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Poor Will Find That Many Jobs Are Out of Reach, As Labor Market Shrinks, Demand for Skills Rises

By ALAN L. OTTEN
 Staff Reporter of THE WALL STREET JOURNAL
 WASHINGTON—It's a variant on the rising-tide-lifts-all-boats theme: Worker shortages help everyone in the job market.

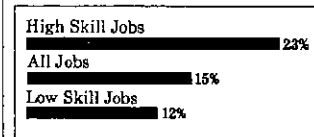
So the coming years—when the labor force will grow more slowly as the relatively fewer offspring of the "baby bust" generation succeed the more numerous baby boom generation—should provide underclass blacks and Hispanics with an unparalleled chance to get jobs and rise out of poverty. And there are experts who see just such a "window of opportunity."

Unfortunately, however, a classic mismatch of opportunity and people is the more likely outcome. Most new jobs in the large urban areas, where so many of these "at risk" people live, will demand far higher literacy, work skills and work habits than many possess. And most new entry-level jobs they might be able to fill will be in distant suburbs, exurbs and small towns.

"The demographics create an opportunity but don't guarantee it," says William Johnston, a Hudson Institute researcher

Job Growth Rate

1984-1995



Source: Labor Department

studying the situation for the Labor Department. "The shift to higher-skill jobs creates a huge counter-trend. For black men and Hispanics, the evolving job market is a real problem."

Says Assistant Labor Secretary Roger Semerad: "The demographics suggest we are not going to have sufficient workers in the coming years. We're going to need these school dropouts, the functional illiterates, the welfare dependent, the pregnant teen-agers, the drug abusers—but they have to be qualified to take the jobs coming down the road." Mr. Semerad heads

the Labor Department's "Workforce 2000" project, which pushes a variety of literacy and job-training programs, both government and private.

Tightening of Labor Markets

The numbers creating the opportunity are clear. Because of falling birth rates from 1965 through the mid-1970s, the pool of new workers is growing more slowly than at any time since the 1930s. "Between now and the year 2000," a Labor Department analysis declares, "labor markets may be tighter than at any time in recent history."

That should mean a break for young people entering the labor force, and particularly minorities. Since the white birth rate dropped far more precipitously during the baby bust than did black or Hispanic rates, young whites will be a smaller than ever percentage of new entrants. The Hudson Institute estimates that blacks, Hispanics and other minorities will supply 29% of the net work force addition between 1985 and 2000, as against 18.4% between 1970 and 1985.

Southern metropolitan areas "are entering a period of very slow growth in the white labor force," Louisiana State University sociologist Kenneth Hnize notes. "Communities like ours will need black people in a way we have never needed black people before."

But even the optimists concede that unless minority men and women greatly increase their language, math and reading skills, they'll still be out in the cold.

Between 1985 and 2000, says a Hudson Institute study, jobs will decline in manufacturing, mining and other industries where unskilled men have traditionally found entry-level employment as laborers, helpers, hand workers and the like. The big job growth, the study finds, will be in information processing, services and other

fields where most work will require not only ability to read and write but considerably more. It forecasts that by 2000, people with less than a high school education will be able to fill only 14% of all jobs, compared with 18% today.

True, the Labor Department's Mr. Semerad adds, much is being done to "de-skill" jobs—using pictures instead of words to tell how to perform certain tasks, for example—but "de-skilling can only be carried so far."

A Demographic Catch-22

Entry-level jobs in fast-food and a number of other service enterprises will, of course, increase substantially, but many will be in suburban shopping malls and rural districts too remote or expensive for many inner-city workers to reach. "There is a huge deficit in entry-level jobs in the cities where the labor pool is, and a huge deficit of entry-level workers in the areas where the jobs are," says John Kasarda, head of the University of North Carolina's sociology department. "So the rising tide doesn't lift all the boats. Jobs in outlying areas don't do the inner-city high school dropout much good."

But won't the need for workers oblige employers to hire these people, even though they lack skills and work habits? No way, say the manpower experts. The employers will use retirees part time—as fast-food chains are already doing—or create more job-sharing arrangements for women who don't want to work full time. Employers will automate and substitute machines for manpower; until now, the abundance of relatively cheap labor has served to delay automation of many low-skill service jobs. And the pull of opportunity and the urge to escape war and dictators will continue to attract large numbers of immigrants—legal or illegal—into the U.S. labor force.

Many liberals believe that to bring about a better fit between new jobs and young "at risk" blacks and Hispanics, there must be far greater dollar investment in these areas than the Reagan administration proposes. And some also see a need for housing subsidies, enforcement of

fair-housing laws and other measures to enable minority families to move to outlying areas where entry-level jobs are multiplying.

Most conservatives counter, however, that much of the problem arises from a too-generous welfare system and an easy-on-crime approach that encourage minority youths to spurn low-wage jobs. These conservatives contend that if education and training programs are ever to have much effect, there must also be work re-

quirements for welfare, tougher law-enforcement and other changes that might breed a sense of values and family and personal responsibility.

Furthermore, the gloomy prediction for the less-skilled blacks and Hispanics are being made under expectations of fairly steady overall U.S. economic growth. "If there isn't good economic growth, these minority groups will suffer even more," warns the Hudson Institute's Mr. Johnston.

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High Court Upholds Law Denying Bail To Accused Who Are Deemed Dangerous

By STEPHEN WERMIEL
 Staff Reporter of THE WALL STREET JOURNAL
 WASHINGTON — The Supreme Court upheld a federal law that permits federal judges to deny bail before trial to persons who are accused of crimes and are considered dangerous to the community.

The decision, by a 6-3 vote, is an important boost for law-enforcement officials, many of whom have argued for almost two decades in favor of pretrial preventive detention as the practice is called. It also is

guaranteed by the Bill of Rights. But Chief Justice Rehnquist's opinion, reversing the appeals court ruling, said that "the government's regulatory interest in community safety can, in appropriate circumstances, outweigh an individual's liberty interest." The high court said the law doesn't violate either the due process guarantee or the Eighth Amendment, which prohibits "excessive bail."

Justices Thurgood Marshall, William Brennan and John Stevens dissented.

The appeals court ruling was in favor of two reputed New York City Mafia leaders, John Gotti and Vincent Cafaro, who were held in federal district court pending trial.

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The Rise and Fall of the Blue-Collar Worker

By PETER F. DRUCKER

Whether high-paying jobs are growing or declining in the American economy is being hotly debated. But as important as the numbers is the fact that the new high-paying jobs are not where the old ones used to be.

For 30 years, from the end of World War II to the mid-1970s, high-paying jobs in all developed countries were concentrated in unskilled blue-collar work. Now a majority of the new high-paying jobs are in knowledge work: technicians, professionals, specialists of all kinds, managers. The qualification for the high-paying jobs of 20 years ago was a union card. Now it is formal schooling. The long and steep rise of the "working man"—in numbers, in social standing, in income—has turned overnight into fast decline.

There is no parallel in history to the rise of the working man in the developed countries during this century. Eighty years ago American blue-collar workers, toiling 60 hours a week, made \$250 a year at most, or one-third the price of that "low-priced miracle," Henry Ford's Model T. And they had no "fringes," no seniority, no unemployment insurance, no Social Security, no paid holidays, no overtime, no pension—nothing but a cash wage of less than one dollar a day. Today's employed blue-collar worker in a unionized mass-production industry (steel, automotive, electrical machinery, paper, rubber, petroleum) working 40 hours a week earns about \$50,000 a year—half in cash wages, half in benefits. Even after taxes, this equals seven or eight new small cars, such as the South Korean Excel, or 25 times the worker's 1907 real income (if food were used as the yardstick, the increase would be even larger). And the rise in social standing, and especially in political power, has been greater still.

Society's Stepchildren

And now it is suddenly all over. There also is no parallel in history to the abrupt decline of the blue-collar worker during the past 15 years. As a proportion of the working population, blue-collar workers in manufacturing have already decreased to less than a fifth of the American labor force from more than a third. By the year 2010—less than 25 years away—they will constitute no larger a proportion of the labor force of every developed country than farmers do today—that is, a 20th of the total. The decline will be greatest precisely where the highest-paid jobs are. Blue-collar automobile employment in the U.S., 15 or 20 years hence, will hardly be more than half of what it now is, even if there are no imports at all—and automobile blue-collar employment is already down 40% from its peak, less than 10 years ago. No wonder the unions do not regard the fast growth of high-paying knowledge jobs as a compensation for the steady decline in the numbers, power, prestige and income of their constituents. Yesterday's blue-collar workers in manufacturing were soci-

ety's darlings; they are fast becoming stepchildren.

This transformation was not caused by a decline in production. U.S. manufacturing output is steadily expanding, growing as fast as gross national product or a little faster. The decline of the blue-collar worker is not a matter of "competitiveness," of "government policies," of the "business cycle," or even of "imports." It is structural and irreversible.

There are two major causes. First is the steady shift from labor-intensive to knowledge-intensive industries—e.g., a drop in pouring steel and a steady rise in making pharmaceuticals. All the growth in U.S. manufacturing output in the past two decades—and it has about doubled—has been in knowledge-intensive industries. Equally important is the world-wide

ferent from what everyone expected, and different also from what economic and political theory had taught.

This applies particularly to U.S. unemployment. In Britain and Western Europe the decline in blue-collar jobs in manufacturing has indeed, as unions predicted, resulted in stubborn unemployment. But in the U.S. the decline has had marginal effects at most. Even the massive job losses in the steel and automotive industries have barely left a trace in national unemployment rates. To be sure, the current 6½% unemployment rate for both adult men and adult women is probably somewhat above the rate of "natural unemployment" (the rate needed for normal job changes)—but not by much, considering the age structure of the working population. And the 4½% unemployment rate for married men is, if

leader would have expected the decline of the blue-collar worker to lead to "labor militancy" on a grand scale. Some politicians still expect it—for instance, the Rev. Jesse Jackson in the U.S., the "Militants" in the British Labor Party and the "Radicals" among the German Social Democrats. But so far there has been labor militancy in only one developed country: Canada. Elsewhere there is much bitterness among the rank and file. But it is the bitterness of resignation, of impotence rather than of rebellion. In a way, the blue-collar worker has conceded defeat.

And this may underlie the most startling, and least expected, development: the political one. It is almost an axiom of politics that a major interest group actually increases its political clout for a long time after it has begun to lose numbers or income. Its members join ranks, learn to hang together lest they hang separately, and increasingly act and vote in concert. The way in which farmers in every developed country have maintained political power and increased their subsidies despite their rapid decline in numbers since World War II is a good example.

Political Strength Eroded

But though it is only 10 or 15 years since the decline of the blue-collar workers first began, their political strength has already been greatly eroded. In the midst of World War II, John L. Lewis of the United Mine Workers defied the country's most popular president—and won. Thirty years later, another coal miners' leader—this time in Britain—forced a prime minister to resign. But in 1981 President Reagan broke the powerful and deeply entrenched air traffic controllers union; and a few years later British Prime Minister Margaret Thatcher broke the union that had driven her predecessor into political exile. And both President Reagan and Prime Minister Thatcher had overwhelming popular support. The labor vote may still be needed for a "progressive" candidate to be nominated. But then, in the election, labor's endorsement has become a near-guarantee of defeat, as shown by Walter Mondale's debacle in the U.S. presidential election of 1986, by the German election this January and by numerous British by-elections.

In little more than a decade before World War I, the blue-collar worker rose from impotence to become a dominant economic and social power in Western Europe, and his party the largest single political factor. The U.S. followed suit 10 years later. This transformed the economy, the society and the politics of every developed country, transcending even two world wars and tyrannies beyond precedent. What then will the decline of the blue-collar worker—and its counterpart, the rise of the knowledge-worker—mean for the rest of this century and the next one?

Mr. Drucker is Clarke professor of social sciences at the Claremont Graduate School.

Drucker on Management

There has been labor militancy in only one developed country: Canada. Elsewhere there is much bitterness among the rank and file. But it is the bitterness of resignation.

spread in the past 40 years of two American inventions (or discoveries), "training" and "management." In a complete reversal of all that economic history and theory had taught, these two methods enable a country with the labor costs of an "underdeveloped" economy to attain, within a very short period, the productivity of a fully "developed" one.

The first to understand this were the Japanese after World War II. By now everybody does—the South Koreans, for instance, or the Brazilians. The most telling example are the "maquiladoras," the plants on the Mexican side of the U.S.-Mexican border, where unskilled and often illiterate people produce labor-intensive parts and goods for the U.S. market. It takes three years at most for a maquiladora to attain the labor productivity of a well-run American or Japanese plant even in turning out highly sophisticated products—and it pays workers less than \$2 an hour.

This means that manufacturing industry in developed countries can survive only if it shifts from being labor-intensive to being knowledge-intensive. Machine operators getting high wages for doing unskilled, repetitive work are being replaced by knowledge-workers getting high wages for designing, controlling and servicing process and product, or for managing information. This shift also fits in with demographics. In every developed country more and more young people, and especially young males, stay in school beyond the secondary level and are no longer available for blue-collar jobs, even for well-paying ones.

These are changes so sharp and so sudden as, for once, to deserve being called "revolutionary." Yet their impact is dif-

ferent from what everyone expected, and different also from what economic and political theory had taught. "Hidden unemployment"—that is, people who have given up looking for a job—is very big in union propaganda but probably quite scarce outside of it. A larger proportion of American adults than ever before in peacetime history—almost two-thirds—is in the labor force and working. One explanation for the low unemployment rates is surely that American workers are singularly adaptable and mobile—far more so than anyone would have thought possible. But, equally significant, blue-collar labor in manufacturing may also have already shrunk to a point where it only marginally affects total employment and unemployment rates, consumer spending, purchasing power and the economy as a whole. This would mean that we should stop looking at manufacturing employment as the economy's bellwether and should look at manufacturing output instead; as long as its volume continues to rise, the industrial economy is healthy almost regardless of employment.

Equally novel is the behavior of wage costs in the U.S. That unions give priority to the maintenance of nominal wages rather than accept lower wage rates to gain higher employment has been one of the axioms of modern economics. It still holds in Europe. But America's unions have shown an amazing willingness to make sizable concessions on wages—and even on work rules—to prevent plant closings and massive layoffs. In the U.S., at least, the principal cost-rigidity inhibiting the "self-correction" of a market economy surely no longer lies in wage costs (as economics has assumed since Keynes) but in the cost of government.

Every labor economist and every labor

A Sneaky Supplemental for the World Bank

By JON ROGERS

A House April 21, 1987. The committee is planning to fund for the program.

If reform is not possible—the Reagan administration has failed in six years of continuing effort—funding should be terminated. (This applies equally to soft loans from IDA and the "hard-loan" window of the World Bank; only their repayment terms differ.)

A few examples illustrate the continuing problems. The World Bank has recently approved a loan to China to

Review, the World Bank plans an additional loan this year aimed at improving agricultural production. Total cost: about \$500 million. In combination with similar loans made by the Asian Development Bank, "this is a substantial floor of..."

consideration is for 1988; fiscal 1987, currently under way, can be bloated with impunity. To cap the legislative legerdemain, Speaker Jim Wright pulled this bill from the pre-Easter calendar because the House was considering its budget. The speaker did not wish to be seen spending foreign-aid extravagances while substantially increased tr...
...tions in the nation

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A COMMUNITY OF SELF-RELIANCE:

**The New Consensus on Family
and Welfare**

**Report of the Working Seminar
on the Family and American Welfare Policy**

March 1987

*wedlock
report*

Introduction:

A New Public Consensus

Profoundly moved by the growing crisis in family and welfare, many concerned observers have struggled to build consensus on what to do. The crisis itself is plain enough.

Consider these few developments:

- o Since 1965, the fastest growing segment of the poor (now 30 percent of all the poor) has been single mothers and their children under eighteen.

- o Children in poverty are now 3.7 times more numerous than the elderly poor.

- o Almost half (46 percent) of children on Aid to Families with Dependent Children (AFDC) in 1983 were born to parents not joined in marriage.

- o 270,000 teenagers had children out of wedlock in 1983; 229,000 had children in wedlock; and another 450,000 had abortions.

- o Among poor blacks concentrated in high-poverty tracts in the central cities of the nation's hundred largest metropolitan areas, female-headed families have come to outnumber married-couple families by more than three to one, and illegitimacy rates in some poverty tracts have surpassed 80 percent.

The current chairman of the Senate Subcommittee on Social Security and Family Policy, Senator Moynihan, recently quoted from a prominent demographer: in recent years, "an earthquake shuddered through the American family structure."¹ As the elderly and others have been lifted above the government poverty line, female-headed families have been falling below it--and often for reasons having to do with their own social behavior. For such reasons, both Democrats and Republicans, the White House and the Congress, and students of poverty from all points on the political spectrum are re-examining the bases of American family life.

Along with other factors, this change in family structure now underlies the new face of poverty in America. Unless something is done about it, poverty will persist in certain sectors even despite economic growth; and if economic growth fails, a massive disaster impends. Worst-case poverty is now largely (but not entirely) an urban phenomenon, and is considerably more concentrated than in 1970 in the nation's hundred, fifty -- or even twenty -- largest cities. It is no longer characterized solely by low income (indeed, those involved in drug trafficking, prostitution, or other off-the-books activities do not invariably suffer from low income) but also by self-damaging social behaviors, especially with regard to family life.

This portion of the poverty population is not large, compared with the total numbers of the poor. But its poverty appears to be different in kind. Its ranks appear

to be swelling. And its internal sufferings are particularly acute. What makes the picture saddest of all is that so much of its dependency upon the public purse appears to be rooted in personal behaviors--a matter which is not easy for public policy to address. Nonetheless, the sharp distinction between these two types of dependency--objective dependency upon the public purse and behavioral dependency--is an important key to sound public policy for reducing poverty in the years ahead.

Because this distinction has not always been taken into account, some observers have come to see existing welfare policy as toxic; they believe that it is damaging the very poor it intends to help. Even if welfare policy has not caused the widespread behavioral dependency that has now become so highly visible, at the very least existing public policies have done little to remedy the situation.

Nonetheless, faced with the human suffering implicit in the current condition of so many of today's poor, there has come to be something like a new consensus concerning new directions. "Conservatives" have come to see that the nation must do something about the increasing numbers of vulnerable¹ ones, women and children chiefly, but also the males who in more normal times would have stood side-by-side with females as breadwinners for their offspring. "Liberals" have come to see that welfare programs should have an ethical component, a signaling function, and that behavioral dependency must be addressed. Movement from right and left

has established new common ground, just as the nation is summoning its strength to tackle anew the unfinished business of family and welfare.

Our Working Seminar has cooperated over many months in remarkable amity, civility, much agreement, and courteous disagreement. We have proceeded by way of consensus, drawing upon the quite diverse experiences and convictions of our members. Since we represent a broad spectrum of philosophies, the degree of consensus we have achieved may seem surprising. We ourselves were not certain until the end that it could be done.

We all, however, had the same factual situation to confront and from the outset recognized that each of our different viewpoints contained some measure of the truth, and that serious persons of goodwill can narrow their disagreements without surrendering their basic divergences. Besides, since unintended consequences and painful irony nearly always flow from even the best designed public policies, some humility goes with the territory. We hope the consensus we have been able to reach is a good omen for the country.

If the country puts its mind to it, we believe, there are a multitude of things we could be doing that we are not doing, that would help many to begin contributing their fair share to the common life. Not least of these is to change

our ways of seeing the problem, and to change the ethos surrounding family, work, and neighborhood.

Some twenty years after the War on Poverty declared by President Lyndon B. Johnson, there is hope for a new era of social inventiveness. Much has been learned; there have been serious disappointments; there have also been successes. The record shows that the generation of Americans since 1962 has been extremely generous and has allocated privately and through state and federal government hundreds of billions of dollars to help the poor. They do not mind spending money, but they do want to see results. Surely, Americans think, a nation spending as much as we do each year on social welfare payments can do better than we are now doing. There must be better ways. The trick is to find them.

The Working Seminar's inquiries have led us to at least four points of new emphasis: First, to focus on the difficult problems of behavioral dependency and inability to cope; second, to call vivid attention to children and the family; third, to stress the social obligations inherent in welfare benefits; and, fourth, to call upon all major institutions of American society, not only government, to change the way in which they address the poor.

Since the problems of poverty concern the whole people, including voluntary as well as governmental institutions, we direct this report to all our fellow citizens, rather than

to the small circle of public policy experts and poverty scholars. While at times we must use the language of social science, we do our best to make the present situation clear in plain English.

The first aim of our Working Seminar has been to use modes of analysis that come as close to daily human reality as possible. We have tried to present not just accurate numbers, but also many other human dimensions--often not easily quantifiable--of the condition of the poor.

Second, the test we propose for ourselves and for the country is whether, ten or twenty years from now, the condition of the needy and the vulnerable in our society will have been significantly improved.

But there was also a third goal: not to miss a historic opportunity. The Reagan administration announced early in 1986 that it would undertake a new beginning in welfare policy, particularly with respect to the family. Since both "conservatives" and "liberals" now wish to attack these recalcitrant problems afresh, a new consensus affords an opportunity that should not be missed.

Our method of proceeding is straightforward. In part one, we set forth seven components of the starting place many observers have now come to share. These seven "starting places" form a philosophical underpinning for social policy during the coming years. They are echoed in our recommendations.

In part two, we describe the current situation as accurately as the data and our common interpretations permit. We try to discover what the dependency that concerns us actually is. We explore its several manifestations and puzzle over its hidden dimensions.

In part three, we set forth recommendations touching on the full array of institutions in our society, voluntary and governmental, from local to national levels. All of us have responsibilities regarding the most vulnerable of our fellow citizens.

We are especially concerned for the children of the behaviorally dependent. The very young represent the future of the republic; a wise society cannot ignore them. In the crucial early years of life, the family is the main incubator of the habits of free citizens; hence, the family is at the center of our study.

As Tocqueville pointed out, without a populace practicing the habits requisite to their support, free institutions cannot stand. Liberty dwells first in the habits a people acquire in the home and develop throughout the institutions, large and small, of society as a whole. Thus, American society is a commonwealth of a special sort, dependent upon the exercise of responsibilities by each and every citizen. It is a society that demands much of individuals, because it expects them to be free. The source of the nation's beauty, and of the love its citizens bear it, is that it asks so much of them.

A COMMUNITY OF SELF-RELIANCE

In some countries, the inhabitants...set too high a value upon their time to spend it on the interests of the community; and they shut themselves up in a narrow selfishness, marked out by four sunk fences and a quickset hedge. But if an American were condemned to confine his activity to his own affairs, he would feel an immense void in the life which he is accustomed to lead, and his wretchedness would be unbearable.

-- Alexis de Tocqueville

Free Persons in Cooperation

From the beginning, Americans have prided themselves on the power of their institutions to provide opportunities by which the poor regularly escape from poverty. "Send me your tired and your poor," the Statue of Liberty says. In the long history of our country, millions of individuals and families of all races and backgrounds have begun in poverty and during their lifetime climbed out of it. This process continues before our eyes.

The people of the United States have always cherished two traits, cooperation and self-reliance. Empowered by both traits, our forebears founded new communities. They experimented with and established new institutions. Together our forebears put up one another's barns, built churches and schools, constructed civic buildings, and freely

undertook common tasks. Each family cherished its own independence; each was equally glad to lend a hand to a neighbor.

These two traits, self-reliance and community, serve us in good stead as we face contemporary problems of poverty and dependency. Americans want to help each other out. But they also expect one another to be self-reliant. Every right, they recognize, involves reciprocal duties. Each citizen should contribute to the common good, as well as benefit by it. The Americans most admired by other Americans acquit their responsibilities to self and to others-- are both cooperative and self-reliant.

For this reason, signs of poverty and dependency deeply trouble the American conscience. It is not only our people's compassion that is touched. They also sense that, if dependency grows, and if this dependency is especially acute in certain communities, something is wrong (not just economically wrong but morally wrong), affronts the whole meaning of the American experiment, and needs to be set right.

The free society must by its very nature regard each citizen as responsible, self-reliant, and self-governing. Each citizen is trusted to be pursuing that self-mastery which lies at the heart of "the pursuit of happiness." Only citizens able to govern themselves can fulfill the social duties inherent in a self-governing Republic. Out of such a sense of self, every citizen bears many obligations and duties to others and to the polity.

Yet freedom also means, alas, the freedom to fail. The "creative destruction" characteristic of a dynamic system means that at every point in time some citizens are experiencing failure. In addition, a system built to human proportions includes personal fallibility, too. Thus, its own love of liberty presents a free and just society with intricate problems.

Today, for example, significant numbers of American adults are not demonstrating the behaviors expected of free and responsible citizens. Linked to poverty among an important fraction of the poor is a high incidence of dropping out from school, of failure to prepare themselves for future employment, of begetting children out-of-wedlock, of crime, of drug use, and of other visible disorders. Such persons--whose numbers appear to be growing--are the behaviorally dependent, since their need for help from others springs in significant measure from their own behaviors. Since many persons who begin in such environments triumph over them, hope remains. The puzzle is, Why do others fall into such disorders and remain trapped in them?

For such failures, no believer in the personal responsibilities of the free citizen should wholly shift responsibility from the individual to the environment. To do so would mean denying the responsible humanity of those who falter and the noble achievement of those who, overcoming formidable obstacles, do not. Honoring those who succeed,

we try to find ways of opening new opportunities for those left behind.

Thus, we have tried to ask: What are the causes of the successful habits of citizens? We examine how these may be undergirded by institutional supports. Unless one knows clearly how to increase the incidence of successful behaviors, concentration upon the dysfunctional may breed discouragement.

It is not entirely a mystery how many climb from poverty. Some specific behaviors empower them. The probabilities of remaining involuntarily in poverty are remarkably low for those who

- o complete high school
- o once an adult, get married and stay married (even if not on the first try)
- o stay employed, even if at a wage and under conditions below their ultimate aims

Those who do these three traditional things may experience periods in poverty but are quite unlikely to stay involuntarily poor.¹ By no means foolproof, these are the methods that have worked, and are still working, for millions.

In 1987, a substantial minority of the poor is suffering from something more than the low income familiar in family memory to most Americans. This new thing, which we have called "behavioral dependency," is more like an inability to cope. Many of the poor need order in their surroundings and in their lives; they need the intellectual and

moral skills that enable them to escape from poverty and to live as full and independent citizens. Low income is comparatively easy to remedy; to overcome behavioral dependency requires a much more human, complex, and difficult engagement.

What can our private and public institutions do better, so as to decrease the incidence of behavioral dependency?

Where can individuals who wish to escape from such disorders turn for help?

Without claiming to have come to the bottom of these difficult questions, we have reached agreement upon seven starting places crucial to their solution.

New (and Old) Starting Places.Economic growth is necessary but not sufficient.

Although the new consensus recognizes that economic growth alone is not sufficient to overcome dependency, still, among the necessary preconditions for that task, nothing is a greater driving force. Alice M. Rivlin has written:

In a growing economy public choices are less agonizing and divisive. It is possible to modernize the armed forces; keep the nation's infrastructure in repair; provide for the elderly, the sick, and the needy; improve education and other public services; and still have private incomes that rise after taxes. Public choices are never easy, but they generate far more conflict in a declining or stagnating economy, when an increase in the resources to meet one kind of need requires an absolute reduction of resources used to meet other needs. [2]

Economic growth generates jobs and new opportunities. It generates revenues that make government poverty programs possible. It facilitates the generosity of the fortunate, and rewards the efforts of the needy. It is particularly important for democracies, since only economic growth allows all to hope that through their own well-designed projects and efforts each can better his condition. Economic growth encourages individuals to compare their present condition with their expected future condition, rather than with the condition of others. Economic growth encourages all to work cooperatively; thus, democracy can depend upon generosity of spirit. By contrast, a stagnant or declining economy breeds envy and discord.

But economic growth also has two other aspects. Through the inventions and discoveries that make it happen, economic growth steadily transforms the conditions of daily life--not least, among the poor. In addition, the economic growth of the past has shaped, often unconsciously, the way in which Americans think of poverty.

Since the beginnings of our republic, economic growth has steadily transformed the lives of succeeding generations. It has entailed more than an increase in the quantity of goods and services; it has meant a transformation in the kinds of goods and services available. No wealthy gentleman of two hundred years ago ever took the wheel of a Ford pickup. None could see a doctor with hope that the influenza of a beloved child could be cured; that an inflamed liver could be treated; that a broken leg could be x-rayed. (Doctors bled George Washington to death.) The teeth of the wealthy were likely to be brown, rotten and broken. Their homes, too, lacked indoor heating, plumbing, electric light, a telephone, a radio, television, a toaster, a dishwasher, a washer-dryer. Even in 1940, four out of ten American homes lacked indoor plumbing.³

What we mean by poverty, therefore, changes because of the diffusion of technologies that often go unremarked in writings on poverty. Consider recent dramatic improvements in the health of the poor. In the United States, such improvements, while speeding up for the population as a whole after 1960, have been most consequential for

disadvantaged groups. During the decade from 1973 to 1983, when income measures began showing greater poverty, life expectancy at birth increased by more than three years for all, but even more sharply for poorer groups. Even while the governmental poverty rate for children under eighteen was rising by a third, the infant mortality rate fell by about one third. Almost across the board, such advances were felt by groups at higher risk of poverty than by others. Life expectancy at birth rose 3.0 years for whites, but 5.2 years for nonwhites.⁴ For American Indians in or around tribal territories, the infant mortality rate in 1955 was more than twice as high as the national average; by 1982, it measured lower than the nation's average.⁵

Second, our very notion of poverty contains within it an expectation of economic growth. Not long ago poverty meant living just above subsistence. By now it means a level of basic decency, and this level is expected to rise slowly with the times. Thus, our goals for diminishing poverty have come to include de facto six components. All presuppose the broad diffusion of new inventions and new technologies, not only in medicine but also in the instruments of daily living. These six components are:

- o Decade by decade, the proportions of the poor ought to be reduced.
- o Decade by decade, the standard of expectable necessities required for a decent standard of living should rise. This includes such mundane measures as household

appliances and living space, but also such important measures as higher standards of longevity, of infant mortality, and of health.

o Every able-bodied poor person ought to have the opportunity to exit from poverty. If the poverty of some is persistent, or if it persists among particular groups over long periods, something seems seriously wrong.

o Those of the poor unable to exit from poverty, through no fault of their own but because of disability, illness, or old age, should find adequate assistance from others, including government as a last resort.

o Those of the poor who can through their own efforts exit from poverty should be able to find the jobs necessary for them to do so.

o Given an open society and personal effort, talent should often emerge (and be rewarded) among persons born poor; and their invention, creativity, and personal liberty should flourish. Thus, the free circulation of individuals in both upward and downward mobility should respond primarily to individual talent, effort, and opportunity.

All six of these components of the nation's working notion of poverty rest upon our experience of economic growth and the sense of sustained progress it engenders in us. Because we have experienced economic growth, we are optimistic about reducing poverty.

Looked at from the other side, neither stagnation nor recession are good for the poor. High inflation devastates

the poor, especially those on fixed incomes. Persistent high unemployment is bad for the poor. All failures to maintain economic growth hurt the poor more than others. That is why the new consensus emphasizes that programs designed to help the poor must be consistent with economic growth. This is true even though economic growth alone is not sufficient, since those habituated to dependency or ill-prepared for self-reliance do not take advantage of it.

A second necessary step is to "disaggregate" the poor, that is, to sort out the kinds of poverty. Persons of low income are not an undifferentiated mass; they are as complex in their situations, circumstances, motivations, and sense of well-being as any other part of the population. Perhaps, all things considered, they are even more so.

Clearly, the needs of poor persons over sixty-five are not identical to those of poor youngsters under six. The needs of a single person are not identical to those of a couple with young children. An adequate income for a family of four in Hibbing, Minnesota, is not likely to provide a similar family in the South Bronx with equivalent standards of schooling, diet, basic health, living quarters, and physical safety. Again, an early-retired civil servant with accumulated possessions who owns a mortgage-free rural retreat, while reporting an annual income that would place him below the government's poverty line, is likely to enjoy

a far higher standard of living than younger neighbors with a growing family whose dollar income is equal to his.

From the standpoint of public policy, disaggregation is crucial. Programs successful in helping one sort of poor person may harm (or bypass) another. And some households may not present a problem for public policy simply by virtue of having a monetary income defined as poor.

We shall discuss the varieties of poverty in more detail in part two. But even at this point it may be worthwhile to use a first rough sketch presented recently by Mary Jo Bane, executive deputy commissioner of New York State's Department of Social Services.

- o Between 35 and 40 percent of the nation's poor in the mid-1980s were children and their caretakers in families headed by women....this group has grown substantially as a proportion of the poor over the last 15 years.
- o About a fifth of the nation's poor are either elderly or so disabled that they cannot work enough to support their families.
- o Only about 6 percent of the poor in 1980 were blacks or Hispanics living in those areas of the 100 largest cities of the country that were 40 percent or more poor....In New York state, by contrast, that number is 20 percent of the poor in inner-city ghettos, still a minority, but large enough to give New Yorkers a somewhat different perspective on the problem. [6]

A certain humane care is necessary, therefore, in describing the poor and in specifying which of many types of poverty is intended. Some persons are a danger to their own best interests; their behaviors are patently self-damaging. Others, through no fault of their own, are down on their luck. Still others, though in poverty, are taking steps

that will soon lead to their exit from it. Some endure passively; others follow the ways of ambition, perhaps without success, perhaps with thankful good fortune. Thinking about poverty demands close attention to personal realities. Generalizations need to be tested against daily experience. Well-intended rules, formulated from afar, may have ironic, even tragic, effects.

The battle against poverty is a long one; in recent years, we have seen new successes for some, deterioration in the conditions of others. The American habit of trying to make one another feel guilty can sometimes undermine the common high morale necessary to continue steadfastly in common projects. Instead of taking comfort from gains made, while girding themselves for greater efforts, Americans are sometimes bombarded with "evidence" that all their efforts are for nought. Far from inspiring greater efforts, such approaches sap the public's patience. An effort to reduce poverty is not a twenty-year task; it is never ending. It must go on steadily, constantly relying on and appealing to the capacity of free persons to make successful choices. For that reason, it is important for the public to know of progress achieved.

Between 1965 and 1985, the meaning of poverty, as officially measured, has changed substantially. By official measures, the proportions of Americans living in poverty have not fallen dramatically. In 1965, 17 percent of

Americans were below the official line; in 1973, the figure was 11 percent; in 1985 14 percent.⁷ Nonetheless, the official poverty line defines a less insecure position today than formerly, because of many new noncash government benefits. The availability of Medicare in 1985, disbursing \$65 billion to 20 million patients, has helped to change the meaning of poverty for the elderly.⁸ Food stamps and other sorts of aid available today, but not in 1965, help the impecunious to attain a far more secure material level than twenty years ago.

Indeed, it is not only those in poverty whose material situation has been improved, but those kept out of poverty as well. In 1985, using the broadest official measure, there were over 7 million families not below the poverty line because of government aid in all forms, including social security payments, cash assistance, and noncash benefits such as food stamps and housing supplements.⁹

Monetarily, in 1985, about 1 million of the nation's 7 million poor families fell short of the poverty line by less than \$1,000; and another million by less than \$2,000. Assuming that cash transfers had no disincentive effects on the earnings or behavior of recipients, one could bring all the poor over the poverty line with about \$48 billion.¹⁰ For many years actual antipoverty spending has been far in excess of that figure. Such calculations illustrate that merely supplying cash is not enough to solve the problems

that most worry the nation regarding poverty, most notably the problem of behavioral dependency.

Finally, it is worth noting that means-tested noncash benefits given to the poor and the near-poor in 1985 totalled \$56 billion. This compares with \$5.9 billion in 1965 (in 1985 dollars).¹¹ Two different perspectives here come into play. If that \$56 billion were simply divided among 7 million poor families, it would amount to an average of nearly \$8,000 each year per family. This has led some to argue simply for "cashing out" all benefits for the poor, in order to eliminate poverty (as an income shortfall) by a redefinition of benefits as income for the poor. But that method, though mechanically simple, would not suffice for those among the poor who may need forms of aid that go far beyond income supplements, such as instruction, counseling, and employment. In some environments, even an income above the poverty line would leave many in a wretched condition.

In 1966, 29 percent of those over sixty-five were below the government's poverty line; by 1985, this number had fallen to 13 percent--and to as little as 3 percent if noncash benefits, notably Medicare, are included.¹²

On the other side of the ledger, improvements in the lot of the elderly since 1965 have been fatefully matched by growing numbers of children suffering from the spread of behavioral dependency. The number of children below the official poverty line is now 3.7 times the number of the elderly poor: 13.0 million vs. 3.5 million.¹³ Before

reaching the age of eighteen, one out of every three American children is now likely to spend at least some years in a poverty household.¹⁴ In 1983 a fifth of all American births, and nearly three-fifths of all births to black Americans, were illegitimate.¹⁵

In looking toward the end of the century, it is helpful to seek comfort in progress made since 1965, as a ground for further advance.

Money alone will not cure poverty; internalized values are also needed. Money income alone does not define poverty. The connotations of the word poverty today suggest something beyond low income, just as its opposite, "living well," is not adequately defined by income measures, but is in part a matter of values realized and personal orderliness attained. The word reflects both an objective, official assessment and a subjective, personal assessment. Thus, a family of newly arrived Asian immigrants with an annual income well below the official poverty line may not think of itself as poor. It may have every confidence that with skill and hard work, of the sort to which it has been accustomed and in which it finds significant satisfaction, it will not for long linger in poverty. Meanwhile another

family on the same street, even with a higher annual income, may be far less spirited, determined, or socially organized.

Obviously the economy does fail some people for a time, as when the only plant in a local community closes down, or where an entire city whose main economic base is linked to a faltering industry experiences massive unemployment. Nonetheless the most disturbing element among a fraction of the contemporary poor is an inability to seize opportunity even when it is available and while others around them are seizing it. Some may have work skills in the normal sense, but find it difficult to be regular, prompt, and in a sustained way attentive to their work. Their need is less for job training than for meaning and order in their lives. Those involved in job training have been obliged to teach basic personal habits and attitudes as much as vocational skills.

The most visible of the nation's poor--those approximately 5 million citizens in poverty areas in the hundred largest metropolitan areas, the so-called underclass (to be considered more fully in part two)--have especially forced this theme upon researchers and observers. The name underclass has entered the language both because a condition worse than low income alone has arisen and because this condition seems to violate American traditions of upward mobility. Many of its component factors appertain more to internal morale and personal control than to income alone. Public neutrality with respect to its manifest behavior and attitudes would represent complicity. In such

circumstances, compassion demands a moral response from public policy: an insistence upon the same public standards as well as opportunities for all.

Thus, a penumbra of hidden meanings distorts many discussions of poverty. A seemingly objective measure of monetary income is employed. But the problems of some of the poor would not be solved by an income above the poverty line alone, and others of the officially defined poor do not really present a public policy problem--they are taking care of themselves.

Consider the poor who own their own homes, maintain their families in high morale, eagerly acquire skills making them employable, learn to read and to express themselves, are active in their communities, and participate in civic projects. Such persons, even though poor, properly have high self-esteem, and seem also by others to be performing admirably. They may well have economic needs--tuition assistance for the education of their children, help for a special medical problem, or higher-paying employment. Still, their competence and habits have them poised to benefit by economic growth and by better employment opportunities. The challenges posed for public policy by such forms of poverty are straightforward and relatively easy to meet.

By contrast, those who do not manifest such competences are needy in more fundamental ways. For the latter, neither economic growth nor opportunities for employment are

sufficient. This part of the poverty population has need of a far more penetrating compassion, directed at achieving control over their lives, the ability to cope, readiness for employment, and the like. Such persons can scarcely be helped by income supplements alone. The help they need runs deeper, and requires significant person-to-person involvement.

At this level, assistance to the poor becomes a humanistic task. To take the full needs of the vulnerable seriously is not "blaming the victim." Like others the poor know that self-respect is crucial to personal fulfillment and that self-respect is hard earned. In the words of the old maxim: Better than giving a man a fish is to teach him how to fish.

Moreover, most American families came to America poor, many within living family memory, and across the generations many have also experienced significant upward and downward income mobility. Even in their individual lives, many have experienced episodes of poverty or fears thereof, since the ups and downs of income usually follow the normal patterns of age--low at first, higher, then down again--and many of life's events add other complex patterns. Thus, those public policies and privately organized institutions that extend support to those in temporary need are the sinews of the republic: extending relief, charity, a scholarship, a job, a loan, a subsidy, an interview--a break. All human

beings are needy creatures; most fortunate are those for whom need becomes opportunity.

In short, the many varieties of poverty require researchers to go beyond questions of low income, in order to attend to questions concerning the way persons organize their lives. It is not enough for the makers of public policy to attend to externalities and public arrangements, without also being aware of the ways in which policy impinges--or fails to impinge--on questions of personal and social values. Escape from poverty is in part a matter of attaining personal control and independence, so as to respond to changing circumstance.

An indispensable resource in the war against poverty is a sense of personal responsibility. A free country depends heavily on a sense of responsibility among its citizens. In addition, since the benefits of society in some ways are in fact received by all, all correspondingly have responsibilities to the common good. On the personal side of the ledger, a sense of responsibility is essential to self-respect and to a fulfilling life. On society's side, it is essential to the good of the whole. For both reasons, it would be wrong to think of persons without attributing to them a sense of duty and responsibility.

The nation values self-reliance; both the good of individuals and the common good depend on it. Often in the past, programs designed to help persons of low income have

offered benefits but without imposing any social obligations in return. This is to treat such persons as less than full citizens. It is to ignore their bonds and obligations to the public. To hold all persons responsible, to the extent of their abilities, for acquiring those skills and competences necessary to self-reliance is only just. To hold those on welfare personally responsible for finding self-sustaining employment is no more than is asked of other citizens. To be sure, some large fraction of such persons is in need of assistance in order to prepare themselves for exercising the full responsibilities of citizens. Such help should be given, but in such a way that they may fulfill their own share of social obligations.¹⁶

A significant proportion of those who fall into poverty today do so through changes in family status: divorce, separation, or having a child out of wedlock. These are clearly matters of personal responsibility. The largest and fastest-growing segment of the poverty population consists of women and children affected by such events, who in increasing numbers fall back upon the public purse. In this way, the fact that several million young men and women do not provide for their families has become a public concern.

The national ethos must encourage self-reliance and responsibility. It is much harder for individual citizens to practice the disciplines of self-restraint and to show resolution in attaining their goals when the ethos around

them mocks such efforts. Individual citizens more easily practice personal responsibility when major national and local institutions provide the necessary moral support. On the one hand, a free society recognizes the responsibility of individuals to govern their own lives by the values they choose; on the other hand, government, television, newspapers, universities, the schools, religious institutions, the cinema, popular singers, and neighborhood organizations do not leave the public unaffected by the behaviors they glamorize and the behaviors they mock. Such institutions shape the set of life-stories, symbols, and images that teach a population what sorts of behaviors are expected of them.

For two centuries, the dominant ethos of this nation celebrated self-control, self-mastery, self-determination, and self-reliance. "Confirm thy soul in self-control," a patriotic hymn insisted. For generations, the McGuffey readers taught children the distinctive moral habits expected of American citizens. Older youngsters were taught Emerson's "Self-Reliance" and Thoreau on incorruptible virtue. At the high-tide of the Sunday School Movement, as many as two-thirds of American youngsters were enrolled for "character instruction."¹⁷ That ethos was powerful. It was celebrated in theater, in churches, in schools, in theater, and in the early film industry.

For those who were poor under this older ethos, its instruction in character, hard work, duty, and integrity was a lasting boon. To be taught sound habits when one was

malleable and open to instruction was of invaluable consequence in later years.

During our lifetime, that ethos has been in significant measure eroded. Self-control and impulse-restraint were debunked as "square." What was once understood as moral law came to be described as "social convention," and defiance of convention was portrayed as cool, brave, and heroic. Impulse-restraint was ridiculed, while impulse-release came to be celebrated. "Self-expression" was portrayed as a higher form of consciousness. Liberation from the "old morality" was presented by some as the highest virtue.

For those of ample means, such cultural rebellion did not always prove to be harmful. To be poor, however, and to accept the incessant barrage of messages exempting the individual from responsibility, from duty, and from self-discipline may profoundly damage one's chances of escaping from poverty. A poverty constituted by moral disorder prejudices the prospects of the individuals affected far more than the disadvantages inherent in the poverty constituted by a low family income alone.

Yet much thinking about poverty for a long time ignored the effects that the recent shift in the national ethos might have upon some of its most vulnerable and needy citizens, especially among the young. Social workers were sometimes taught "not to ask questions about conduct" and to be "nonjudgmental." Government programs offered benefits but insisted upon no accompanying obligations. Meanwhile, a

fever of "liberation" and "impulse-release" has had visible effects upon the behaviors of the impressionable young, not least among the poor.

To imagine that the needs of the poor are material only is to devalue the moral dignity of the poor. Not all who might be eligible for benefits--food stamps, say--take advantage of them; some, perhaps, count the cost in terms of independence lost. One of the moral resources some still call upon is a fierce resistance to dependency. These resources can be undermined by poorly designed efforts to help the poor. The poor themselves are aware of such temptations. According to a Los Angeles Times poll in 1985, 64 percent of the poor and 70 percent of poor women say it is "almost always" or "often" true that "poor young women have babies so they can collect welfare" (51 percent of the nonpoor said "seldom" or "almost never"). Welfare "almost always" or "often" encourages husbands to avoid family responsibilities, according to 60 percent of the poor persons polled.¹⁸ By no means all the poor fall victim to such moral hazards. Many accept a hand up, but only long enough to reassert their own independence.

The ethos implicit in government programs ought to encourage, but often does not, those of the dependent who struggle to become self-reliant--an admittedly complex task. For one thing, human personality is marvelously intricate and no two persons are the same. In administering welfare benefits, while encouraging self-reliance, it is

particularly difficult to design a suitable transition phase, both for entry into a welfare program (under criteria for eligibility) and for exit from it back into independence.

Compared with dependency, independence carries costs and hazards. It has its rewards, of course, and most persons (but not all) would prefer to be independent for reasons of personal dignity. The satisfactions that spring from this should not be underestimated. But generations of welfare experience, both in the United States and abroad,¹⁹ have also demonstrated that the availability of public benefits introduces perverse incentives, such as the temptation to forgo independence for security and assured benefits.

Further, poorly designed programs affect not only their recipients but also the morale of the public. Thus, it does not seem fair for one couple to commit itself to hard labor for two incomes at the minimum wage, just enough to disqualify them for various benefits, when they see others work as little as possible in order to secure benefits more generous than their own combined incomes. And even a person on welfare determined to become independent may question whether the take-home pay from working exceeds the loss of a benefit package, particularly its medical coverage.

For many such reasons, the current design of welfare policy often seems to violate the dignity of the poor, because it treats the poor as if they were without

responsibility, and therefore as if they were of some lesser moral dignity. Meanwhile, many of our major institutions have contributed to shaping an ethos that, when lived out by the poor, has devastating consequences.

By contrast, a sound ethos would raise hopes for all. As a brave social worker in Newark told Bill Moyers about the need for basic values among the young poor, in a 1985 documentary that attracted much attention, "If you say it in your corner and I say it in my corner, and everybody's saying it, it's going to be like a drumbeat."²⁰

All our major national and local institutions have responsibilities to the most vulnerable and needy in our society. Those responsibilities include the shaping of an ethos favorable to those of the poor seeking, often against great odds, to practice the traditional disciplines by which Americans have long bettered their own condition and that of their families. The nobility of those who struggle deserves far more celebration than it receives. Their efforts add to the common good of all, and all are correspondingly in their debt.

The central focus of efforts to reduce poverty should be on families and children. Helping the family is the most sweeping, practical, and profound way of diminishing poverty. Nearly two thirds of all Americans below the government's poverty line live in families with children under eighteen. Nearly 80 percent live in families.²¹ No other

institution is so universal and so basic to society. The family is nature's original department of health, education, and human services. When things go well in the family, the whole of society reaps many benefits. When families--in one way or another, for one reason or another--fail to accomplish their basic tasks, it is far harder for other social institutions to accomplish theirs.

A failure to learn the alphabet and the rudiments of reading in the home slows down education in the school; a failure to learn sound habits of nutrition at home lowers the level of public health; a failure to learn habits of self-mastery, work, and citizenship at home leads to habits of nonwork, hustling, or crime. The family is the matrix within which the citizen is well-formed or misshapen. No institution is so important, yet so easily overlooked.

By 1987, emphasis upon the family had become nonpartisan. Both major parties see the need to help and to strengthen the beleaguered family. A group of Democratic officeholders has issued a strong paper: "The Road to Independence: Strengthening America's Families in Need."²² Republican emphasis upon family under President Reagan has helped to focus public attention.²³ Both on the left and on the right, writers compete to show concern for family values, income, and welfare.²⁴ All have learned important lessons from recent history.

In 1962, President John F. Kennedy launched a welfare reform proposal that was to lead eventually to "The War on

Poverty." He himself chose to focus on the family in the message he sent to Congress with his reforms:

...our public welfare programs...must stress the integrity and preservation of the family unit... must contribute to the attack on dependency, juvenile delinquency, family breakdown, illegitimacy, ill health, and disability...must reduce the incidence of these problems, prevent their occurrence and recurrence, and strengthen and protect the vulnerable in a highly competitive world.
[25]

The president emphasized the family unit in 1962. Yet if one looks at American families twenty-five years later, one will not find that they are more intact or stronger than in 1962, especially among the poor.

On the contrary, the fraction of all families with children that are female-headed has increased from 8 percent in 1962 to 21 percent in 1985. Among poor families with children, the female-headed proportion has risen from 30 percent to 56 percent. The proportion of children born out of wedlock has dramatically increased, from 6 percent to 20 percent. By 1985, female-headed families (3.1 million) and their minor children (6.7 million) had become the single largest bloc of the population below the government's poverty line, numbering nearly 10 million persons, 30 percent of the total. Along with these are 2.3 million poor husband-wife families with children under eighteen (5.4 million), also nearly 10 million persons.²⁶

While its commitment to civil liberties permits wide latitude in matters of personal morality, the nation also promulgates laws that prescribe basic acceptable behaviors

regarding the family--and for good reason. Behaviors regarding family life have many practical, public effects. Recent rises in family breakups and out of wedlock births have pushed increasing numbers of Americans below the poverty line. Children born out-of-wedlock face a higher probability of low birthweight and greater health risks than children of married parents. Children in single-parent homes on average perform less well in school and are more likely to drop out from school than children in intact homes. Society bears the costs of such disparities and, in this way, personal decisions end up being concerns of public policy.

Summary

These, then, are the elements of a new consensus. All six of the preceding "starting places" point directly toward the family. Without a growing job market and opportunities for higher wage rates, struggling families find it harder to attain the independence from the state that is their proper station. "Disaggregating the poor" shows that the vast majority of the population below the poverty line lives in families. The successful efforts of the past twenty years have lifted up the older generation of family members, while the new poverty is now more concentrated among younger families. This new poverty seems to include a shift in values affecting the family, and to be characterized less by

low income alone and more by an increasingly common dependency. Again, the astonishing abandonment of young mothers by males, who beget children without supporting them, has focused national attention upon personal responsibility. With accumulating power, the blurred, sometimes disordered set of expectations for behavior portrayed by our major institutions reaches directly into family homes; one must insist upon personal responsibility and social obligation. Since personal values do not arise in a vacuum, one must attend to the health of the national ethos. (It is not only the physical ether that ought not to be polluted.)

In short, the family is the arena in which the battle to reduce poverty--both in its material and in its moral components--should be most hotly contested.

But now it is time to apply the second of our seven starting points by asking "Who are the poor?" and disaggregating the kinds and types of poverty.

PART TWO

Who Are the Poor? Who Are the Dependent?

The imposition of an obligation actually shows respect for the recipient, it enhances the dignity of such persons. By holding up a common standard of behavior to all able-bodied citizens we evidence our confidence that those who may now need our assistance are capable of becoming self-reliant. This avoids the situation in which "we," who are capable of responsible conduct and of generosity, deign to provide for "them" who, by virtue of their dependency are rendered objects of our concern, but are not treated as responsible moral agents.

Glenn C. Loury

Disaggregating the Poor

Beyond Conventional Categories

From the outset, the Working Seminar set out to review the literature on poverty and to reexamine the conventional ways of understanding it. Every road kept leading us back to the stubborn fact of dependency, constituted in part by behavioral components, and to the central role of family life.

In one sense, this line of reflection showed that the magnitude of worst-case poverty is smaller than we are often led to think, because the most damaging forms of dependency affect only a portion (although a significant and growing portion) of the poor. In another sense, that problem is so severe, complex, and deep that overcoming it will not be easy or quick. There is no silver bullet. There is no one simple thing to do. Immense patience and perseverance will be necessary, and the maturity of the nation itself will be tested.

It is often said, for example, that children now constitute almost 40 percent of the poor, and they do. But this way of stating the problem overlooks the fact that a solid majority (57 percent) of children in households below the official poverty line are living with only one parent,

and that a very high fraction have been born out of wedlock. Their future prospects are affected not solely by living in a family of low income, but by living in a family circumstance empirically associated with unusual social, medical, and moral hazards. Finding ways to come to the aid of such threatened youngsters will not be easy, but to do so is a challenge the nation must meet.

Similarly, the nation's most vivid images of poverty are offered on television and in color photographs in the news magazines. These are usually images of blacks or Hispanics on the mean streets of densely poor urban ghettos. Only a small fraction of all blacks and Hispanics are both poor and concentrated in those census tracts in the nation's 100 largest central cities in which at least 20 percent of the inhabitants are below the government's poverty line. But the dependency of the 4 million or so who are in that situation is of a depth not exhausted by the catch-all phrase "below the official poverty line."¹

In order to grasp this point firmly, however, it is highly useful to begin with the more or less conventional official description of poverty, and to subject it to a more penetrating analysis. Behind its bland descriptions lie sometimes shocking realities.

It is well known that the official poverty measure, in use since 1964, is limited in what it can tell us.² It is based upon estimates of current annual income, which are far less revealing than the more detailed measures of actual

expenditures that are also available.³ It counts only cash income, ignoring the large panoply of noncash benefits that government has made available, as well as the at times substantial personal assets that individuals with low cash incomes may have.⁴ It counts only pre-tax income, thus disguising year-to-year differences that arise from changes in tax policy (this will become especially important as the 1986 tax law takes effect). It especially disguises the effect of increasingly high payroll taxes for social security.⁵ It takes no account of the under-reporting of income. It takes no account of wide disparities of living costs within this continental-sized nation, as between regions and between urban and rural ways of life. It is, further, routinely adjusted by methods that remain an issue of serious technical dispute. Above all, the official poverty line can reveal nothing at all about the behavioral dimensions of dependency.

Nonetheless, since the convention of using the official poverty line is well entrenched and has some value in tracking trends over time, we open our discussion in the conventional way, but only in order speedily to go beyond it. Although we will keep referring to the official poverty line throughout part two, our true focus is on behavioral dependency.

Thus, table 2-1 displays the two most telling Census Bureau measures, one for cash income only and the other including the "market value" of noncash benefits such as

food stamps. Although the second measure is also vulnerable to specific criticisms, the difference between the two offers dramatic evidence that noncash benefits have considerable effect. "Market-valued" noncash benefits reduce the official count of persons in poverty from about 33 to 22 million; the number of poor families from just over 7 million to just under 5 million; and the number of the elderly poor from 3.5 to 0.9 million.

Table 2-1

Population Below the U.S. Poverty Line, 1985

	<u>Cash Income Only</u>		<u>After Noncash Benefits^a</u>	
	<u>Number (millions)</u>	<u>Percent of poor</u>	<u>Number (millions)</u>	<u>Percent of poor</u>
<u>Individuals</u>				
Total	33.1	100	21.9	100
In families	25.7	78	17.1	78
In families with children under 18	20.3	62	13.7	63
Unrelated individuals	6.7	20	4.3	20
Over 64	3.5	10	0.9	4
Under 18	13.0	39	8.8	40
<u>Families</u>				
Total	7.2	100	4.7	100
Married couple	3.4	47	2.4	51
Single-headed	3.8	53	2.3	49

^a At "market value," excluding institutional expenditures.

Source: U.S. Bureau of the Census, Money Income and Poverty Status of Families and Persons in the U.S., 1985; and Estimates of Poverty Including the Value of Noncash Benefits: 1985.

The figures in Table 2-1 also show that, under both measures, about four-fifths of the poverty population lives in families; that, depending on the measure, about half of

these families are headed by a single-parent; and that about two-fifths of the official poverty population are children under 18.

We begin with a brief comparison of the poor with the nonpoor. Then we turn to the elderly, for whose care there is already an express national policy: their poverty, in the view of the public, should be reduced as close to zero as is humanly possible. Their dependency, on account of age, is thought to be wholly legitimate, and all of them ought to be able to live out the remainder of their lives in decent circumstances.

Next we turn to the 6.7 million or 4.3 million (whichever the measure) "unrelated individuals" whose cash or noncash benefits still leave them below the poverty line. Within this group, we focus next on young black males ages 16-24. Many among them are doing well, but a significant proportion are not.

Since the most visible of these young black males live in poverty areas in central cities, they further draw our attention to the recently named "underclass," whose special problems of behavioral dependency lie at the heart of the nation's current concern.

Having considered the smaller subgroups among the conventionally defined poor, we turn next to the families of the poor. We begin with husband-wife families among the poor, whose chances both of exiting from poverty and of weathering it with more abundant resources are high. Since

7.1 million of the nation's 13 million children below the poverty line live in single-parent households, however, the weight of our study lies with them.⁶

Finally, we turn to aspects of the condition of the poor that frequently fail to be brought into discussion, but whose cumulative effect on the daily lives of the dependent poor, in particular, is oftentimes crushing: such factors include geographical concentration; inadequate and abused housing; low participation in the labor force and low rates of full-time employment; and acute violations of the rights of the poor to integrity of life, limb, and property through daily vulnerability to criminal assault.

The human condition of the dependent poor sometimes lies hidden behind the veil of conventional statistical surveys. We try to penetrate that veil.

Focusing on the Dependent

Who Are the Nonpoor? It is a little surprising that statistical surveys reveal so many differences between the poor and the nonpoor. The natural instinct of Americans is to treat everyone alike. Indeed, many of the poor of yesterday are today among the nonpoor; and some of the nonpoor today may through some happenstance become poor tomorrow. As Greg Duncan and others have shown, there is great churning in the American social system.⁷ On the one hand, individuals through their own choices profoundly affect their own life

chances; on the other hand, events beyond their control may suddenly alter their condition. Persistent success is by no means guaranteed for anyone. Nonetheless, in certain respects, significant differences between the poor and the nonpoor appear in statistical snapshots of both.

On the one side, for example, the median age of the nonpoor, 33, is considerably higher than that of the poor, 23.⁸ This is not surprising, since most persons have lower incomes at a younger age, higher when older, and add children to their families while they are still young--but it is, just the same, a significant difference. On the other side, and contrary to myth, the average number of children in poor families, 2.2, is not greatly higher than in nonpoor families, 1.8--although even this difference means that the former are growing in number, the latter just about standing still.⁹

Telling differences appear in home ownership, education, and marital status. A surprising 41 percent of the poor own their own homes, compared with 74 percent of the nonpoor.¹⁰ Some 45 percent of poor adults have completed high school, whereas 66 percent of the nonpoor have.¹¹ About one-third of the nonpoor have completed college, while the relatively fewer college graduates who are counted as poor include in their number graduate students and early retirees.¹² Only 38 percent of poor adults are married, compared with 66 percent of the nonpoor.¹³ As we shall see in more detail later, the labor force participation rate of

the able poor is far lower than that of the nonpoor, and so is their rate of full-time, year-round employment.¹⁴

Just over 19 million of the nonpoor live in female-headed families in 1983.¹⁵ But female-headed families (totaling 11.6 million persons) account for nearly half of all poor families. Being born out of wedlock also raises one's chances of being poor. Among the 7.0 million children on AFDC in 1983 (the most recent reporting year), 3.1 million (46 percent) had parents who were not joined in wedlock.¹⁶

All these factors--age, home ownership, education, marital status, and full-time, year-round employment--differentiate the poor from the nonpoor. To complete high school, to work consistently full time year round (even at a minimum-wage job), and to be and to stay married are characteristics statistically correlated with avoiding poverty.¹⁷ These are demanding, although not superhuman, tasks. To neglect them--to drop out of school, to work irregularly, to remain unmarried, and to have children out of wedlock--is to raise one's chances (and one's children's chances) of living in poverty.

We need now to consider the involuntary dependency of some of the elderly poor, which is quite different in kind from behavioral dependency.

The Elderly. Twenty years ago, the most touching symbol of poverty was the elderly man or woman, typically shown outside a rural shack. In 1966 the elderly constituted 18

percent of the poverty population; and 29 percent of those 65 and over were poor. Thanks to systematic raises in social security payments and the institution of payments through the Supplemental Security Income (S.S.I.) program, and thanks also to higher enrollments in private pension funds, the elderly today are in a significantly better cash position. By 1985 the elderly constituted 10 percent of the poverty population, and the poverty rate for the elderly (13 percent) was below the national poverty rate. When noncash benefits to the elderly--food stamps, housing assistance, and above all the insurance value of Medicare--are counted at "market value," the poverty rate of the elderly falls to about 3 percent (see table 2-1), although some qualifications are needed.¹⁸ But even this does not tell the whole story.

For many reasons, including scientific advances, the elderly are now enjoying unprecedented longevity. Because of Medicare, most of the elderly poor have access to standards of medical care never before available. Accordingly, the number of persons over 65 has grown dramatically since 1960 (from about 17 million to about 29 million in 1985). Meanwhile, their political clout has grown as their proportion of the population grew from 9 percent in 1960 to 12 percent in 1985.¹⁹

Furthermore, the official poverty figures understate the advances of the elderly because they measure only annual cash income, whereas older persons can also draw on

accumulated assets. About 75 percent of the elderly own their own homes, nearly all of these paid for, and the rapid appreciation of real estate during the past decades has generally outstripped inflation. Even among the elderly poor, a quarter have net home equity of \$50,000 or more.²⁰

These achievements, however, mask other problems. The great gains in longevity, particularly for women, have as a not-so-hidden cost the increased need for nursing homes and other forms of long-term care, when the "elderly-elderly" (as the increasing numbers of those over 75 have come to be called) become less able to care for themselves. These forms of care are increasingly expensive. Turning to them typically means being uprooted from family, friends, and familiar surroundings. In fact, nearly 60 percent of the elderly poor (1.9 million) lived alone in 1984.²¹

Both because elderly women are poorer than elderly men and because women (whether widowed or divorced) on average live longer than men, among the poor past their sixty-fifth birthday an astonishing 71 percent are women. (Among the elderly who are not poor, there are also more women than men, but by a far smaller margin.) Similarly, among the 1.9 million elderly poor living alone, only 300,000 are males.²² Because of the way social security was originally designed, and because many older women were not employed for pay in the proportions younger women now are (and so did not build up social security credits), many elderly women receive lower benefits than elderly men. Among black women over 65

and living alone, the 1985 poverty rate was 55 percent.²³ Social security was not designed as a poverty program; however a federal program of income supplements for the elderly poor (S.S.I.) has been added to it for this purpose.²⁴ Thus, the nation has in place programs capable, in principle of reducing poverty among the elderly to zero. Since some of the elderly may be isolated and overlooked, to make sure that all who need assistance receive it remains to be accomplished.

In sum, most of the elderly support themselves out of their accumulated social security benefits, pensions, and assets. Many are also supported by their families, religious institutions, or other private sources. Those who lack such supports are dependent almost solely upon government programs. Because of their advanced age, in keeping with immemorial ethical values, the public has expressly willed that all be so entitled. Their dependency is of a special kind.

Unrelated Individuals. In 1985, by the larger of the two official measures displayed in Table 2-1, only 6.7 million of the poor were adult "unrelated individuals." Four million of these lived alone.²⁵

Between 1970 and 1985, as marriages were delayed or never formed, and as male-female differences in longevity increased, the number of unrelated individuals soared.

While the poverty rate of singles fell, it remains very high, 22 percent.²⁶

In the 18-24 age bracket, the poverty rate for singles is conspicuously high, just above 32 percent (compared with 14 percent for those ages 25-44).²⁷ Although their aggregate numbers are not large, poverty for singles ages 16-34, especially in urban settings, is associated with unusually high unemployment. In central cities such as those of New York and Chicago, young singles have become since 1980 the fastest growing segment in the welfare population.²⁸ In urban settings, behavioral problems such as lack of guidance, noncompletion of high school, nonwork, "hustling," drug abuse, and criminal activity especially afflict the young. But sudden unemployment has also left some older singles in poverty²⁹

For able-bodied unrelated individuals of working age, a full-time job at the minimum wage is sufficient to lift income well above the poverty line of approximately \$5,500. This visible solution is, perhaps, why public policy analysts have paid relatively little attention to poor singles. Those among them who are elderly and those who are disabled are commonly covered under special programs. But those between eighteen and thirty-four, who in the past would have been gaining work experience, developing sound habits, and starting families of their own, invite especially vigorous attention.

The Young Black Male. One of the groups with greatest risk of poverty is young black males ages 16-24. There is much concern for children, but this age group, especially the young males--so full of energy and possibility, yet often unsettled--was for a long time overlooked. Until recently, researchers had to look far and wide to find materials on them. Even for census takers, young black males are one of the hardest populations to locate with certainty. Their places of residence may shift back and forth between the dwellings of their parents (or parent), their relatives, and their friends. By the best estimate of the Census Bureau, the total population of black males ages 16-24 for 1985 came to 2.5 million.³⁰

Here again, we would like to stress the positive. Piecing together a composite for the year 1985, we find that of the 2.5 million black males ages 16-24, some 647,000 (26 percent) were in high school, 351,000 (14 percent) were in college, and 163,000 (7 percent) were in the armed forces.³¹ Just over 1 million (40 percent) were employed, and 417,000 (17 percent) were unemployed. On the negative side, 113,000 (5 percent) were in prison or jail.³² (Numbers do not correspond with totals because of overlaps; for example, among those employed and in college.)

A figure often cited in the media, "the black teen-age unemployment rate" (recently about 35 percent), should be treated with caution, because most teenagers are still in high school and seeking part-time work, looking for a first

job, and the like. The actual number of unemployed black teenagers (ages 16-19) was lower than most people imagine-- about 290,000 at the end of 1986, counting both males and females.³³ Nonetheless, the labor force participation rate of all black males ages 16-24 has dropped from its levels of twenty-five years ago, and only 44 percent of young black males are now employed (compared with 59 percent in 1962).³⁴ Changes in patterns for educational enrollment cannot account for this decline.

Table 2-2

Black Youth Employment, 1970 and 1985

	<u>Percent Employed</u>	
	1970	1985
Black males		
ages 18 and 19	51	36
ages 20 to 24	77	60

Source: Richard B. Freeman, "Cutting Black Youth Unemployment," New York Times, July 20, 1986.

The marriage rates of young black males are at historically low levels: 93 percent of them are "never married," compared with 83 percent for white youths of the same age. In 1960 the numbers of married youths of both races were significantly higher, and there was little difference between the races: 74 percent of young white males and 76 percent of young nonwhite males were "never married."³⁵

In 1985, Richard B. Freeman and Harry J. Holzer edited an important book reporting on a major survey of this

vulnerable and important population, The Black Youth Unemployment Crisis.³⁶ Freeman summarizes his concern:

Lacking skills and facing a desperate shortage of jobs with career prospects, many young black men consider street life an attractive and rational alternative to the normal working world. Many have serious drug and drinking problems, and are deeply involved in crime-- in 1980, according to Census Bureau figures, more than 4 percent of black men aged 20 to 29 were in jail. Many more simply waste their youth hanging around street corners. [37]

Nearly one-half of 16-to-24-year-old black men had no work experience at all in 1984.³⁸ The startling decline in their condition between 1970 and 1985 is represented in table 2-2. Freeman and his associates, analyzing extensive surveys and interviews conducted in inner-city poverty areas in Boston, Philadelphia, and Chicago, find "no single cause" of this decline in employment. "Rather," he writes, "joblessness among young black men is part-and-parcel of other social pathologies that go beyond the labor market, including youth crime, and drug and alcohol abuse, residual employer discrimination and performance on the job, particularly absenteeism."³⁹

These youths do not appear to be unwilling to work. Asked to pick from a list of hourly wages at which they would find work "acceptable," the inner-city black youngsters, on average, chose an hourly wage level (\$4.47) twelve cents lower than that chosen by average unemployed white youths, but well above the minimum wage (\$3.35). They were

generally unwilling to take worse or lower-paying jobs despite higher unemployment. . . . Black youths were half as likely to find work in a two-week period than were white youths. When out of work, moreover, the

typical inner-city black youth was more likely to spend his time hanging out or watching TV than engaging in activities likely to enhance job prospects. [40]

Indeed, the average black youngster, out of school and unemployed, spent only 9 percent of his time on anything that researchers judged could plausibly be described as socially useful or self-improving.⁴¹

Some 32 percent of youths surveyed thought they could earn more from criminal "street" activity than from legitimate work. Twenty-one percent admitted to drug use beyond marijuana. These same youths had "markedly lower" chances of being in school or holding a job.⁴²

The researchers also found that "youth joblessness is connected to the family's welfare status." Here is Freeman's summary:

Black youths from welfare homes with the same family income and otherwise comparable to youths from non-welfare homes had a much worse experience in the job market. Youths living in public housing projects also did less well than youths living in private housing. Thus, the unemployment rate among 19- to 24-year-olds who received no public assistance and who did not live in public housing was 28 percent in 1979. Among those from families on welfare, the unemployment rate rose to 43.8 percent. And among those whose families collected welfare and lived in public housing, the unemployment rate soared to 52 percent. [43]

Current welfare programs appear to do little to correct these problems. To do so, they would have to go beyond financial assistance to questions of ethos and morale.

Many of the most violence-prone of these youngsters, Freeman notes, have already dropped out or been expelled from school. For them, the "noisy, chaotic and crime-ridden environment of public housing projects" become magnets.

This "is not, to say the least, an atmosphere in which middle class [and working class] values about work can take hold."⁴⁴

Against such odds, however, other black youths were patiently building the habits and skills necessary to escape from poverty. Freeman sketches their profile in broad outline. For one thing, they went to church far more often. Of those who did not go to church, 24 percent admitted committing an illegal act during the past twelve months; 46 percent used drugs; and only 45 percent were in school. Among those who attended church once a week or more, the profile was significantly more hopeful: an illegal act, 12 percent; drug use, 21 percent; and in school, 71 percent.⁴⁵

Furthermore, youths from families in which other persons worked also tended to do better in the job market. The reasons may be because they have access to better family information and family "connections" in finding jobs, and may enjoy "a stronger work ethic instilled by the family experience."⁴⁶

Moreover, surprisingly, 71 percent of the youths neither in school nor employed said they could obtain a minimum-wage job very or somewhat easily. "The problem," Freeman writes, "is not one of creating jobs, but of creating jobs that offer career opportunities that dominate alternative opportunities, such as crime."⁴⁷ Freeman clearly means real jobs, not make-work, and as always he speaks in the context of "a stronger work ethic."

In Chicago, at the borderline between black and white neighborhoods, "the white youths got the jobs," suggesting that "race, education and cultural factors," not location, are what count. The importance of location was further diminished by the finding that "black youths living in Chicago close to factories and jobs had only marginally better employment experience than those living far away from jobs."⁴⁸

Freeman and his associates put significant weight on the need for the whole range of public and private social responses to this many-faceted disorder. These would include responses from schools, churches, employers, and community organizations, as well as from the welfare and criminal justice system.

The period from 1965 on was certainly more favorable to black advancement than any preceding period. In general, most blacks, including young black males, did improve their condition: in education, income, opportunity, and social mobility. But among the 2.5 million single black males ages 16-24, a significant fraction suffers from dependencies from which their brothers have freed themselves. These dependencies seem more deeply rooted and fundamental than before. An increasing proportion, born out of wedlock, have lacked a father's guidance, discipline, and counsel. Some have prematurely become fathers themselves, before having the moral and financial resources to meet responsibilities for which they may have had no intimate model.

The Urban Underclass. The most vivid form of poverty in the United States is geographically concentrated within the nation's largest cities. Increasingly, economic growth and antidiscrimination efforts have enabled many upwardly mobile families and individuals to leave such areas. Many of those left behind are, in the words of William Julius Wilson, "persons who lack training and skills and either experience long-term unemployment or have dropped out of the labor force altogether; who are long-term public assistance recipients; and who are engaged in street criminal activity and other forms of aberrant behavior."⁴⁹ This concentrated population is increasingly black and Hispanic. Using recently released figures from the 1980 census, Richard Nathan and John Lago have calculated that in the nation's 100 largest cities there were 4.1 million poor blacks and Hispanics concentrated in census tracts in which 20 percent or more of the population was in poverty.⁵⁰ Troublingly, Nathan and Lago found that the minority poverty population in the nation's largest cities increased substantially over the 1970s, and become more concentrated in poverty tracts.⁵¹

Since this concentrated urban population seems unusually resistant to economic growth, and since it runs against the grain of a traditional American sense of opportunity, upward mobility, and classlessness, both popular writers and social scientists have felt driven to describe it in the new and deliberately shocking term "underclass."⁵² The conditions that characterize this class, Nathan writes, are

"economic, behavioral and geographically focused."⁵³ These conditions include attitudinal factors such as a sense of alienation from society's norms and values, sometimes aggressive and exploitative behaviors towards others, and sometimes what Thomas Pettigrew calls a "learned helplessness."⁵⁴ Its problems extend far beyond economic factors. Thus, among most writers, there is consensus that participation in the values, norms, behaviors, and activities necessary for economic success offers the only real solution to dependency.

Among the highlights of the 1980 Census Bureau data, the following stand out. In 1980, the nation's 100 largest cities contained 8.1 million persons classified as poor, some 17 percent of their population. 3.7 million were black; 3.4 million were white; persons of other races made up the remaining million. About a third of these poor were dispersed throughout their cities, but about two-thirds were concentrated in census tracts where at least 20 percent of the population was below the poverty line. This concentration was twice as great for blacks: 83 percent of poor blacks lived in poverty tracts, compared to 41 percent of poor whites.⁵⁵

Several characteristics of the concentrated poor stand out. The proportion of female-headed households is stunningly high: 74 percent for blacks, 55 percent for Hispanics, 49 percent for whites. In urban poverty areas, poverty is overwhelmingly related to marital status.⁵⁶

Work records also stand out. The unemployment rate for poor persons in high-poverty tracts is more than three times as high as for all income groups city-wide: 24.8 percent versus 7.4 percent. The unemployment rate for poor blacks is especially high: 30.3 percent, compared with 17.5 percent for poor whites. Most of those who do work work only part time or during part of the year.⁵⁷

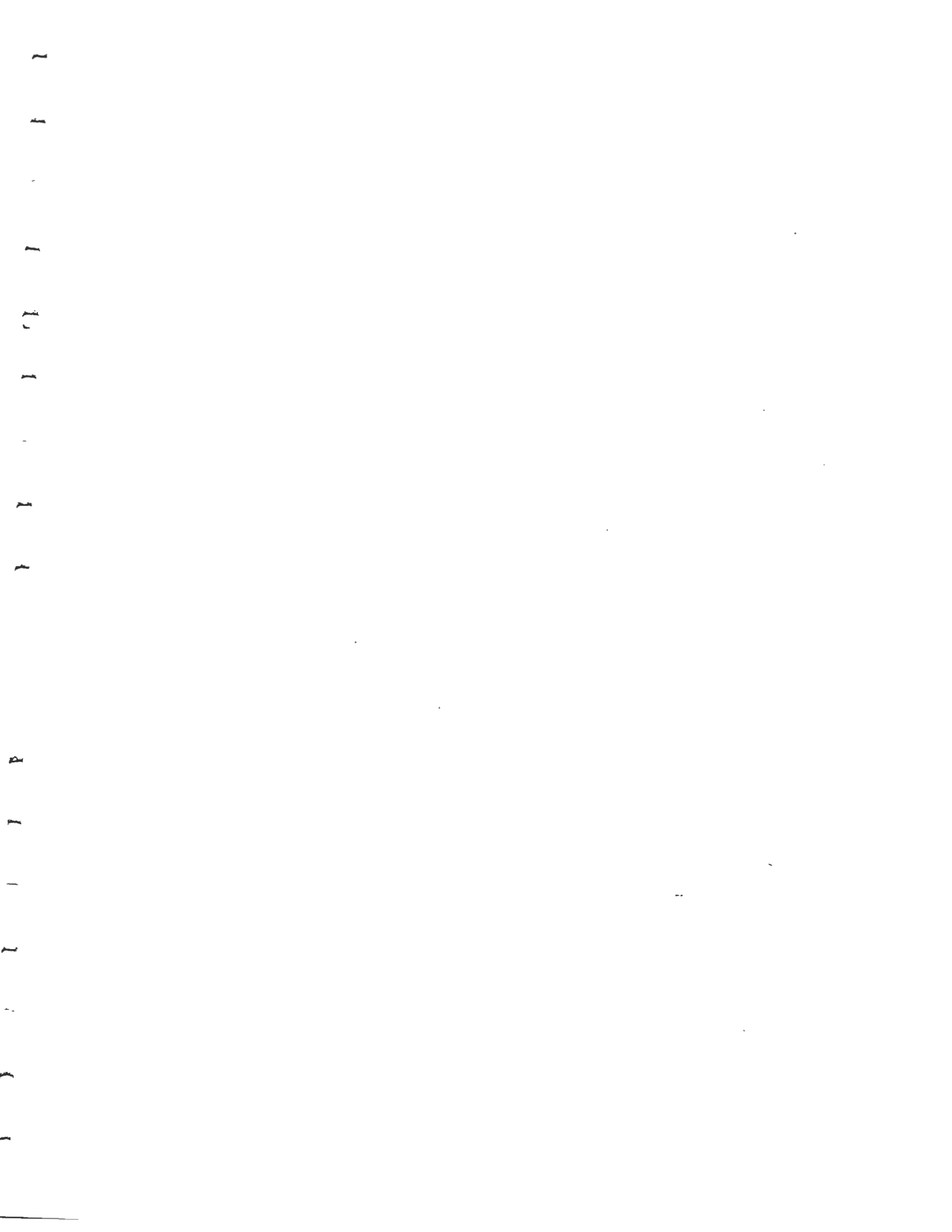
These figures prompt the observation that in poverty areas in the nation's 100 largest cities, two pillars of the traditional ethic appear to have broken down: the husband-wife family and regular, full-time work. But even this is only part of the story. Significant numbers among the underclass are hardly prepared to work, having but poor mastery of the relevant skills, habits, and attitudes.

Although the population of urban poverty areas represents only a fraction of all the poor, it is situated near the major centers of communication and is by far the most visible. No doubt its high visibility colors the way the nation thinks about poverty. Its condition, therefore, has weakened the early confidence of the 1960s that economic growth and equal opportunity would alone suffice to eliminate poverty. More to the point, its current condition has weakened the earlier consensus that assistance to the poor should be value-free, since attitudes, habits, and behaviors seem to be constituent factors in the current condition of the underclass. As Glenn Loury writes:

For a significant proportion of recipients, their dependency is not a short-term circumstance

engendered by fortuitous events beyond their control, but rather is a long-term condition arising from behaviors for which they might appropriately be held accountable. [58]

How to help needy and vulnerable persons to become accountable, through participating in the common work of the community, is the present challenge in the nation's new effort to diminish poverty.



The Poor Family

As we have already seen, three-fifths of the poor live in families with children under eighteen. Of the 33 million persons below the official poverty line in 1985, the bulk of the poor (25.7 million) lived in families. (A family is defined by the Census Bureau as two or more persons related by marriage, blood, or adoption and living together under the same roof.)

Using the broadest official measure, there were, in all, 7.2 million poor families, and in the "market-valued" measure, 4.7 million (see chapter 2, table 2-1). When public policy helps a family with children out of poverty, it typically helps three or four persons at once, thus multiplying the effect of its assistance both for the current generation and, ideally, the next. In the (broadly taken) 7.2 million poor families of 1985, there were 12.5 million children under eighteen.¹ (Another half-million poor children lived in foster care, on their own [older teens], and in other arrangements.)

Poor white families outnumbered poor black families, approximately 5 million to 2 million. In absolute numbers, family poverty in America is predominantly a white problem. But, of course, black families are disproportionately poor: a full 29 percent of all black families are poor, compared

to 9 percent of white families. Part of the reason for this is that 47 percent of black families are headed by a single parent.²

Among all families below the poverty line, just under half are intact husband-wife families (3.44 million), and slightly more are female headed (3.47 million); the rest are headed by single males. But these figures obscure a crucial point. Of all husband-wife families (about 51 million), only 6.7 percent are below the official poverty line; 93.3 percent are not. By contrast, of female-headed families, 34 percent are below the government's poverty line³ (see table 3-1).

Two persons working full time at the minimum wage can earn enough (approximately \$13,500) to lift a family of four above the poverty line; a single parent obviously cannot. Of course, if one parent is disabled or at home with small children or unable to maintain full-time employment, not even a two-parent family can do so. But its chances are better.

Since 1969, after having declined somewhat, the number of poor families with children under eighteen has steadily risen. By 1985 families with minor children accounted for 20.5 million of the official poverty population, including the 12.5 million children already mentioned and approximately 8 million caretakers. (There were also about 1.6 million poor families, containing 5.2 million persons, that did not have children under eighteen.)⁴

Table 3-1
Families and Poor Families, 1985
(millions)

	Number of Families	Poor Families		Poverty Rate	
		Cash Income Only	After Noncash Benefits ^a	Cash Income Only	After Noncash Benefits
All families	63.6	7.2	4.7	11	8
Husband-wife	50.9	3.4	2.4	7	5
Female headed	10.2	3.5	2.1	34	20
White families					
Husband-wife	45.9	2.8	2.1	6	4
Female headed	7.1	2.0	1.2	27	17
Black families					
Husband-wife	3.7	.4	.3	12	8
Female headed	2.9	1.5	.9	51	30
Hispanic ^b families					
Husband-wife	3.0	.5	.4	17	12
Female headed	1.0	.5	.3	53	29

a. At "market value," excluding institutional expenditures.

b. Persons of Hispanic origin may be of either race, so numbers do not total.

Source: U.S. Bureau of the Census, Estimates of Poverty Including the Value of Noncash Benefits, 1985, table 2.

Two-thirds of poor families (4.9 million) have a head under age forty-five. Three quarters (5.6 million) have children under eighteen.⁵ Thus, when one says "poor family," one most often (but not always) means two things: (1) young heads of families with (2) children under eighteen.

By sharp contrast, the most economically secure part of the American population consists of those in families without children or older families with grown children eighteen years and over. In 1984, only 4.6 percent of such persons were below the official poverty line. More than 95 percent were not, and their median income was high. As Blanche Bernstein suggests, the reasons for this relative affluence are not hard to discover. Such parents have reached their mature earning power, many wives (relieved of child care responsibilities or never having had them) are working, and grown children are in some cases contributing to family income.⁶ It is the families with young children whose incidence of poverty can be expected to be comparatively high.

The Husband-Wife Family. Many single parents succeed in raising children and in keeping their household out of poverty. But, empirically, husband-wife families are more likely to exit from and to stay out of poverty. On the whole, husband-wife families offer greater income-producing and burden-sharing resources. Having both male and female adult role models in the home, and having two sets of connections to the outer world, also seems to benefit children.⁷ For such reasons, husband-wife families present fewer problems for public policy while the growing number of female-headed households involves higher public expenditures.

Nonetheless, in 1985, 2.3 million husband-wife families and their 5.4 million children under eighteen lived on incomes below the poverty line. Thus, husband-wife couples with their children constitute 30 percent of the poor.⁸ (Another 1.1 million married couples who had no children under eighteen were also poor.) Since the care two persons can offer children--in attention and in guidance--is both priceless and socially indispensable, wise social policy will treasure this model of family life and, at the very least, do it no harm.

Although the nation has few special programs designed specifically to aid husband-wife families among the poor, many qualify for food stamps and other in-kind assistance programs. Moreover, poor husband-wife families will be helped by the doubling to \$2,000 (and future indexing) of the exemption for dependents scheduled in the new tax law of 1986. Still, this standard exemption was \$600 in 1948; fully corrected for income growth and inflation, it would now reach more than \$6,000 per dependent.⁹ Further, payroll taxes for social security have become a growing burden, far out of proportion to the taxation imposed upon low-income persons in earlier decades, as Eugene Steuerle has shown.¹⁰

The empirical difference that husband-wife families make to income is illustrated vividly in census data. In 1985, the median annual income of black female-headed families was \$9,305; for black husband-wife families it was \$24,570.¹¹ These sums reflect greater earnings by intact

families; in addition, the husband-wife family facilitates both work and also career-expanding training, first for one spouse, then another. Family structure makes a powerful difference in annual income and thus in the ability to accumulate net worth. A married couple with children has, on average, \$13,600 more in net worth than an otherwise comparable female-headed family with children (1986 dollars).¹²

Yet between 1970 and 1984, as the National Urban League noted in The State of Black America 1986, the number of black families headed by women more than doubled (an increase of 113 percent), whereas husband-wife families among blacks grew by only 5 percent.¹³ The greater proportion of female-headed families among blacks dramatically lowered average black family income.

Indeed, family structure now plays a far larger role than race in income differentials. In 1967, the income of black two-parent families was only 68 percent of that of two-parent white families; by 1984, this gap had narrowed to 80 percent, and among younger and similarly educated families the gap had almost disappeared.¹⁴

In 1967, wives contributed 11 percent of white two-parent incomes, in 1984, 18 percent. For black two-parent incomes, the percentages were 19 and 31. Blanche Bernstein comments:

In general, it takes about 1.3 wage earners per 4-person family to achieve the Bureau of Labor Statistics (BLS) independent but lower-level standard of living (\$15,323 in 1981 prices--later figures have not been

published for the BLS standards), 1.7 for the moderate level (\$24,408), and 2 wage earners for the higher level (\$38,060). The female-headed family is clearly at a serious disadvantage. [15]

Thus, even robust economic growth and full employment are not likely to counterbalance the massive changes in family structure the nation has experienced during the past quarter century.

Female-Headed Families. Originally, Aid to Families with Dependent Children was expected to serve mainly the children of widows. But by 1980, more than half of all AFDC expenditures went to a mother who had had her first child as a teen-ager. These constituted a full 71 percent of all AFDC mothers under the age of thirty.¹⁶

Among whites, the percentage of female-headed families with children rose from 6 to 15 percent between 1960 and 1985. For blacks the figures went from 21 to 50 percent.¹⁷

A much higher proportion of black women are on AFDC. Still, of all AFDC mothers, 43.3 percent are black; 41.2 percent white.¹⁸

Between all female heads of families (most of whom are not poor) and those on AFDC, there is a significant difference in age distribution (see table 3-2). Two-thirds of all female heads are older than thirty-five. Seventy-three percent of AFDC heads are under 35 (1983), and half are under twenty-five.¹⁹

Among all female family heads, 55 percent report themselves as divorced or living apart from their husbands; 26

percent are widows; only 18 percent report that they have never married. (There is evidence that the last category is underreported, since some who report themselves as "married,

TABLE 3-2

Female Heads of Families
by Age, 1985
(Percent)

<u>Ages</u>	<u>All</u>	<u>Those on AFDC</u>
19-24	8	36
25-34	26	37
35-44	24	18
45 & over	42	8

Note: AFDC figures are for 1983, latest available. For AFDC figures, first two age groups are 19-25 and 26-34.

Sources: Census Bureau, Household and Family Characteristics: March 1985, Series P-20, no. 411, table 9. Dept. of Health and Human Services, 1983 Recipient Characteristics and Financial Circumstances of AFDC Recipients, table 18.

spouse absent" are actually never married.) Blacks show a higher percentage reporting "never married," (33 percent) and fewer widows (21 percent)²⁰ (see table 3-3).

Of poor female heads of families, 2 million (56 percent) are white; 1.5 million (42 percent) black; and 0.5 million (15 percent) Hispanic. (Numbers do not add because Hispanics can be counted in either race.)²¹

Nearly a half-million births to teen-agers occurred in each recent year. Still, since 1970, the absolute number of births to teen-agers has declined, from a high of about 650,000 to just under 500,000. A sharp rise in abortions

(and also a decline in the number of teen-agers) helps to account for this. But the proportion of out-of-wedlock births to all births has grown, a reflection of declining marriage rates and marital birthrates.²² Over half of all teen births are now illegitimate.²³

TABLE 3.3

Number of Female Heads of Families, 1985
(thousands)

	Total	Widows	<u>Divorced,</u> <u>Separated</u>	<u>Never</u> <u>Married</u>	<u>Poverty</u> <u>Rate</u>
Total	10,129	2,671	5,607	1,850	34.0
White	6,941	1,967	4,150	825	27.4
Black	2,964	627	1,350	989	50.5
Ages 15-24	785	17	269	499	74.2
25-44	5,155	346	3,759	1,052	40.5
45-64	2,736	1,115	1,443	179	21.1
65+	1,454	1,193	139	121	13.3
Median age	41	63	39	29	--

Separated = "married, husband absent."

Sources: U.S. Bureau of the Census--Household and Family Characteristics, March 1985 (table 12); Money Income and Poverty Status: 1985 (table 19).

Census Bureau data show that if the nation had had the same proportion of female-headed households in 1985 as in 1959, there would have been about 5.2 million fewer persons in poverty.²⁴ A special analysis by the Census Bureau showed that the poverty rate for black families would have been 20 percent in 1980, rather than its actual 29 percent,

if black family composition had remained as it was in 1970.²⁵

The Children of the Poor

Some 13 million of the U.S. poor (two-fifths) are children under age eighteen. Five million are under age six.²⁶

Of all poor families with children, about 15 percent have family heads under age twenty-five. Two-thirds are headed by someone between ages 25 and 44.²⁷

Some 5.4 million poor children under eighteen live in a married-couple family. But most--7.1 million (57 percent of those in families)--live with only one parent. Just over a half-million live outside families, in foster care, on their own (older teens), and in other arrangements.²⁸

Over half the poor white children live with two parents. Of the 4.1 million poor black children, only 750,000 (18 percent) live with two parents.²⁹

There is no escaping the fact that their parents' marital status has consequences for children. Children with two parents benefit by greater adult earnings potential, and those with only one parent are at greater risk, financial and behavioral. This is especially true when the mother receives no child support from the father, has children out of wedlock, has not finished high school, and is unemployed.

Blanche Bernstein writes in Saving a Generation: "Poverty among some groups--intact families or the elderly--can be reduced by economic measures or by some changes in social insurance programs; among other groups, especially female heads of families and their children, changes in social behavior are essential."³⁰

Changes are also needed in programs combating child abuse and neglect, especially with respect to poor families. About 1.7 million children were reported as abused or neglected in 1985, more than eleven times the number in 1963. (About 600,000 of these cases were substantiated.) Increased reporting has helped to reduce deaths from child abuse from nearly 3,000 per year to about 1,000.³¹ Unfortunately, recent progress against child abuse has also been accompanied by the misuse of foster care.

In the vast majority of poor families, children are not mistreated but cherished. Still, families reported for mistreatment are four times more likely to be on public assistance. Nearly 85 percent of all substantiated cases involve forms of inadequate child rearing rather than physical danger to the child. Every year, more than 440,000 children spend at least some time in foster care, the vast majority have been in no actual physical danger.

Foster care is supposed to be temporary, but in 1983, 36 percent of the white children and 55 percent of the black children had been in foster care more than two years; some 30 percent of all the children, more than six years. Thus,

many children become trapped in a vicious cycle. Since their parents do not show improvement from counseling services, they are not returned home; but since parental rights remain in force, they cannot be placed for adoption, and many live in a kind of emotional limbo. Their physical condition may improve; but their emotional condition frequently deteriorates. As one group of scholars put it, "By its intervention the state may make a bad situation worse: indeed, it may even make a tolerable or even a good situation into a bad one."³²

In the large majority of cases, in which "child neglect" is actually a sign of social impoverishment, most child care specialists now think it more fruitful to intervene within the family than to remove the children from it. In place of foster care, they urge more child-oriented services that compensate for parental deficiencies. Although less costly than foster care, such compensatory services would not save money, since AFDC and many other welfare payments are suspended when children are placed in foster care. Coalitions of black churches are becoming especially active in offering practical assistance.

In a more general way, the American Public Welfare Association sums up the condition of America's poor children in a recent report, One Out of Four:

Economic statistics alone fail to fully illustrate the tragic circumstances of life for poor children and their families.

Child and spousal abuse and neglect are epidemic. Although not limited to poor families, domestic violence is more frequent, more dangerous, and more devastating among families living in poverty.

' ... Ninety-six percent of unmarried teenagers now keep and raise their children, an increase of 11 percent from 1971. The welfare system supports many of these children with children.

Single-parent, female-headed households living in poverty in this country have increased dramatically, from 2.4 million to 3.4 million between 1975 and 1985. Nearly 40 percent of all single-parent, female-headed households live in poverty in 1986. Single-parent households are four times more likely to be poor than are two-parent families.
[33]

Neither nature nor the U.S. government nor the U.S. economic system commands children under seventeen to have children, mostly out of wedlock. This is not in accord with the morality we have inherited nor with the nation's past history. In such large numbers, this is a relatively recent development, and understanding how it came about is a crucial matter. Even though its springs lie in personal behavior, the latter in turn may be pulled along by the currents of the reigning social ethos.

In this respect, the U.S. social system has three parts: a political system, an economic system, and a moral system. The major large institutions of the moral system are the universities, schools, religious institutions, and media, especially the organs of popular culture that establish expectations for behavior. As Charles Krauthammer has written:

Kids do not learn their morals at school. (Which is why the vogue for in-school drug education will prove an expensive failure.) They learn at home.

Or they used to. Now they learn from the culture, most notably from the mass media. Your four-eyed biology teacher and your pigeon-toed principal say don't. The Pointer Sisters say do. To whom are you going to listen?

My authority for the fact that teen-age sex-control is an anachronism is Madonna. "Papa don't preach," she sings. "I'm gonna keep my baby." She is months-- nine months to be precise--beyond the question of sex. Her mind's already on motherhood.

(Kids are immersed in a mass culture that relentlessly says yes. A squeak from the schools saying no, or a tacit signal saying maybe, is not going to make any difference. To pretend otherwise is grossly to misread what shapes popular attitudes. What a school can credibly tell kids depends a lot on whether they grew up on the Pillsbury Doughboy or on a grappling group of half-nudes spaced out on Obsession. [34]

One cannot tackle the problems of poverty among children, especially the problems of teen-age pregnancy and out-of-wedlock birth, without facing the social behaviors taught by popular culture. But we must also face the fact that AFDC is no longer a program mainly for widows. It helps many divorced or separated women to get through a period of temporary need. But it has also become a program that finances increasing numbers of out-of-wedlock births.³⁵

No wonder that the chairman of the Senate Subcommittee on Social Security and Family Policy, Senator Daniel Patrick Moynihan announced at his first hearing in the 100th Congress that it is too late to reform AFDC and proposed replacing it with something entirely different. He called AFDC obsolete, saying that it "grew and grew and grew" until now it supports 7 million children and pays more than \$15 billion in benefits a year. Such a program, he continued, "will not be

supported in a world where mothers are poor because they are unsupported by their divorced husbands or because they are unwed. A program that was designed to pay mothers to stay at home with their children cannot succeed when we now observe most mothers going out to work."³⁶ The time seems unusually auspicious for common action.

Other Behavioral Dimensions

In addition to the conventional disaggregations of the poor already noted other behavioral dimensions also shed light on the condition of dependency. Where do the poor live? How do they house themselves? What is their relation to the labor force and to employment? Income aside, what are their actual expenditures? There is, finally, the question of the worst affliction visited on the poor, or at least upon some of them, an affliction far worse than the mere fact of low income: being victimized by crime.

The Geography of the Poor

It may come as a surprise that some 70 percent of the population with incomes below the government poverty line live outside the largest 100 cities.¹ About 10 million live in rural areas, about 9 million in suburban areas, and about 14 million in cities small and large. More of the poor live in the South (12.9 million persons), the largest region, than in the Northeast and the West together (5.8 million and 6.2 million, respectively).² Just the same, large urban inner-city areas do contain many of the pathologies associated with the meanest sufferings of the poor, which properly shock the conscience of the nation.

The lower cost of living, lower crime rates, and generally pleasanter surroundings outside the cities make rural poverty appear to be less grinding. Higher wage rates and typically higher benefits, however, have drawn millions of migrants from rural areas to the cities, and greater urban opportunities have over the years helped many to exit from poverty.

We have already noted the special poverty of families headed by women. These, alas, are concentrated where such poverty is worst: almost half of all such poor families (44 percent) live in center cities (see table 4-1). Another

TABLE 4-1

Families Headed by Women, by Residence, 1983
(million)

	<u>Total</u>		<u>Below Poverty Line</u>	
	<u>No.</u>	<u>Percent</u>	<u>No.</u>	<u>Percent</u>
<u>Total</u>	9.9	100%	3.6	100%
In metropolitan areas	7.2	73%	2.5	69%
Center cities	3.9	39%	1.6	44%
Suburbs	3.3	33%	.9	25%
In rural areas	2.7	27%	1.0	28%

Source: Census Bureau, Characteristics of the Population below the Poverty Level: 1983, Series P-60, no. 147, table 9.

million (28 percent) live in rural areas.³ There, too, and among whites, the new morality--families headed by women, out-of-wedlock pregnancy--seems slowly to be growing, fed by the same popular culture, supported by the same availability

of Aid to Families with Dependent Children (AFDC).⁴ Cause and effect are not clear, but the development is clear enough.

Where do poor children live? Most poor white children live either in rural areas (43 percent) or in the suburbs (29 percent), 28 percent in center cities. For blacks these proportions are nearly reversed: 58 percent of poor black children live in center cities, only 28 percent in rural areas, and 14 percent in suburbs.⁵ These proportions roughly follow the distributions of the total black and white populations.⁶

Poor white children in rural areas are probably not suffering under the harsh conditions most poor black children meet in urban areas. Although they belong to families whose incomes fall below the poverty line, their condition may seem relatively close to that of many of their nonpoor companions. By contrast, poor black children are concentrated in areas where other hazards may be worse than falling below the official poverty line. To be below the poverty line in rural areas of Utah, Kansas, or Maine may not imply dependency or dysfunction, but below-poverty living in center-city Chicago, Cleveland, or New York often does.

In general, then, white child poverty is predominantly a rural-suburban problem, but the poverty of black children is predominantly an urban problem. 2.5 million of the 4.1 million poor black children under eighteen live in central

cities. Four fifths of them are living with a single parent, usually their mother.⁷

Geography is one of the defining characteristics of the "underclass," concentrated as we have seen in high-poverty census tracts in center cities. Indeed, 60 percent of all AFDC cases are concentrated in only ten states, each of which contains one or more such urban areas (see Appendix).

How are the Poor Housed?

Of the 7.6 million poor families in 1983, 3.1 million lived in owner-occupied units (41 percent).⁸ This is important not only for the sense of independence it engenders but also for affording at least a modest capital asset amid the contingencies of life, and to pass on to the next generation. For the poor as for most other Americans, home ownership constitutes by far the largest portion of net worth. Home ownership is a sign of higher economic status, achieved either through inheritance or through a sufficiently steady income to pay the costs of down payment, mortgage, and property taxes, even though income in some years may fall below the poverty line.

Table 4-2 shows that in 1983 almost as many poor families lived in central cities (35 percent) as in rural areas (39 percent). But 56 percent of the poor who lived in rural areas owned their own homes while only 23 percent in central cities did.⁹

In 1983 not quite 60 percent of poor families were renters. A quarter of these (15 percent all poor families) lived in subsidized or public housing. As might be expected, younger poor families tended to rent. Only by the age of forty-five did heads of poor families who owned their own homes begin to outnumber heads who rented. Accordingly, the median age of all home-owning poor people was forty-eight, and of renters thirty-three.¹⁰

TABLE 4-2

Home Ownership by the Poor,
by Area of Residence, 1983
(Percent)

<u>Area of Residence</u>	<u>Poor Families Living in Specified Areas</u>	<u>Poor Owning Homes in Each Area</u>
Total	100	41
In rural areas	39	56
In suburbs	26	42
In center cities	35	23

Source: Census Bureau, Characteristics of the Population below the Poverty Level: 1983, Series P-60, no. 147, table 23.

Female heads of families with related children under eighteen are overwhelmingly renters. Twice as many poor families with related children under eighteen rent as own. Many of the families who rent--some 1.8 million whose householder is under sixty-five--have no worker at all earning income.¹¹

Some 85 percent of the families in poverty areas in central cities are renters, 41 percent of them in publicly

owned or subsidized housing.¹² In large rental units crime, vandalism, and other offensive behavior by just a minority of tenants can turn the home life of others into misery. Rules for acceptable behavior are often absent or are not enforced. Noise, disorder, disrepair, and disrespect for property are often unchecked.

Still, although it appears that low-income rural families have significant advantages in home ownership, a low-cost environment, and safety, dependency can exact its toll even in rural settings. Here lack of jobs and isolation play a far clearer role than in the cities. Henry Caudill described a region in Kentucky for the Washington Post:

"The major health problem in this region is just plain depression. If they could go out and work it would do more for their health than anything that could be done." Entire hollows, he said, of 30 to 40 families are on welfare and food stamps. "As their children grow up, they emulate the people they see growing up.... We have a medical condition down here--the Appalachian syndrome, the chronic, passive dependency syndrome, in which people just give up. They don't commit crimes or steal. They just stay home." [13]

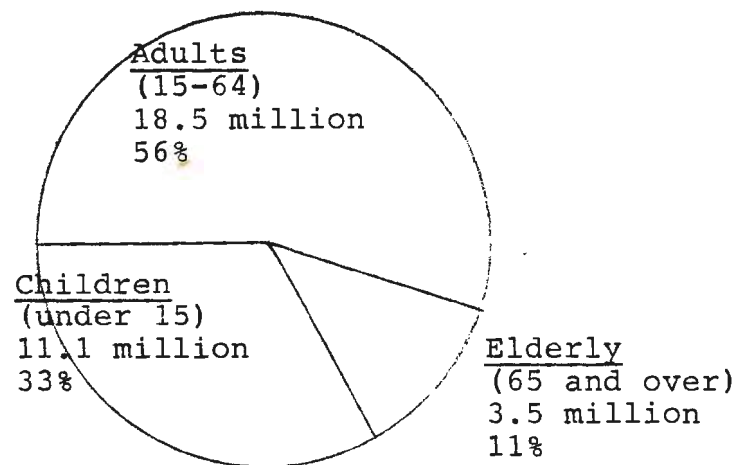
Charles Murray and others have reported that dysfunctional behaviors once thought to be chiefly confined to urban settings, including increased rates of illegitimacy and prolonged dependency on welfare, are spreading rapidly to rural areas, too.¹⁴

Employment and Employability

Some 11 million of the poor (33 percent) are too young (under fifteen) and 3.5 million (11 percent) too old (sixty-

five and over) to be in the labor force. Only a little over half the poor (56 percent) are adults of working age, and these include the disabled. It is useful to keep these proportions in mind in thinking about the work efforts of the poor.

Figure 1
Poverty Profile by Age, 1985



Source: Census Bureau, Money Income and Poverty Status: 1985, Table 15.

Still, this image needs to be corrected by another. In the historical human pattern, an adult generation cares for its elderly members and for its children. To carry this burden well, that generation needs the earnings that come from work. But today a significant population of able, nonelderly adults stay on welfare for more than two years (and sometimes for more than one intermittent spell).¹⁵ Rather than supporting the elderly and the young, they themselves are long-term dependents. For most such persons,

a change in family structure is the precipitating cause of dependency but, as Lawrence Mead writes, "the next most important cause is limited working hours."¹⁶ Mead finds that dependents seek work less frequently than others and also work less.

Mead presents a table that demonstrates the dramatic effect of work in reducing poverty (see table 4-3). For families with even one worker, poverty rates are cut in half. With two workers, this half is again substantially

TABLE 4-3
Poverty Rate for All Families
and Female-headed Families,
by Selected Employment Characteristics and Race, 1985
(Percent)

	All Races	White	Black	Hispanic
All families				
Total	11.4	9.1	28.7	25.5
Number of workers				
None	30.1	23.0	68.9	71.8
One	16.0	12.9	34.9	30.5
Two	4.6	4.2	8.3	10.8
Three or more	3.2	2.6	8.3	6.9
Female-headed families				
Total	34.0	27.4	50.5	53.1
Number of workers				
None	72.8	64.8	86.6	90.2
One	30.5	24.8	44.9	43.8
Two	10.9	8.3	20.8	16.9
Three or more	7.7	4.9	15.1	6.2

Source: U.S. Department of Commerce, Bureau of the Census, Money Income and Poverty Status of Families and Persons in the United States: 1985, Table 19.

reduced. For example, the poverty rate for black families with no workers, is 69 percent; with one worker, 35 percent; with two workers, 8 percent. Clearly, work is an effective path out of poverty, and the number of workers per family matters a great deal.

Like others, nearly all the poor depend for income -- and that means work -- on their heads of household. Using 1984 figures, Peter Gottschalk and Sheldon Danziger argue, however, that just over half the 14 million heads of poor households should be thought of as "not expected to work." By this they mean those over sixty-five, or disabled, or full-time students, or women with a child under six. Of the half who are expected to work, they report, roughly equal numbers did not work at all, worked a full year, and worked part of the year--although in the last two categories the hours worked per week were not always full time (see table 4-4).

Table 4.4

Work Experience of Poor Heads of Households 1984

	<u>Number</u> <u>(millions)</u>	<u>Percent</u>
Total	14.1	100
"Not expected to work"	7.5	53
Worked 49 weeks or more	2.1	15
Worked 48 weeks or less	2.4	17
Did not work at all	2.1	15

Source: Danziger and Gottschalk, "Poverty and the Underclass."

Gottschalk and Danziger conclude that "workfare" or "job creation" strategies would affect barely more than half the poor. If targeted mainly on those who do not work at all, such strategies would affect only 15 percent of poor heads of households (and, of course, their dependents); and if part-time workers were included, another 15 percent. In their view just over half the households of the poor are beyond the reach of job creation and workfare.¹⁷

Except for the elderly, however, the Gottschalk-Danziger definition of "not expected to work" is very loose. They are correct that among the poor are many students, disabled persons, and mothers with children under six; and they suggest that persons in such categories are normally "not expected to work." Among the nonpoor, however, many full-time students do work (at least part time and during vacations), many disabled persons work, and many mothers with children under six work. Shouldn't the poor "be expected to work" at least at the levels of the nonpoor?

Moreover, Census Bureau surveys in 1985 found that only 1.3 million (13 percent) of the poor ages 15 to 64 reported that they did not work during the year because they were "unable to find work." Of those poor who worked, but only part of the year, 60 percent cited factors other than inability to find a job as their reason for not working full time. A shortage of employment opportunities is not reported by the poor as the major reason for not working.¹⁸

Failure to work, in any case, is clearly a major cause of poverty. In 1984 among all poor mothers of children under eighteen, for example, only 9 percent worked full time for at least forty weeks; another 30 percent worked either fewer weeks or only part time. Among those with children older than six, only 12 percent worked full time for at least forty weeks.¹⁹ In brief, employment rates for poor mothers with children under eighteen are significantly lower than for nonpoor mothers with children.²⁰ In general, poor mothers are less often employed, and many also suffer from the absence of another adult earner.

Labor-force participation rates (that is, rates of working or seeking employment) are clearly lower among the poor than among the nonpoor. This is particularly striking both among young males and among young female heads of families. It is considerably more true of blacks than of whites.²¹

Lawrence Mead points out that the reasons offered in earlier years for lesser work by the poor have lost much of their force: that jobs are not available, or are "mismatched" to the skills of the poor, or are geographically "inaccessible," or cannot be taken until more childcare is available. These are not reasons given by most of the poor, and researchers have been unable to find much evidence to support them.²²

Mead also points out that the traditional image of unemployment -- the sole breadwinner thrown out of work --

is valid for considerably less than half of today's unemployed. More than half of job seekers left their earlier jobs voluntarily or are just coming into the labor force (for the first time or after an absence). About a third of workers today are workers from families in which someone else is also working.²³ Most of the unemployed are not so for long; half have been unemployed for seven weeks or less.²⁴ The American tendency to move in and out of jobs is high, a sign of confidence in job prospects; accordingly, the major part of today's unemployment is due to turnover, not lack of jobs. The economy has seldom produced more jobs faster than during the past fifteen years. Never has so high a proportion of adults ages sixteen and over been employed.²⁵ And in only two decades in the past has a larger stream of immigrants entered the country, mostly to claim jobs at lower entry-level positions.

Employment is always concrete and local, in the sense that a person seeking a job must be matched with a specific employer. Thus even though, nationally, low-skill entry jobs may be available, certain local communities or urban centers may have been so hard hit by severe unemployment that far fewer jobs at all levels are available than elsewhere. Mead's work shows that one may not licitly generalize from such areas to the nation as a whole, and that arguments made from national data may not apply in specific geographical areas.

Mead argues that in most places jobs are in general not unavailable to nonworkers but unacceptable to them, because of low wages or unpleasant conditions. "Working welfare mothers and low-income black youths themselves say they usually can find minimum-wage jobs fairly easily," he writes.²⁶ Moreover, the fastest-growing occupations for the foreseeable future, he continues, are and will be relatively lowskilled -- hospital workers, maintenance workers, cashiers, waiters, hotel workers. "To get some job today, workers usually need offer employers no more than literacy, obedience, and the ability to get to work on time."²⁷ The alleged mismatch of location between job seekers in the city and jobs in the suburbs fails inspection.²⁸ As for child care, most working mothers, poor or not poor, arrange care informally through relatives, friends, or neighbors.²⁹

For about two decades, the work effort of the poor has declined. Until recently, little in the welfare system insisted that recipients had an obligation to work. Such requirements as there were proved easy to take lightly (by seeking work in a purely formal way, for example, without really seeking it). Meanwhile, the out-migration from high-poverty areas of persons who did work for a living often left behind an increasingly large proportion of able adults who did not work, and a pattern of nonwork took hold.

The recent report of the American Public Welfare Association attacks this problem head-on, with an eloquent statement on community and self-reliance.

Family self-sufficiency depends on employment. Unless you are prepared to say -- and we are not -- that single parents shall always be dependent on welfare, our policies should encourage parents to be qualified to enter the work force, and to take part in the community around them.

Children do not benefit, in the long run, from having the single parent at home fulltime if they do not also learn about self-sufficiency and the options available to them in the larger community. Self-responsibility and community involvement are more readily apparent to a child if the parent sets such an example. In all the rhetoric about self-sufficiency and an end to welfare dependency, we too often forget that the routine of job seeking and job retention are not routine in some families because no family member has ever held a job. Maintaining connections to the community, even when the children are infants, is desirable because it radically reduces the isolation of poor young mothers and heightens opportunities for single parents to work and gain self-sufficiency (*italics added*). [30]

The public climate has changed and the national ethos is regaining its vigor; thus the prognosis for a resurgence of the work ethic is better than it has been for some time. Fortune magazine anticipates that by the end of the 1990s the United States will have created 13 million new jobs and, given the smaller cohort of workers coming along after the "baby boom," severe labor shortages are likely to appear.³¹ The time for replacing dependency with patterns of work is opportune. Most welfare recipients who have been obliged to work as a condition for receiving benefits report being happy to work.³² Work satisfies human longings for social belonging, independence, achievement, and responsibility. It is a mistake to overlook its profound psychological importance, precisely for persons already suffering from low self-esteem. Work not only cuts poverty rates quite sharply; it also quite sharply raises morale.

More Resources Than Meet the Eye

Even without reporting employment, the poor report annual expenditures that exceed their reported annual income. We can gain considerable insight into their actual preferences -- and their condition -- by studying these reported expenditures.³³

Common sense leads us to expect that reasoning people, aware of the hazards and contingencies of life, will normally husband resources to have them available for expenditure during periods when their income is low. For example, one family out of work for three months during one year may suffer a sharp decline in annual income but keep its expenditures constant by drawing down assets. Another family may ride out periods of low income without lowering its expenditures through the use of government transfers. And a third family may show a pattern of annual expenditures significantly larger than its reported income through drawing on the underground economy, the dimensions of which may be quite large.³⁴

Such considerations may help to explain the findings of the latest comprehensive government survey of household expenditures (made in 1984), which showed that the expenditures of the lowest 40 percent of income earners substantially exceeded their reported pretax income. For the poorest 20 percent total expenditures were actually over three times as great as pretax income.³⁵

Furthermore, through their actual patterns of expenditure, the poor express their own perceptions of need in ways quite different from the expectations of the official definition of poverty. That definition assumes that poor families and households will, on the average, devote one-third of their expenditures to food.³⁶ In 1984, however, the poorest fifth of all urban households devoted only 19 percent of their expenditures to food. For households headed by persons under twenty-five years of age and with an income under \$5000 per year (households by the official definition clearly in poverty), 21 percent of expenditures were devoted to food. In households headed by a person over sixty-five and with a total money income of less than \$5,000, the fraction allocated to food was less than 20 percent. No identified group in the United States today allocates a third of its expenditures for food (see table 4-5).

Nor can it be maintained that, on the average, the diet of the poor is deficient in caloric intake. Food consumption by the poor is not widely discrepant in nutrient value from that of the not poor (see Appendix). Some of the poor, however, do not avail themselves of nutritional values well within their reach, less because of low income than because of habit. Anecdotally, an account of the diet of poor children in Appalachia makes this point:

[Henry Caudill] says the government food programs for women, infants and children give out nutritious foods such as cheese to tradition-bound people who simply won't eat it. "They want beans, corn bread and pork.

Things they are accustomed to. You have people who are poorly nourished who drink three or four Cokes a day. A large problem is not the availability of food but the knowledge of how to use it." He said people who work in grade school cafeterias tell him they throw away half the lunch food. "That's because the menus call for things the children aren't accustomed to." [37]

TABLE 4-5

Food expenditures as a Percentage of Total Expenditures for Selected Urban Households, 1980-1981 to 1984

	<u>1980-81</u>	<u>1982-83</u>	<u>1984</u>
Black households	20.6	17.9	17.5
White and other households	18.6	16.5	15.4
Householder under 25, Income less than \$5,000	22.4	20.9	n.a.
Householder over 65, Income less than \$5,000	24.3	19.3	n.a.

n.a. = not available.

Sources: Bureau of Labor Statistics, Consumer Expenditure Survey: Interview Survey, 1980/81 (Washington, D.C.: Department of Labor, April 1985); idem, Consumer Expenditure Survey: Interview Survey, 1982/83 (Washington, D.C.: Department of Labor, February 1986); and idem, Consumer Expenditure Survey: Interview Survey, 1984, (Washington, D.C.: Department of Labor, August 1986).

This anecdote shows that there are ranges both of provident and of improvident behavior among the poor, as well as among the affluent. It suggests, too, that the diets of Americans vary widely by ethnicity and custom. Finally, it dramatizes how choice is today of higher significance than ever before. This bears out the general point of this section, that expenditures, for food among other

things, may tell us more than income figures do -- and things that income figures by themselves cannot.

Crime

The civil right of the poor most often violated today is their right to the integrity of life, limb, and property. Of all the sufferings of the poor, those from crime may be the most oppressive. In census tracts of high-density poverty in inner cities, a significant percentage of the population falls victim to some crime every year. Over a lifetime the chances are that almost everyone is a victim more than once. High rates of drug abuse, murder, rape, robbery, larceny, and burglary demonstrate flagrant disregard for the humanity of others. Disproportionately, these crimes are committed by young black males.

To have an involuntarily low income is not good; to lack public protection of one's basic right to safety is considerably worse. That the protection of this right is now ineffective is clear enough.

- o Only 20 percent of reported crimes are ever solved.
- o Among households with annual incomes under \$7,500, only 40 percent of burglaries and fewer than one-third of all household crimes are even reported.
- o Fewer than 30 percent of those convicted of crimes of violence against persons or serious property crimes

- are sentenced to prison. Just over 70 percent are sent back into the community on "felony probation."
- o Some 65 percent of those on felony probation are re-arrested for similar crimes within three years.
 - o Twice as high a proportion of households of the very poor are burglarized each year as of the affluent.³⁸

Table 4-6 is particularly heart-rending. Low-income households have far fewer valuable goods and are far less able to absorb losses. Personal property is about all the capital the poor possess. They often cannot even obtain (if they can afford) property insurance. Hence, as James K. Stewart puts it, "The theft of a TV, furniture, or car can be devastating. Robberies of cash or checks -- for rent, welfare, or Social Security -- may at one stroke eliminate a family's ability to pay for home, food, or future."³⁹

TABLE 4-6
Burglaries, by Household Income, 1983
(Percent)

<u>Income</u>	<u>Households Burglarized in Year</u>
\$25,000+	6
\$15,000-24,999	7
\$10,000-14,999	7
\$ 7,500- 9,999	7
\$ 3,000- 7,499	9
Under \$3,000	12

Source: Bureau of Justice Statistics, Criminal Victimization in the U.S., 1983.

Personal violence in urban poverty areas adds to low income an environment of terror. The leading cause of death for black males ages 15 to 24 is homicide. Some 1,700 are murdered every year. Around them is an arena of muggings, beatings, rapes, and robberies.⁴⁰

The costs of crime to the poor are not only direct, in financial loss and personal terror, but also indirect. Traditional means by which the poor have advanced themselves -- overtime, moonlighting, night school -- must often be forgone.

Why risk a late job or night school if the return home means waiting at deserted bus stops? . . . A secretary declines overtime activities if they extend into the evening. . . . A husband gives up night school rather than leave his wife and young children at home. [41]

Crime lowers property values, making it harder for the urban poor to accumulate capital and to borrow money. Crime is one of the major reasons why businesses in central cities restrict operations, relocate, sell, or close down. The influence of crime on investment decisions is greater than the influence of high taxes or labor costs. Businesses in high crime areas face sharply higher operating costs, including higher labor costs and investments in a security force, improved lighting, alarms, metal grills for windows and doors, and (if it is available at all) extremely expensive insurance. Such costs are often the difference between survival and failure.

In addition, many good employees and talented managers may refuse employment in crime areas, suppliers may refuse delivery, and customers may be frightened away.

Neighborhood deterioration usually starts with an increased sense of fear and vulnerability. Commerce slows; people go elsewhere to shop and stay off the streets in the evening; stores put in alarms and bars in the windows; going-out-of-business sales increase, and as businesses change hands, the quality of merchandise declines and prices rise. Buildings get shabbier and some are abandoned. Disorderly street behavior increases. Investments and loans dry up. People who can afford to move out of the area do; schools deteriorate; and the whole community slides down the spiral of economic and social decline. [42]

Life in a high-crime environment is a torment far beyond the difficulties imposed by low income. Reducing crime in poor neighborhoods would remove a scourge. It would lift a heavy and oppressive weight from the shoulders of the poor, freeing many energies for productive and creative self-advancement. It would raise morale. It would reflect respect for basic human dignity.

What Do These Findings Mean?

Reflecting on the Evidence

This long exercise in disaggregating the poor has many practical benefits. First, it demonstrates that, by far, most of the poor live in families--four-fifths in families, three-fifths in families with children under eighteen. It suggests that the 3.5 million elderly poor could be removed from the poverty rolls by the careful execution of programs already in place and by adjustments to cover new realities such as the "elderly-elderly" (or "the frail elderly," as they are sometimes called). It has helped us call attention to the relatively small number--but growing proportions--of the young singles under age thirty-five among poor "unrelated individuals."

We were also able to see that the 3.1 million female-headed families with their 6.7 million children under eighteen constitute almost as many of the poor as married-couple families (2.3 million couples with 5.4 million children)--about 10 million each. But there is one major difference: each of the married-couple families has, as a potential or actual income earner, an additional adult. Then, too, the larger number of female-headed families includes a larger number of children, some 54 percent of all children in families below the poverty line.

Moreover, in paying attention to the young black male, we were able to see that most are performing admirably but that significant numbers, living mainly in high-density poverty tracts in central cities, are not meeting their obligations to themselves or to the commonweal. The geographical concentration of such young males drew our attention to the condition of the so-called "underclass" of some 4.1 million poor blacks and Hispanics in the same high-density poverty tracts. There, we found, dwell most of the poor black children, a large majority of whom have in recent years been born out of wedlock, and also most of the poor black female-headed householders, few of whom were employed full time, year round. In such locations, in particular, but by no means solely in such locations, the new dependency is especially vivid.

Female-headed households and nonwork, we learned, contribute heavily to the low income of the poor. In a sense, low income is far from being the greatest disadvantage they endure. Worse than to live on a low income is to lack the pride that comes from work and self-reliance and the sense of participating in the common tasks of a local and a national community. Internally, some of the adult poor suffer from a lack of preparation for active employment and its necessary disciplines, aptitudes, and attitudes. Externally, many suffer from the threats or actual deprivations of criminals who prey most upon those who can afford losses least.

For the elderly, national policy has long since determined that none ought to live in poverty; all should live in decent circumstances.

For able singles, wages from full-time work even at the minimum wage would bring them to a decent standard of living. Finding such work depends in part upon an open and growing economy and in part on themselves.

Most poor married-couple families and their children can attain a decent standard of living if both parents work full time at the minimum wage or higher. For married-couple families, a growing economy and rising wage rates would suffice to set the stage for their exit from poverty.

But with regard to poor female-headed families, a growing economy alone is not likely to be enough. One income earner alone cannot support children unless her job pays considerably more than the minimum wage. So how can the number of female-headed families be reduced? Some 46 percent of the children of AFDC mothers were born out of wedlock; the parents of another 20 percent had separated informally. If such numbers are to decrease in the future, so that the lot of newborn children will be more hopeful, both a change in social behavior and parental assumption of responsibility are necessary.

Both absent fathers and AFDC mothers would benefit by having full-time work, year round, even at the minimum wage. Their pride and dignity would be helped, even if their financial situation were little better than with welfare

alone. The rising tide of support for work and other obligations on the part of recipients may lead to a public change of signals, incentives, and reinforcement of obligations. If so, current self-damaging trends in family life may be reversed. If not, the national picture may become more bleak.

At the heart of the poverty problem in 1987 is, then, the problem of behavioral dependency. Thus, the public must become quite clear about behaviors it applauds and behaviors it rejects. Major institutions must weigh the signals that they have been sending out. The poor suffer most from their own dependency; those who unintentionally set the stage for it must now help to free them from it. So long as dependency continues, something in our common life is going wrong--and we must right it. What do such findings imply? Where do we go from here? To these questions we turn next, first with reflections, then with recommendations.

Some Lessons Learned

Twenty-five years ago, as we have seen, President Kennedy without hesitation stressed "the integrity and preservation of the family unit." He affirmed that public policy "must contribute to the attack on dependency...family breakdown, illegitimacy."¹ Commending the president, the New York Times editorialized the next day: "No lasting solution can be bought with a welfare check. The initial cost will

actually be higher than the mere continuation of handouts. The dividends will come in the restoration of individual dignity and in the long-term reduction of the need for government help."²

These high hopes have not been borne out by the experience of the American family since 1962. But something important has been learned. In the first era of the War on Poverty, it was widely thought that two simultaneous efforts would be sufficient to defeat poverty: first, sustained economic growth ("a rising tide lifts all boats") and, second, opening up the social system to opportunity for all, chiefly through the heroic achievements of the Civil Rights movement. As we have seen, the prosperity of the past twenty-five years has raised the condition of the poor in many often overlooked ways: in health, education, income, housing space per person, the list of "necessary" household appliances, and the like. The Civil Rights movement demonstrably improved the civil, political, and economic status of minorities. Still, the condition of some of the poor--female-headed families and the underclass--seems to be less hopeful than it was before. If for such groups economic growth alone is not the answer and if the opportunity afforded by the dramatic achievements of the generation since the 1960s is not the answer, what is?

An unwillingness of able adults who receive benefits to work steadily when work is available would not seem right to those who believe that citizenship entails duties as well as