

REVIEW

Good parents not money

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PARENTS matter. That's the message of Susan Mayer's new book, *What Money Can't Buy*.[†] The University of Chicago sociologist's sophisticated and often ingenious analyses lead her to conclude that parents' characteristics are more important than their income in determining how well they raise their children and, hence, how well their children will do in later life. Thus Mayer argues that giving low-income families more money would not help their children very much. Such conclusions are likely to infuriate liberals and receive an "I told you so" response from conservatives, but it's more complicated than that.

The children of low-income parents, as Mayer notes, are much less successful than those whose parents have more money. They score lower on measures of cognitive ability. They are more likely to drop out of school, to become unwed parents in their teen years, to have behavioral problems, and to earn less in later life. But why? The best way to find out would be to conduct a grand social experiment like the negative-income-tax experiments of the 1970s and early 1980s. Those randomized experiments, although still subject to academic debate, suggested that simply giving poor families more money would not solve their problems.

Mayer, of course, was unable to conduct such an experiment. Instead, she took advantage of the differences among families, as reflected in various national data sets to conduct a series of creative analyses that exploit natural variations in behavior. Here's what she found:

The parental characteristics that lead to higher earnings are associated with better child outcomes. Mayer performs two analyses to come to this conclusion. First, she finds that higher earned income is more correlated with good child outcomes

[†] Harvard University Press. 230 pp. \$35.00.

than is unearned income, such as child support, alimony, or an inheritance. Since earned income is more reflective of personal competence than is unearned income, some of the same characteristics that lead people to earn more money also lead them to be better parents.

Second, Mayer finds that child outcomes are relatively independent of changes in parental income. Income received after specified child outcomes, such as dropping out of school, getting pregnant, performance on academic and behavioral tests, and single motherhood, is as associated with the outcome as is parental income received prior to the outcome. Thus, argues Mayer, those parental characteristics that lead to higher incomes also lead to better child outcomes.

Additional spending on immediate home environments does little to improve child outcomes. Mayer is also able to measure natural variations in parental spending on home environments, which she uses to gauge the impact of spending. Her three measures of parental spending on home environments are: household living conditions (the quality of the home and how much money is spent on food, health care, and rent), activities and possessions of children (number of books, percentage with a CD or tape player, number of trips to a museum, and number of annual outings), and household environment (cleanliness, safety, clutter, darkness, dreariness).

Mayer finds that the superiority of home environments of higher-income parents compared to those of lower-income parents is only weakly correlated with good child outcomes. Since, concludes Mayer, low-income parents can meet the basic needs of their children with the help of current government programs, "additional improvements in household living conditions do little to help children succeed."

Good child-rearing practices do not seem to depend on parental income. Rather, parental income itself is a reflection of those characteristics that make parents better earners and better parents. Mayer also assesses the correlation between parental income and specified parental behaviors that she found, in a separate analysis, to be important in explaining child outcomes. (They included disciplinary practices, nurturing practices, the amount of time parents watch TV and read to their children, and the number of times parents attend PTA meetings.) She estimates that doubling parents' income, apparently from \$15,000 a year to \$30,000 a year, would do little to change their behavior toward their children.

National trends in child outcomes do not parallel income

trends. Mayer compares the income trends for all families and for families by income quintile with child-outcome trends, again for all families and by income quintile. She finds that, although income inequality has grown, with the incomes of top earners rising, and those of low earners stagnating, trends in child outcomes are mixed. Some outcomes (like high-school graduation and years of education) have improved while others (like teenage out-of-wedlock births and male idleness) have worsened. According to Mayer, "these results imply that neither the trends in the overall level of children's outcomes nor the trends in their distribution parallel trends in parental income." The absence of any consistent correlation between parental-income and child-outcome trends is, she believes, further evidence that the effect of additional income must be small.

Mayer concludes that "the parental characteristics that employers value and are willing to pay for, such as skills, diligence, honesty, good health, and reliability, also improve children's life chances, independent of their effect on parents' income." Moreover, "in most cases, additional parental income does not improve children's chances for success." Mayer then argues that, "once children's basic material needs are met," "the important question for policy makers is not how much is enough, but rather what is the right kind of help." And, in her view, that may mean "paternalistic" policies that tell or teach parents how to raise their children.

BUT are Mayer's findings convincing? The simple elegance of many of her analyses, coupled with the fact that they all point in the same direction, is persuasive. However, Mayer takes her findings both too far and not far enough.

First, no matter how carefully performed, Mayer's analyses are only as good as her data. For example: Her measure of material hardship and overall household living conditions is limited since parents spend their money on things other than rent, food, and health. Mayer only measures the impact of providing the basic necessities for children rather than the impact of additional, higher quality spending on educational toys or sophisticated equipment (such as a computer or a piano). It is not surprising, therefore, that such a spending measure reveals so little effect of additional spending. By definition, Mayer cannot measure the impact of higher quality resources.

There are some kinds of expenditures, like paying for pri-

vate school or moving to a better neighborhood, that could make a real difference in child outcomes. At least that's what those middle-class parents whose characteristics and behavior Mayer cites with approval think. Would not wise policy therefore encourage (or subsidize) certain expenditures, such as education?

Second, Mayer paints with too broad a brush. She reports her results for all poor families; all poor families are not alike, however. It would be important to know whether additional income has as little impact on the child-rearing practices of various subpopulations as for the general population. But Mayer never presents results for racial and ethnic minorities, and we are left to wonder how important parental income might be for these particular groups. And for some parents (say newly divorced mothers or new immigrants), additional money might make a difference (especially if it were used for educational services). Ignoring those for whom more money might help is as bad as exaggerating the limited importance of more income.

Third, Mayer's approach is static in nature. Because she is performing cross-sectional analyses on parental characteristics at one point in time, she cannot predict the long-term consequences of giving parents more money. Perhaps many of the poor do not now have the qualities that either employers or children need. But it is possible that encouraging work, perhaps through wage subsidies, would over time inculcate the parenting skills that the more affluent have. The real questions would be how many might be helped, at what cost, and with what collateral negative consequences.

FINALLY, it seems to us that Mayer does not raise the key question: If giving the poor more money would not improve child outcomes very much, why wouldn't giving them less (through cutting welfare) foster the kind of paternalistic responses she all but endorses? Unfortunately, she does not even raise the possibility that welfare benefits are part of the reason America's poor parents are as inadequate as she finds them.

Exploring such questions would have made this slender volume much more interesting. But even if Mayer has not given us an intellectual feast, she has given us food for thought.