

# The origins of “dependency”: Choices, confidence, or culture?

by David T. Ellwood

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It is hard to miss the profound shift in emphasis and tone that has occurred in poverty discussions over the past ten to fifteen years. A decade or two ago, the academic debate and to a large degree the popular debate often focused on matters of adequacy, labor supply responses, tax rates, and opportunity. “Dependency” is the current preoccupation. The American Enterprise Institute (AEI) Working Seminar on the Family and American Welfare Policy boldly claims a “new consensus on family and welfare” and focuses its report almost entirely on the problem of “behavioral dependency.”<sup>2</sup>

The transformation of the debate is extraordinary, for a focus on dependency represents more than a change of terms. It represents an implicit shift in behavioral models. In earlier debates, economists seemed to dominate, with their emphasis on static choice models: Behavior could be understood by examining the choices people faced at any point in time, and changes in behavior could be made by altering the available choices. Now the talk is often about lost confidence or distorted values that leave the poor with little sense of what their choices really are and little desire to take control of their lives. But the consensus claimed by the AEI Working Seminar is actually much thinner than it first appears. Considerable confusion and debate remain over whether welfare use and poverty are best understood by examining the choices people face or the values they possess.

This paper is drawn from an extensive review of academic literature in many disciplines. In it I attempted to find models most applicable to dependency and to compare with existing academic research the predictions that come from such models. Here I summarize a few key findings.

## Models of dependency

Three types of models seemed particularly helpful in attempting to interpret dependency: rational choice models, expectancy models, and cultural models. Each emphasizes different factors and a different conception of behavior. In simple terms, they respectively emphasize choices and incentives, confidence and control, and values and culture. They loosely correspond to the disciplines of economics, social psychology, and anthropology, respectively. Unfortunately, models which emphasize major differences by class and the large societal forces that create and shape such classes could not be included because they cannot be as easily subjected to traditional tests, which focus on individual behavior. The reader should realize that such models suggest that a preoccupation with the attitudes and behavior of the “dependent” is myopic, and that judgments about values cannot be made without understanding larger social forces.

My review compared the predictions of the models and the empirical findings in four areas: (1) static work, welfare, and poverty patterns; (2) the duration and dynamics of welfare; (3) family structure patterns and correlates; and (4) policy influences on work and welfare. The predictions of the models in the four areas are summarized in Table 1.

## Choice models

The dominant paradigm in economics and policy analysis is the rational choice model. According to such models, long-term welfare use would be seen as a series of reasoned choices in light of the available options. Naturally both the characteristics of the welfare system and the nature of outside opportunities will influence such use.

Rational choice models suggest that individuals examine the options they face, evaluate them according to their “tastes and preferences,” and then select the option which brings them the greatest utility or satisfaction. Thus to understand behavior, both choices and preferences must be understood. But in actual practice, the emphasis in rational choice models is on understanding the choices people face and the ways these choices change. Preferences are treated as exogenous and unchangeable.

Yet one of the most striking ironies in the current debate is that the term “dependency” has almost no currency in a rational choice framework. Many who worry about depen-

**Table 1**  
**Different Predictions of Choice, Expectancy, and Cultural Models**

	Choice Models	Expectancy Models	Cultural Models
Static work, welfare, and poverty patterns	Closely linked to factors influencing potential earnings	Noneconomic factors such as marital status also important	Concentrated deprivation and neighborhood characteristics closely linked to poverty and welfare
	Mixing work and welfare uncommon	Perceived control critical	Intergenerational transmission of poverty and welfare  Attitudes and values different among the poor, especially in areas of concentrated poverty
Welfare duration and dynamics	Earnings exits rare	Welfare relatively dynamic with earnings exits more common	Welfare short-lived for those with positive attitudes
	Earnings exits closely tied to economic variables	Earnings exits also linked to noneconomic variables such as marital status and perceived control	Welfare durations linked to neighborhood characteristics
	Difficulty of leaving welfare changes little with time on the program	Welfare can "trap," making it harder to leave the program as time goes by	
Family structure patterns and correlates	Economic variables such as welfare benefits, earnings of men, and earnings of women important	Confidence, perception of control, and evidence of past failure influence births to unmarried women  Less clear predictions on divorce and separation patterns	Attitudes and neighborhood attributes quite critical  Family history in welfare important
Policy influences on work and welfare	Benefit levels and other incentives are critical	Human side of welfare more important than incentives	Conservative thinkers call for greater obligations and expectations
	Training or other methods to raise earning potential helpful	Policies which increase confidence and control most helpful	Some liberals call for more choices and control
		Supplemental supports such as day care and medical care more important than pure financial benefit in helping people leave welfare	

dependency speak of perverse values and irresponsible behavior. In the popular mind, those on welfare are failing in their duties to self and society. Or the inhumane structure of the welfare system robs people of their dignity and self-esteem, reducing their ability and willingness to gain control over their own lives. Dependency thus often implies a change in values (preferences) as people acquire the "welfare habit" and/or limited motivation in the first place. Traditional choice theories usually don't consider either possibility.

Of course one could use the choice model while suggesting that dependency is the result of "bad" preferences rather than "bad" choices, but economists almost never question

the legitimacy of particular preferences. And the power of these models seems much greater in evaluating choices than in understanding the nature or appropriateness of particular preferences. Thus to distinguish between "choices" and "culture" as explanations for dependency, I stipulate that the choice model seems to work best when reasonable people face unreasonable choices. When people face reasonable choices, but behave unreasonably, then there is support for the cultural models.

The Committee on Ways and Means of the U.S. House of Representatives recently provided a table showing what the work-welfare options would look like for a woman with two

children living in Pennsylvania under current law. That table is reproduced here (Table 2). It shows that a woman earning \$10,000 per year (roughly \$5.00 per hour and over 50 percent above the national minimum wage at this writing) is only slightly better off than one who does not work at all. Her disposable income will have risen only about \$1,500. She will have lost her Medicaid protection<sup>3</sup> and her \$5.00 per hour job may not offer much protection to replace it. Even if she finds a job paying \$15,000 per year (\$7.50 per hour), her disposable income will be only about \$2,500 higher than that of a woman who does no work and collects welfare. With a job paying the minimum wage (\$3.35 per hour), her disposable income will be roughly the same if she works or doesn't work.

Table 2 suggests rather strongly that, at least under current law, work often makes little financial sense unless (1) the woman works full time; (2) she commands a wage well above the minimum; (3) day care costs are low; (4) available

welfare benefits are low. In general one would expect these conditions to be true for women who were well educated, had previous work experience, had older children, had relatively few children (since the number of children affects both benefits and day care costs), and who lived in low-benefit states. Thus the rational choice model predicts that these factors ought to play a major role in determining the level of work.

One of the more interesting and striking results of the choice model is that, absent opportunities to leave welfare through marriage or other nonemployment routes, people ought to stay on welfare a long time. The model suggests that it is hard to earn one's way off welfare. Thus it predicts that earnings exits would be rare, and that they ought to be particularly rare for those with low earning potential, high work expenses, or high welfare benefits.

Of course, even though earnings exits would be relatively uncommon in this model, other reasons for leaving welfare

Table 2

**Earnings and Benefits for a Mother with Two Children with Day Care Expenses, after Four Months on Job (January 1989; Pennsylvania)**

Earnings	EITC	AFDC <sup>a</sup>	Food Stamps <sup>b</sup>	Medicaid	Taxes			Work Expenses <sup>d</sup>	"Disposable" Income
					Social Security	Federal Income <sup>c</sup>	State Income		
0	0	\$4,824	\$1,766	Yes	0	0	0	0	\$ 6,590 <sup>e</sup>
\$ 2,000	\$280	4,204	1,525	Yes	\$ 150	0	0	\$ 600	7,259 <sup>e</sup>
4,000	560	2,324	1,662	Yes	300	0	0	1,200	7,046 <sup>e</sup>
5,000	700	1,384	1,730	Yes	376	0	0	1,500	6,938 <sup>e</sup>
6,000	840	444	1,799	Yes	451	0	0	1,800	6,832 <sup>e</sup>
7,000	910	0	1,735	Yes	526	0	0	2,100	7,019 <sup>e</sup>
8,000	910	0	1,555	Yes <sup>f</sup>	601	0	\$ 168	2,400	7,296 <sup>e</sup>
9,000	910	0	1,375	Yes <sup>f</sup>	676	0	189	2,700	7,720 <sup>e</sup>
10,000	910	0	1,195	No <sup>g</sup>	751	0	210	3,000	8,144
15,000	434	0	0	No	1,127	\$ 668	315	4,200	9,124
20,000	0	0	0	No	1,502	1,418	420	5,040	11,620
30,000	0	0	0	No	2,253	2,918	630	5,040	19,159
50,000	0	0	0	No	3,605	7,816	1,050	5,040	32,489

**Source:** Committee on Ways and Means, U.S. House of Representatives, *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means* (Washington, D.C.: U.S. Government Printing Office, 1989), pp. 536-537.

**Note:** Under IRS rules, unless earnings at least equal AFDC (Aid to Families with Dependent Children), the mother generally is not a "head of household" eligible for EITC (Earned Income Tax Credit); but it appears that this rule is rarely applied. Example assumes the rule is not applied.

<sup>a</sup>Assumes these deductions: \$105 monthly standard allowance (which would drop to \$75 after one year on the job) and child care costs equal to 20 percent of earnings, up to maximum of \$320 for two children.

<sup>b</sup>Assumes these deductions: 20 percent of earnings (including EITC as earnings), \$102 monthly standard deduction and child care costs equal to 20 percent of wages, up to maximum of \$320 for two children.

<sup>c</sup>Head-of-household rates in effect for 1989.

<sup>d</sup>Assumed to equal 10 percent of earnings up to maximum of \$100 monthly, plus child care costs equal to 20 percent of earnings up to the maximum allowed by AFDC, and food stamps (\$320 for two children).

<sup>e</sup>In addition, the benefits from Medicaid could be added, but are not. Medicaid in fiscal year 1986 cost about \$1,994 for a three-person AFDC family (national average). In Pennsylvania, the cost of Medicaid for a three-person family in fiscal year 1986 was \$1,775.

<sup>f</sup>Family would qualify for Medicaid for nine additional months under 1984 federal law, which requires state to continue Medicaid that long for a family whose earnings removed them from AFDC, provided the family would have retained AFDC eligibility if \$30 monthly and one-third of residual earnings had been disregarded beyond four months.

<sup>g</sup>To regain Medicaid eligibility, family must spend down on medical expenses to state's medically needy limit (\$5,100, as of July 1987).

(notably marriage) might be high. Welfare benefits themselves are quite low, so on a purely financial basis, women who could find attractive marriage partners should be inclined to marry.

Given its predictions that earnings exits will be rare, that earnings exits will be closely related to factors influencing the relative attractiveness of work, and that people who do not find non-earnings-based ways off welfare will stay on welfare a long time, the choice model would be quite suspect if the welfare population were highly dynamic owing to earnings exits, and if many people stayed on welfare for a few years and then earned their way off.

One would also expect to see some response to changed incentives. If welfare benefits fell or economic conditions improved, one would expect to see fewer people on welfare and more people working. Choice models do not, however, necessarily predict that changed incentives will have large effects unless the available choices are changed rather dramatically. Even then, change may be modest if attitudes about work or child rearing are strongly held. Note that a choice-based model does not deny the role of culture and values in influencing decisions. What distinguishes the models in this discussion is an assumption (imposed by me) that values and preferences are not deviant. The claim is that reasonable people would choose welfare given the available choices.

There is some literature on the economics of marriage and divorce, pioneered by Gary S. Becker,<sup>4</sup> and the area has become more popular in recent years. This work often emphasizes potential gains to marriage created by “joint production,” specialization (with one person in home activities, the other in market activities), and returns to scale (arising from the fact that two can live more cheaply as part of a couple than separately). Generally such models suggest that increased earning potential of men will improve the appeal of marriage, increased earning potential of women may diminish it, and increased potential nonwage income outside of marriage (such as welfare) will diminish the gains to marriage.

But if one takes seriously the notion that, to use these models properly, choices ought to be carefully examined, one quickly discovers that the theoretical niceties vanish in complexity. Decisions to marry are contingent on expectations regarding childbearing, market work, and divorce, each of which is extremely complex as well. Thus determining what the relevant choices are and modeling them accurately is an almost impossible task. Nonetheless, certain economic factors seem likely to influence behavior. Welfare benefits ought to reduce the attractiveness of marriage and may encourage the formation of single-parent families. Low earnings or high unemployment of men would have a similar impact. The effect of increased earnings by women is ambiguous, but many believe the increase could have destabilizing effects in some contexts.

And if one believes that at least one economic factor ought to have an influence, then it seems illogical to argue that others will not also have an effect, unless we can show that they have vastly smaller economic consequences. Generally if financial choices played a key role in family structure decisions, then high earnings of men and low welfare benefits would both seem to be factors which create increased incentives for traditional families. The relative impact of these factors depends critically on the odds that a woman will marry or remarry or be on welfare and how much time the person will stay in a given position.

### **Expectancy models**

Expectancy theories typically posit a two-way relationship between confidence and sense of control on the one hand and what actually happens to people on the other. Those who succeed gain confidence; those who fail, lose it. Persons suffering repeated failure may lose “motivation.” People begin to fear failure so much that they cease to try for success.

According to these expectancy theories, dependency may result when people lose a sense of control over their lives—when they cease to believe that they can realistically get off welfare. People who are frustrated by their lack of control may be observed to exhibit two almost opposite kinds of responses: either an aggressive and potentially antagonistic response or a very passive and sedate one. People become overwhelmed by their situation and lose the capacity to seek out and use the opportunities available.

The expectancy models generally require thinking about much more than current choices. Past successes and failures as well as current perceptions are critical in models that emphasize confidence and control. And it makes less sense to model just one type of behavior (such as long-term welfare use) independent of the event which led the person onto welfare in the first place. Thus the picture of dependency is more encompassing and comprehensive, but inevitably the models are less well defined and harder to test.

Dependency could arise in several ways according to these scenarios. A married couple might divorce or separate for any of a myriad of reasons: unhappiness in the home, an extramarital love, abuse, economic problems, or whatever. But in contrast to the choice-based models, expectancy models emphasize that the divorce itself may profoundly affect the woman and her ability to cope with her environment. In some cases, the divorce may be evidence of the woman’s taking control of her life, a sign of increased confidence. In others, she might have feelings of failure and guilt. She may see herself as lost and isolated, without real options. How she feels about herself, how she perceives the world, and how she fares in her new situation will critically influence her behavior.

Generally we can assume that if the woman goes on welfare, she encounters additional forces that tend to diminish her sense of control and self-esteem. The welfare system, it is

argued, immediately pries into her private life. Administrators want to know her income and assets. They want to know where the father is. The newly single parent may be asked to return for numerous appointments, to return with new documentation (rent checks or earnings statements). She may be required to register for a variety of programs supposedly designed to help her, but which often seem more concerned about ensuring that she obey rules and regulations.

The system may even seem designed to thwart the efforts of those who seek to escape through their own work. If a woman has never worked before, she may have little idea of what to expect or how to get a job. She will be worried about possible effects of her absence on her children or the stress of work. If she finds part-time work, she not only gets no net increase in income (as the choice model emphasizes), she is faced with a welfare system which now identifies her as an error-prone case because her income will likely fluctuate month to month, so the welfare department may send out a check in the wrong amount. The system thus wants even more documentation and consultation with her to be certain she is not cheating. Finally, even if she does get off welfare, she quickly loses her medical benefits. This may be important not only because of the financial value of such coverage (the choice model would consider that), but also because of the psychological effect such a loss could have on women who fear that by working they are putting their children at medical risk.

Some women might react with anger and frustration to such a system and seek to escape it quickly. In common with the choice model, the expectancy models suggest that those in the best position to leave would do so. Others may try to gain control of their lives by "gaming" the system, that is, doing the minimum necessary to keep the checks coming. But many may lose what little confidence they had and feel more isolated from the rest of society. It is these women who lose the sense that they can control their destiny. The assumption is that the longer one stays in the system, observing the rules, getting paid by welfare rather than providing for oneself, the harder it becomes to break out.

The situation might be even more difficult for an unmarried woman. A young woman who is just starting to experiment with sex may not stop to consider the consequences. Once pregnant, she may feel frightened and helpless. If she decides to have the child, at a time when her life is particularly out of control, and must enter the welfare system, her sense of failure is heightened.

If the woman lives in a ghetto, her demoralization is even greater, according to advocates of the expectancy model. She may have done badly in school. The young men around her are often unemployed. Crime and drugs may heighten her sense of physical insecurity. She may have few ties of affection. She too may have become sexually active with little thought to the consequences, or she may knowingly have allowed herself to become pregnant. To a girl with little chance of escaping poverty or controlling her rather hostile

environment, having a baby may seem one of the few ways to gain some control and significance. Therefore she may decide to keep her child. But once the child arrives, there are new difficulties. She enters the welfare system and becomes embroiled in the same set of problems just discussed. The expectancy model applied to the ghetto has much in common with the cultural model, since it emphasizes problems in a setting of concentrated poverty. But it differs from the cultural model in its focus on control and sense of self-worth rather than on distorted values and antisocial attitudes.

In sum, expectancy models suggest that variables linked to control and confidence will influence dependency. They suggest that noneconomic factors such as marital status may play a key role. They imply that for some, welfare does become a trap, aggravating passivity and isolation. And they suggest that lack of control and isolation may play a critical role in family structure patterns.

### Cultural models

The last category is actually a rather uneasy collection of theories which typically emphasize that groups differ widely in values, orientations, and expectations. The most extreme version of these is the culture-of-poverty hypothesis. According to culture-of-poverty characterizations, those trapped by such culture are said to exhibit antisocial and counterproductive behavior. Ken Auletta defines the underclass as a group that "feels excluded from society, rejects commonly accepted values, suffers from *behavioral* as well as *income* deficiencies. [Italics in the original.] They don't just tend to be poor; to most Americans their behavior seems aberrant."<sup>5</sup>

The notion that culture or norms or preferences are critical influences on behavior is uncontested. All theories incorporate such a perspective. What distinguishes the cultural literature on dependency is its claims that values, attitudes, and expectations of certain subgroups are well outside the mainstream. For such adverse values to develop and persist, groups of people must be isolated geographically and socially from the rest of society. These people live in geographic areas of concentrated deprivation, where an "underclass" can be maintained.

The more conservative among those who espouse the cultural model acknowledge that persons living in ghettos do suffer disadvantages. Schools are not very effective. The jobs that such persons are qualified for pay poorly and don't offer an immediate future. Thus mainstream routes to success don't look very promising or attractive. Still, ghetto residents seem no worse off than immigrants. Indeed ghetto residents at least know the language. Unfortunately there are several obvious ways to avoid striving for traditional success. One can drop out altogether, using drugs to escape the reality. One can turn to criminal activity, such as theft, prostitution, and selling drugs. Or one can turn to the government for aid. And the aid will come in the form of welfare or some other program that will be offered mostly to

those who are not working or succeeding. Not surprisingly, a large number of people turn to one of these options.

So far this conception has much in common with the choice model: choices like welfare and criminal activity look better than working. But the cultural model goes further in assuming that, with so many people adopting nontraditional modes of behavior, mores begin to change. People living in a world where the most visible successes are criminals and where government benefits seem to come to those who have eschewed traditional work or family patterns begin to believe that only chumps work long hours at low pay. He who can game the system becomes a hero. The community increasingly condones such behavior. As a result, women feel less shame if they bear children out of wedlock. Welfare is accepted as a natural and legitimate option to marriage or work. Men often feel little responsibility to support a family.

The more liberal version of the cultural model—e.g., that offered by William Julius Wilson<sup>6</sup>—offers similar outcomes but a different diagnosis. A significant drop in employment opportunities owing to the changing industrial mix and the outmigration of jobs from the city makes traditional market opportunities scarce. Simultaneously, the outmigration of black professionals has left a community that consists mainly of people with weak links to mainstream success. Gone are many of the role models and community leaders who emerged in a day when the minority community was more integrated economically. Moreover, as those with reasonably good jobs have left the ghetto, they have taken with them the critical contacts that help young people enter the labor market. What is left is a community with few examples of mainstream success. Young men have no jobs. Many are in jail. They make very unattractive marriage partners. And thus married-couple families do not form. Welfare and criminal activity help to sustain the community. People lose sight of and lose the capacity to pursue mainstream options. They often become a kind of “underclass.”

The liberal version tends to emphasize the loss of jobs and the restraints on mobility of low-income minority residents, while the conservative scenario worries about welfare and government benefits. But some elements are common. Critical in both scenarios is geographic concentration. Disadvantaged and relatively unsuccessful people live together with little contact with the rest of society. In the extreme, dependency is related to both concentration and isolation. It is only in areas of high poverty that these models really make sense.

A second feature, which is perhaps more prominent in the conservative version than in the liberal one, is that poverty and welfare use have a heavy intergenerational component. Families with distorted values, or children raised in homes where welfare was a primary source of income, find welfare, out-of-wedlock births, and lack of work a normal and largely acceptable fact of life. As a result a bad pattern in one generation is passed to the next.

Finally, the versions of the cultural models that emphasize

values as a major problem suggest that underclass values really are different from those of middle-class Americans. This particular view is not strongly embraced by some more liberal thinkers such as Wilson. But in the popular treatments of the culture of poverty it is clearly very important.

## What the evidence shows

I will not try to review the large amount of evidence included in the report. Instead let me focus on the main conclusions. The interested reader can find the justification in *Understanding Dependency*.

### Long-term welfare use

I was generally struck by how well the choice model explained the major patterns in the data. The choice model suggested that it ought to be difficult and uncommon for people to earn their way off welfare. Earnings exits were indeed rather rare, accounting for only one-fifth of the observed exits. When earnings exits did occur, they were closely linked to characteristics that influenced the relative attractiveness of work, such as education, previous work experience, older children, and lower welfare benefits. Indeed the only major unexplained finding in the research on long-term welfare reciprocity was the significance of marital status (i.e., never-married mothers were less likely to earn their way off). Even here the effect of marital status seemed much larger in explaining non-earnings-related exits than earnings-related departures from welfare.

Looking at the options available to many single mothers, it ought not to be surprising to find that an important minority of those who ever use welfare use it for an extended period. Most single mothers face a difficult choice: work all the time or be on welfare. Moreover, even if they choose to work full time, they often will be only slightly better off than if they stayed on welfare. As a result many women use welfare. And when they escape welfare, it is far more likely to be because they marry than because they find a job. Women who do earn their way off welfare typically have a high earning potential. Thus the literature seems to show that women with mainstream attitudes faced with the choices available could reasonably choose welfare, and that for those with limited economic or marital options, welfare could last a very long time.

Evidence for the expectancy and cultural models of dependency was surprisingly weak. It has not been demonstrated that attitudes or expectations play a major role overall. While there is considerable affirmation that welfare can intimidate, isolate, and stigmatize, existing statistical evidence so far does not point strongly toward a welfare trap in the sense that the longer one stays on welfare the harder it is to get off. For most people it is always hard to escape welfare through their own earnings. Moreover, less than 10 percent of welfare recipients live in big-city ghettos, so the bulk of the welfare problem cannot be attributed to the demoralizing effects of these communities.

Some evidence suggests that the poor in ghettos, though they are only a small proportion of the poverty population, are different in important ways. Ghettos are disastrous places to live. The worst problems of the society are found in very disproportionate numbers there. The ethnographic literature leaves no doubt about the desperation one finds there. Therefore the ghetto, while not a huge part of the welfare problem, is nonetheless a major social problem, and one about which information is sporadic and somewhat inconsistent. Whether the problem is that choices are much more limited there because quality education and well-paying jobs are lacking, or whether the problem is more the result of isolation and distorted values, is not really known. And if isolation has distorted the attitudes and expectations of ghetto residents, one doesn't really know what forces shaped these attitudes. Certainly a major concern of future research ought to be to understand much more systematically what the forces are.

Although the evidence linking dependence primarily to confidence or culture is weak, the real problem may be that research methods are poorly developed. It seems ludicrous to argue that motivation and self-worth are not linked closely to behavior, especially behavior on welfare. Certainly welfare can leave women feeling powerless and passive. The expectancy models suggest that people can become "helpless" and unable to take advantage of available opportunities if they are subject to repeated failures and stigmatization. Considerable case-study materials and anecdotal evidence support the existence of such effects. A growing literature shows as well that in some circumstances when poor persons are given more control over their housing or other features of their life, they often respond by taking on new responsibilities and gaining the confidence to move into other areas of self-advancement.

### **Family structure changes**

Choice-based models appear to be least successful in explaining family-structure patterns. While theories about welfare benefit levels or the role of male earnings are argued forcefully, existing evidence on how they relate to the decline in marriage and the increase in births to unwed mothers and teenagers is limited. In the case of welfare, most studies have shown only small effects. In the case of other economic variables, the research findings are highly divergent. This area ought to be pursued quite actively, but I am not optimistic that a pure choice framework will ultimately prove as powerful here as it seemed to be in explaining work and welfare decisions.

One reason for my pessimism is that the choices individuals make involve variables that are very hard to observe, such as the way people treat one another, the presence of suitors, extramarital relationships, and the like. And part of the problem is that it makes far less sense to assume uniform tastes and preferences, as choice models assume, when it comes to marriage and fertility decisions. Attitudes toward these events will be shaped by family history, which will in turn be influenced by economic factors.

But saying that variations in attitudes and expectations are likely to be quite large does not necessarily push one to accept either expectancy or cultural models as they have been used in this article. In the versions I have discussed, those models assume that people lack confidence or that they have *adverse* values. Of course people with confidence and mainstream values form single-parent households. Indeed current research suggests that the typical child born in America today will spend some time in a single-parent home. But some behavior—such as births to unmarried teenagers—is harder to understand and justify using a choice model, especially when the mothers are in no position to provide for themselves, much less their babies.

In exploring teenage pregnancy, therefore, psychological and anthropological models, with their emphasis on expectations, information, attitudes, culture, and values, are logical candidates. And these models seem to have been more successful in explaining this type of behavior. This may reflect the fact that more social psychological research has been done in this area. But exactly what one is to conclude from this much larger but very diffuse literature is problematic. Ample evidence supports almost any model of teenage behavior except a model of pure rational choice. One wonders whether a more complete framework for thinking about behavior might be developed that would encompass teen pregnancy and sexual behavior. This seems another area in which research that looks at additional factors such as spatial concentration and the effects of various policies would be more enlightening than looking for more evidence of attitudinal or motivational differences.

### **The effect of policy**

One of the most discouraging features of my research was the discovery that neither for long-term welfare use nor for changes in family structure was there much evidence that moderate changes in policy make very large differences, no matter what paradigm is used. Even large changes in benefit levels and tax rates are found to create only limited changes in behavior. Employment and training programs have modest effects. Programs designed to provide peer support help somewhat. Programs with aggressive rules about participation make some difference. Still, so long as the programs look roughly like they do now, there is little evidence that welfare rolls would be sharply reduced or increased if the most liberal or conservative plans were adopted (other than eliminating welfare altogether).

In part, the policy dilemma is a function of the fact that behavior as complex and consequential as child rearing, welfare use, work, marriage, and fertility cannot be easily influenced by the kind of modest policy changes the body politic is prone to adopt. Still, clear evidence exists that policy changes can make some difference and that the different paradigms for behavior offer some clear ideas for testing potential policies.

## Concluding thoughts

As an economist, I am most comfortable with the rational choice model, and my conclusions must be read with that fact in mind. Other models are thoughtful and intriguing; they provoke a far richer interpretation of welfare and deprivation. They are, however, quite frustrating as behavioral constructs to be used in research. Such models seem at times capable of making widely divergent predictions with only modest variations in assumptions. They are therefore very hard to test and evaluate.

The ambiguity of expectancy models and cultural models is particularly obvious when they are used for policy predictions. Expectancy models have been used to argue for far greater flexibility, autonomy, and choice for welfare recipients. They have also been used to push for greater obligations and expectations from recipients of welfare. Variations on cultural theories are used to justify everything from massive government intervention including affirmative action, desegregation, jobs programs and training to income support and the like. Culture-of-poverty theories are also used to call for the virtual elimination of such support.

But saying that alternatives to the rational choice theories are hard to test and interpret is not a legitimate basis for ignoring them in empirical work or policy discussion. The way welfare recipients are treated, the way they perceive the world, and the way the world interacts with them must have profound influences. Welfare is much more than a set of short-term incentives. And choice models have a very poor record in explaining family changes and in pointing the way to powerful policy levers.

I would argue that no one theory holds many key insights of immediate use in the current round of welfare reforms. In recent years, thoughtful experiments and reduced-form empirical work, which sought to incorporate both choice and nonchoice factors, have been more important in shaping policy than have theoretical constructions. That is a direction which continues to hold fruitful opportunities. But agnostic empirical work and controlled experiments are not legitimate substitutes for systematic modeling, which effectively integrates insights of several disciplines and provides a far richer but still rigorous framework for analysis. We shall never be able to fully understand “dependency” until such integration takes place. ■

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<sup>2</sup>Working Seminar on the Family and American Welfare Policy, *The New Consensus on Family and Welfare: A Community of Self-Reliance* (Washington, D.C.: American Enterprise Institute, 1987). See, for example, p. 5.

<sup>3</sup>If she spends down her “excess income” on medical care costs, she becomes eligible for Medicaid in this state.

<sup>4</sup>“A Theory of Marriage, Part I,” *Journal of Political Economy*, 81 (July/August 1973), 813–846; and *A Treatise on the Family* (Cambridge, Mass.: Harvard University Press, 1981).

<sup>5</sup>Ken Auletta, *The Underclass* (New York: Random House, 1982), p. xiii.

<sup>6</sup>See “Cycles of Deprivation and the Underclass Debate,” *Social Service Review*, 59 (December 1985), 541–559, available as IRP Reprint no. 535; and *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (Chicago: University of Chicago Press, 1987).