Tall people earn more because they're smarter. By Joel Waldfogel - Slate

In the late 1970s, Randy Newman scored a hit with a song containing the lyric, "Short people got no reason to live." The line was supposed to be satire, but outraged diminutive listeners didn't see it that way. Boy, are they going to be mad at a couple of economists now.

It is well-documented that short people earn less money than tall people do. To be clear, pay does not vary lock step by height. If your friend is taller than you are, then it's nearly a coin toss whether she earns more. But if you compare two large groups of people who are similar in every respect but height, the average pay for the taller group will be higher. Each additional inch of height adds roughly 2 percent to average annual earnings, for both men and women. So, if the average heights of our hypothetical groups were 6 feet and 5 feet 7 inches, the average pay difference between them would be 10 percent.

But why? One possibility is height discrimination in favor of the tall. A second involves adolescence. A few years ago, Nicola Persico and Andrew Postlewaite of the University of Pennsylvania and Dan Silverman of the University of Michigan discovered that adult earnings are more sharply related to height at age 16 than to adult height—suggesting, scarly, that the high-school social order determined the adult economic order. For boys at least, height at 16 affects things like social and athletic success—scoring chicks and baskets or, as the authors put it, "participation in clubs and athletics." And maybe those things affect later earning power.

That wasn't likely to make short people feel good, but the latest explanation is worse. In a new study, Anne Case and Christina Paxson, both of Princeton University, find that tall people earn more, on average, because they're smarter, on average. Yikes.

Before you blast Case and Paxton with angry e-mails, let's look at their method. With detailed data from the United Kingdom, they followed two groups of kids, one born in 1958 and the other in 1970, through to adulthood. Every few years, the government collected information about height, weight, intelligence, educational experience, and, during adulthood, pay. Based on these data, Case and Paxton document once again that taller people earn more. Then they note that from an early age, height is related to intelligence. Even at age 5, a variety of intelligence measures—based on conceptual maturity, visual-motor coordination, and vocabulary—are higher on average for taller kids.

This sets up the study's major finding. While height, on its own, explains only a small portion of pay differences between tall and short people, intelligence accounts for a larger part. Using a method developed by economist Thomasamble, Case and Paxton show that, even when they control for intelligence, the pay difference between tall and short people remains. Yikes.