

The Declining Importance of Class

Daniel P. McMurrer and Isabel V. Sawhill

Ensuring equal chances for all to succeed is a value Americans have long embraced. They are more likely than other nationalities to believe in the importance of talent and effort in shaping a person's life prospects. They are also more likely to reject social class as an acceptable determinant of whether someone succeeds or fails.¹ Given such a strong consensus on the goal of equal opportunity, the American public has paid remarkably little attention to how close our society is to achieving it. In the hope of beginning to fill this gap, this brief looks at how much circumstances of birth affect an individual's chances of success in today's America.

Evidence suggests that family background matters quite a bit—that we are still far from being a society that provides everyone an equal chance to succeed. At the same time, real progress has been made. Inherited advantages of class play a smaller role than they used to in shaping the success of individual Americans, with larger numbers now moving beyond their origins. In this sense, opportunity has increased.

But in another sense, it has not. In the past, the dynamism of the U.S. economy ensured that each generation's prospects were better than those of the last one, irrespective of social origins. Almost all Americans were able to achieve more than their parents. As economic growth has slowed in recent decades, however, so has opportunity. The depressing effect of this

growth slowdown has almost completely offset the opportunity gains that have come from the declining importance of class.

Class Still Matters

Opportunity is here defined as the extent to which an individual's economic and social status is determined by his or her own skills and effort rather than by class of origin. It is typically measured as the relationship between parents and their offspring² on various indicators of class—occupational status and income are common ones.³ The more closely the status of individuals reflects the status of their parents, the less opportunity exists in a society and the more class matters. Conversely, the more independent the overall parent-offspring relationship, the less class matters.

In today's America, the socioeconomic class into which individuals are born significantly affects their status as adults. Even in an open, fair, and dynamic society, of course, we would expect some relationship between the status of parents and their adult children.⁴ Genetic inheritance alone is likely to account for some of this (although estimates suggest that it would be an extremely small fraction). Further, there will always be a tendency for parents who occupy positions of high status—whether through their own achievements or for other reasons—to try to extend their advantages

Individual opportunity has increased, but slower economic growth has almost offset this gain. While individuals are increasingly free to move from their roots, fewer destinations represent improvements. For those concerned about the material well-being of the younger generation, this is not a welcome message. But for those concerned about the fairness of the process, the news is unambiguously good.

to their children. This is a tendency for which public policy can probably never fully compensate as long as children are reared within their own families. Thus, it is almost impossible to imagine a society in which parents' and children's outcomes are completely independent.

The link between the incomes and occupations of parents and offspring in the United States, however, is stronger than would be expected even given these considerations. Recent studies have found an observed correlation between the incomes of fathers and sons of about 0.4.⁵ This means, for example, that an adult son whose father's income was a quarter of the way from the bottom of the income distribution (at the 25th percentile) would have a 50 percent chance of having an income in the bottom two-fifths (chart 1). Conversely, a son whose father's income was at the 95th percentile (not shown) would have a 76 percent chance of being above the median, including a 42 percent chance of being in the top 20 percent.

Occupations are similarly correlated across generations, with children of professionals significantly more likely to become professionals as adults, and children of blue collar workers significantly more likely to work in blue collar occupations (chart 2). For example, men with white collar origins are almost twice as likely as those with blue collar origins to end up in upper white collar jobs.

Thus, origins continue to matter. Children from advantaged backgrounds are likely to do well as adults, and children from disadvantaged backgrounds are more likely to do badly. But this is not the end of the story.

Class Matters Less Than Previously

Class may still matter in the United States, but not as much as it used to. The effect of parents' occupational status on that of their offspring declined by about one-third in less than a generation, according to

one study.⁶ Other studies have confirmed this decline and have shown that it is a continuing one, evident for at least the last three generations and probably longer.⁷

It has been driven at least in part by the growing number of Americans who have access to higher education. The percentage of adults who are college graduates, for example, increased from 8 percent in 1960 to 23 percent in 1995. Attainment of a college degree has been shown to greatly attenuate the link between occupational origins and occupational destinations. However, little or no change has occurred for workers without a college degree.

that has largely offset the declining importance of background. One study finds that the two trends have almost completely offset one another, resulting in little overall change in the rates at which individuals move from the class into which they were born.⁹ The only difference has come in the composition of upward mobility. A larger proportion of upward mobility across generations is attributable to the declining importance of class and a smaller proportion to economic growth (chart 3). (If individual opportunity increases in an economy that is not growing at all, intergenerational churning between the socioeconomic classes will increase, but there may be no net improvement

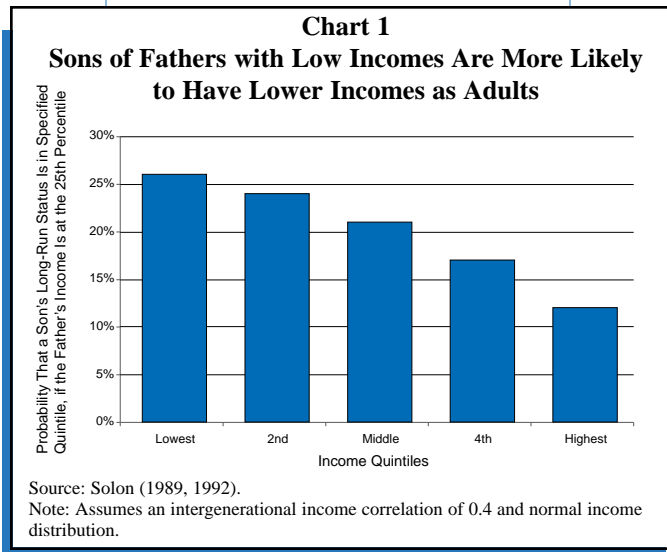
for younger generations over their parents.)¹⁰

This change in the composition of upward mobility—growing individual opportunity and lagging economic growth—is important, because it will be felt differently by different groups, depending on where they start. Everyone is hurt by slower growth. But individuals from more modest backgrounds will benefit from a more open, less class-based social structure. On balance, according to the data, they should come out ahead. For

individuals from more privileged backgrounds, in contrast, the increased individual “opportunity” implied by the declining importance of class represents an increased likelihood of moving *down* the social scale. They are more likely than before to experience a drop in status relative to their parents. Both trends (economic growth and individual opportunity) represent losses for them.

Summing Up

The United States remains a society in which class matters. Children who grow up in privileged families are more likely to become highly paid professionals, for example, than are children raised in more disadvantaged households. Still, the effects of family



The Offsetting Effect of Slower Economic Growth

For most of our history, vigorous economic growth has fueled continuing change in the occupational structure of the U.S. economy. Farm work was replaced by better-paying factory jobs, which, in turn, were replaced by growing numbers of even more highly paid white collar positions. But in the last quarter century, U.S. economic growth has declined,⁸ slowing the pace of occupational change along with it. The economy itself is no longer creating as many chances for individuals to move up the economic ladder as used to be the case—a trend

background have declined in recent years. Success is less likely to be inherited than it was in earlier years, suggesting that the American playing field is becoming more equal.

The role of higher education in increasing individual opportunity is notable. Educational attainment in the United States has improved significantly, suggesting that opportunity may continue to grow as a result.

The failure of the economy to grow as rapidly as in the past is equally notable, however. Even as individual opportunity has increased, the slowing of economic growth and the related stagnation of occupational prospects have almost offset this gain. While individuals are increasingly free to move from their roots, fewer destinations represent improvements. For those concerned about the material well-being of the younger generation, this is not a welcome message. But for those concerned about the fairness of the process, the news is unambiguously good.

Notes

1. See, e.g., Seymour Martin Lipset, *American Exceptionalism*, W.W. Norton (1996).

2. Because of data limitations, many of the studies in this area have excluded women, focusing on the relationship between fathers and sons.

3. To analyze income relationships, researchers compare the incomes of parents (frequently only fathers) at a certain age with the incomes of their children at a similar age. Analysis of occupational relationships is more complicated. This comparison also requires ranking occupations on a hierarchical scale, which is usually based on a combination of the average income and average years of schooling associated with each occupation.

4. For a more complete discussion of how much opportunity might exist in an open society, see Daniel P. McMurrer, Mark Condon, and Isabel V. Sawhill, "Intergenerational Mobility in the United States," Urban Institute, No. 6796 (1997), and Sawhill and McMurrer, "Are Justice and Inequality Compatible?" *Opportunity in America* series, Urban Institute, No. 2 (1996).

(1989); and David J. Zimmerman, "Regression Toward Mediocrity in Economic Stature," *American Economic Review* 82:409-429 (1992).

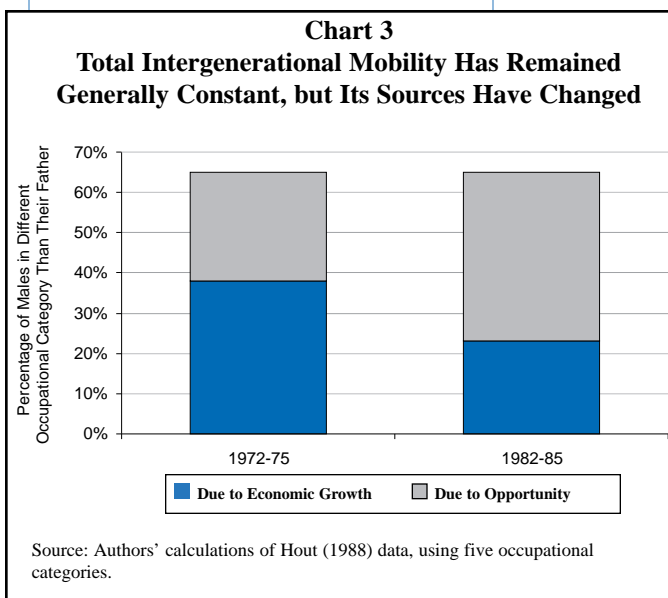
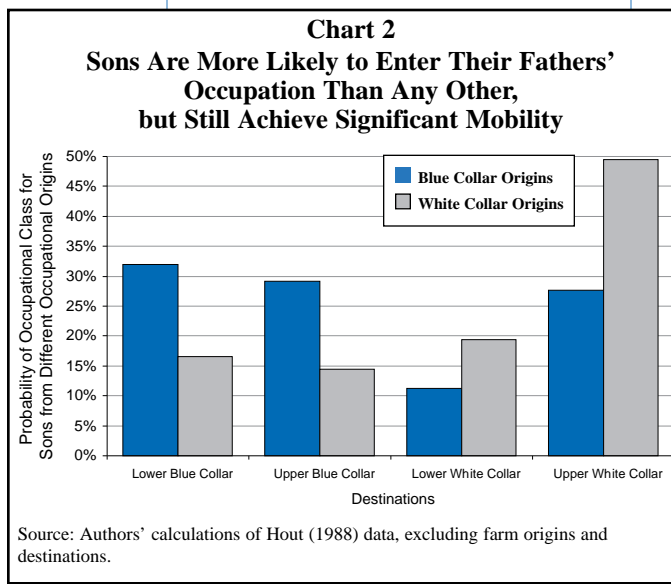
6. Michael Hout, "More Universalism, Less Structural Mobility: The American Occupational Structure in the 1980s," *American Journal of Sociology* 93:1358-1400 (1988).

7. Timothy Biblarz, Vern Bengston, and Alexander Bucur, "Social Mobility Across Three Generations," *Journal of Marriage and the Family* 58:188-200 (1996). See also David Grusky and Thomas DiPrete, "Recent Trends in the Process of Stratification," *Demography* 27:617-637 (1990), and Grusky, "American Social Mobility in the 19th and 20th Centuries," University of Wisconsin Center for Demography and Ecology, Working Paper No. 86-28 (1986).

8. This slowdown is largely a result of slower productivity growth. Productivity has increased at an annual rate of about 2 percent since 1870. Between 1960 and 1973, it grew 3.0 percent per year. It has since slowed to a crawl—an average of 1.0 percent per year between 1973 and 1995.

9. Hout (1988).

10. Different rates of fertility can also affect overall levels of mobility. If less-privileged individuals reproduce more rapidly than the more privileged, then more people will be able to experience upward mobility—even in the absence of economic growth.



5. Gary Solon, "Intergenerational Income Mobility in the United States," *American Economic Review* 82:393-408 (1992); Solon, "Intergenerational Income Mobility in the United States," University of Wisconsin Institute for Research on Poverty, Discussion Paper No. 894-89

For additional analysis of issues discussed in this brief, see Daniel P. McMurrer, Mark Condon, and Isabel V. Sawhill, "Intergenerational Mobility in the United States," Urban Institute, No. 6796 (1997).

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