

Study shows income inequality a key factor in high US teen births

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New research reveals the surprising economics behind the high U.S. teen birth rates, and why Texas teens are giving birth at triple the rate of Massachusetts youth: high income inequality and low opportunity cost.

For the first time, Wellesley College economist Phillip B. Levine and University of Maryland economist Melissa Schettini Kearney conducted a large-scale empirical investigation to study the role that income inequality plays in determining early, non-marital [childbearing](#). Using econometric analysis of large-scale data sets, Levine and Kearney discovered that variation in inequality across the United States and other developed countries can account for a sizable share of the stunning [geographic variation](#) in [teen](#) childbearing. They found that teens of low socioeconomic status were more likely to give birth if they lived in a state with high [income inequality](#). Moving from a low inequality state to a high inequality state increased their rate of teen childbearing by 5 percentage points.

According to Levine, who teaches economics analyses of social policies as Katharine Coman and A. Barton Hepburn Professor of Economics at Wellesley College, it's long been argued that a sense of hopelessness and despair is closely related to higher rates of teen pregnancy. Levine explained, "If a young woman sees little chance of improving her life by investing in her education and career skills, or by marriage, she is more likely to choose the security, immediate gratification and happiness of parenthood. Our work captures this idea in a standard economics model of decision-making."

Levine and Kearney derive a formal [economic model](#) that incorporates the perception of economic success as a key factor driving one's decision to have an early, non-marital birth. Their findings show that for poor women living in locations of high inequality, limited opportunity reduces the opportunity cost of early, non-marital childbearing and thereby increases its occurrence.

While the U.S. [teen birth](#) is the highest in the developed world (more than triple the rates in Spain, Japan, and Sweden), the national rate has declined since its 1991 peak. Levine and Kearney investigated possible factors behind these trends. The data showed that expanded access to family services through Medicaid and reduced welfare benefits had statistically relevant impact on the lowered rates. However, these factors accounted for only 12% of the teen birth rate decline. Furthermore, Levine and Kearney found that abstinence only or mandatory sex education had no impact on teen birth rates. The researchers determined that factors typically claimed to impact teen pregnancy actually explain very little of the recent trend and call for further investigation.

Levine and Kearney conclude that teen childbearing is so high in the U.S. because of underlying social and economic problems. In other words, teenage childbearing is a symptom, not a cause of poverty.

The findings bear important implications for U.S. policymakers. According to Levine, who has closely studied the economics of [social policies](#), the high rate of teen childbearing in the United States matters because it is a marker of a social problem, rather than the social problem itself. "If the problem is perceived lack of economic opportunity, then policy interventions need to attack that. Access to early childhood education programs and college financial aid, for instance, have proven to be successful in improving the earnings—and sense of hope—of participants. Our findings show that these programs may also have the added benefit of lowering [teen pregnancy](#) rates. Giving teens a sense of

opportunity and hope may be much a more powerful prescription than abstinence-only, sex education, or birth control combined."

More information: The research, co-authored by Phillip B. Levine and Melissa Schettini Kearney, is published by the National Bureau of Economic Research (NBER) and available online:

"Why is the Teen Birth Rate in the United States so High and Why Does it Matter?"

Melissa Schettini Kearney, Phillip B. Levine

www.nber.org/papers/w17965

"Explaining Recent Trends in the U.S. Teen Birth Rate"

Melissa Schettini Kearney, Phillip B. Levine

www.nber.org/papers/w17964

"Income Inequality and Early Non-Marital Childbearing: An Economic Exploration of the "Culture of Despair"

Melissa Schettini Kearney, Phillip B. Levine

www.nber.org/papers/w17157

Provided by Wellesley College

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