

THE BROOKINGS INSTITUTION  
BROOKINGS CAFETERIA PODCAST

THE RACE GAP IN MULTIGENERATIONAL POVERTY; CENSUS 2020 FINDINGS

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PARTICIPANTS:

Host:

FRED DEWS  
Managing Editor, Podcasts and Digital Projects  
The Brookings Institution

Guests:

WILLIAM H. FREY  
Senior Fellow, Metropolitan Policy Program  
The Brookings Institution

RICHARD V. REEVES  
John C. and Nancy D. Whitehead Chair  
Senior Fellow, Economic Studies  
Director, Future of the Middle Class Initiative  
Director, Center on Children and Families  
The Brookings Institution

SCOTT WINSHIP  
Resident Scholar  
Director of Poverty Studies  
American Enterprise Institute

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## PROCEEDINGS

DEWS: Welcome to the Brookings Cafeteria, the podcast about ideas and the experts who have them. I'm Fred Dews.

Here's a shocking statistic: about one in five Black American adults in their 30s are experiencing a third generation of poverty, meaning they, their parents, and their grandparents are or were living in poverty. Just over 1 percent of white Americans are in their third generation of poverty.

This is but one of the many important findings in a new report from both the American Enterprise Institute and Brookings titled, "Long Shadows: The Black-white gap in multigenerational poverty," co-authored by Scott Winship, Christopher Pulliam, Ariel Gelrud Shiro, Richard Reeves, and Santiago Deambrosi. On this episode of the Brookings Cafeteria, both Scott Winship of AEI and Richard Reeves of Brookings join me to talk about the report, their findings, and ideas to address these gaps.

Also on this episode, Senior Fellow William Frey from the Metropolitan Policy Program at Brookings answers a few questions about his new report on city population changes revealed in the 2020 Census.

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First up, here's William Frey with a Metro Lens on the 2020 Census.

Bill hello. And thanks for joining me.

FREY: Fred, it's good to be here.

DEWS: So with the first results of the 2020 Census now released, what to you is especially notable from that initial trove of data.

FREY: Sure, I just want to go back and explain that the Census its main reason for taking the census is to reapportion Congress, so it's in the Constitution and it says that. They've got to come up with population totals for every state and they use that in a formula to reapportion Congress. Normally this gets done in December during the census year, yet most people remember filling out the census sometime in 2020 and by December it's supposed to be delivered to the president and to the Congress to make this assessment. But because of the pandemic and other kinds of lawsuits, and so forth, this got delayed. And so this first tranche of census data with the population totals for each state came out at the end of April.

And as I said that although the main reason is to reapportion Congress, we demography geeks like to look at it to just see how the population is changing in the United States. And the big headline really is the very slow growth in the United States: 7.4% of growth. We had a 7.4% growth rate in the in the 2010 to 2020 decade, from about 308 million to about 331 million people. It's the slowest growth of any decade since the first census was taken in 1790 except for the 1930s, which was right after the Great Depression in the United States. But even so, it was only a little bit higher than in the 1930s. Back then it was 7.3%. Now it's 7.4%.

Well, why is this happening? Well, we've had a situation where there was a little bit lower immigration in this last decade. We had lower fertility. Some of it had to do with the aftermath of the Great Recession. Some of it had to do with just a little bit of the pandemic toward the end of this decade that kept people from having kids, although that wasn't that a big part of it. The population is aging and as a result there are more deaths and fewer births than we had before, but the lower immigration this decade also had something to do with it. It hasn't been a straight line of slow growth going from the 1930s up till now. In fact, in the 1990s we grew at 13.2%, almost twice the growth right now, but the 1990s was a decade of

very large immigration, and it was also the last part of the millennial population was born during the 1990s.

So we're really seeing a slow growth that I think is easing us into the fact that we're becoming an aging population compared to what we were before, that there will be more deaths, there will be fewer births, and then we can look forward to that into the future. That leaves the door open to immigration as possibly the only way that we can sort of calm this sort of slow growth down a little bit into the future, so that's the national picture.

But also at the state level, 37 states grew more slowly in this last decade than in the previous decade and 50 of them grew more slowly this last decade than back in the 1990s. Now, that doesn't mean all the states are very slow growing states. A lot of the Western states—Utah, Idaho, Colorado, Nevada, Arizona, Washington—were at the top of the growth tier in the last decade, as well as Texas and Florida and, oddly enough, North Dakota, which had a lot of boom going on in the middle part of the decade. So there were some fast-growing states going on there.

But you know, on the other hand, out in the West, California showed it's its slowest rate of growth both in the entire history of the state on a decade basis. And so, why is that? California has depended a lot on immigration, and immigration fell down a lot in this last decade, and really, for the last three decades or so, more people have left California, then moved in terms of migration across the rest of the United States. And some of that had increased over the last decade.

Getting into the reapportionment, which is a real reason we took the Census: What's happened there? It's not always the case that the fastest growing states gain seats in the Congress and the slowest growing states lose seats because there's this kind of complicated formula that it kind of ends into. It depends on whether you cross a certain threshold and all of this sort of thing. But still the states that gained the most seats in Congress as a result of

this reapportionment were in the South and in the West. Texas gained two seats. Florida gained a seat. North Carolina gained a seat and the other the other states that gained seats were Colorado, Montana and Oregon.

Of course, California lost a seat for the very first time in its existence and that's hugely historic, because you always think of California gaining seats. Although California still has the most seats in the House of Representatives, 52 seats.

But other states that lost seats were the big northern states of New York and Pennsylvania and Ohio and Illinois and Michigan, as well as West Virginia.

So you know that's the reapportionment part of the census release. A lot of people think, well, because all of these Sunbelt seats are gaining population and are gaining seats in Congress that will favor Republicans in the future, because in the last couple of decades, Republicans tended to pick up a lot of votes in a lot of sunbelt states, especially in presidential elections. But you know the results of this last 2020 election shows that Arizona and Georgia voted Democratic, and a lot of these southern states that gained seats are gaining them because sort of Democratic leaning voters are moving there.

So you know when we look at these Census results we see very slow growth. We see very slow growth for lots of states, but still movement to the Sunbelt. But from a political standpoint, it may not be a clear victory for Republicans. Actually it may be Democrats are getting an upper hand in many other respects. It's what we see from the main results of the Census.

DEWS: What comes in the next release of the 2020 Census? Are there any data trends that you'll be looking at as new rounds of data are released?

FREY: Yeah, the next release of the Census is what's called the Redistricting File, and that's a term that means this data is going to be used for congressional redistricting at the state level and even state legislative redistricting. And what that means is data are going to be

released for all levels of small geography down to the block level by race and by age. You know there'll be more sense of stuff coming out even after this. But this is one that people are going to look at, not just because of the political aspects of it, but how this country is changing in terms of becoming older in terms of its racial diversity, and I'm going to be looking at that too.

I mean, one of the things we're going to see is an aging of the nation's population. The Census Bureau did some kinds of estimates prior to the 2020 Census in order that it could evaluate the census results. And as we might expect, we're becoming an older nation, and one of the reasons we're becoming older is that the population of baby boomers had moved from the ages of 46 to 64 in 2010 to the ages of 56 to 74 in the eight in 2020. So as all of us baby boomers move into our 60s and 70s, what that means is the population in the 60s and 70s is just going to balloon. The Census Bureau estimates showed that the age 55 and over population will grow by 27% between 2010 and 2020.

Twenty-seven percent growth among old people in the United States! Well, how can that happen if the whole population is only growing by seven percent? Well, it's this redistribution of baby boomers into these older age groups. But what that means is that the younger part of the population is growing much more slowly; the Census Bureau estimated only about 1.3%. So there's older population growing about 20 times the level of the younger population. And what we're going to be looking at is how that how that shakes out across different parts of the country, different states, different counties, different metropolitan areas, and of course most of the country will be aging.

Most of these old people are aging in place, so almost every place is going to see a growth in their older population. But among the younger population, it'll depend on more domestic migration. In other words, if young families and their children start moving to

places like Texas and Nevada and Idaho and so forth, those states will actually be showing some growth and some significant growth in their younger population.

But Census estimates have shown in fact that for the nation as a whole, 31 states could lose population among their under-age-18 population, so those other 19 states will be the ones that will be the benefactors of those young people. Something to keep an eye on: the general aging of our population and what it means for the youth and the young labor force age population in many of these places. It's important for consumers, for consumer behavior, important for businesses. And we're going to have all that information shake out.

But the other aspect of this new Census release, which will be coming out in August, the Redistricting File, will be the race and ethnic makeup of the United States, which is hugely interesting to a lot of people. Of course everybody knows we're becoming a racially diverse country, but I am looking at these numbers to see if we're actually going to see a small decline in the nation's white population. By whites I mean people who identify as white and not of two or more races or other racial minority groups.

Some of the estimates suggest we may actually see a small decline in our white population between 2010 and 2020, largely because of the aging of our white population. The median age of the white population is about 44. The median age of the Latino population is about 30. The median age of the two-or-more race population is 21. So the backbone of this stagnating population in the United States is the white population, with more deaths and fewer births. And the under-age-18 population of whites has been declining for a long time.

So all the growth in this younger population is likely to come from racial and ethnic minorities. It's likely that more than half the population under age 18 will be people of color for the very first time, which is different than maybe 60% of the U.S. population being white and 40% being people of color. And of course, the baby boomer is about 70% or more are white and the rest of them are people of color. So we have this kind of generational

difference, and any place that's going to gain people through migration, whether it's a state or a community, is probably going to pick up a large part of that population, people of color, especially Latinos, and African Americans. Among the young population, the Black and brown population will comprise about 40% of that group going forward.

So again if we look at these detailed results coming down at the block level for states, for metropolitan areas for counties, people who are interested in business, people who are interested in politics, people who are just concerned about planning are going to want to pay close attention to the dispersion, especially among the young population of racial and ethnic minorities, and maybe the not-so-young population. The very diverse millennial population is getting older; as we all know, the first millennial turned aged 40 this year. So we're becoming more diverse for larger numbers of our age groups and in different parts of the country. I'm going to be looking at all this very carefully in August when this redistricting file comes out.

DEWS: What are your current thoughts on how the coronavirus pandemic has impacted the U.S. population?

FREY: Where there's a lot of discussion about the pandemic and how it's affecting cities, for example. I must say that since the pandemic began about a year ago, I must get one or two calls a week from somebody in the media or somebody interested in this, and whether cities are ever going to come back from the pandemic. I mean, the common assertion is that the pandemic has brought about an exodus from a lot of cities, especially New York, but other cities as well, from people who of course are concerned with their safety and living in a high-density environment or concerned about their jobs disappearing or may be able to telecommute and decide that they can have it all by moving somewhere else. And it's true. Some of the early findings have shown that places like Manhattan and the city of San Francisco showed huge dives in their population and out migration and population loss as a result of the pandemic.



But by and large I think that it's too soon and perhaps misleading to say that this is going to lead to the demise of cities or the very continued low growth of city populations. After all, a lot of cities began showing slower growth in the middle part of the 2010s decade. The first part of the 2010s decade was an unusually good one for cities, because this was right after the 2007 to 2009 Great Recession. And what happened is a lot of young millennials couldn't find jobs, were delaying getting married, were for delaying buying homes, and many of them sort of grouped together and stayed in big cities, not just New York but big cities all across the country. So cities as a whole had unusually high rates of growth in the first part of the 2010s decade.

As the decade moved on and the economy got better and the housing market got better, there was more movement, not only millennials, but large parts of the population to the suburbs to smaller metropolitan areas. And a lot of that has continued during this pandemic period, not just because of the pandemic but it's in the in the context of this broader movement away from large cities and suburbs.

So the real question for me is after a, you know, a year or two after everybody gets vaccinated—and we're pretty well on our way to some of that right now—after businesses try to adjust after big cities change their safety rules and infrastructure according to whatever the CDC guidelines are, and more importantly as a new younger generation of Gen Xers decide where they're going to move, I think a good number of these cities are going to do pretty well. I think this is a very sort of short term, in many cases temporary, kind of movement and some of the data that I've been looking at in some of my Brookings posts tend to suggest that that's likely to be the case. And to the extent that there is slower growth in cities, it may be related to the broader, longer term trends rather than to this very short hit during the pandemic. And many cities, which have always been attractive—and San Francisco has

always been attractive to young people, New York has always been attractive not only to young people, but also to immigrants from abroad—I think we'll be able to recover from this.

So this is what I usually tell people when they say, Is this the end of cities in the United States? It's too soon to tell, but I'm pretty optimistic.

DEWS: Thanks Bill. It's always great to talk with you about the Census.

FREY: Yeah, well I enjoy coming on here and I hope you'll have me again. There'll be more releases coming along.

DEWS: Absolutely, and you can find Bill's analysis of the 2020 Census and much more on our website [brookings.edu](https://www.brookings.edu). And now, here's my interview with Scott Winship and Richard Reeves.

Richard Reeves, Scott Winship, welcome both of you to the Brookings Cafeteria podcast.

WINSHIP: Great to be here.

REEVES: Thanks.

DEWS: I'd like to start by having you both introduce yourselves to listeners. Scott, can we start with you, please?

WINSHIP: Sure. I'm Scott Winship. I'm the director of poverty studies at the American Enterprise Institute, where I'm also a resident scholar and formerly was a scholar at the Brookings Institution.

REEVES: I'm Richard Reeves, I'm in Scott's old office at the Brookings Institution. Actually, I'm not anymore, I was for a while, I inherited Scott's office. I'm a senior fellow in Economic Studies and I'm the director of the Center on Children and Families, which is where Scott used to be as well.

DEWS: Excellent. And again, it's great to see you both, even if only virtually. I'll tell listeners that the buildings that house the American Enterprise Institute and the Brookings

Institution on Massachusetts Avenue are separated only by one building, which is also a think tank. So we're neighbors in Washington, D.C., and in the Dupont Circle area. And also there have been many collaborations between AEI and Brookings over the years, including, very recently, a collaboration that was led by Brookings's Rashawn Ray and AEI's Brent Orrell on criminal justice reform. And we taped a podcast on that and published recently. So I encourage listeners to check that out.

So, the collaboration between AEI and Brookings is longstanding. And so I want to ask you both to comment on the top line of the research that we're here to talk about today. And again, it's the report "Long Shadows: The Black-white gap in multigenerational poverty." What is the top line finding? Scott, do you want to start with that?

WINSHIP: Sure. And happy to go into details about what exactly we looked at. But the basic motivation for the paper: Richard and I had worked on a paper a few years ago that was in a line of research that other people have worked on looking at economic mobility, intergenerational mobility, and the differences in the experience of mobility between Black and white families. And we found big gaps that African Americans today have experienced. Well, first of all, they are more likely to start out in the bottom fifth of income as adolescents. But more than that, they're less likely to escape that bottom fifth by the time they become adults, so that they are not themselves in the bottom fifth. And we found pretty big disparities there. There's an interesting story around gender that we can talk about. But that was one of a few papers that had looked at Black-white differences in mobility.

So, this time around, we wanted to extend that and look at something that hadn't really been examined before, which was the experience of multiple generations in poverty, multiple generations in the bottom fifth. So that's what we do in this paper. And essentially we find even bigger differences when you sort of telescope further back in time. So, we look at the grandparents of adults who are now in their 30s. We look at their grandparents 50 years

ago, and we compare how the kids of those grandparents, who are the parents of today's adults, how they did, and then how today's adults in their 30s did. And we find these big differences, which you can sort of summarize in our major topline finding, which is that one in five African American adults in their 30s is in their third generation in the bottom fifth. And that compares to one in one hundred white adults in their 30s. So something that is practically unheard of among whites is actually fairly common among African Americans. And we can get into some of the other findings that we found as well.

REEVES: Yes, so I'll just add to that. I think the contribution of the paper is to try to go for three generations. There's quite a few papers that look at two generations, including some of the work that Scott and I have done together. I was watching this movie a few days ago, it's an old movie, it's called "Hell or High Water" with Chris Pine in it. And it's about sort of Appalachian poverty, I guess. And there's a line in there where he says, "I've been poor my whole life, like a disease passing from generation to generation." And the problem with that that makes that a bit less plausible is that he is white. Chris Pine kind of playing it.

And so, as Scott says, what we discover here is that this idea of inheritance, the passing on of poverty from one generation to the next—we define poverty as the bottom fifth of the distribution and maybe get into that—is actually very, very rare for whites. It's not zero but one percent, and pretty common for Black Americans. What that also means is that if you look at it from a slightly different perspective, if you look at those who are poor today, that's something that would have been experienced over a long period of time for Black as opposed to for white Americans. So of those who are poor today on our definition, of those who are Black and poor today, half of them had poor parents and a poor grandparent. Whereas for whites, it's eight percent. So, again, not zero.

And so what that means is that this is quite a common, if not a normal, occurrence among Black Americans and a pretty uncommon, if not rare, occurrence among white

Americans. I think it's quite important when we think about policy and we think about the structures within which we talk about inequality, is important because Black poverty is very different over the long time frame than white poverty is.

DEWS It's a fascinating and disturbing set of data, and there's lots of different ways to look at it. You have a lot of different data points and I encourage listeners to go and read the paper. It's on our website. It's on AEI's website. And I do want to talk about the methodology. I always find the methodological questions very interesting. But first I want to ask if there are disparities—you talk about disparities between Black Americans and white Americans across this generation—are there further disparities when it comes to gender?

REEVES: Well, actually, I'll have a crack at this first, because, again, it builds on work that's Scott and I have done before and work that I'm continuing to do on gender. We look in the paper deliberately at household income. So we look at the incomes as combined, because we're really interested in quality of life. And most sensible approaches to poverty would obviously look at either family or household income. That's what seems to matter most in terms of quality of life. So that's what we look at here.

But in our previous work and in other work from Raj Chetty and others, and in work that I've been doing with Camille Busette and others, we do really see that quite a big part of the Black mobility story is also a Black men story. And that is not to say for a moment that there aren't serious issues facing Black women. But we see really astonishingly high rates of downward mobility for Black men, very low rates of upward mobility for Black men. And again, linked to events that I've done on this recently and to the paper that Scott and I did on specifically looking at Black men, which is if you look at the individual incomes of Black men, they they're doing badly. And that contributes, of course, to family income. And so for the purposes of this paper, we wanted to look at families. But it is, I think, important when we start to look at causes of the gap and potentially solutions to the gap that we do take what's

come to be known as an intersectional approach, and to look at the way that gender and race and class all intersect to create different patterns of advantage and disadvantage.

WINSHIP: Yeah, we had this really interesting result in our earlier paper—and this was something that I think Raj Chetty’s team also found around the same time—that Black women, if you’re looking at their own individual earnings, experience surprisingly high mobility out of poverty, as high as white women. That isn’t true for Black men versus white men. And then when you move to family income, the Black women actually had the worst mobility outcomes of all. So it is this complicated story around individual earnings and individual income, family formation to some extent, although we found that looks like a smaller part of the story than you might then you might think. And then just sort of how men are doing also contributes to family income, obviously. And so that ends up being a very rich story that we don’t actually look at in this paper.

DEWS: I do want to signal to listeners that we’ll get to some of the whys and then what to do about this in a moment. But first, I want to focus on the methodology because it’s so important to your study. You have three generations of Americans in the study. The youngest group, as you mentioned, are in their 30s. So they’re born between 1979 and 1988, and then their parents, and then their grandparents, who presumably were born probably in the 1950s or so ...

WINSHIP: ... ‘30s and ‘40s ...

DEWS: ... 30s and 40s, okay even earlier. How do you get data on income for people who were born two generations ago? I can understand how you might get data on a current cohort, but what about the older generations? How do you do this kind of research?

WINSHIP: We basically leveraged this pretty amazing dataset called the Panel Study of Income Dynamics that has been around since the late 1960s, which is convenient because that’s kind of just as the Civil Rights era had achieved its major victories. And it started with

a nationally representative group of people. It followed them over time, but it also followed adolescents as they left home and formed their own households. And then as they had kids, it followed their kids as well. And so now and in 2019, I think is the last wave that we end up using, we've got enough adult kids who are in their 30s, which was important because if you look at how people are doing in their 20s, that's not always a great indicator of how they're ultimately going to do because people stay in school longer than others. And a lot of the tradeoff of going to school longer is that you're going to have a steeper gain in income once you're out. But enough are in their thirties now that they're a reasonably representative group that you can trace not only their parents but their grandparents.

So, yeah, we're looking at grandparents around 1970 born mostly, I think in the '30s and '40s. We're looking at parents mostly in the 1980s who were born in the '50s and '60s. And then we're looking at the grandkids who are in their 30s and born mostly in the 1980s.

DEWS: Let me kind of move into some of the why questions: why are you observing these phenomena? Why do these gaps in poverty continuing to exist across the generations? And one issue that comes to mind, and this may not be a factor, but it's something that I've heard about often, is this question of intergenerational wealth transfer. You know, Black Americans have not accumulated the same amount of wealth that white Americans have and therefore they're not passing that to their children and their children aren't passing it to the next generation, the grandchildren. How important a factor, if at all, is intergenerational wealth transfer in the persistence of these poverty findings?

REEVES: Well, I think the first thing to do is make the distinction that's implicit in your question between wealth and income. So, here we are looking very specifically at income mobility. We do cite the paper that looks at wealth mobility by race and find a pretty significant race gaps as well. I'll point to Bill Gale's relatively recent paper, our colleague

Bill Gale, suggesting that the wealth gap is actually rising among millennials. And so that's a very disturbing trend.

But the question I think is, how far does wealth help with income? And relatedly, how far does income translate into wealth? And it turns out that actually income doesn't translate as well into wealth for Black Americans as it does for white Americans, for reasons that are worth a whole podcast. And you've probably done podcasts on this. But it's also probably true the other way around, too, is that it's not necessarily a straight line from wealth to income. And the thing we want to focus on, I think in this conversation at least, will be what's the transmission mechanism from low income parents or grandparents to low income adults themselves?

Now, is wealth a factor there? Sure. You can imagine in ways in which wealth might help. But is it the major factor? My view is no, that there are much bigger factors at work here, like neighborhood, like education, location, like family formation, et cetera. And that wealth is part of the story, but not the main part of the story.

The only other thing I would say is that because we are using these longitudinal data set that Scott's just described, you're always kind of looking backwards. One of the problems with all of this research is I sometimes liken it to driving only using the rearview mirror, because you're always having to look at kind of patterns from the past and then wonder if they're going to work in the future. But you obviously don't know what the future holds yet. But what's interesting about this research is that we show one of the big reasons why you see more three generation poverty among Black Americans, because there was a lot more poverty among Black Americans three generations ago. Number one.

But it's not just that. It's not as if over time that historical gap is working itself out. It's also much lower rates of upward mobility, as Scott's already mentioned for Black Americans, actually higher rates of downward as well, which is a slightly separate issue. And



so, it's the persistence of the patterns rather than just the legacy of history that's happening here. And so I think the question for now is not why were there so many poor Black Americans in the past—I think we can give some answers to that question—it's why does the poverty of the past still bear so heavily on the future?

DEWS: That's a key question, and kind of related to that, I suppose, is, I guess, a comparison between the people who are in poverty today. So, the bottom 20 percent of the income distribution, how do they compare to the bottom 20 percent of their parents' generation and the bottom 20 percent of their grandparents' generation in terms of mobility within that cohort or out of that that group, the kinds of opportunities they have or don't have? So what does poverty look like today compared to poverty a generation ago and two generations ago?

WINSHIP: Yeah, that gets into some really interesting distinctions between what a lot of times researchers call relative mobility versus absolute mobility. So our paper is really focused on relative mobility. And you can tell we talk about poverty in the paper, but we're always talking about the bottom fifth of income. And so everybody can get richer over time, but there's always going to be a bottom fifth. And it's important, even if everybody is getting richer over time, that if we're not doing better getting folks to move out of the bottom fifth, that's still a problem. If the sons of the poorest grandparent fathers are overrepresented as security guards, whereas many of them would have preferred to have been professionals, that's a problem. Even if security guards today make a lot more than security guards in the past did. And so we're really focused on that.

Richard said there are these different dynamics where the grandparents had very different poverty rates to begin with. So if you look at the Black grandparents, 59 percent of them were in the bottom fifth compared to 9 percent of white grandparents. But then starting from that disparity, the rates of upward mobility and the rates of downward mobility favored

whites in both generations as well. And so, if you look at the parents, Black parents were just as overrepresented in the bottom fifth versus white parents as was the case for the grandparents. Now, when you look at today's 30-somethings, that looks a little bit better. Today, it looks like 42 percent of Black Americans in their 30s are in the bottom fifth by our definition, versus 15 percent of whites. Not a lot of progress over time. And that relates both to the unequal starting point, but the unequal rates of moving up and moving down. So we're not making very much progress over time in getting anybody out of the bottom fifth if they started there. But in particular, we're not making much progress in closing the racial gaps in that regard.

DEWS: You have this other data point that's related to this that I want to share with listeners and ask you to sort of unpack it, and it goes to this question of upward mobility within generations and then comparative across the generations. So, you look at the second generation, so the parents of today's 30-somethings, and you note that 37 percent of Black Americans in that parent generation escaped from the bottom fifth versus 66 percent or two thirds of whites in that second generation, the parent generation, who escaped from poverty.

REEVES: What we're doing there is we're looking within two generations, if you like, what's the pattern? And then how does that apply across three? And in fact, this is work that Scott and I've been doing for ages. Scott may have forgotten this, but I wrote an essay for Brookings ages ago—do you remember the Brookings Essay, Fred?

DEWS: Yes, I do.

REEVES: I wrote one of those and I ...

DEWS: ... I remember yours very well.

REEVES: Thank you.

WINSHIP: The Horatio Alger one.

REEVES: The Horatio Alger one, yeah. And I went on Diane Rehm Show to talk about it, and Scott was coming on as well. And Scott called me. I was literally on the way to the studio and he said, these numbers on Black and white mobility, they're really ... are you sure? I called my RA and said, Scott Winship's questioning it. And we didn't get into it on the show, Scott. But if you can remember that, because they were just stark. And that may have been some of the work we had done, which is the two gen gaps are very significant.

So, one of the reasons why the paper has a cornucopia of data stats is because there are so many different contributory factors and one of them is conditional on starting in the bottom quintile. What are your chances of moving up by race? And as Scott said, the picture is getting better over time, but very slowly. And conditional on being the bottom fifth, the numbers you just quoted, Fred, show that there is still just this very big race gap. And that's contributing to the ongoing nature of the kind of inheritance of poverty. And that is to say, the trend is positive, but wow, is it slow! And there have been other papers that show that at this rate, it will take centuries to close the racial income gap simply because you just see this almost as rinse and repeat problem of the passing on of low income and the very different impacts that being poor seems to have on the prospects of Black children and white children. And perhaps we'll get into why that might be in a moment. So there's a sort of mechanical why, which is more poverty to start with, less upward mobility, et cetera. And then there's almost the real life why, which is, okay but why that, why do we see such different rates of mobility across generations?

DEWS: Well, I'm going to stay on that "why" question for a little bit longer then, and Richard, I'm glad you brought up your essay on Horatio Alger and I'll put it in the show notes as a link. There's this mythology in America that anyone can just pull themselves up by their bootstraps, as Horatio Alger did, and improve their lot in life, escape poverty, achieve the American Dream. Why do we continue to see these persistent gaps, not just because

today's Black 30-somethings are starting out in multigenerational poverty or more likely to be starting out in multigenerational poverty. But like on the ground today, what are some of the factors that are making it more difficult for that large group of Black Americans to escape from poverty?

REEVES: If you don't mind, Scott, I'll have a crack first. But before that, Fred, I just wanted to situate the debate a little bit more in light of the conversation we just had about a difference between Black and white. And back to this sort of conversation that Scott and I were having in our respective taxis on the way to the Diane Rehm studio. I think part of the fear here is that because the white mobility rates look pretty good compared especially to the Black mobility rates, there's a fear that the mobility problem will be seen as a Black mobility problem. Right? But I think that fear is an opportunity, because to the extent that it's true that a large part of America's mobility problem is a race mobility problem and specifically a Black mobility problem, that should inform our policy. That's not something we can sort of look away from and pretend that all poverty is somehow equal.

I've got to a place now—and I can't speak for Scott here, which is to say—well we do say this in the paper—that you need to look specifically at what's happening to Black Americans. And it isn't to say that poverty doesn't matter for everybody. I mean, poverty is bad, period, whether you're Black, white, Hispanic, or Asian. It is to say, let's look at what poverty means for the future.

And in terms of then the sort of on the ground why, I think one place to start, there are many, is place, neighborhoods. Actually work I did with Elizabeth Kneebone a few years ago—I think maybe even she and I came and talked to you about that, Fred—looked at multidimensional poverty. And, caveat, we used a different measure of income. But what we showed was that among low income whites, about 3 percent lived in a poor area where more than one in five of their neighbors were poor, that compared to 16 percent of low income

Blacks in our data. And so, the conditions to just take place, if you're poor, your chances of your neighbors being poor, are very much higher if you're Black. And if place matters, if concentrated neighborhood poverty matters, then that's going to affect your life chances. And we know pretty clear now, those things do matter. And so this is one example, which is the neighborhood effect that we're going to see because poor Black kids live in different places to poor white kids. This is one, but there are many others, Scott should weigh in.

WINSHIP: I would actually largely agree, I think, with what Richard said. And I think, too, if I could also start out with kind of a point about framing, this idea that Richard said that all poverty is the same, I think one of the things that I hope people take away from our paper is that that's not actually true. So Richard said, if you're just looking at poor adults, among African-Americans 51 percent, as Richard said, had a poor parent and a poor grandparent versus just 8 percent of whites. So if you do some sort of analysis where you're looking at Black-white differences in some problem, and you're like, oh, we controlled for poverty, we'll you actually haven't done that, because even when you control for whether adults are poor, the familial multigenerational experience of disadvantage is just a lot different.

And I think that those kinds of numbers, unfortunately, swim against some of the political tides right now where, a lot of people on the center right have newly discovered that there are a lot of poor whites out there. The success of J.D. Vance's book, "Hillbilly Elegy," fantastic book for sure, talks about an important group of people. But this idea that Trump got elected and it's because we've discovered all this white poverty out there is in some ways incongruent with just the stark differences. If we really were concerned about entrenched poverty, we would be more focused on African-Americans than we are about rural whites.

For causes, that's an incredibly complicated question. I think, unfortunately, the debates tend to sort of hinge on the left, it's ascribed to something called systemic racism,

which I think is a very imprecisely defined term that's not ultimately all that helpful. And on the right, everything is reduced to culture, meaning, you know, the family stability issues that hit Black families harder than white families. And on both sides, I think there's just not enough recognition that the historic discrimination for centuries that has disadvantaged African American families probably end up being the most important part of the story, and that is reflected in concentrated poverty, as Richard noted. We cite in the paper an earlier report by Pat Sharkey, who's at Princeton. So, initially he looked at a group of kids that were born in the late '50s and early '60s, I think. And he found that essentially about two-thirds of African American kids grew up in neighborhoods that were so poor that only about 5 percent of white kids experienced that level of neighborhood poverty. And then he looked at kids born in the late 1980s and early 1990s, and that number hadn't changed at all. And so, again, not all poverty is the same. There are these structural differences that have very deep-seated historical roots and then create things like unequal neighborhood environments, unequal early childhood environments. Those, I think, are the things that ultimately we'll need to fix somehow if we're going to reduce these disparities.

REEVES: I think this point you've raised, Scott, about the incentives to de-racialize some of these debates on both left and right is really interesting. And you've described, I think, the center right one—the discovery of white poverty and what that means, sort of populism. And I think sometimes on the center left, the concern is that by drawing out racial differences, you invite a whole series of questions about how why that is. And so it's almost like an unholy alliance to want to de-racialize some of these issues. But the numbers speak for themselves, particularly in this case.

But in a way, the more difficult question is transmission. Why poverty at time A becomes poverty at time B and across generations? And how do you break those transmission mechanisms of poverty and why are they so different for white and Black? Because the thing

is, unless you change some of those transmissions, unless you change the correlation coefficient, if you like, then you're just going to have to keep doing every generation. And so what you want to do is change those trajectories. And we've mentioned neighborhood as one factor already. I think obviously education is another one, which is related to neighborhood. I was just looking at college completion rates by race and gender, for example, for some other work that I'm doing. And if you look at those enrolling in four year colleges, the completion rate for Black men is 38 percent. And for white women it's 69 percent. So a little bit more than half as high a chance of graduating four year college as a Black man than as a white woman. And I've done it deliberately because there are a big gender gaps as well as race gaps.

And so, obviously those aren't necessarily all low income people, but the way in which the education system works is hugely important. And so that's probably where I find a phrase like systemic racism potentially helpful is only if you then go to the next question, which is, which systems? Because are there systems that are acting in a racist way in terms of their outputs? Yes. I think the problem is if you just, "oh that's systemic racism," and that's the end of the conversation, systemic racism should be the beginning. So, do we agree that there's a problem of the segregation, and zoning? Yes. Do we agree that the way that people get tracked, do we agree that the for profit college sector is badly serving, whatever? So in other words, let's get specific about these systems, which is what we're starting to do now, rather than it just being a thing you wave in the air. Would you agree with that, Scott? Am I being fair?

WINSHIP: I would clarify my own answer to you by saying, like, I don't at all want to deny the existence and the importance of ongoing current discrimination in affecting Black opportunity, for sure. I think where I find a term like systemic racism to be difficult is that it suggests that if we could get rid of active discrimination, then essentially we would eliminate

this Black-white gap. And I think that's unrealistic. And I think it actually isn't even really the place that we would get the biggest bang for our buck.

If you're talking about Black-white test score gaps among five-year-olds starting school, for instance, those are already big and those reflect different learning environments, different neighborhood conditions, different levels of family stability, and a bunch of other things that are all a legacy of the past and of the discrimination that African Americans have experienced in the past and the disadvantages that they continue to have. I think those kind of structural things are ultimately going to be much more important in remedying Black-white opportunity gaps than, for instance, changing the way that we admit students to universities and into Ivy League universities, for instance, or getting rid of the SAT test, for instance. Focusing on something like systemic racism obscures as much, in my view, as it sort of illuminates because it just sort of says, well, there's a lot of stuff that's unfair and that's biased without really getting specific, as you say, about where are the biases? Where is the discrimination? Where is the unfairness?

REEVES: Yeah, I think that's right. I think digging into what's the system and how does it work? So let's take SAT scores. That's a good live debate right now. I agree with you that just getting rid of SAT scores is not a great idea. But when you look at the race gaps in SAT scores, and I've done some work on this, which we updated fairly recently, they're enormous. And so if you're using SATs as a simple way to allocate a scarce resource, i.e., a college place, and you have these preexisting massive race gaps, then you've got to look at how that system's working in practice. And so I was a huge fan of what the College Board were trying to do with their so-called and ill-fated Adversity Score, which was to take into account the socioeconomic background of the student when you assess their SAT score. I've always said that the fact that my kids can get—I won't say what my kids SAT scores were,



because they weren't as good as they should have been, given all the advantages that, you know I've been "dream hoarding" for them for years and it didn't work.

Let's say they've got 1300. Do I think that my kids who actually went to school in Bethesda, Chevy Chase, them getting a 1300 SAT means that they are smarter than a kid from southeast D.C. who got 1200? No, I would say the kid who got 1200 from a poor part of D.C. is probably everything else equal smarter than my kid that got a 1300. So why not take that into account? So, take that into account, adjust to a kind of adjustment for socioeconomic background because otherwise the system will replicate itself. So that's where I would go with SAT. I wouldn't just use it blindly as this quasi-meritocratic thing, nor would I get rid of it for some sort of holistic thing. Would you go for that?

WINSHIP: I was working for a Republican senator at the time, and I think surprised some of my colleagues in being sympathetic towards the Adversity Score. I would put maybe less weight on it than you would versus an unweighted SAT score. But certainly, I think it is important to take into account the disadvantages that people grow up with, because, as you say, for somebody to make it to the point where they're being considered for a university, if they've overcome a ton of disadvantages is worthy of consideration when we admit students.

Yeah, again, it's a matter of sort of subtlety. Right? If it begins and ends with systemic racism, then it cuts off all of the questions around, well, all right, so if someone gets a 1300 versus somebody that grew up in adversity and got a 900, how do you weight those? Right? And how much do we focus on that rather than, unfortunately it's much more likely that some people are likely to get a 900 rather than a 1300 because they've been to schools that don't have the best teachers because they're in poor neighborhoods that are dangerous and where teachers don't necessarily want to teach, and their parents were less successful in school and are less able to help them, and they're less wealthy and less able to provide all the resources that wealth can bring. Focusing on these antecedents versus saying, well, the

system is producing outcomes that we don't like and so we ought to reject in some ways the elements of meritocracy that would make complete sense in a world of equal opportunity.

REEVES: Sure. So you have to go back and see how this, all the systems of work then kind of overlapped with each other going forward. But I also think the other perhaps the last point on the system point is there are lots of different kinds of systems, including social systems as well as educational systems, labor market systems, and so on, too. So one of the most famous findings out of Chetty's shop was that Black boys who grow up in neighborhoods where there are lots of Black fathers around do better, independent of whether or not their own father is around. And so, you say, okay, what does that mean? What system is at work there, that just means the fact that there are Black dads around helps the Black boys? And it was very specific, that finding. And there's something about a social system there, that your work at JEC [Joint Economic Committee] was all about social capital, it was something about networks, and that's the work Camille and I have done and the social isolation. And so as long as we think about, as long as we're specific what systems we're talking about, how they interact with each other and allow social systems to do some work as well as other systems, then I think can open up a useful conversation.

DEWS: Let's start to wrap up this conversation, and I want to ask you both, to borrow a phrase that Scott used a minute ago, to comment on what are some of the ways that public policy can deliver the biggest bang for our buck when we're addressing these problems of multigenerational poverty?

WINSHIP: Well, I think the honest answer, at least from my perspective, is that we still don't have a great idea about how to go about that. I think if there were easy ideas I'd like to think we'd have figured them out and implemented them by now. And so I've proposed something that Richard proposed, I think before me, I'll give you full credit, Richard, which is to set up an office ...

REEVES: ... Maybe you maybe you told me about it and I stole it ...

WINSHIP: ... which is to set up an office of opportunity in the White House. And I think Richard's and mine, what we had originally proposed looks a little bit different. What I would advocate is that essentially there's this office that seeds pretty generously a bunch of randomized experiments that look to reduce school readiness disparities among younger kids. And it would be great if we actually already knew how to do that. But we don't. We have some studies from the 1960s that were funded at incredibly high levels that nobody, that would be extremely difficult to scale up nationally, that showed some success. Some of those are even disputed. But the real world equivalent to that at the national level has been Head Start, which has not shown great results, unfortunately. So, I think we need to just fund a bunch of different things and find what works, find out what doesn't work. And even if that ends up being sacred cows like Head Start, shift funding from things that don't work to things that do.

I am optimistic about some things that leverage text messaging, for instance. There is a program called Ready for K that was started in San Francisco that's expanded quite a bit over the last few years, I think, to other cities. But essentially it lets people who register their kids for kindergarten, sign up, opt in to text messaging, that includes things for child development, like when you give your child a bath point to all the things in the tub that start with "H," basic textable things like that get kids thinking a little bit. It's been rigorously evaluated. It increased parental involvement in their kids' learning, and it increased kids' test scores when they were subsequently tested later on.

So that's something that I've called before a social capital hack. If there are ways of giving some kids who lack the social networks that other kids benefit from, that are low cost and easily scalable, let's look for those kinds of solutions. Richard mentioned earlier the importance of neighborhoods, which I fully agree with. I think you mentioned in passing

things like zoning, land-use reforms. I think those will be important to give more kids the chance to live in higher opportunity neighborhoods. Raj Chetty and his team are doing some interesting experiments with housing vouchers along these lines, too, where they're encouraging people to move to specific neighborhoods that empirically look like they produce better outcomes for kids.

So, those are the places that I would start: early childhood, concentrated poverty. I do think that we've got to figure out how to reverse the very long term multi-decade increase among Blacks and whites in single parenthood. And unfortunately, policy doesn't really know how to do that as of yet either. So I think we need to experiment with a number of ideas there as well.

REEVES: So, I'll just underline the place point again, because we've mentioned that a couple of times in the episode. I think, suffice to say, we need an aggressive attack on the segregation of our cities, especially by class and by race. The way I think about the question is, are there policies which are more likely to try and break this income, this transmission of income across generations, than others? And I think there we do need, as Scott suggested, some evaluation. Because lots of things you hope will do that, but they don't always do that. And in fact, in some occasions they make things worse. A good example is actually the higher education system in the UK expanded, and the more it expanded the worse intergenerational mobility got because it expanded by giving a free, high quality education to disproportionately rich kids.

And so, we always have to be looking for what's the goal here. And if the goal is reduce the chances of a kid raised poor ending up as a poor adult, that's the goal. What works and what doesn't work? I guess the only thing I would say that's a bit different is there may well be some things that we have reason to believe could have that effect, but would be good to do anyway. And so I think some of the wealth transfer policies that are being discussed,

things like baby bonds and so on—which could potentially kind of get some resources into the hands of low income and especially Black Americans, which they could use for education, which everything else equal should help them reduce their risk of being poor—I think that’s worth going for on a quite big scale and seeing if has that effect, because I think it’s good to do anyway.

So, my favorite kinds of policies are the ones that are, like, I hope it will have these three effects, and I’m clear what those are, but if I only get the first two, I’ll still consider it to be a success. And I would put some of the wealth transfer policies in there, too.

And just echoing Scott’s point about family policy and family stability, which I think is a huge part of the story here, which we shouldn’t look away from, I’m very, very concerned about Black men. And I have come to believe that unless we can improve the prospects for Black men in America, many of the other hopes we have for helping Black families, Black children, and overall mobility are really going founder. The more you disaggregate the data, the closer at least as I look at it, the more I think unless we can really, really improve outcomes for Black men, then we’re going to be facing an uphill struggle. And I think there we’re looking at incarceration. We’re looking at education. I am not a fan of canceling student debt, blanket cancelation of student debt. But when I look at Black student debt, I start to feel a bit differently about it because it was, in many cases, poor quality education and it’s expensive debt and so on. So, again, like disaggregating what student debt is doing and thinking about what I would call race conscious policies, which lie between race blind—let’s pretend that race doesn’t matter and just do good things—and race based, which is this policy is only for people of a certain race, but instead have policies which are conscious of the fact that they will have disproportionate benefits for some groups. And I think that race conscious policies to improve Black mobility, especially given the findings

that Scott and I have just outlined, I think that is just an absolutely unavoidable necessity for public policy now.

DEWS: Well, Richard, as you indicated earlier, we could have a whole series of podcast episodes on individual policy solutions for a whole range of these issues that we're talking about, but we'll have to leave it there for this discussion. And I want to thank you both for joining me on the Brookings Cafeteria to talk about this fascinating and very important research.

REEVES: Thanks.

WINSHIP: Thanks very much, Fred.

DEWS: Again, the paper is titled "Long Shadows The Black-White Gap in Multigenerational Poverty." You can find it on [brookings.edu](http://brookings.edu) and [AEI.org](http://AEI.org).

A team of amazing colleagues helps make the Brookings Cafeteria possible. My thanks to Audio Engineer Gaston Reboredo; to Bill Finan, Director of the Brookings Institution Press who does the book interviews; to my communication colleagues: Marie Wilkin, Adrianna Pita and Chris McKenna for their collaboration. And finally to Camilo Ramirez and Andrea Risotto for their guidance and support. Our podcast intern this semester is David Greenburg.

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Until next time, I'm Fred Dews.

