

New Directions in Youth Policy Forum
Keynote Address
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Thank you very much, Fred, for those very kind remarks. I actually thought it took a little courage for you to invite me here today. I knew that Marion Pines was behind this. But Marion, if you remember last time you and I were here at the Ford Foundation, we did not exactly receive the greatest treatment [laughter], even though one of my books was out there in the lobby. Now what I did for today's presentation [laughter], my forthcoming book on Ford is forthcoming—no, just teasing, just teasing.

In putting together today's presentation, Fred asked me if I would cover a series of issues about what is happening to young workers, as well as what's causing success and what is needed for success in today's labor markets. And over the last few years I have been trying to illustrate the importance of what goes on in youth labor markets, not only for young people who are in their teen years, you know, young adult years, but what it's meant for the ability of young men and women to marry and form stable families and what impact it's had on the extraordinary rise in out-of-wedlock childbearing among the young. And this is not a problem that is related to teen pregnancy, this is a problem that's overwhelmingly dominated by out-of-wedlock births to women between the ages of 20 and 32 years old. The rise in out-of-wedlock births and decline in marriage has had a tremendous adverse affect upon young family's incomes, the distribution of young family's incomes and the well-being of their children. And we cannot solve the problem of poverty among children until we address all of these problems that I've tried to lay out here today.

Now, I wish I could say in today's presentation I've got a lot of good news. There's not much good news in my presentation. There are a few programs that have made a difference. I'll let more of the panelists discuss those issues, but let me just kind of lay out the way I tried to handle today's presentation. And I'll flip back and forth on some of these slides because I know I won't have time to cover all of them. If any of you could follow all of these slides, then you get an "A" at the end of my presentation. But what I wanted to do was to handle the presentation in this

manner: There are six topics that I'm going to cover. I'm going to try to spend five minutes on each.

One is to have us understand how far the youth labor market has fallen in our country, both year-round and during the summer months for teens. This year marks new historical lows, since 1948, when national data has been collected, and yet there's been no national public policy response at all. In years past, we would have funded jobs-creation programs for youth year-round and in the summer. I went several times before to Congress. There are a few heroes in there. There's Senator Murray from Washington; there's Representative Clyburn from South Carolina. But other than those, there's just been a mass of public policy failure in this country on both political parties. And if you read both political parties' platforms, they are completely silent on all these issues. There are a few words about education in the Democratic platform and a few other words in the Republican platform but not one mention of any of those problems. I think it represents the greatest intellectual and moral bankruptcy of both parties in the history of our country [applause]. I ask you to just bear with me and hold your boos 'til the end. [laughter]

Secondly, I'm going to go over very briefly what's happened in terms of the deterioration in both the absolute and relative earnings of young men and women who work full-time. This has been going on since 1973, with a few breaks in between, a few periods where we had a shining light that was illuminated again after the 2001 downturn occurred. Those changes in labor markets and employment have led to an extraordinary shift in the economic fortunes of young adult men and women, but particularly young adult men with no postsecondary schooling. What's happened to their earnings? How have changes in those earnings led to a dramatic change in the marriage rates of young men, about level of schooling, about level of income? Declines in men have been accompanied, of course, by declines in women, given the fact that women typically tend to marry men within two to three years of their age. And as I said, and I'll then show you a few slides on how that's led to this steep increase in out-of-wedlock childbearing among women under 30, how that has then led to this widening gulf in incomes among our young families. There's an excellent book written about this by Kay Hymowitz called *Marriage and Caste in American Society*, in which she argues that we've become a country divided deeply between the marriage haves and have-nots, divided by education of the haves and have nots. And I'll conclude with what this means for our children being raised in low-income, single-parent homes,

and what the consequences are for America. And at the very end, I'll just comment very briefly on what I think we can do as a country to try to turn this around. And what I hope all of the organizations that are represented here today would give a focus and the public attention on these issues they deserve.

So let me just start first with an understanding of what's happening in the youth labor market. My first chart up here just tells a story about the employment rates of teenagers, starting here first in 2000 and then going through 2008. 2000, by the way, you know, was the peak of the business cycle. We never got back the employment rates we had in 1989, we never came close to the employment rates in '79, but still 45 out of every 100 teenagers across the country had a job in a given month in 2000. When we entered the recession of 2001, not surprisingly—it always indicates teenagers are more adversely affected than any other group—the rate fell to 42.3. And then during the jobless recoveries of 2002 up until 2003, the rate fell all the way to 36. But here's what's new and different: In the four years of job creation in this country between 2003 and 2007, we created nearly nine million new employment slots in this country, and not one went to a teenager or to a young adult, native born, 20 to 24. The only group under 25 that gained any jobs was undocumented immigrants. Not one native-born worker under the age of 25 gained a job. The employment rate of young people fell through 2006.... I'm sorry, stayed stable through 2006, declined again in 2007, declined again this year, a 33 point rate, which is almost a 25 percent drop since 2000. If that employment rate had dropped like that for any other age group in this country, we would have called it a depression, and yet we won't even call this a recession, until the last few months. Now, these changes in employment among teens have occurred among both men and women. As you can see, among teens in 1989, men had an employment rate of 48.7. You take the first eight months of this year: It's down to 32.3. If you do your math quick, and my name is Sum, I've got to be able to do it, okay, that's a one-third drop in employment rates for men. Women's rates went from 46.4 to 34.7, but you'll notice women are more likely than men to work today as teenagers and as young adults without degrees. And there's growing evidence that among young adults, women are actually out-earning men because they bring more education to the labor market than men do. And the problem is not getting better; the problem is getting worse.

Now in the summer, which has been a time for learning and earning, I've always argued, a chance when young people get an opportunity to work for the first time, if you look at the summer employment rates, they fell from a 57 percent high in '89 down to 37.4 in 2008. That summer employment rate was a new all-time low, a 48-year low. We have never—I'm sorry, a 60-year low, back to 1948—we have never faced such steep declines in youth employment. But I argued that those results give a new meaning to the term "American Idol." If we look at the results basically in the summer, the question is: who works? The answer is, as you see, men worked somewhat more than women, but whites continue to work substantially at a higher rate than Hispanics and blacks and Asians. The gap between whites and blacks is nearly 60 points.

If you look at now, someone asked a question, do young people really wish to work, you also find—I went back and calculated—I'm sorry—there's an underutilization rate among young people. It measures three effects—whether you're unemployed, whether you're underemployed and whether you are what we call out of the labor force but want a job, that is, you're not actively looking but you asked for a job. In the summer of 2008, the underutilization rate was 36 percent for all young adults—I'm sorry, for all adults in the country, by the way, it was only 12. Men faced an underutilization rate of 39. Notice the underutilization rates for blacks, Hispanics and whites—53 percent underutilization rate for black teens. And by income group, the lower your income, the more likely you were to be underutilized. Fifty-six percent of teens living in families under 20,000 were underutilized. That rate fell to 27 percent for those with incomes of a hundred to a hundred and fifty thousand. It's not a case that things, the employment rate is down because we're all sharing the work and working a little bit less, that's not the case. The reason why teens are working less is because more and more teens are unemployed the entire year.

So just to prove that point, there's a result in '99—in 1999, 44 out of every 100 teenagers said they did not work a day in the whole year. And in 2007, it's 59 out of every 100, up by 15 percentage points at 35 percent. The importance of that is those teens who work—and by the way, those who lost most are the youngest. The younger you are, the most you lost; the lower income you were, the more you lost. But the reason why we've got to care is because there's an enormous path dependency in teen employment. The more I work when I'm 16, the more I'm going to work when I'm 17. The more I work when I'm 17, the more I work when I'm 19. The

more I work today, the more I work tomorrow; the more I work tomorrow, the more I could command in the labor market with wages tomorrow. There is in labor markets what some educators have called the Matthew Effect, for those of you who still remember the Bible, the old biblical Matthew. Matthew has a statement that says, “Unto those who have, more shall be given.” And that’s the way our labor markets work. Those with the most skills get the most schooling; those with the most work today get the most work tomorrow. Those who come to the job with the most skills and the most training—I’m sorry, the most skills and the most literacy—get the most training from their employers. To those who have, much shall be given, and those who don’t, shall have it taken away. And those results have been true; they have been taken away.

If we look at the question, then you might say, well, that’s just in the teen years; it is gone by the 20s. But if you looked at young adult men and women who went in to work in the labor market, these young men and women under 25 who worked full-time, what happened to their wages? These are weekly wages adjusted for inflation. If you look at the result, you’ll see back in 1973—that was the peak year, the peak year of what was called the golden era of the American economy. Frank Levy used to refer to that in one of his books for the Sage Foundation as the Golden Age. Ray Marshall, former Secretary of Labor, used to refer to that in a book of his that called it the Golden Era. And that was the golden era for young men and women, but particularly for young men without college degrees. Their earnings peaked in 1973. And you’ll notice that until 1996, those earnings declined, and those earnings declined tremendously. By 2007, they were down 26 percent.

There was one period of time when those earnings turned around: the five years between ’96 and 2001, when we were at full employment, we created millions of jobs. The unemployment rate reached a new all-time low. We added jobs in manufacturing, we improved productivity, and we raised wages. If you break out that time trend for men, it looks like this: For the whole, during the period 1973 to ’96, their real earnings fell thirty-two percent. In that brief five-year period, we got it back up to 13 points, and after we left 2001, the long-term wage decline continued, down another four percent. So over the period, we’re down 26 percent.

Now, you might say well, how did all other men fare? Well, before I tell you how all other men fared, let me just tell you this story. I just did a very simple little analysis to ask the question if

you went back to '47 to '73—I was a kid who was born shortly after World War II—I was one of those who entered the labor market in the mid-60's, had the opportunity to work at U.S. Steel and earn enough money in the summer to help pay my costs at school and help pay my mother's mortgage. I paid 12 months of mortgage with three months' work and had enough money to take my girlfriend to dinner in Chicago. And those days were the times when young men's wages rose and young families' incomes doubled. Between 1947 and '73, the average young family faced a 100 percent increase in their income. And today, they're down about 20 percent from 1973.

But what I did is this little exercise, and I said, what if, instead of men's wages declining, all they did was grow at the same rate that they did from 1966 to 1973. And their wages grew at 1.6 percent a year. And what if, instead of them declining, we just maintained that, and you could see my hypothetical weekly earnings in 2007 if we had kept that trend, the average young man would have made \$924, and instead he made \$442. That's a difference of 109 percent. It's the old John Lennon song, "Imagine:" Imagine what a world we would have had if we had maintained the rates of growth we once had here in America.

Now, this last thing here is just a little story that says how did men compare overall. Well, if you look at results from men overall, what I did is took young men's earnings relative to those for all men 25-plus. Back in 1967, you'll see up there that men used to make 74 percent of the average earnings of all men over 25 to 74. And by the time we got to 1996, they made 51 percent. And it went up a little bit between that and 2001 but has stayed fairly stagnant since then. You know, there was another song by the Beatles, but I happen to like Willie Nelson's version of it, *Yesterday*, but in that song there is a line that says, "Suddenly, I'm not half the man I used to be." And in my chart it just says, "Suddenly, I'm not two thirds the man I used to be. I feel a shadow hanging over me, and that shadow is still there." Now, the question is what's happened over time is that it takes longer to make it in American labor markets. See that red, see the chart with the blue, dark blue line, that was how, the way wages were set back in 1974. So you can see men made 72 percent of the average, your wages would rise until you're 35 to 44 and then kind of level off and then fall. And that pink line is the new wage structure in America. Young men, the younger you are, the more your wages are pushed down, and the older you are, the more your

wages were pushed up. And that's had a lot of implications, though, for the ability of these young men to marry.

There's a slide I have, and I won't go to it now, but George Washington, in one of his books by James Thomas Flexner, volume four, has a piece of advice for his step-granddaughter, Betsy, when Betsy was feeling rejected by men doubting the value of marriage. George says to her, "Betsy, love is too dainty a food to live on alone. When you're making a decision about marriage, there are three things to consider: his disposition, good reasoning and the ability to support you in the manner to which you've been accustomed, and here in America, men are fading on all three." Not many, I can't find that many men George Washington would recommend Betsy to marry. Now, having said that, again, hold the boos until later, I feel bad for young men, but the answer is, there used to be in the '90s the old group, Boyz II Men, and what we've done in this country is a reverse to that, we've converted men to boys.

Now here's the next result: What's happened to the annual earnings of these young men? I now take you to 20 to 29, by years of schooling. Fred asked me to concentrate on who's making it and who's not. You're a high school dropout, and these are your earnings, if you worked—you had to work to be in my data—in 1973, a young high school dropout used to make \$24,200. Last year, it was down to \$18,700, so the decline is 23 percent. High school grads, you can see they make more than high school dropouts, but still their earnings are down 23 percent. If you got a bachelor's degree, your earnings were up 14, and if you had a master's or higher, it was up 28. But you'll note, so the educational gaps have gotten considerably wider, but you'll also note since 2000 nobody made any progress. There's not one group of young men whose wages are higher today than was true in 2000 unless you worked on Wall Street prior to 2007. [laughter] Read my *Challenge* magazine article about that. I'd never get any hoots from Wall Street. But here's the second thing I did, just very quickly on this, is rather than look at the median, I said let's look at the mean, and I take into account if you had zero I'm including you as zero, there's the results for men 20 to 29. No high school diploma, down 23. High school diploma, down 23. Bachelor's degree, up 14. Master's or higher, up 28. Now the result of all that, as you would expect, is that we changed marriage rates, and we did. Those young men who hadn't earned were not viewed by those women as marriageable prospects. And so in our country, those

changes in mean earnings have led to these declines in marriage rates. Those declines in marriage rates are extremely severe.

In 1970, 68—these are men 22 to 32, by the way—68 percent of all men were married and living with their spouse. By 1980 it fell to 56, by 1990 down to 46, and last year it was down to 32. You don't have to be a powerful mathematician to recognize that's a decline of more than half. If you take a look at the results for women, you find very similar results happened.

Those are percentage point declines for men, down 41, down 41 if you were a high school graduate, down 30 with some college, down 28 with a bachelor's degree, down 20 with a master's or higher. The important thing is that the gaps in marriage rates in the United States did not get smaller, they got wider. Now that chart, before that you can see the story. If you went back to 1970—see those blue lines—men who didn't have a high school diploma are just as likely to be married as those who had college degrees. And that situation reversed itself dramatically by 2007: The less education you have, the less likely you are to be married. And those gaps have gotten extraordinarily large. So those changes for men have been marked by changes for women.

But one of the major factors that determines who gets married in the United States is your income. These are the earnings of young men and their marriage rates in 2007. And what do we find? For those with earnings under \$10,000, only 15 percent were married. If they had \$20,000 to \$40,000, it rose to 38. If it rose between \$80,000 and \$100,000, it rose to 60. And for those with over \$100,000, it's just under 60. The gap between top and bottom is four times. Money talks, money walks, money makes a difference. Schooling matters, but the most important influence of schooling on marriage is through its effects on earnings. The better educated you are and the more you make, the more marriageable you are in American society. And those gaps have gotten larger today than at any other time in our recent past.

Now those results led to, unfortunately, one more set of results, and that—and by the way, this last chart was to show you the results hold true for all men, holds true for black men. Those are the marriage rates of black men. Again, you can see the difference between top and bottom is four and a half times more likely to marry if you make high earnings versus 10 percent of those with low earnings.

Now what I did is... I won't go through all this, but I just kind of predicted the marriage rates of different groups of men, so let me just tell you on this chart there is a probability of marriage of different groups of men, just using a model I developed. Suppose you were 23 or 24 years old and you were a black male and you were a high school dropout and you lived here in the Northeast and you had earnings under \$20,000, what's the probability that you would be married in 2007, and there is the answer: 3.2 percent. What if you were a 30-year-old black male with a master's degree who lived in the South and you had earnings between \$60,000 and \$80,000, what was your probability of marriage: 72.4 percent. Just change one trait on that male. Rather than black, make him white and give him a little more income and see that marriage rate, it's 87 percent. See the difference between that top and bottom: It's about 29 times. That's America today, about how radically we've altered the rates of being able to marry. Now, unfortunately, our marriage rates were not accompanied by a further delay in fertility rates, and instead what's happened is that the out-of-wedlock birth rates rose tremendously over time. If you look at the results here, what you see is that the out-of-wedlock births in the United States...

In 1960, I was in high school, starting my freshman year at Tolleston High School, and there is the out-of-wedlock birthrate, six percent; 1970, 12; 2000, 44; this past year, 2006, most recent data, 50 percent. The first time Bob Herbert, in one of his *New York Times* columns, wrote a paper on this, an editorial on this titled the "Dubious Milestone." Bob Herbert's one of my few heroes in this area, the one who has consistently and constantly told the truth. But in that editorial, Bob Herbert cited a comment made by Senator Barack Obama, who on Father's Day—June 15 this year—went to the church, the Apostolic Church of God in Chicago, and gave a talk to a congregation on the breakdown of marriage. And Senator Obama, referring to the Sermon on the Mount, said, and I quote, "of all the rocks upon which we build our lives, we are reminded today that family is the most important rock we have. And we are called to recognize and honor how critical every father is to that foundation, but if we are honest with ourselves, we will admit that too many fathers are missing." It was an inspiring message, it was a perfectly right message at the right time, and it needed to be more broadly disseminated across all churches and schools and communities and families of all races and ethnic groups in this country. We've been silent too long on this problem. It's not simply a black problem, as I'm going to show you. It covers whites and blacks and Hispanics, and, in fact, is growing more rapidly among whites and Hispanics than it is among any other group. And yet, after that talk, and yet after that editorial,

silence took place over the country. Because the following week we had Mr. Jackson giving his inadvertent remarks on TV that perhaps we ought to remove a little piece of Obama's body. And then we had Mr. Sharpton saying that this comes mighty close to blaming the victim. That was a mighty tortuous line of logic; it beats the best of Abu Ghraib. The victims of this behavior are not the young men, they're the children, the families, the communities, our country and the rest of us who are paying an enormous fiscal cost to deal with this problem. What we needed was a certain sense of honesty to say this is a problem, as I said, that affects all of us.

These are the results for young white women: Fifteen percent in 1980, eight percent in 1970, 43 percent in 2005, 52 percent for Hispanic women, 32 percent for Asian women. This is not also a case that affects the native born. We often hear that foreign-born women are less likely to have births out of wedlock. It's true, but it's also strongly tied to their educational attainment. Among foreign-born women, 37 percent of those dropouts had a child out of wedlock, and only seven percent of those with a master's or higher degree. If you take a look at the probability of having a child out of wedlock if you were Asian foreign born and you had a master's degree, and you gave birth: probability out of wedlock is one out of 100. And just go up the ladder until you get an African American woman who has no high school diploma, and throw in a low-income family, you have an out-of-wedlock birthrate of 90 percent. So this affects every group, but education, literacy and incomes dominate these results, a result that—as a society—we are going to have a difficult time dealing with.

And let me just kind of conclude on this last point, saying what has all this really meant. So let me go all the way to the end here. Let me go to my last two slides. This is a story about what's happened to median and real incomes of young families, but to save on time I'm just going to go to the very end here, about what this meant—here we go—what are the consequences of this for children, because we've had this extraordinary widening in the income distribution. So what has it meant for the children being raised in these families? And here are the consequences: cognitive test scores of children, which are the most important determinant of their educational and economic well-being, are significantly influenced by the living arrangements of their families. If you look at the 2005 PISA assessment, what you find is that the reading skills of our 15-year-olds who lived in single-parent families, whether it's a mother only, a father only or whether or not it's a grandmother, were far lower than those of married-couple families than in

any other country around the world except Belgium. Growing up in a single-parent family has these tremendous adverse affects. The cognitive scores of children are also influenced by the educational attainment of mom and dad. The more schooling mom and dad have, the more likely they are to do well on cognitive scores. It also depends on the cognitive scores of the mother. The higher the cognitive scores of the mother, the higher the cognitive scores of children. And it depends upon the material and educational resources in the home. The more resources in the home, which are strongly linked to family income, the better the test scores of children. If we want to improve test scores of children, let's change the family, let's strengthen the family and have more people know who their sons and fathers—have more children know who their fathers really were.

Do you remember that one line in the Will Smith movie *The Pursuit of Happyness*? It's a wonderful movie; every young man in this country should be required to see that movie before he graduates. But in the opening line to that movie, Will Smith stands and says, "I never knew my father until I was 28, and I decided then and there that if I did have any children they would know who their father was." And in one of his last interviews, Tim Russert, on Fox News talking about his book, *Big Russ and Me*, said that what we need to do is have fathers present in those families because, he said, and I quote, "It is far better to see a sermon than to hear a sermon." And last, if you look at the movie, *Hard Times at Douglass High*, set in Marion's hometown near Baltimore, in those discussions with one of those young children who gets up and says, "Home, what is home?" She says, "Home is a place where I go lie my head. I don't know anyone in my class who goes home to a mother and father." And we are paying the price of all of that.

Last, high school and college graduation rates of teens are extraordinarily affected by their cognitive scores, the educational attainment of their mother and father, living with both parents in high school, having higher family income. There's a wonderful article in the *Journal of Human Capital* this past winter that shows that the family income of young children today is a more important determinant of their schooling than it was at the end of the 1970s, and that wealth has more of an influence today than it had before. So as we divide children by income and wealth, we divide their chances to succeed in school. The physical and emotional well-being of children are influenced by living in two-parent families. Kids who grow up in two-parent

families are less likely to be held back. Boys are less likely to be subjected to physical maltreatment. Girls are significantly less likely to be sexually abused by male adults in their families. Teenage girls (two of my students have done dissertations on this) are significantly more likely to become mothers when they live in single-parent families or with neither parent, when their mother has limited formal schooling, when you have low test scores and limited educational expectations.

If you want to reduce pregnancy among women, give them confidence in themselves, there's a future, there's a life, give them the skills to cope, to believe that they could succeed in school and to be able to go home where a mother and dad are there to guide them. And male teens are less likely to engage in delinquent behavior, less likely to be arrested, convicted, incarcerated, when they're raised in two-parent families. Recent studies show, no surprise, those males with absent fathers in jail or prison or those who are ex-offenders are considerably more likely to end up being incarcerated.

Last—this is in my mind the saddest one—and this is a paper forthcoming of mine. I've been reluctant to put it out since the results in some ways are so pessimistic but at the same time tell us about America. I've been using the National Longitudinal Study on young men to show that males are considerably more likely to die before age 40—and we've been following these young people, by the way, from the time they were 14 up until their early 40s—you are significantly more likely to die if you were raised in a poor family, in a single-parent family, failed to obtain a diploma and had limited reading and math skills. And the size of those results are not trivial.

So let me just tell you one real fact and then I'm going to end. Give me a young black male who did not graduate high school, who grew up poor, and give me a white female who went on to get a master's degree, has basic skills at the 80th percentile and who did not grow up poor. The likelihood of that young man dying by 40 was 18 percent; the likelihood of that young woman dying by age 40 was point six percent, 30 times difference in dying.

So if you want to know why we should care, an American society that allows those gaps in marriage rates, childbearing rates, family incomes and death rates is a country that's got to question itself. And so I don't want to end on a pessimistic tone, let me kind of end on a little more positive note, and then a call for action. But, you know, when I was a younger kid, I used

to listen to all these gospel singers, and there was a group that used to be called the Telltale Singers, and they had a wonderful version of “Were You There,” and you know, the line in “Were You There,” provided you don’t watch Bill Maher’s shows, about when you had: “Were you there when they crucified my Lord, it makes me tremble, tremble, tremble,” and those findings I had up there should make us tremble. But we need to speak out.

In the last few weeks, I was reading the book *The Last Campaign*, about Robert Kennedy. When Bobby Kennedy was campaigning for president, he had this quote that he used to sometimes say on the campaign trail (my younger brother and I used to campaign for Bobby) and he said, borrowing from Dante, “The hottest places in hell are reserved for those who in times of great moral crisis maintain their neutrality,” and I would add, for those who in times of great moral crisis simply don’t speak out. And a lot more of us need to speak out. And the time is always right. As Martin Luther King said in *Letter from a Birmingham Jail*, “We must use time creatively with the knowledge that the time is always right to do right.” So let me end with a last little line, calling on each of you out there who I know is trying to do the work of the Lord. There’s a little old biblical hymn by Angrisano and Tomaszek, “Go Make A Difference,” and the opening lines of that hymn are as follows: “Go out and make a difference. Together we can make a difference. Go out and make a difference in the world.” Thank you [applause].