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HOW YOUNG MEN'S INCOME HAS DECLINED

"The baby boomers" have been the subject of a recent spate of newspaper features and cover stories in newsmagazines. This is the age group of 78 million Americans who were born between 1946 and 1964 -- a period when the U.S. birth rate shot up sharply.

Despite the fact that the United States has been experiencing growth in all economic indicators for the last three years, an analysis of the economic status of the baby boomers by Phillip Longman, research director for Americans for Generational Equity, based on Census Bureau statistics, produces some disturbing conclusions. They are the first generation in history NOT to do better than their parents.

Many young couples feel they must have two incomes in order to make it. But their situation is even worse than they think because their combined take-home pay is likely to be less than their fathers earned alone at a similar age.

Some demographers and statisticians look upon 1973 as the watershed year when trends changed for the economic status of men. That's when men's income began to decline. Let's compare the incomes of the baby boomers and their parents.

Prior to 1973, young men could expect both promotions and sharp increases in their income. Thus, between 1949 and 1959, the average income of men age 25 to 35 (parents of the baby boomers) rose 118 percent (from $10,800 to $23,500). Between 1959 and 1969, men age 25 to 35 saw their average income rise 108 percent (from $13,900 to $28,900).

However, 1973 marked a dramatic change. From 1973 to 1984 (eleven years), the average income of men between age 25 and age 35 (the baby boomers) rose only 16 percent (from $21,200 to $24,600). These incomes are in 1984 dollars, adjusted for inflation.

Now let's look at what happened to men in the age group 40 to 50. Before 1973, men in this age group had already received their major career promotions but still could expect to see their earnings rise significantly.

Thus, between 1949 and 1959, the average income of men age 40 to age 50 (parents of the baby boomers) rose 34 percent. Between 1959 and 1969, the average income of men age

40 to age 50 rose 29 percent.

Again, 1973 was a changeover year. From 1973 to 1984 (eleven years), the average income of men age 40 to age 50 fell 14 percent (from $28,100 to $24,100).

Why is it that the baby boomers, who are now age 21 to 40 years old, are actually losing ground? It is a combination of a number of factors: the oil embargo of 1973 that dealt a staggering blow to our economy, the inflation that reached double-digit under Jimmy Carter, and the steep increase in taxes especially from the inflation that produced bracket creep and the doubling of Social Security taxes.

Another major factor was the sudden expansion of the U.S. labor force which exceeded the demand for workers and made it unnecessary to offer higher wages. This large labor supply was created both by the large number of baby boomers and by the flooding of millions of women into the job market.

The year 1973 also marked a turning point in real family income. It fell from a high of $28,167 in 1973 to $26,433 in 1984. When their income declined, the baby boomers reacted in various ways. They postponed marriage, they had fewer children, and they had them later. Most important, millions of wives moved into the labor force, which is why real family income didn't decline even further than the figures indicate.

Meanwhile, costs of necessities were going up sharply. Energy costs for home fuel and for automobiles rose more than 50 percent.

The biggest price increase was in housing. In 1949, a 30-year-old man spent only 14 percent of his monthly income on house payments. But in 1983, a 30-year-old man spent 44 percent of his monthly earnings for house payments.

In 1974 the Equal Credit Opportunity Act went into effect and forced banks to use the income of both spouses in determining their monthly mortgage payments (which, in turn, determines the price of the house they can buy). This created the fiction that twice as much money was available for the purchase of houses, and prices rose rapidly because people could get the credit to buy more expensive homes.

These trends indicate that, although shifting wives into the paid labor force may give a temporary illusion of more income, both spouses together now have less real income than their fathers had as a single wage-earner (while their mothers were fulltime homemakers). The baby boomers will be working longer hours for less real income and less family life than their parents.