sections to politics and public policy. The reason is not hard to see. There is virtually no dimension of social inequality that is unaffected by law and public policy. Consider, for instance, the divorce laws that affect the formation and well-being of single-parent families, or the legal action driving school finance reform, or public investments in health and environmental protection. If economic inequality reduces the political influence of the poor while it empowers the wealthy, public policy is likely to shift toward the interests of upper-income constituencies, deepening economic inequality. This concern is heightened by the cross-national differences that we already see: the United States has higher economic inequality than any other country in the industrialized world, and this country's social safety net is weak compared to those of other developed countries.

Political participation is central to this concern about the policy effects of economic inequality. Many types of participation in electoral politics are already quite stratified by income and education. Rising economic inequality gives the affluent even more resources and the poor less, which could widen inequality in political participation and influence, particularly as financial contributions become the key to electoral success in modern, mass market campaigns. Inequality might also have more subtle effects. The poor might become demoralized by the growing disparity between their own condition and that of the majority. The affluent, who can afford private schools, gated communities, and the like, might withdraw their support for public services. More broadly, we might see an erosion of the public sphere, and of a sense of solidarity and shared interests that crosses class lines.

Chapters by Sidney Verba, Henry Brady, and Richard Freeman take different approaches to the inequality of political participation, analyzing different data sets with different measures, and arriving at somewhat different pictures of recent change in political participation and its relation to rising inequality. Verba reviews the evidence indicating that high-income, high-education citizens participate more than poor, less-educated citizens on every dimension of political activity—from voting to working for candidates, making financial contributions to campaigns, joining political organizations, and contacting political representatives. Combining all forms of activity into a single scale, and tracking this scale over time, Verba finds no increase in inequality with regard to the sheer number of different political activities engaged in by rich and poor since the mid-1970s. But there may be differences in the intensity, or the impact of various activities. Not surprisingly, Verba finds the gap between rich and poor is largest where campaign contributions are concerned and much smaller where political activities involve contributing time, not money. To the extent that money has become more important to electoral success, the influence of the rich may have grown.

Richard Freeman looks exclusively changes in inequality in voting behavior between rich and poor. Although well-educated, well-off citizens have traditionally voted at higher rates than the poor, inequality on this key dimension of political activity has not been as extreme as in other types of political participation. Freeman finds, however, that inequality in voting behavior has increased significantly over the past forty years. While all income and education groups are voting less in presidential elections than they did in 1964, the poor show by far the largest decline. Over this period, the voting rate among the poorest fifth of the population dropped by 14 percent—more than twice the decline in voting among the rest of the population. Freeman estimates that this differential decline in electoral participation among the poor had the effect of raising the income of the median voter from the 53rd percentile (of the whole population) to the 59th. To the extent that politicians try to cater to the needs of the median voter, this change moves the center of gravity of the political system significantly toward the more well-to-do.

In her chapter, Theda Skocpol points out that we should also consider the institutional context in which political participation takes place. The contours of civic involvement have changed over the years, with less emphasis on face-to-face participation in grassroots organizations, and more on lobbying groups and other national organizations that rely on direct mail, financial contributions, and the mass media. As Skocpol shows, these institutional changes have led to a striking decline in the kinds of civic organizations that bring people of different class backgrounds together and give people from modest backgrounds an opportunity to gain political experience and leadership skills. Poor and working-class people now face a political environment that offers them fewer opportunities for meaningful participation. To take one telling example, the number of members of professional societies with at least some college education has ballooned to more than four times the number of non-college-educated workers in unions—an advantage that has grown by 50 percent since 1975.

PUBLIC POLICY

There are long-standing differences of opinion about the implications of economic inequality for public policy. As inequality rises and the affluent become increasingly capable of purchasing private substitutes for public social provisions (such as education, heath care, and retirement pensions), they might use their increasing economic and political resources to lobby for reductions in progressive taxation and cuts in social programs. On the contrary, growing economic inequality might spur more redistributive public policies, if the ranks of the have-nots begin to outnumber the ranks of the haves, and politicians respond to the growing constituency of economically-frustrated voters by taxing the rich and distributing benefits to the poor. Three chapters examine these alternative scenarios, looking at evidence across countries, across states, and over the course of U.S. history.

Lars Osberg and his colleagues review the cross-national evidence showing that among a set of comparably developed countries, the United States has the highest level of economic inequality and the lowest level of cash assistance to the poor. When noncash benefits, such as education, health insurance, and food stamps are taken into account, however, the United States moves toward the middle of the pack. So, at this general level, international comparisons do not support the simple idea that more inequality inevitably leads to less social spending, but inequality may influence the form in which social transfers are made. As Osberg and his colleagues point out, cash benefits require trust that the recipient will choose to use the support provided in a responsible way. Noncash benefits, such as food stamps, pre-empt that choice. If, as many studies suggest, high levels of inequality lead to low levels of community involvement and trust in others, then the high levels of inequality in the United States might account for our preference for noncash benefits.

Gabriel Lenz reviews evidence for the relationship between inequality and redistributive policy within the United States. He points out that the recent rise in inequality in the United States corresponds exactly with a decline in the generosity of welfare programs, such as Aid to Families with Dependent Children (AFDC). Analyzing cross-sectional variation across the fifty states, Lenz finds that the relationship between inequality of a state's income distribution and the generosity of its AFDC benefits is negative. But the relationship is weak, and Lenz suggests that we will need to develop more sophisticated models of political factors at the state level in order to get a true test of the relationship between inequality and welfare generosity.

Howard Rosenthal looks at the long sweep of U.S. political history in the twentieth century and shows a remarkable coincidence between inequality and political polarization between the two parties on a single liberal-conservative dimension: the more inequality, the greater the polarization. Polarization tends to make the political process "sticky" because it is more difficult to achieve a legislative consensus. Therefore, as inequality rises, it may become more difficult to respond legislatively with effective countermeasures. For example, the real value of the minimum wage, which is not indexed and must be raised legislatively to keep up with inflation, has fallen by about one-third since inequality started rising in the late 1970s. Rosenthal also points out that the rise of inequality has been accompanied by reasonably strong economic growth, so that real income of the median household has not suffered, even as incomes have grown fastest at the top. This is not, as Rosenthal suggests, a scenario likely to lead to strong political demands for redistribution. In fact, top marginal tax rates have generally declined since the 1970s, and the exemption from estate tax liability has risen.

Bruce Western and colleagues turn from distributional issues to examine the effects of rising inequality on criminal justice policy. Since 1980, there has been an unprecedented increase in the U.S. incarceration rate, just as inequality was rising. Tellingly, these increases were much steeper among high school dropouts than among graduates of high school or college. Was this because those with limited educational preparation faced increasingly bleaker prospects as inequality rose and therefore turned to crime, or was it because rising inequality leads to a perceived need to control increasingly marginalized groups who come to be considered a threat to social order? Certainly, the criminal justice system became a great deal more punitive over the past twenty-five years with the adoption of mandatory minimum sentencing laws, habitual offender laws, and truth in sentencing laws. It is difficult to account for these systemic changes by any aggregate increase in crime, which generally declined over the period. But a conclusive test of the social control hypothesis will need to compare the relative risks of incarceration among those who lost ground economically with the risk of those who advanced, holding criminal propensities constant. Western's group is at work on just such a test.

WEALTH

Economic inequality can be reproduced over the generations as families accumulate wealth and bequeath it on to their children. Questions remain about trends in wealth inequality over the last twenty-five years, but it is clear that racial inequality in wealth is very large. Much of the research on this question has investigated the role of racial differences in labor market position, family characteristics, returns on investment, and other factors. As John Karl Scholz and Kara Levine write, the research on racial inequality in wealth provides resources for thinking about wealth inequality more generally, and particularly for finding the connections between economic inequality and inequality in other domains, such as families.

DIRECTIONS FOR RESEARCH

It is clear that social inequality has risen in a number of domains. On family life, the results of Ellwood and Jencks's research have already been noted. Similarly, Steven Martin notes growing class differences in the timing of family formation. Marcia Meyers and colleagues report that the cost burden of day care and early childhood education has become more unequal, and that the gap in access to quality care may also have widened. At the other end of the educational spectrum, Thomas Kane reports similar trends for college access. As Fligstein and Shin write, working conditions have improved for high-skilled workers and deteriorated for low-skilled workers (although work for everyone became less secure). Richard Freeman finds evidence that class inequality in voting has increased.

There are exceptions to this pattern. By and large, Suzanne Bianchi and her colleagues did not find rising inequality in parents' investments in children, although class differences in these resources remain quite large. Sean Corcoran and his colleagues found that spending by local school districts has become more equal over the last three decades. As noted earlier, we might expect the effect of economic inequality to vary reflecting the relative role of market and public institutions, as the example of education suggests. When most students attend public school, their access to educational resources reflects school finance policies that, whatever their flaws, have some redistributive elements. In early childhood education, however, and at college, parents face a complex mix of public and private schools, and the quality of education depends much more on the ability to pay. In these more market-driven sectors, it is not surprising to find evidence that access to quality schooling has widened as economic inequality has grown.

The research reported here should stimulate further work about the contextual effects of economic inequality. Rising economic inequality could, some fear, have social implications beyond those stemming from changes in individual and family incomes. The context of inequality itself, with wide disparities between rich and poor, could have subtle consequences for morale, civic engagement, and commitment to public institutions. It is important to know what economic inequality may mean for our political lives, and for the public policies that result. In addition, a new stream of research on inequality and health, represented here by the work of Eibner and Evans, suggests that the context of economic inequality might have a variety of social and psychological effects on individuals, for instance on marital stability, educational aspirations, and mental health, that we should not ignore.

Clearly, economic inequality may have far-reaching and long-term social consequences that bear further investigation. This volume provides a foundation for research on these consequences. It is just a beginning, however. As we would expect from this foray into a new field, the chapters that follow raise more questions than they answer. To resolve these empirical questions, and to extend our understanding of social inequality into new areas, will require a large and interdisciplinary research effort. We hope this volume will stimulate such an effort.

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