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Family Finances Hit by Divorce, Other Factors

Wage stagnation and rising income inequality — two features of the current recovery that have puzzled both policymakers and analysts — may reflect not economic factors, but a vast change over the decades in the structure of the American family, in particular the decline in the number of married-parent families, according to a new study.

If the 2012 American marriage rate had remained constant at 1980 levels — when 78 percent of families with children were led by married parents — the median family income would have been at least 22 percent higher over the last three decades, according to economics professor Robert L. Lerman, co-author with sociologist W. Bradford Wilcox of the new report, “For Richer, For Poorer: How Family Structures Economic Success in America.”

Instead, actual median average family income grew by only 14 percent over that time, at the same time that the percentage of married-parent families decline to 66 percent.

“Fifty years ago, there were no major class divides in American family life: The vast majority of Americans got married, stayed married and raised their kids in marriage,” Mr. Wilcox said during a panel discussion with Mr. Lerman held earlier this week at the American Enterprise Institute (AEI).

“But today, things are different,” said Mr. Wilcox, citing data showing that marriage — and its benefits — were increasingly being enjoyed by college-educated adults, but not by those with less education or lower socioeconomic status.

Despite great alarm about wage stagnation, male unemployment and income inequality, “only rarely do we see a mention of this key factor of the changing structure of American families,” added Mr. Lerman.

The new report urges policymakers to focus on family structure as a major factor in America’s economic woes, and consider strategic family-friendly changes such as removing “marriage penalties” in welfare programs, tripling the child tax credit and expanding vocational education and apprenticeship programs.

Another suggestion is to create a massive national campaign — similar to the National Campaign to Prevent Teen and Unplanned Pregnancy — around the “success sequence,” which holds that young men and women do best when they pursue school, work, marriage and parenthood — “in that order.”

People who follow this “success sequence” are significantly “less likely to be poor and much more likely to enjoy a middle-class income,” the authors write.

Some at the AEI event said there was already some evidence that left-leaning and right-leaning scholars are beginning to collaborate on this family factor as a way to fight poverty and wage stagnation.

Still, much more needs to be known about marriage — such as why it seems to matter so much to economic progress and fairness — and “how do we get there,” said Brookings Institution scholar Isabel Sawhill.

Ms. Sawhill, who helped found the national teen-pregnancy prevention campaign, argues in a new book that more has to be done to encourage young women to wait until marriage before having their first baby.

The average age of a U.S. woman’s first birth — around 26 — is about a year younger than the average age of marriage in America, she noted. And there’s a vast earning gap between married and unmarried parenthood: In 2012, the median income for a married-parent family was \$81,520 a year, while the typical single mother earned \$29,539.