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Abstract for Tuesday talk to be given in Madrid on November 14, 2017

How a Changing Economy and Increased Family Income Inequality Reduce Life Chances for Children from Low-Income Families

Changes in the economy of the United States over the last several decades have increased the labor market demand for the combination of analytic and social skills. Increasing family income inequality has made it more difficult for children from low-income families to acquire these critical skills necessary for labor market success and upward economic mobility. Three types of mechanisms contribute to this disturbing pattern. First, the gap in spending on child enrichment between high- and low-income families has increased markedly. Second, residential segregation by income has increased, especially among families with school-age children. Third, school segregation by income has increased substantially. A result of these patterns is that children from low-income families increasingly grow up in high-poverty neighborhoods and attend schools in which their classmates are also from low-income families. These patterns make it extremely difficult for schools serving high concentrations of students from low-income families to provide the education that increases their students' life chances.