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UNITED STATES COMMISSION ON CIVIL RIGHTS

1121 Vermont Avenue, N.W. Washington, D.C. 20425

January 2, 1987

MEMORANDUM FOR ALINE QUESTER, COUNCIL OF ECONOMIC ADVISORS

FROM:

JUNE O'NEILL ASSISTANT STAFF DIRECTOR FOR PROGRAMS, POLICY AND RESEARCH

SUBJECT: 1987 Economic Report of the President Chapter 7 - Women, Work and Families

I have just finished reading the December 18th draft of the women's chapter. I continue to have problems with it. The chapter still lacks a motivating theme. Rather, it covers the waterfront, from the determinants of women's earnings and market participation to the policies and problems affecting female headed families. As a result, no topic is adequately treated and speculations and assumptions often replace hard evidence and careful analysis. .Moreover, the message that comes across--and I am sure it is unintended-is that women have been trying valiantly to increase their work effort and while their earnings are somewhat higher, their lot has otherwise worsened, as husbands, taking advantage of no fault divorce laws, abandon them without adequate compensation. The chapter has an accusing tone and the reader is left with the impression that (implicitly) it is calling for government action to quarantee women their marital rights.

Typically, the Economic Report enlightens an issue relevant for government economic policy. The 1973 Report contained a chapter on women responding to the rapid changes in the labor force as women entered it and to the surge of feminism at the time--the call for the ERA, affirmative action, federally-subsidized day care, etc. The President had set up an Advisory Committee on (and of) women to the CEA and a chapter in the report seemed like a good way to acknowledge their activities. Also, human capital theory and the Becker-Mincer analysis of women's role in the home and its effects on their market activities and earnings were not widely known then and it seemed useful to bring this analysis to bear on what was then an emotional issue. I could see a 1987 chapter that took a second look at women's economic status and that elaborated the theme of Gary Becker's Business Week article "How the Market Acted Affirmatively For Women" (May 13, 1985).

The chapter should, however, in addition to providing solid statistical evidence on all of the changes that have taken place (including the recent and rapid rise of women's earnings relative to men's) systematically look at the related policy issues. It should be pointed out that women's gains were at least as great in the U.S. as elsewhere despite (or because of) the absence of federal day care, maternity leave etc. Affirmative action -- "goals and timetables" -- probably had little or no positive impact judging by the timing of the gains. Comparable worth should be evaluated in terms of whether it is an appropriate response to any existing discrimination. It The discrimination it purports to address--the isn't. undervaluation of occupations that are identified as "female"--probably does not exist. The evidence proponents use to prove its existence is not valid--it consists of subjective job evaluations concocted by committees which impose their own personal values. (The comparable worth section needs rewriting to make the points more clearly -- as it stands the section seems to be conceding that comparable worth has merits but violates purist notions of how markets ought to work, although I know that was not intended.)

The subject of marital dissolution and the growth of the female-headed family is more farfetched as an issue related to the economy. The main way that it would be is with respect to the "feminization of poverty," a much misunderstood issue, and the role of welfare in contributing to it. But you do not go into these issues. The subjects that are taken up are a potpourri--teen pregnancy (for which you provide no explanation), implicit marriage contracts, and divorce and the lack of protection for women. While they have some economic content, these topics are fairly remote from federal policy concerns. Moreover, they are treated in a rather superficial way. There are many assertions and accusations--e.g., (p. 36) "In 1984, children were almost twice as likely as adults to live in poverty." What does that mean? Why? Is it because of the recession? Is it the fault of the administration? Another (p. 42), "If couples decide that the wife should work at home, or primarily within the home, rather than within the market, the consequences for future standards of living for both spouses should be similar, even if they divorce." This is a personal opinion and out of place.

The issues discussed in the family section are really extremely complicated and would require much more solid demographic analysis before presentation in an official document. What, in fact, has caused the increase in marital dissolution and illegitimacy (both of which have plateaued or are declining)? Why is the level so much higher for blacks than for whites?

If women have been made so much worse off by divorce, why has it increased; is it all motivated by men? I suspect that the 1960's and 1970's produced the kinds of rapid changes in women's roles that destabilized marriages. In addition, for those at lower income levels, the rise in the welfare state was undoubtedly a big factor (and oddly omitted in the chapter).

The child support issue is one for which there is a federal policy. But it is oversold in the chapter. Fathers who do not pay support typically have low incomes, so the gain to the mothers would not be so great as is suggested. Also, the issue is not so simple and clear as you make it out to be. Should absent fathers who may have difficulty getting access to their children continue to support them as they would if they were present? There is also an issue of the extent to which government should interfere in the determination of awards.

In general, I think that the chapter as it now stands needs considerable work and is in some places inappropriate. It is also poorly written--disorganized and repetitious. The section on women's labor market activities and earnings has the seeds of a chapter. But it needs much more work. The section on families is far off the mark.

I am sorry to be so negative. I do hope I have been helpful. I am enclosing my marked up copy as I have many quarrels with the analysis and interpretations of the data.

Enclosure

cc: Tom Moore

THE WALL STREET JOURNAL MONDAY, MARCH 2, 1987

Economic Notes and Footnotes

By IRVING KRISTOL

One reads in the New York Times that "David Stockman, former White House t can Budget Director . . . renewed his blistering attack on the administration's eco-'s and nomic policies and predicted that a finan-Jeople cial crisis looms." If Mr. Stockman had noose. not been so consistently wrong in his doomnse or and-gloom forecasts over the past four ' choice years, one might say his remarks were unof politimely.

rice of Mr. Stockman's bugbear, of course, is the budget deficit. But, as it happens, the books outlook for this deficit is brighter today than at any time in the recent past. Forions of tune magazine, using a national income in eerie accounting model, sees a \$186 billion defi-94 Baker cit in this fiscal year and \$120 billion in fise voted cal 1988. Whatever the exact numbers, the Nixon, trend seems at last to be decisively down-Gerald ward. The reason is that government br who'd spending has finally decelerated. In its February Financial Market Perspective, he judgte. The Goldman Sachs reports:

"Growth in federal spending is plummeting and will be the slowest since before ind have President Johnson's mid-1960s Great Socith Iranaety and Vietnam military buildup. . . . 'again be This fiscal 1987 spending falloff is contributing to one of the largest deficit reducbe their tions . . . on record. Relative to GNP, the estimated deficit reduction will exceed one percentage point for only the eighth time in 35 years. . . For the next 12-18 months, the Treasury's market borrowing requirement will be the lowest in years." * * .*

Is there any real danger that the decline in the dollar will precipitate a flight by foreigners from U.S. debt securities? Perhaps. But it is worth keeping in mind that-according to Richard Young, quoted in Business Week (Feb. 23)-in the past seven years the percentage of U.S. debt held by foreigners has actually declined to 11% from 14%.

Is it possible that the American trade deficit is not quite as bad as it seems? The eminent economist Samuel Brittan, writing in the Financial Times (Feb. 19), thinks it

is very possible indeed. He points to a "black hole" in OECD world trade statistics. Though, by definition, one country's deficit is another country's surplus, the figures nevertheless fail to balance. The total deficits are \$80 billion larger than the total surpluses. Mr. Brittan proceeds to speculate:

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"If all the errors and omissions were attributable to the U.S.-which is not impossible in view of the dollar's role in world

Board of Contributors

Bear Stearns's Lawrence A. Kudlow points out that the reports of the death of American manufacturing are not simply exaggerated—they are false.

finance-the U.S. payments deficit would come down to \$60 billion. . . . Even if half the unallocated credits were attributed to the U.S., that country's payments deficit. would be just below \$100 billion."

In any case, it does appear that the trade deficit has bottomed out. As David A. Levine of Sanford C. Bernstein & Co. points out, however, the process is disguised by the fact that our trade statistics are in nominal dollars, rather than in constant (inflation-adjusted) dollars, while GNP growth is always given in constant dollars. The fall of the dollar means that import prices are rising more rapidly than export prices, so that even as imports decline relative to exports, the dollar value of imports may not decline at all. But in real terms, which is what counts for growth in GNP, the situation would be improving-as it seems to be.

* * *

Bear Stearns's Lawrence A. Kudlow points out that the reports of the death of American manufacturing are not simply exaggerated-they are false. Manufacturing's share of total output today (22%) is above the postwar average. Since 1982, real output growth in manufacturing has

at more than 4% annually. Even employment in manufacturing has not declined since 1967-it is flat. What has declined is manufacturing's

been at the rate of 6.9% annually. Labor

productivity in manufacturing has grown

share of total employment (to 19% from 33%). It is the relative growth of the service sector that creates the impression that the manufacturing sector is in such bad shape. The focus of the media on a few of

the largest industries-notably autos and steel-also plays its part.

* * * The basic problem with the "Laffer curve" is not its premise that a cut in marginal tax rates will, under most circumstances, stimulate economic activity and thereby increase government's revenues. That premise is close to being a platitude. The questions that arise involve relative magnitudes and times. How much of a cut will produce how large an increase in government's revenues, and over what period of time?

Laurence Lindsey, in a National Bureau of Economic Research, "working paper," has helped us get our bearings on this issue. He estimates that perhaps one-quarter of the revenue loss created by the 1981 tax cuts was recouped as a result of changes in taxpayer behavior in 1982-84. Those were not very good years, it will be recalled. By 1987, it is reasonable to assume, the proportion is much, much higher. Mr. Lindsey also calculates that if, in 1981, the marginal tax rate had been reduced to 35% (instead of 50%), federal income-tax revenues would have been still greater-indeed, they would have been maximized. A reasonable guess-and that is probably all we shall

ever be in a position to make-is that, other things being equal, a maximized cut in marginal tax rates restores government's revenues to the original level over a five-year period.

* * *

In another NBER working paper, Douglas Bernheim raises the question, "What Do Estate Taxes Do?" The answer may come as a surprise to some. Mr. Bernheim calculates that one thing they do not do is collect more revenues for the government. Estate planners, apparently, see to that. They do, however, help considerably to finance nonprofit organizations. And to a slight degree they may help break up large concentrations of wealth.

* * *

Tired of "poison pills" and "golden parachutes"? Well, Potlatch Corp. of San Francisco has come up with a defense against a hostile takeover that makes sense, moral and economic and sociological. It has established what amounts to a "residential requirement" for shareholders. You have to own Potlatch stock for four years in order to vote it. Such a residential requirement is common enough in political elections. Why not in corporate elections? Why should the transient (i.e., arbitrager) with no commitment to the well-being of the community (i.e., institution) have the same political power as the more permanent residents (i.e., stockholders)? Even in our universities, tenured professors vote, while non-tenured faculty are rarely given that privilege.

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On the other hand, four years does seem a bit too restrictive, too protective of management. A two-year requirement would probably serve the same purpose just as well. It wouldn't (and shouldn't) prevent a takeover bid, but it would surely discourage those out for a "quick killing," regardless of the human or longer-term economic costs.

Mr. Kristol is the John M. Olin professor of social thought at the NYU Graduate School of Business and a senior fellow of the American Enterprise Institute.

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Milton Friedman The Advantage of Being Few

How farmers and other vocal minorities get their way.

The farmers of the United States are up in arms. The American farmer is steadily losing ground. His burdens are heavier every year and his gains are more meager; he is beginning to fear that he may be sinking into a servile condition. He has waited long for the redress of his grievances; he purposes to wait no more. The business of farming has become extremely unprofitable. With the hardest work and with the sharpest economy, the average farmer is unable to make both ends meet; every year closes with debt, and the mortgage grows till it devours the land.

Sounds like last night's TV news? Far from it. That was written in 1890, when nearly 10 million persons, or about one-sixth of the total population, were employed in agriculture and when agriculture was contributing nearly one-fifth of the total national income. Currently, about 3 million persons are employed in agriculture, or only 1.3 percent of a population that is four times as large as it was in 1890. That 1.3 percent of the population is contributing about 2 percent of national income. So however you figure it, in terms of numbers of persons or in terms of output, agriculture is far smaller today relative to the economy as a whole than it was in 1890.

One thing, however, is drastically larger: the role that government plays in agriculture. In 1890, the federal government as a whole spent an amount equal to less than 3 percent of the national income, and the Department of Agriculture spent a total of \$1,612,796.12 or only a bit over one-one-hundredth of 1 percent of the national income. That is less in dollars—though not in purchasing power, thanks to inflation than the amount the department currently pays as subsidies to some individual farmers! In 1986, the federal government spent an amount equal to about 30 percent of the national income. The Department of Agriculture alone spent an amount equal to more than 1.5 percent of the national income—or more than 100 times as large a fraction of the national income as in 1890 on a working force in agriculture that was only one-tenth as large a fraction of the population.

In 1890, the major demand of the farmers was not for price supports or subsidies, but for "free silver"—i.e., the replacement of the reigning gold standard by a silver standard, in the entirely correct belief that the result would be inflation and a higher dollar price for farm products. Direct government spending on behalf of farmers was trivial and remained so for decades. And the farmers did not even succeed in electing William Jennings Bryan to the presidency in 1896 on a free silver platform, though they did come close.

The sharp decline in the relative size of agriculture in the near-century since 1890 has clearly been accompanied by an increase rather

than a decrease in its political clout. And what is true of the United States is true around the world. Almost without exception, wherever a majority of the population is engaged in agriculture—as in most poor countries in the world farmers are taxed to subsidize the urban minority. By contrast, wherever only a small minority of the population is engaged in agriculture—as in most highly developed countries—the urban majority is taxed to subsidize farmers.

majority is taxed to subsidize farmers. The reason is straightforward. A group that seeks benefits through political pressure is handicapped by being too numerous and, at least up to a point, benefited by being few. Government can spend a dollar per member of a majority only by collecting more than a dollar from each member of the minority, each of whom will therefore squeal louder than each of the majority will applaud. On the other hand, government can spend a dollar per member of a small minority by collecting only a few cents from each member of a large majority—the applause is then far louder than the squeal.

Agriculture not only provides a striking example of this universal political law, but also suggests that the optimum political coalition may be very small indeed. Over the past three decades, agricultural employment has declined from nearly 6 percent of the adult population to less than 2 percent. At the same time, spending by the Department of Agriculture per person employed in agriculture has multiplied nearly tenfold, from less than \$2,000 to nearly \$18,000. Political clout indeed.

I hasten to add that the net benefit to farmers is far less than the amount spent by government. Most of that \$18,000 goes to pay for storing the so-called surpluses acquired by the government, for the cost of the extra seed, fertilizer and machinery that farmers use to produce the crops whose prices the government supports, and for the immense bureaucracy required to administer the program. Net farm income per person employed in agriculture, corrected for inflation, has either fallen or risen only a trifle since 1954. In fact, the Department of Agriculture spent almost twice as much in 1986 as the total amount that all farmers received in net farm income.

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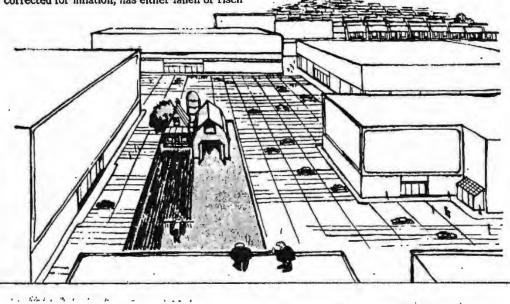
To add insult to injury, the cost to the taxpayer is even higher than government spending. Farm programs are designed to improve the income of farmers by raising prices to consumers. The programs may not improve the income of farmers, but they certainly raise prices to consumers.

To take a few conspicuous examples: the price in the United States of a pound of sugar is more than five times the world price; the price of a quart of fluid milk is probably more than twice as high as it would be without the government programs. With one hand, the government provides subsidies to indigent mothers to enable them to buy milk for their children; with the other, it doubles the price of the milk. Make sense of that if you can.

sense of that if you can. Agriculture is far from unique. The present pressure for restraints on foreign trade are an equally striking case: small, highly vocal minorities in the automobile, iron and steel, and textile industries, to mention only three, have succeeded in the past, and are now poised to succeed again, in foisting burdens on several hundred million consumers that, while small for each consumer separately, total far more than any net benefit to the minorities with the political clout. We pride ourselves on being ruled by a majority, yet the majority repeatedly accedes to being fleeced by special interest minorities. In the main, we become active politically only on behalf of our own special interest. Resolving that dilemma is the major political problem we face in preserving our freedom.

The writer, winner of the Nobel Prize in economics, is a senior research fellow at the Hoover Institution.

BY TIMENEES



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Largest demographic fact of all: during the 1990s the enormous

"baby boom," safe at last between ages 35 and 54, will be graying at the temples and broadening in the paunch. Productive. dynamic. inventive, that very large cohort will be the most prosperous in U.S. history. and give the government more in actual income taxes (at lower rates) than its parents did.

Many American journals have Presbeen predicting bad things ahead for to be the economy; Fortune runs against ortune the conventional wisdom. ns to-Already more than half the U.S.

1990s population (some 118 million persons) is in the labor force - as Foragan tune puts it, "the first time in moda free ern history that the United States has more active workers than depenever e peodents, young and old." Counting only those Americans aged 16-65, the presa few number of the employed already ation, constitutes 61 percent, the highest in ut the American history. The job situation is already strong (if one agrees that Ron-6.8 percent unemployment at 61 essed percent employment is better than ul en-3.7 percent at 57 percent, as in 1967). lent's In the 1990s, it will get better, as are labor shortages appear in the wake ative of the baby boom. According to Fordectune, 13 million new jobs will come

racon stream by the year 2000, many in high-paying sectors of the service industries. Middle-class incomes (despite syn-

what an economist in Fortune calls recent "hokum" by the gloom-andlent rise

see NOVAK, page 2D

WARREN BROOKES

Elogjec Urban League's failed vision

T n December, black unemployment fell to 13.7 percent, its lowest rate since December 1980. This, combined with an overall inflation rate of 1.1 percent, means the much-touted (by Jimmy Carter) "misery index" (unemployment-plus-inflation) for

black Americans has fallen belo 15 percent. (S chart.)

This is the lo est misery ra for blacks nearly 20 year down a massive points (or percent) from awful 27 percent mise rate of the Car administration last year. (See chart.)

What's more important, though, is the fact that blacks are now participating in the U.S. labor force at a rate two points higher than in 1980, and the highest since the early 1970s. Black employment ratios are also up two points, to a 16-year high. In 1980, black unemployment was

Warren Brookes is a nationally syndicated economics columnist.

14.3 percent, but, measured against today's higher labor-force participation, the comparable figure works out to 17.2 percent.

More important, from December-1982 to December 1986, the total of black jobholders has risen 20.2 percent, nearly double the national

.L	Labor Force (Participation	Employment Ratio	Unemployment Rate	CPI	Miser Index
1976	59.0%	50.8%	14.0%	5.8%	19.8%
1980	61.0%	52.3%	14.3%	13.5%	27.89
1986 Dec.	63.1%	54.4%	13.7%	1.1%	14.8%

job growth of 11.8 percent (the figure for whites is 10.2 percent).

The dreadful decline of black male labor-force participation from 1968 to 1980 has been modestly reversed in the '80s. Black male employment has grown the fastest of that of any group, 20.5 percent since 1982, compared to only 9.7 percent for white males. And in 1986 it was 4 percent compared with only 1.8 for white males.

You would think all these good numbers were cause for some satisfaction among so-called "black leaders." But you would be wrong. Last month, National Urban League President John E. Jacob let loose a barrage of bile in his Annual Report on the State of Black America: "Black Ameri-

---- WY LODAL PETT.

cans enter 1987 besieged by the resurgence of raw racism, persistent economic depression and continued erosion of past gains," says the report. But he was quite hardpressed to make a strong case for that "erosion," apparently willing to dismiss the

huge relative improvement in employment and inflation, to focus on President Ronald Reagan's timidly modest restraints in social spending, still running 11.5 percent of gross national product, or about the 1980 pre-Reagan level.

Sadly, today's Urban League leaders seem more preoccupied with

see BROOKES, page 2D

just entered the race from the gate on the back straightaway. He was moving right up through the pack, because Bob was a good race driver. That was his mistake. They noticed him right quick, but like most race drivers, he would never have been content to just hang back there; he had to get to the front as quick as he could.

"The cops got in their cars and took after him. Right on the track. Here came the race cars and, right behind them, were two police cruisers, lights flashing and everything. It was like the Keystone Cops. They made several laps and finally Bob signaled to one of his guys in the pits that he wanted to go out next time around, so they opened the back gate and out he went. The cops went after him.

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"They actually chased him all the way through downtown Atlanta before he ran out of gas. They gave him a ticket - for speeding in a race car. But it was the only thing they could charge him with, because there really wasn't any law against moonshine runners racing cars on a race track. And Bob said 'Hell, I coulda won the race if those cops had stayed out of it."

And in the old days there were some of what King Richard calls "classic examples of cheating that are worth repeating." One time in Atlanta, Cotton Owens showed up with a Dodge he built that was faster than any other Dodge. "Everybody knew something was wrong with it," but "nobody could put their finger on it. The car just didn't look right."

see LOFTON, page 2D

John Lofton is a staff columnist for The Washington Times.

as austituity of that is 100.0 inderscored by the development medicine. A fetus is a living e on which medicine can work tic and therapeutic marvels. The tive of the medical ethic is to help help is possible. Yet moral vertiits from attempting to reconcile perative with the court's decision fetus is akin to an appendixno moral significance.

now there is emerging a probconcept of "fetal rights." Civil ities have intervened to protect from acts and omissions by int women; they have ordered ng women to undergo cesarean is; a woman is being prosecuted

flatly incompatible with the 1973 rul ing. That ruling teaches society to consider a fetua as a mere lump of matter that acquires moral signifi-cance only when removed from the womb. And if the womb is a rentad fetal container, the personnood of the woman renting it is of no significance. So if suddenly the fetal container (a.k.a. mother) starts acting the se person—"Oh' God, what have I done"—she is acting incongrisounly. Thus the natural bonding between mother and child is made to seem like the mother's capice and seems inte-sponsible in light of her contract. The very idea of what is "natural" concel consider a fetus as a more lump of

sponsible in light of the atural" comes very idea of what is "natural" comes to seem a gossamer superstition, a Martin ?

ual chrendl. And there, whi ne • 110 grounds for denying the entitlement to unmarried people of whatever character, or to poor women who may allow their bodies to be exploited to satisfy other people's desires.

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The desire for children is strong and wholesome, but life offers' no guaran tees, and good things can have prohibi-tive coats. To prevent such costs, in the w Jersey case, the contract should be treated as an unenforceable state at of mutual intentions that no lonser obtain. The mother must not be deprived of her baby, to which she is now bonded in the natural way. To try to make womb rental harm-less merely by expanding the mollier's options for consent-by al-

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culture increasingly does, the idea of the distinctively human. That concept seems under assault from biochemists, molecular biologists, psychiatrists and, others who locate the essence of man in raw material subject to manipulation, unconstrained by any notion of a constant "human good."

. The blind assertion of the untrammeled sovereignty of willfulness, served by science, over nature drains all substance from moral philosophy. Philosophy, including political philoso-phy, which concerns right conduct, must assert sovereignty over manipulative techniques before we learn; too late, this lesson: in some conquests of nature, the conqueror is the defeated.

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Milton Friedman The Advantage of Being Few How farmers and other vocal minorities get their way.

The farmers of the United States are up in ... The American farmer is steadily lasing ground. His burdens are heavier every lating ground. It's burdene are heavier every pour and his gains are more meager; he is beginning to far that he may be sinking into a service condition. He has waited tong for the redrem of his grievances; he purposes to wait no more art the business of farming has become antronally unprofitable. With the hardest work and with the sharpest economy, the average farmer is unable to make both ends meet; every une dist with the more more till year cleans with debt, and the mortgage groups till it deseurs the land.

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than a decrease in its political clout. And what is true of the United States is true around the world. Almost without exception, wherever a majority of the population is engaged in agriculmajority of the population is engaged in agricul-ture —as in most poor countries in the world — farmers are taxed to subsidize the urban minority. By contrast, wherever only a small minority. of the population is engaged in agriculturein most highly developed countries—the urban majority is taxed to subsidize farmers.

A Staff

The reason is straightforward, A group that eeks benefits through political pressure handicapped by being top numerous and least up to a point, benefited by being ten Government can spend a dollar per member of Government can spend a dollar per member of a majority only by collecting more than a dollar from each member of the minority, each of whom will therefore squeal louder than each of the majority will applaud. On the other hand, government can wond a dollar set minority is arrait minority by collecting only a few centle from each member of a large majority the applause is these far louder than the squeal. Agriculture not only provides a striking the ample of this universal political law but the suggests that the optimum political coalition may be very small indeed. Over the pair three decades, agricultural employment has declined from nearly 6 percent of the adult population to from nearly 6 percent of the adult population to less than 2 percent. At the same time, spending by the Department of Agriculture per person employed in agriculture has multiplied nearly tenfold, from less than \$2,000 to nearly \$18,000. Political clout indeed.

hasten to add that the net benefit to faithers is far less than the amount spent by government. Most of that \$18,000 goes to pay for storing the so-called surpluses acquired by the veroment, for the cost of the extra seed, fertilizer and machinery that farmers use to produce the crops whose prices the government supports, and for the immense bureaucracy required to administer the program. Net farm income per person employed in agriculture," corrected for inflation, has either fallen or risen"*

only a trifle since 1954. In fact, the Department of Agriculture spent almost twice as much hi 1986 as the total amount that all farmers

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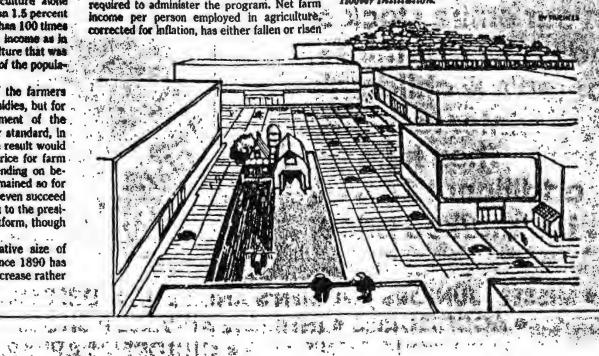
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received in net farm income. To add insuit to injury, the cost to the taxpayer is even higher than government taxpayer is even higher than poverament spending. Farm programs are designed to im-prove the income of farmers by raising prices to consumers. The programs may set improve the income of farmers, but they certainly false prices to consumers

To take a level completions encouples: the price is the United States of a power of segar is more than five these the world price. The price of a quart of failed and is present price that inter for the second seco Lenie when a first if you the sense of light if you the Agrophics is far from unoper. The present pressure in pertrained on forcign trade are to cossily the informable, from and steel, and forch becauty the informable, from and steel and forch becauty the informable, from and steel and forch becauty the informable, from and steel and forch becauty the information only three, have suc-coorded in the past, and are now posed to ceeded in the past, and are now poised to succeed again, in folsting burdens on several hundred million consumers that, while small for each consumer separately, total far more than any net benefit to the minorities with the political clout. We pride ourselves on being political ciout. We pride ourselves on being ruled by a majority, yet the majority repeatedly accedes to being fleeced by special interest minorities. In the main, we become active politically only on behalf of our own special interest. Resolving that dilessma in the major political problem we face its proverving our reedom.

The writer, winner of the Nobel Prize in economics, is a senior research fellow of the Hoover Institution.

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recent ABC News poll shows that 84 percent of Americans continue to believe in the American dream of a better economic life and lot than their parents'.

And why not? Real per capita disposable income from 1980-1986 has risen 14 percent, or about a 15 percent faster rate than the 12.2 percent rise in the previous six years (1974-80).

A new analysis by the Organization for Economic Cooperation and Development shows that "living standards in the United States continue to be well above those of other Western countries." (See table.)

Using what they call "purchasing power parities," OECD found that not only is U.S. real per capita gross national product almost 10 percent ahead of its nearest competitor's (Canada), it is 41 percent ahead of Japan's, 33 percent ahead of West Germany's, and 51 percent ahead of Great Britain's.

Furthermore, the OECD showed that U.S. real PPP income per capita rose 4.3 percent in 1986 over 1985. So, a very husky improvement in real U.S. living standards continues unabated.

Of course, you would never have guessed this if you had been listening uncritically to the relentless bal-

Warren T. Brookes is a nationally syndicated economics columnist.

derdash and downright disinformation about our supposedly declining economic fortunes that ABC and the other two networks have spewed out.

Unfortunately, that garbage has emboldened the Democrats to lie even more blatantly than politicians normally do. The other day, for example, readers of *The Wall Street Journal* discovered that Wisconsin Rep. David Obey's Joint Economic Committee study on "low-pay jobs" has turned out to be another statistical fraud.

By deliberately using the 1979-to-1984 period (including two Carter budgets, two recessions and two years of double-digit inflation), its authors, economists Bennett Harrison and Barry Bluestone, had purported to show that "58 percent of new jobs being created in the Reagan recovery are low pay."

But now we find, with the help of the Labor Department, that their own unpublished data base shows that in the real Reagan budget years (1981-85) only 6 percent of jobs were low pay, and 45 percent were high pay, a complete reversal of both the low-pay Carter budget years (1977-81) and of their own hypothesis.

Of course, you expect such baloney from Mr. Obey, who has produced a parade of flawed studies over the last two years.

But we used to expect much more from Democratic Sen. Daniel Patrick Moynihan of New York, who once injected real intellectual integ-

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REAL	PER	CAP	TA	GNP
At purchasin	g power pa	rity		

	1985	1986	% By Which U.S. Income Exceeds Others
United States	\$16,494	\$17,200	9,6%
Canada	14,959	15,700	
Japan	11,666 ·	12,200	41.0%
Norway	14,098	15,100	13.9%
Denmark	12,586	13,200 13,000	30.3% 32.3%
France	11,333	11,800	45.8%
Belgium	10,718	11,300	52.2%
Netherlands	11,332	11,800	45.8%
West Germany	12,158	12,900	33.3%
United Kingdom	10,882	11,400	50.9%
	9,445	9,900	73.7%

rity into his writings, but who lately has become another political hack.

Take, for example, a statement Mr. Moynihan made in an article in a recent issue of *ThePublic Interest* quarterly, the neo-conservative journal which Mr. Moynihan once helped to distinguish.

n it he says: "As for the economy, the great divide that began to open in the early 1970s separating the postwar generation from its successor continued to widen. By 1985, median family income was about what it had been in 1970; down from 1973. This would be the longest stretch of 'flat' income in

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the history of the European settle-

The Washington Times

ment of North America." The senator surely knows that this is populist poppycock, and if he doesn't, he is spending too little time reading and too much time posturing on the Senate floor and on morning television.

The "median family income" figure has been thoroughly discredited as a measure of real personal wellbeing for sometime now, and for two very good reasons:

First, it is the only income figure that uses the exaggerated pre-1983 Consumer Price Index as the "deflator." Since, by the Labor Department's own admission, that index overstated actual inflation by 10

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percent, it unduly depresses real incomes.

And second, because the shape and size of the American family has been changing so dramatically under the impact of soaring divorce rates, that median family income drastically understates the real personal economic growth of *individual* Americans.

The fact is, from 1970 to 1986, the most solid measure of economic. well-being, real per capita disposable income (as measured by actual personal consumption deflators) grew a very substantial 37.6 percent, or 2.1 percent per year.

Since this rate of growth is only fractionally smaller than the 43.6 percent, or 2.3 percent per year for the prior 16 years (1954-70), it is absolutely outrageous for a serious academic to suggest that income in this country has been "flat" since 1970.

Unfortunately, people like Messrs. Moynihan, Bluestone and Harrison who select out the worst numbers to make their political case — and then ignore those numbers that challenge and disprove it have managed to perpetrate an ugly myth on the American people, namely that the American dream of opportunity is dead.

Fortunately, as the ABC poll and others show, today's generation, while superficially accepting this myth for others, do not believe it for themselves, and the Democrats are wounding their own credibility by arguing otherwise.

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throw a cordon sanitaire a, panding Fascist domination, it from crushing the world's freedoms. Those powers failed to do it and a devastating war came.

Noting the prevailing mood of official appeasement, liberal passivity and moral nihilism, I called what I saw a "wasteland."

Today there is no world war loom-

ing. The two superpowers are involved in a passing imbroglio over embassies and espionage. But, they are talking with each other and laying the groundwork for a possible summit on weapons.

World currencies are volatile, the stock markets feverish. We stagger under a crushing burden of debt beyond the probabilities of repayment. There are regional and local wars, guerrilla operations and recurrent terrorism. There are festering religious and racial hatreds and ideological power struggles.

Yet I cannot escape the conviction, that while there is a true crisis it is not a political one, as it was 50 years ago. Nor is it one of socialism and communism as against democratic capitalism. The peak of that struggle is past. Marxism has proved itself a hollow idol. However long it may take, the deep current of world energies everywhere, even in Mikhail Gorbachev's glasnost Soviet Union, is toward opening closed societies. By the year 2000 this will be the accepted wisdom.

What, then, is the nature of the crisis, for a crisis there is and most people feel it. Neither our political nor media elite seems bent on getting to the heart of it. They are both so obsessed with every passing episode that they are lost without compass in a forest of single instances and issues.

Watching the media discussions with presidential candidates of both parties is an exercise in frustration. Even the best of the TV interviewers put witless questions: "What makes you think you have the qualities for the presidency?" they ask. What an

LAWDE WADE



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STATEMENT BY

MICHAEL NOVAK Chairman of the Working Seminar on the Family and American Welfare Policy

to

PRESIDENT RONALD REAGAN

The White House May 8, 1987

The Working Seminar on the Family and American Welfare Policy is a philosophically diverse group of intellectuals which set out to see if consensus -- across a broad spectrum -- was possible. After eight months of hard work, we reached it. We are releasing our findings today in the volume, The New Consensus on Family and Welfare: A Community of Self-Reliance.

We are pleased to be here because real welfare reform will come only with firm presidential leadership.

Our findings:

- (1) Family is extremely important. Ninety-three percent of married-couple families are not poor.
- (2) Three traditional behaviors still keep people out of poverty. Even today persons can avoid poverty if they:
 - ° finish high school
 - get married and stay married (even if not on the first try)
 - take a job, any job, even at the minimum wage, and stay with it

Only a tiny fraction of Americans who do these three things stay poor.

- (3) Fifteen percent of poor people are part of the urban "underclass," which suffers the most from dependency. The nation should concentrate on helping this group. It is against everything this nation stands for to have large numbers of citizens (about 5 million) who are not improving their condition and not living as independent citizens enjoying economic progress in their lives.
- (4) Work is very important. It dramatically reduces poverty.
 With just one worker, a family's chances of being poor are halved.

(5) Modest expectations are necessary. While new experiments in ending dependency -- moving individuals from welfare to work -- go forward, progress will be slow. A great deal of poverty is temporary and occurs through circumstance. The goal should be to set a new trend in place, of moving the dependent to independence in greater numbers each year. Healthy trends reinforce themselves, just as downward spirals do.

Our consensus:

For able-bodied adults of working age, citizenship entails obligations to match benefits obtained. Their fellow citizens need their work; their children need them; the elderly need them. They need to know that others depend on them -- they themselves must seek financial independence, so that others can depend on them.

Two key values upon which our free society was founded are still crucial:

cooperation and community spirit; and

self-reliance appropriate to independent, free-standing citizens.

America is a community of a special kind: a community that builds self-reliance and self-esteem.

The current problem is not "poverty" (i.e., a monetary shortfall below "the poverty line") but "dependency" among able-bodied adults who should be independent. The current problem is, precisely, dependency rooted in personal behaviors. Dropping out of school, teenage pregnancy, pregnancy out of wedlock, drug or alcohol abuse, and dropping out of the labor force are examples of behaviors that now keep unprecedented numbers of able-bodied adults dependent, when they could and should be independent. We have called this "behavioral dependency."

Welfare programs may not have caused the current magnitude of the population of dependent adults, but they are not doing enough to end dependency. The dependent need many kinds of personal, human assistance: in learning habits and skills, in preparing for jobs, in learning to cope with the full responsibilities of citizenship, in finding employment, in experiencing the rewards of independence.

Our recommendations:

To solve this problem, everybody must help the dependent. Their problems are personal and human; an immense amount of personal contact and support is needed. Families must pitch in; so must churches, schools, the media, lawyers, doctors, business men and women, the police, the courts. What should government do? The most overlooked function of government is to signal that obligations are involved in citizenship, not only entitlements. Government must throw its weight behind the independence of its citizens. Income supplements for the elderly and for children must be maintained. But able adults need every encouragement (including clear obligations, with sanctions) to train themselves for and to achieve financial independence.

There is no single solution to the problems of dependency. The Working Seminar lists some 70 practical recommendations, each like a piece of the arch. The keystone is family, education, and work.

Mr. President, the consensus for welfare reform is closer to your ideas than at any time in twenty years.

We therefore make three recommendations for your consideration.

- (1) Break the log-jam in Congress, as only presidential leadership can.
- (2) For able-bodied adults, change welfare programs from a payment system to a work and job preparation system.
- (3) Change the system from one in which parental responsibilities can be ignored to one in which they are supported and enforced.

The Working Seminar is a joint project of the American Enterprise Institute for Public Policy Research and Marquette University. A COMMUNITY OF SELF-RELIANCE:

The New Consensus on Family and Welfare

Report of the Working Seminar on Family and American Welfare Policy A Note About the Working Seminar INTRODUCTION: A NEW PUBLIC CONSENSUS p. 1 PART ONE: STARTING PLACES OF THE NEW CONSENSUS p. 9 Chapter One: A Community of Self-Reliance. Free persons in cooperation. New (and old) starting places. Economic growth. Disaggregating the poor. New successes for some, new problems for others. From material causes to value questions. Personal responsibility. A sound national ethos. Families and children. Conclusion. PART TWO: WHO ARE THE POOR? WHO ARE THE DEPENDENT? Chapter Two: Disaggregating the Poor. p. 38 Beyond conventional categories. Focusing. Who are the nonpoor? The elderly. Unrelated individuals. The young black male. The underclass. Chapter Three: The Poor Family. p. 60 The husband-wife family. Female-headed families. The children of the poor. Chapter Four: Other Behavioral Dimensions. p. 75 The geography of the poor. How are the poor housed? Employment and employability. More resources than meet the eye. Crime.

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MEMORANDUM

TO: Max Green

FROM: Doug Besharov

RE: Participants for May 8th Meeting

DATE: May 6, 1987

Attached is our list of attendees for the May 8th meeting with the President. The asterisks indicate those people who are still having trouble making arrangements; we should have final confirmation on them by tomorrow.

Any questions, please call.

WITHDRAWAL SHEET

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UP REVIEW DRAFT

A New National Public Assistance Strategy





Report to the President by the Domestic Policy Council Low Income Opportunity Working Group

December 1986

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UP FROM DEPENDENCY A New National Public Assistance Strategy

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REVIEW DRAFT

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Monetary History, Not Dogma

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ing not ny busi-y in Sin-' lso ex-Jardine as cho memhange. er has ins on romoth rate Never ss-all

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By MILTON FRIEDMAN Journalists who write about economic prospects and policies have a distressing tendency to proceed as if all of economic history is divided into two parts: from the creation to 1983, and from 1983 to 1986. creation to 1983, and from 1983 to 1986. Witness a recent article with the scream-ing headline "Economic Policy: The Old Tools Won't Work," and a text noting that "As recently as . . . 1983, the old elixirs worked as they had in the past. . . But in 1986, things were different" (Dun's Busi-ness Month, January 1987). In particular, the current widespread euphoria about inflation rests in considera-ble measure on the belief that somehow the age-old link between monetary growth

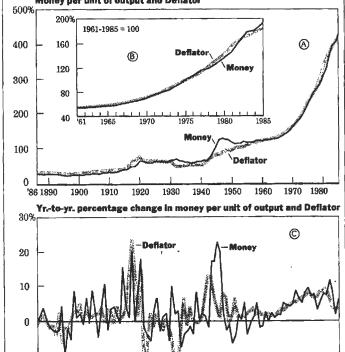
ble measure on the belief that somehow the age-old link between monetary growth and inflation has been broken, so that the Fed can now concentrate on stimulating the economy without worrying about a pos-sible resurgence of inflation. A longer time perspective is a helpful antidote to the widespread myopic It corrects that if widespread myopia. It suggests that if things are different in 1986, then they have been different for at least a century. Levels of Money and Prices

Levels of Money and Prices The solid line in chart A is the quantity of money per unit of output, year by year, for the century from 1886 to 1985. The other line is the implicit price deflator for na-tional income. In order to make the two series comparable, both have been ex-pressed as percentages of their average value over the century as a whole (1886-1985 equals 100 for both lines). The mo-netary aggregate used is the only one for which reasonably satisfactory data are available before World War I. It is compa-rable to, but somewhat narrower than, the aggregate that the Fed now designates as M2 and is the one that Anna Schwartz and I have relied on in our studies of U.S. and I have relied on in our studies of U.S. and U.K. monetary history. Output is mea-sured by national income in constant prices.

prices. From 1886 to 1985, the quantity of money multiplied 340-fold and output 20-fold, so money per unit of output multiplied 17-fold. Price in turn multiplied 13-fold. In the perspective of a century, the only sizable departures from close parallelism be-tween money per unit of output and prices are for World War I, the Great Contrac-tion, and World War II. During World War I, prices rose more rapidly than money, the usual relation during a period of rising inflation. During World War II, this rela-tion was reversed with money rising faster than prices, thanks to extensive price con-trol, rationing, and the widespread expec-tation that prices would collapse after World War II as they had after the Civil War and World War I. able departures from close parallelism beDuring the contraction from 1929 to 1933, both output and prices fell more rap-idly than the quantity of money so that money per unit of output actually rose for the first two years of the contraction, but then fell along with an even sharper fall in prices—the mirror image during deflation

and the sharp disinflation since. During the early stages of the acceleration of infla-tion, money rose more rapidly than prices until the public came to recognize what was going on, after which the reverse oc-curred, as during World War I. Once disin-flation set in, there was a reaction, and

The Correspondence of Money and Inflation Money per unit of output and Deflator



of the experience during the World War I inflation

1910

1920

1930

1940

1900

-10

-20%

86 1890

For a closer look at the more recent to For a closer look at the more recent pe-riod, chart B plots the same data for the past quarter of a century, except that both series are expressed as percentages of their average value during the past 25 years instead of the past century. On this expanded scale, the only departures that stand out are associated with the acceler-ating inflation from the early 1970s to 1980,

1950

prices rose less rapidly than money. In discussing current economic pros-pects, all of us tend to focus on quarter-topects, all of us tend to focus on quarter-to-quarter or year-to-year changes rather than the underlying aggregates. To give some perspective on these, chart C plots the year-to-year percentage changes in money per unit of output and in the defla-tor for the past century. Over the whole of the past century, money has consistently been more variable

1960

1970 1980 '85

than prices—the market tends to smooth out the short-term perturbations in money. What is equally striking is that both money and prices were far more variable under the pre-World War II gold standard than they have been since. This reduction in variability may in part be a statistical illu-sion, reflecting the greater accuracy of re-cent data. However, the difference is too marked to be wholly explainable simply in terms of better data.

Though money was more stable over short periods after World War II, it was less stable over longer periods. There is no parallel prior to the 1960s of the near-quad-rupling of the quantity of money per unit of output from 1965 to 1985 recorded in charts A and B. Similarly, there is no earlier par-allel in chart C to the 23 years of consis-tently positive growth in money per unit of output that followed 1962.

The greater year-to-year stability of prices after World War II than before is a response to the greater stability in mo-netary growth. Similarly, the larger long-term movement in prices is a reflection of the larger long-term movement in money money.

Not Such a Magic Tool

Not Such a Magic 1001 During the past century, major changes have occurred in financial institutions, the role of government, the structure of the economy, the distribution of the population among occupations, the flows of interna-tional trade, and so on. Yet these charts demonstrate that no appreciable change has occurred in the relation between the quantity of money and the level of prices. The belief that there has been such a change derives from a myth about past re-lations and the persistent search for some lations and the persistent search for some magic fine-tuning tool that can be used to guide the economy precisely along a pre-selected path from quarter to quarter.

The charts make clear that the quantity of money is not and never has been such a magic tool. On the contrary, the attempt to use it as such has added to the economy's instability rather than reduced it. This his-torical evidence, not some a priori dogma, is the reason why I, in common with many other economists, have long opposed fine-tuning, and have, instead, favored steady monetary growth at a rate that in the long run would be consistent with stable

Mr. Friedman, a Nobel winner in eco-nomics, is a senior research fellow at the Hoover Institution.

The Best Way to Get the Lead Out?

By DAVID A. TODD Last week Congress voted to override President Reagan's veto of the Clean Water Act and to provide \$18 billion in con-struction funds for sewage-treatment olants. This limiting of sources of water a direct and meaningful way to und the natural enviare likely to lead to long-term, large-scale problems that will not easily go away.

The environmental standards in ques-tion largely affect the lead-recycling indus-try, which falls under the control of a num-ber of laws related to health and the envi-ronment, including the Clean Water Act, the Resource Construction and Recovery

cyclers can offer for lead/acid batteries cyclers can offer for lead/acid batteries has fallen from as high as \$5 per battery to around 30 cents today. The new prices brought in only 58% of spent batteries in 1985, down from 87% as recently as 1980. The upshot of this, and the relevant aspect as far as the environment is concerned, is that this year roughly 28 million batteries

Preservation Copy

already operating in violation of present environmental laws. The government would be justified in requiring new expen-ditures for better controls and remedies, and would have the legal basis for fining or shutting down those recyclers that did not

real question here, though, 'is not in the government is justified but for the

terminism over a Diological certitude — anatomy is not destiny, after all - should have known it was only

'Suzanne Fields is a columnist for The Washington Times.

least partly replaced with promissory notes on male attachment." Few of us are ready to cash in

those promissory notes yet. We can only hope that women don't forget how to give milk before men learn how to provide it.

WARREN BROOKES

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Welfare reform Trojan horse?

The alacrity with which the public welfare bureaucracy and its advocates have embraced "welfare reform" should cause both taxpayers and serious social scientists to worry - a lot.

Unfortunately, many liberals have signed on to welfare reform because they see in it a massive new extension of the welfare state in both jobs and funds for their constituents.

, As The Washington Post editorialized with surprising candor: "On the issue of work, the liberals have disarmingly adopted the conservative vocabulary. But, at the next level, the agreement turns out to be ... a wolf in sheep's clothing," because the liberals want "as the taxpayers' part of the bargain a major increase in education and training funds ... day care . . . continuation of Medicaid for mothers who find jobs, an increase in benefits for those who don't."

So, "welfare reform," as desirable as it seems, has become a dangerous Trojan horse both for a national daycare program for all working mothers, and eventually for national health insurance.

After all, if you start providing, as Massachusetts now does in its Employment and Training Program, a year's free day care to all AFDC (aid o families with dependent children) tothers who get jobs, why shouldn't

Warren T. Brookes is a nationally dicated economics columnist.

all working mothers be entitled to the same benefit? If you start providing Medicaid to all AFDC job placements, why not all working mothers?

This is why the Family Support Program legislation of House Ways and Means Public Assistance Subcommittee Chairman Rep. Harold Ford, Democrat of Tennessee, was so happily endorsed by Speaker of the House James Wright of Texas. As initially drafted, it would have been a liberal bonanza costing at least \$4.8 billion over the next three years, paying, among other things, from \$175-200 a month in day care per child, all without cutting dependency.

Indeed, Budget Director James Miller argues that because of the bill's excessive benefits and loose standards, it would raise welfare caseloads by 25 percent, and total five-year spending by \$15 billion, or a whopping \$4-5 billion a year by fiscal 1991.

As a result, Mr. Ford was forced to back down on his proposal, cutting it by nearly half on Tuesday, April 6. Otherwise, it would have been the most explosive new spending program in many years,

· If you doubt this, consider what happened in Massachusetts. When ET started up in September 1983, welfare costs and dependency had actually been falling for three years, as caseloads had been cut from 118,865 to 87,000 under the Reagan policy reforms, plus a compulsory

iobs-search, work-training program (WTP) with no extra benefits attached. Total welfare costs (not counting Medicaid, food stamps had plummeted by \$84 million from FY81-FY83. (Table.)

Then came ET, with its elaborate voluntary program of training, day care, clothing allowances, transportation and Medicaid extension. Total welfare costs including administration, ET, AFDC, and General Relief benefits suddenly shot up by more than \$240 million a year, a five-year, 44 percent rise, FY83-88. (Table.)

ET alone has soared from \$7 million in FY83 to nearly \$60 million in FY88. Day care alone will cost ET \$35 million in FY88. Since this is to cover only 10,000 new ET placements in the work force in FY88, the full cost per jobplacement for free day care alone is now a husky \$3,487 a year, while the total ET package is projected to cost a huge \$6,000 per full-time placement.

At the same time, the Massachusetts Department of Social Services has been providing day care for "problem" indigent families right along, and that cost has also shot up, from \$41.7 million to \$76.6 million. FY83-88, bringing the total Massachusetts day-care bill to \$111.5 million in FY88. a national rate of \$4.3 billion.

Now all this might be worth it if there were any hard evidence that ET has cut welfare dependency. But,

	Before Employment & Training Program		After E. & T. Program	1983-88
	1981	1983	1988	% Change
WELFARE:			-	
Romin.	\$ 63.8	\$ 74.2	\$111.5	+ 50.3%
, ments	531.2	419.3	536,8	+28.0%
ueneral Relief	43.7	60.0	100.4	+ 67.3%
EMPLOYMENT & TRAINING	COSTS:			1.1.1
Training ·	5.2	6.9	24.9	+ 260.9%
Day Care	-	_	34.9	
Subtotal	5.2	6.9	59.8	+401.4%
TOTAL WELFARE COSTS: (excluding Medicaid		•		
and foodstamps)	\$643.9	\$560.4	\$808.5	+ 44.3%
AFDC CASELOAD: Sept. '81.'83 & '86	118,865	86,999	87,450 ¹	+0.5%2

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when you compare the same months (to avoid routine seasonal variations) from 1983 to 1986, there was no significant change in Massachusetts caseloads, even as total costs soared 44 percent, and new AFDC applications jumped 9 percent.

Princeton's Richard Nathan, one of the leading experts on, and advocates of, welfare reform, cautioned, "Don't judge welfare reform by a bad program like ET. The best welfare reform is California's GAIN, which makes work and training compulsory."

Even so, Mr. Nathan admits a major study of welfare-workfare demonstration projects in five states by Manpower Demonstration Research Corp. found that on balance they increased the number of AFDC women who would normally take jobs anyway by only 3-7 percentage points, a very narrow margin of improvement.

The Washington Times

This is why Mr. Nathan, a welfarereform advocate, warned a Washington Journalism Center conference on March 26 that, "There is already talk in Congress of making work and welfare reform non-compulsory, as in the Massachusetts ET program. That would be disastrous. We have to take the entitlement out of AFDC, and put a work contract back in. Otherwise it won't work."

Finally, Mr. Nathan echoed the Reagan administration's proposal to go somewhat carefully on welfare reform, "funding states' individual approaches but within very broad guidelines."

Otherwise, Mr. Nathan predicted, "We could all be back here in a couple or three years wondering what went wrong."

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From page 1D

able fact that officials . ignore a long-standing ". dation to fire the Soviets . at the embassy.

The Soviet government fine . moved its nationals from the bassy in retaliation for the reduct in the number of Soviet diplomats the United States. But that flid no. occur until after the security damage was done.

Plain, old-fashioned ineptitude also is to blame. Only gross incompetence can explain the decision to permit Soviets to build the new U.S. Embassy building under construction in Moscow,

President Reagan's assurance that the new American embassy will not be occupied until verified secure is welcome. But studies, similar to those announced by Mr. Leagan, have been made before. What's now required is action to correct the humiliating security snafus in Mos-COW.

The responsible officials must be held accountable for the unforgivable lapses that have provided the Soviets access to American secrets. Reforms to prevent future Soviet penetrations must be instituted without delay.

Nation Spent \$17.9 Billion On Teen-Age Mothers Last Year

Associated Press

Taxpayers spent nearly \$18 billion last year on food stamps, medical care and cash assistance for families begun as a result of teenagers giving birth, the Center for Population Options said in a report yesterday.

The center, which seeks the prevention of adolescent pregancies, said that its projections are conservative because they do not include expenditures for public housing, special education, child care, foster care, child protective services and other social services.

The nation spent \$17.9 billion last year, a \$1.3 billion increase from 1985, in direct and administrative costs for food stamps, Medicaid and Aid to Families with Dependent Children for families begun by teen-age mothers, the center aid. The center said that babies born to teen-agers last year will cost the nation a total of \$5.5 billion over the next 20 years, including housing and social services.

By the year 2006, taxpayers will have spent an average of \$14,852 for each child born to a teen-ager last year, the center said.

It said that since two out of three teen-age mothers do not receive welfare, the average cost of a single birth to a teen-ager who does receive public assistance is closer to \$37,500.

The center said federal family planning programs could save \$3 for every \$1 now spent on serving teen-agers.

The Center for Population Options, which advocates better access to information about sexuality and family planning for adolescents, works with schools, youth agencies, corporations and churches.

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Shamir, still reject this simple proposition. They argue that, since the Palestinians want to set up their own state in Israel's place, theirs is one of those small nationalisms that history will eventually have to override.

All of this may once have been true. It has become progressively less so since Israel's fateful victory in 1967 brought more than 1m Palestinians under Israeli occupation. The change, paradoxically, has strengthened Palestinian nationalism (see pages 19-22). West Bank Arabs who had been content to call themselves Jordanians and support King Hussein now call themselves Palestinians and support Mr Arafat. It is no longer possible to push the Palestinians to the margins of Israel's argument with the Arabs: they are at its core.

Yet the 1967 war also changed things in a positive way. It convinced some of Israel's neighbours that they could not destroy Israel in war, and it gave Israel land that it could offer the Arabs in return for peace. In 1979, these changes brought Israel peace with Egypt. They could bring peace with the Palestinians as well—if Mr Arafat and Mr Peres help each other shake off the doubters at their elbows.

The deserving poor

American female heads of family % in poverty, 1985 Age 0 % 20 40 60 80 15-24···· 15-2

School, marriage and a job: now, poverty's best cure

In most rich countries the last and humane battle to abolish poverty now needs to turn to changing behaviour, rather than spending more social-security money. The danger is that the political Left may think this is contrary to its pity ethic, while the political Right may swing away from pity once it grasps from new social surveys what is happening.

Those surveys, says America's latest best-selling sociologist, "reveal with striking clarity that the requirements for getting out of poverty in the United States are so minimal that it takes a mutually reinforcing cluster of behaviours" to remain poor. An American's chance of staying poor is less than $\frac{1}{2}$ % if he or she does the following three things: (a) completes high school; (b) gets and stays married: (c) stays employed, even if initially only at the minimum wage. Americans who fail these three requirements have an up-to-80 times greater chance of staying for a long time below the official poverty line, and breeding sad generations there.

The median age of poor Americans is now a lusty 23. Around 80% of their children in the poorest areas are being left with young unmarried mothers, although three-quarters of families headed by an unmarried teenage mother stay poor. That pattern has galloped to Europe, where unemployment is now higher than in America and even more concentrated among the young, and where having a baby is, for many, the surest way to get a public-sector house of their own.

Most other sorts of poverty in rich countries are disappearing fast. In 1966, nearly 30% of over-65-yearold Americans were poor; today, if you include the cash value of Medicare (as you should), only 3% are, although the official poverty line has everywhere been generously raised. Many a 60-year-old Oxbridge graduate had a real income from his starting salary in the late 1940s below today's British poverty line, although he was then thought of as a rich young man saving to buy a television set. In America, recent household surveys have reported the poorest 20% to be spending three times the pre-tax income they said they got. Much of this is honest spending from non-income (eg, from students' loans), but there is a lot of under-reported 14

income in the underclass.

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Guilt about the youthful poor could therefore soon turn to indignation. This would be monstrous. The underclass has been incapacitated by the breakdown of monopoly public-sector services which were originally supposed to help them. Under Britain's national health service and trade-unionised schools, the health and education of the cosy have improved by more than those of the poor because good doctors and teachers prefer customers in Surrey. The police give least protection in the poorest areas with most crime. Everywhere money has been thrown at housing for the poor, but the mood there is so bad that all surveys suggest the same youth is much more likely to flout the three requirements if he lives in it than in any other housing. Policy needs to turn to aid the three requirements.

Some remedies

In education, parents in the underclass must not be forced to send children to a local-authority monopoly school which has a juvenile delinquency rate 20 times higher than in neighbouring local-authority schools with exactly similar intakes. Self-reliance is not increased by schools which tell children that it is the outside world's racism that has made them welfare cases; all surveys suggest such schools make poor children less employable. There are many ways of bringing competition within public-sector schools (schools financed by central government according to the number of pupils they attract, variations of city technology colleges). Each parent in each poor area should have such alternatives to a Nelson Mandela Comprehensive.

After a 25% decline in young black males' participation in America's labour force since 1962, 71% of the dropouts told a 1984 survey they could get a minimumwage job very or fairly easily. But, they felt, why take a night porter's job that means waiting each midnight at a bus-stop where you will be regularly mugged, of money that is anyway less than you can get from mum's welfare plus part-time untaxed casual earnings, even excluding those from crime or prostitution? Reform will have to lie in tying any state aid for some of the young to

THE ECONOMIST APRIL 25 1987

THE COMMITTEE ON POLICY FOR RACIAL JUSTICE: MISSION AND OBJECTIVES

he Committee on Policy for Racial Justice is committed to independent intellectual inquiry in the search for solutions to problems confronting black Americans. In that search the committee members rely on the sage observations made by wise and courageous black spokesmen who have preceded them. One was Frederick Douglass, who said, more than a century ago, "If we are ever elevated, our elevation will have been accomplished through our own instrumentality....No People that has solely depended upon [outside]...aid... ever stood forth in the attitude of Freedom."

Another was William E. B. Du Bois, who declared, more than a half century ago, that the progress and ultimate positive resolution of the struggle for racial justice in the United States would depend on the contributions of blacks themselves, who would use theirknowledge and skills—in economics, in social policy, in public administration, and in political theory and practice—as weapons in the ongoing struggle for social justice.

The third trenchant observation was made by a great modern leader, Martin Luther King, Jr., who said, "It is not a sign of weakness, but a sign of high maturity to rise to the level of self-criticism...[which means] critical thinking about ourselves as a people and the course we have charted or failed to chart during this period."

It is in this spirit that the committee meets periodically to review the condition of blacks in American society, to inform itself and others about progress and failures in the struggle for racial equality, and to seek to chart a course that will advance the cause of justice for all.

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FOREWORD

n 1979 the Joint Center for Political Studies asked social psychologist Kenneth B. Clark and historian John Hope Franklin to prepare a statement that would set forth some of the major problems black Americans faced in the 1980s-"to sketch out a common experience in the vineyard of civil rights and to alert us to the unfinished tasks which lie ahead." The result was an essay entitled The Nineteen Eighties: Prologue and Prospect, which provided the impetus for a more extensive exploration of the subject by a group of prominent black scholars who met at Tarrytown, N.Y., in July 1981. This group, now called the Committee on Policy for Racial Justice and based at the Joint Center, has met on five occasions. Its first publication, A Policy Framework for Racial Justice, identified three areas of urgent concern for the black community: the economy, the black family, and education.

The second publication, presented here as *Policy Framework II: Black Initiative and Governmental Responsibility*, reflects many months of deliberation by the committee. It attempts to place our approach to the problems and circumstances confronting blacks in the context of the black community's values and traditions, its historic reliance on its own initiative, and its expectation of government. I believe that this essay succeeds in that effort and sets the framework for future exploration of specific subjects. In fact, the next essay in this series will develop our views on blacks in the American economy, and will be followed by an analysis of major educational problems viewed from a black perspective.

The Joint Center takes great pride in the work of the committee—its deliberations and publications. We firmly believe that the mission of the committee is closely attuned to our own: to identify and help resolve major social, economic, and political problems in our national life, and to bring timely, cogent, and often overlooked policy perspectives to the national consensus-building process.

> Eddie N. Williams December 1986

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INTRODUCTION

his is the second in a series of occasional essays that seek a new departure in the discussion of issues facing black Americans. That effort, which began with A Policy Framework for Racial Justice (Framework I), was spurred by an awesome and often perplexing array of new challenges and lingering problems facing black Americans and by changes in the terms of the debate about the black condition. Framework I. with its essays on "The Economy," "The Black Family," and "Education," encouraged reflection and comment on industrial policy, the black family, and illiteracy before those issues had achieved significant national recognition. The wide circulation and response that *Framework* I received within the black community and elsewhere confirmed our belief that there is a need for more penetrating analysis of the problems that impede racial justice in the United States.

In pursuit of this goal, and before turning to subsequent essays that will deal in depth with some of these problems, we have felt the necessity to address in *Framework II* three areas of concern that lie beneath much of the public discussion—and confusion—about black community directions today. Basic premises concerning these areas—black values, the role of the black community, and the role of government in addressing the problems of blacks—are too often assumed and too rarely articulated. The result is a frequently polarized debate that does not clarify the issues or advance understanding of useful new directions for the black community.

We believe that solutions to the problems facing black Americans require simultaneously three distinct areas of activity:

- that we draw more explicitly and openly upon the extraordinarily rich and vibrant tradition of black values that continues to sustain us;
- that we do more to mobilize and, in some instances, redirect the strong self-help tradition that is hard at work but too often hidden from public view; and
- that we lay out the much obscured case for government's responsibility for disadvantaged citizens in a stable democracy and indicate specific steps that government should take.

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We believe that the one-sided emphases and singleminded approaches to black progress we often hear today are simplistic and utterly inadequate. Instead, here, we undertake to acknowledge and then work with the inescapable reality that blacks, whose progress has been artificially delayed by societal racism and official discrimination, must now find their way to equality in a far more troubled and rapidly changing context than other Americans faced. Given the depth of disadvantage that still besets the black community, only an adroit mix of strategies that complement one another can have any chance of success. We hope that this publication, like its predecessor, will help illuminate issues confronting black Americans and the society at large and will contribute to a renewed national and community commitment to find just and useful solutions.

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John Hope Franklin Eleanor Holmes Norton December 1986

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John Hope Franklin Eleanor Holmes Norton December 1986

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BLACK INITIATIVE AND GOVERNMENTAL RESPONSIBILITY

Black Americans have been at the helm of a profound social revolution. Since World War II, we have engineered the demise of a rigidly segregated society, used nonviolent action and litigation to compel the protection of basic rights, expanded the American society's conception and application of equality, made dramatic gains in political participation and leadership, and secured notable improvements in our socioeconomic status. Today, American society remains far from colorblind, and race continues to be a powerful predictor of status; but viewed against the backdrop of history, blacks and the entire society have made genuine progress.

It is precisely these achievements that make untenable the condition of the large part of the black population that remains enmeshed in a crisis of poverty. While only one-tenth of white Americans are poor today, more than one-third of blacks are trapped in poverty, many with only dim prospects for escape. No stable democracy can afford to ignore such disparities.

Most of the black poor are concentrated in badly deteriorated inner cities, are poorly educated and without the skills and experience required in today's workplace, are plagued by extremely high rates of unemployment or underemployment, and are strained by a rapidly deteriorating family structure. Many of these poor blacks are part of what a number of analysts call an "urban underclass" that is increasingly isolated from the mainstream of society and its opportunities. The condition of this large population of urban poor casts a shadow over the gains made by the rest of society and by blacks themselves. This dilemma and appropriate responses to it are the concerns of this statement.

The causes of persistent urban black poverty are

The condition of [the] large population of urban poor casts a shadow over the gains made by the rest of society and by blacks themselves.

These conditions of poverty have been allowed to fester for so long and are so difficult to eradicate that they will require the most determined and resourceful efforts by all who are implicated.

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uncommonly complex, but some of the contributing factors are abundantly clear. Sweeping economic and technological changes in recent years have substantially altered the character and distribution of urban and rural labor markets. Even more sweeping changes in the global economy have resulted in a decline in the relative competitiveness of major segments of the U.S. economy, especially in well-paying jobs of modest skill that typically have brought other Americans into the middle class. Jobs that were plentiful in core cities when whites were residents have dispersed to the suburbs and outlying areas. Inadequate education and skill levels and damaged self-esteem and aspiration have often undermined the chances of poor blacks to compete successfully in the labor market. Finally, the cumulative effects of the long history of discrimination have impaired the capacity of many of the more disadvantaged to cope with a complex, rapidly changing economy and society.

These conditions of poverty have been allowed to fester for so long and are so difficult to eradicate that they will require the most determined and resourceful efforts by all who are implicated. The impacted network of economic and social problems is so novel and ferocious that it can be attacked effectively only by a judicious, concurrent, and sustained mix of both black self-help efforts and public and private assistance from the nation as a whole. Self-help can have only a limited impact on the economic environment, but it can encourage action and teach behavior that can pay handsome dividends for blacks and for the nation as a whole. However, the creation of a more robust economic environment and of greater equity in the distribution of its fruits is a public responsibility. Despite a vigorous continuing debate about the role of government in American life today, the mainstream American view remains that government should be an active agent for improving the quality of life of the people and for responding to community needs in times of crisis. Thus, even in the face of large budget cuts and huge deficits, farmers, children, veterans, immigrants, students, the elderly, smallbusiness people, and others continue to be the focus of special attention and funding from government.

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The crisis of the black community deserves no less attention.

The Black Community's Values as a Basis for Action

The conditions associated with the profound urban poverty among blacks—declining male laborforce participation, very high rates of out-ofwedlock births and female-headed households, a high level of welfare dependency, poor educational performance, and high crime rates—inevitably prompt questions about the character and role of values in the black community. These questions have been raised in an effort both to account for current conditions and to search for the critical ingredients of a possible solution.

Blacks have always embraced the central values of the society, augmented those values in response to the unique experiences of slavery and subordination, incorporated them into a strong religious tradition, and espoused them fervently and persistently. These values—among them, the primacy of family, the importance of education, and the necessity for individual enterprise and hard workhave been fundamental to black survival. These community values have been matched by a strong set of civic values, ironic in the face of racial discrimination-espousal of the rights and responsibilities of freedom, commitment to country, and adherence to the democratic creed. Indeed, the country's democratic values defined black America's expectations of the society and formed the basis of our struggle for equality.

The value traditions of the black heritage are especially relevant to the needs of black people during this period. For example, commitment to the family historically has been one of the most powerful forces in black life. First as slaves, then as sharecroppers and farmers, and finally as urban workers, blacks always embraced a strong family The value traditions of the black heritage are especially relevant to the needs of black people during this period. ÷

The "self-help" tradition is so embedded in the black heritage as to be virtually synonymous with it.

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ethic as central to our lives, and the great majority managed to maintain strong, intact families often in the face of enormous adversity. Large numbers, separated from their families by slavery and the Civil War, went to extraordinary lengths to reestablish family ties after the war. Later the great migration from the South separated families; still family bonds remained strong, facilitating the continuing migration of other family members. Family responsibilities were often shared across the distance between relatives in the South and those in the North. In spite of the effects of slavery, discrimination, and poverty, 75 percent of black families included both parents as recently as 1960. Throughout, extended families have been especially widespread and crucial. The extended family system flourishes today in the black community, for many out of tradition, for others as a means of coping with special pressures and hardships. These are native traditions to be drawn upon as blacks seek to find their way back to their own strong sense of family purpose.

Similarly, the "self-help" tradition is so embedded in the black heritage as to be virtually synonymous with it. Self-initiated efforts without assistance from the larger society-indeed, often in spite of resistance from the society-have found expression throughout our history in this country. The tradition of building institutions and initiating efforts both to defend themselves and to advance within a hostile society has long been a hallmark of black American life. In the decades following the Civil War black Americans often donated the land, built the schools, and paid the teachers when city and county governments refused to provide schools for them. "Self-help" later was especially identified with the work of Booker T. Washington and other prominent black leaders, with black higher education, with the black church, and with the many black-led organizations that stressed the value of education, thrift, enterprise, and the dignity of labor. The National Business League, the Tuskegee Farmers Conference, and the National Association of Colored Women were early examples of such organizations. It is not without significance that the

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motto of the National Association of Colored Women was "Lifting As We Climb." Self-help
pamphlets addressed to migrants from the South during the 1920s exhorted them to work hard and maintain good work habits. "Get a Job," one St. Louis Urban League brochure enjoined, "get there on time, be regular, master it, dignify it, do better than the other man...." At the same time the tradition of self-improvement found a different but equally profound expression in the philosophy of W. E. B. Du Bois, who believed that education was critical not only to black social and economic advancement but also to political freedom.

The historic link to the tradition of self-initiated efforts to improve the lives of blacks has never (been broken. It is alive in thousands of efforts-¹from church adopt-a-child programs and housing t developments to the large financial contributions black sororities and fraternities make to provide scholarships and advance community service activities. But greater leadership is needed both to mobilize and enhance these efforts and the values they represent. Moreover, we must reach more broadly and more deeply to levels of participation that include the poorest blacks and that draw them closer to blacks who have been more fortunate. Given the alienation and isolation of the very poor and the need in any case for resources from government, these are formidable challenges. But the condition of the poorest blacks makes these efforts a moral imperative for the black community.

While all along pressing the larger society for equity and fairness, we have continually drawn upon our own resources in order to define ourselves positively and to renew our strengths. This has been true particularly at moments—as in the case of the current black experience—when complex new problems were suddenly added to older ones and when opposition appeared in powerful new forms. The most basic resource of the black community is the special value structure that has sustained black people through the darkest of hours. The leadership of the black community must more forcefully articulate, reaffirm, and reinforce We must reach more broadly and more deeply to levels of participation that include the poorest blacks and that draw them closer to blacks who have been more fortunate.

the black value heritage with renewed vigor and commitment as a basis for action today.

There are countless ways to do this. From our experience and history, black people have at hand an extraordinary store of values and traditions developed and honed through earlier battles that can be adapted to secure old gains as we fight up to higher ground. We can begin by encouraging all of the black community's religious institutions, civic and social organizations, media, entertainers, educators, athletes, public officials, and other community leaders to make special efforts to emphasize black community values as a central feature of their service to the black community.

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The Community as Agent of Change

The black community always has been an agent for its own advancement. Action by government in addressing social and economic needs has been important, but it has been both recent and modest. Blacks made the transition from a largely impoverished mass of former slaves to a strong, vibrant community largely through individual effort and through the work of civil rights, cultural, fraternal, religious, social, professional, and service organizations in the black community. Thus, black Americans have an unusually rich history of selfinitiated contributions to our own well-being. Indeed, without our own vigorous, creative, and persistent efforts, many of our needs would not have been met at all.

In spite of this proud history, blacks are often skeptical of assessments of black community responsibility as compared with government's proper role—and no wonder. The history of black people is the history of countless unsuccessful efforts to get government to allow blacks the ordinary privileges of citizenship that were routinely a matter of right for whites. That history has been

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characterized by a societal racial obsession replete with the most negative stereotypic attitudes that blamed blacks for problems that arose directly from oppressive and unequal treatment by the majority. As a result, blacks have a valiant history of protest and demands for equity from which we shall not retreat. But as so often in the past, black people and their leadership, armed with confidence from long years of struggle and angry at recent years of retreat, are also calling on the internal strengths of the community.

Recent salutary expansion of the government's role in assisting those in need has pushed to the background recognition of the black community's long history and continuing efforts of progress through self-reliance and has created misconceptions about historic and existing roles of community and of government in black socioeconomic advancement. Further, the very success of our civil rights movement in reducing many barriers to education, employment, housing, and economic opportunity has created a gap in socioeconomic status between those blacks who were in the best position to seize new opportunities and those who were not, facilitating physical and economic separation. This new diversity within the black community has sometimes altered community structures, dispersed leadership, and diminished the capacity for cohesive, effective initiatives.

Even so, community energy, whether through established institutions or local groups, must be a major force in the effort that will be necessary to address today's most pressing black problems. Throughout our history, blacks have relied on an unusual assortment of institutions and organizations to defend them, to provide services and opportunities denied them, and to advance their interests in a hostile environment. These black community institutions derive from the same heritage that has fostered black values. National civil rights organizations, national and local service, professional, religious, social, fraternal, and economic development organizations, and an array of functionally specialized national and local groups together constitute a potentially powerful base for

Community energy...must be a major force in the effort that will be necessary to address today's most pressing black problems.

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The successes of recent decades have produced new needs and a new set of problems which require us to broaden the base of our assets and to apply the wisdom of our history ever more ingeniously.

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mobilizing the talent and other resources of the black community to help meet the new problems of the black poor.

Black institutions have met the most extraordinary variety of community needs, and much of this tradition continues unheralded today. For example, black churches have not only ministered to black spiritual needs, values, and morale; they have also often met the temporal needs of their congregations and the larger community by such efforts as developing housing, operating day-care centers, and creating a rich variety of programs to meet community needs-from youth programs to senior citizen activities. Moreover, the black community has many service organizations that run programs to combat illiteracy, drug abuse, teenage pregnancy, truancy, delinquency, and other problems. Perhaps the best example of self-help activity today is the energetic and completely selfgenerated political activities of blacks-many denied the vote until recently-enthusiastically participating in the political process and electing blacks to office.

With so much history and continuing community activity to draw upon, how can black community resources and institutions be galvanized to better meet the new and intractable problems facing us? How do we both strengthen and expand black initiatives to help meet unprecedented challenges? To note that we have strengths on which to call and that our history is replete with examples of victorious struggle is not to minimize the tasks before us. Rather, the successes of recent decades have produced new needs and a new set of problems which require us to broaden the base of our assets and to apply the wisdom of our history ever more ingeniously. Many of these are new problems that grow out of the recent history of rapid urbanization, massive unemployment, and new, subtle forms of racial discrimination that have taken root in many communities.

Many existing institutions and organizations in the black community are themselves undergoing change as they try to recast themselves in response nd other resources of the Ip meet the new problems of

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tions and organizations in re themselves undergoing ecast themselves in response to the new forces affecting blacks. Contradictory trends—improvement in race relations and in the socioeconomic status of many blacks and an array of complex new problems that face many others have challenged the mission and mode of operation of black organizations. The very success of these organizations has created the need for a new agenda, which black organizations are debating and drawing up today. Similarly, the black church has had to contend with many competing forces and distractions that have made it difficult for the church to maintain its traditional reach and influence.

Yet the black community and its institutions are unusually resilient and resourceful. To assume a new command of its problems and facilitate more rapid advancement, the black community must strengthen its institutions, help them adjust to new circumstances and new challenges, increase its financial and participatory support, and encourage more purposeful communication and collaboration. Today, for example, one of the most urgent needs in black organizational life is to develop more effective bridges between the urban poor and the new black middle class outside the ghettos. Organizations at all levels, particularly locally based community organizations, need to address more vigorously the appropriate role and implementation of collaboration across class lines between blacks who enjoy some of the advantages of the society and those who do not.

This challenge does not underestimate the indisputable necessity of government action in addressing both the new and the lingering social and economic needs of the black community. To maximize—indeed, often to make community efforts bear fruit at all—government must play a principal role in the process. The complexity and magnitude of the task requires a judicious combination of public and private efforts and resources. At the same time, some of the problems blacks face cannot effectively be handled by government alone, as blacks know best of all. Moreover, community efforts, which have always been critical to black advancement, will be especially important today The black community must take the lead in defining the new and the continuing problems it faces, in communicating the urgency of these problems, and in both prescribing and initiating solutions.

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precisely because government has defaulted, failing altogether to act with the commitment or on the scale necessary to effect change. Blacks will never let government rest with its present posture of passivity and abdication. But as problems deepen, internal black community efforts must continue while we find ways to bring about the decent and committed governmental leadership we and the country deserve.

The black community must take the lead in defining the new and the continuing problems it faces, in communicating the urgency of these problems, and in both prescribing and initiating solutions. It must do so with at least the vigor and resourcefulness with which it pursued the civil rights revolution, when government was either passive or hostile, as it often is today. As was the case then, vigorous, enthusiastic black initiative is essential to spark a more creative and purposeful national effort.

The Government' Role in Meeting New Challennes

The direction we have proposed for blacks is vital to their advancement. Standing alone, however, it cannot be fully effective. Many of the most pressing problems of the black community are well beyond its capacity or that of any single community to resolve. Blacks, for example, are found in grave disproportion among the structurally or permanently unemployed. Long-term unemployment resulting from the recession of 1981-82 increased among white males by 1.2 percentage points, but among black males by 7.7 percentage points. The numbers for females are comparably disproportionate: 0.5 percentage points for whites and 3.8 percentage points for blacks. The decline of the manufacturing sector has not only withdrawn the jobs of black men and women who have worked all their lives; it has also denied jobs to an entire generation of young blacks, 40% of whom are

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unemployed. Neither blacks nor any other group can create jobs on the scale needed; nor can we restore the economy to include more jobs of moderate skill and decent pay that created the white middle class. This is preeminently the work of government. The black community cannot restore the deteriorated infrastructure of the cities that provides the physical framework for the ghetto and for ghetto conditions and attitudes. This too is the job of government. In addition, initiatives by the community, many already in progress, cannot be fully effective if completely unaided by government. The continuing problems blacks face will require firm, responsive, long-term commitment by government at every level, led by the federal government.

In the past, the federal government has been responsible in many ways for policies that have brought important changes to the lives of blacks and other Americans. It reversed its historic position and moved to ensure basic civil rights and remove the most blatant racial discrimination. It acted more equivocally to alleviate severe poverty and expand economic opportunity. Since 1981 it has retreated on all fronts, deepening black problems, especially in employment, health, education, and family stability. Even in more vigorous periods, the actions of the government were belated and sometimes ambivalent. Thus, severe handicaps are still experienced by a large portion of the black community as a result of prolonged subordination that was government-sanctioned and of poverty from which most Americans have long been relieved.

What we propose is a new framework for eradicating the growing disparities between blacks and whites. We urge a concentrated effort by government to invest first in models and then in programs and strategies for human development that will facilitate economic independence and encourage the poor to take charge of their own lives. Programs can be drawn from the most successful government efforts, such as Head Start, that stress the prevention of poverty and other problems, and from new models, such as welfare programs that stress education, training, and work. These

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What we propose is a new framework for eradicating the growing disparities between blacks and whites. We urge a concentrated effort by government to invest first in models and then in programs and strategies for human development that will facilitate economic independence and encourage the poor to take charge of their own lives. strategies require the reassertion of strong federal leadership, especially in programs that must be federally focused if the problems of blacks are to be addressed adequately and if blacks in every location are to be reached.

Specific examples of necessary programmatic initiatives abound. We indicate only a few:

• Redesign the basic program of assistance for poor families with dependent children (AFDC) to encourage the maintenance of intact families and transform the current welfare maintenance approach to one of training, education, employment assistance, and employment. Adequate support services (such as high quality child care) should be included to enable the needy to take advantage of such opportunities. There already exist a number of models that` show considerable promise in assisting the welfare poor toward self-sufficiency. The Massachusetts "ET Choices" program is perhaps the most prominent example, but other states and localities are moving in similar directions that could inform a new federal effort. Despite its statutory responsibilities, the federal government has failed to assume the indispensable leadership role required for this federal program and urgently needs to do so if a modernized and coherent approach to welfare is to develop quickly.

Replicate successful models that join the federal government and state governments with private employers, unions, and universities in an effort to retrain the rapidly rising number of permanently unemployed Americans, among whom are an alarming number of black men. The nation is already tardy in addressing the problems of structural unemployment that are lowering the overall American standard of living and decimating American manufacturing workers in general and black workers in particular.

• Create a comprehensive child development program, drawing on the notably successful Head Start program and state and local preschool

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programs, to ensure disadvantaged children an early start toward educational achievement. The record of the past two decades with Head Start provides a promising basis for action that improves the life chances of children and is cost-effective. Prenatal and early childhood health care, as well as educational initiatives that focus upon young children are strategies that can avoid, by way of relatively modest expenditures now, social conditions that may be extremely costly, if not impossible, to rectify later.

- Create a comprehensive youth training and employment program aimed at skill development and school-to-work transition management. Such an enterprise should be closely linked to public schools, use multiple strategies drawn from the most successful public, private, and public-private partnership programs, and maintain the flexibility to respond to changing labor-market conditions. Considering the current high dropout and unemployment rates among black youth and dramatic changes in the economy, this action is urgently needed if the next generation of blacks is to be saved from obsolescence in a technologically sophisticated age.
- Expand and modify, where necessary, federal aid to education programs, with emphasis on quality education at the elementary and middle school level. Innovative strategies must also be developed for increasing retention levels in high schools and for closing the gap between the performance levels of disadvantaged youth and those of the school-aged population as a whole.

 Strengthen enforcement of antidiscrimination laws to ensure genuinely equal access to all benefits, services, and opportunities in the society. The bipartisan record of the government in the 1960s and 1970s provides ample evidence of the effectiveness of government in ensuring equality under law. Strong enforcement in the antidiscrimination effort has been Many fruitful strategies are already in place and should be expanded: political participation,...litigation,...building coalitions across racial lines,...nonviolent direct action.

deliberately abandoned. It urgently needs to be resumed. It is a vital key to the development of a stable and economically independent black community.

It is much easier to outline these strategies than it is to propose ways of ensuring their implementation. In some states and communities, government has already begun to address these issues. Farsighted leaders and large segments of the public have come to understand that creating and extending a productive economy means including everyone. However, many Americans, including national leaders, indicate an unwillingness to understand as a matter of either governmental responsibility or simple self-interest the necessity for attending to the problems of the black poor.

Many fruitful strategies are already in place and should be expanded. Political participation in local, state, and national elections is one way to increase the ability of blacks to focus public debate upon the necessity for governmental action. Litigation directed at establishing legal rights to an adequate education for our children benefits the black community and the nation. Building coalitions across racial lines broadens the commitment to national problems such as unemployment, underemployment, and poverty. Nonviolent direct action raises the consciousness of the public about the necessity for governmental action to accomplish goals only government can address, among them building a strong economy and vigorously enforcing civil rights laws. None of this will be easy, but assuring governmental assumption of its rightful role is essential.

Conclusion

Pervasive and persistent poverty has eroded but not destroyed the strong, deep, value framework that for so long has sustained black people. These values—among them, family, education, and hard work—are so deeply held that they remain and can

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be explicitly tapped today. The black value system, together with the wonderful variety of historic and existing self-initiated activities, can be the basis for a newly energized and expanded effort from within the black community to tackle a new variety of unusually resistant social and economic problems. But the inexcusable disparities between whites and blacks that continue today were not created by blacks, and they cannot be addressed by blacks alone. These disparities would never have arisen at all if official and societal discrimination had not denied blacks earlier access to equality and to opportunity. They can be eradicated only if the government assumes its appropriate role in a democratic, humane, and stable society-its role of coming to the assistance of a community in crisis.

The inexcusable disparities between whites and blacks...can be eradicated only if the government assumes its appropriate role in a democratic, humane, and stable society.

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