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Moving into the mainstream: Policies for the disabled

by Sheila Ryan

In the spring of 1977 many television viewers who tuned in to the evening news were taken aback by footage of unprecedented demonstrations in the nation's capital. The number of demonstrators was not unusually large, nor were the demonstrators violent, but what startled many Americans was the fact that the demonstrators were, by and large, all physically disabled. More accustomed to telethons featuring pleas on behalf of adorable "poster children" in wheelchairs, these viewers were unprepared for the sight of disabled activists occupying HEW offices. The strategy worked, in any event, as the demonstrators achieved their goal: the signing into law of regulations implementing the Rehabilitation Act of 1973, which grants nondiscrimination and affirmative action rights to the disabled. Disability policy had moved into the national spotlight, along with a group of people who until quite recently had been almost invisible: the disabled.

Who are the disabled?

How many disabled people are there in the United States? That depends on who is defining "disability" and for what purpose. Using data from the Census Bureau's 1977 Current Population Survey, Institute researcher Barbara Wolfe estimates that 14.3 million Americans between ages 20 and 64 are disabled. Wolfe arrived at this figure by totalling the number of respondents in three categories: those who participate in an income support program for the disabled (Disability Insurance, for example), those who experience a work limitation, and those who are employed in a sheltered workshop such as Goodwill Industries.

But there are other ways to count the disabled. In 1972, the Social Security Administration sought information about the nature and extent of disability in the United States; its 1972 Survey of Disabled and Nondisabled Adults (SDA) classified respondents as disabled based on their self-assessed capacity for work. Although the survey also featured questions dealing with individuals' ability to move about independently and to dress and feed themselves without assistance, respondents were classified according to a work-related definition of disability. Individuals whose work limitations ranged from severe to merely secondary were included, yielding the estimate that 15.6 million Americans between the ages of 20 and 64 considered themselves disabled.

(The Social Security Administration's estimate is somewhat higher than that arrived at by Barbara Wolfe. Since the Census Bureau's survey directed no questions specifically toward limitations in housework, as did the SDA, Wolfe speculates that this may account for the difference.)

Definitions of disability used to determine eligibility for cash disability benefits, on the other hand, are far more stringent than those employed by most researchers. For the purposes of the Social Security Administration's Disability Insurance program, a person is not considered disabled unless he or she is, in effect, unable to work at all due to a medically determinable physical or mental impairment. (One must also be covered by Social Security to qualify.) Under this definition, only about 2.9 million Americans can be considered disabled.

Yet no matter how we choose to count the disabled, a disturbing picture emerges once we look at available data for more details on who the disabled are: the disabled are more likely than the nondisabled to live below the poverty line, and this remains true even though they are much more likely to receive transfer payments. They are less likely to be employed, and, if they do hold jobs, they are likely to be paid lower wages than the nondisabled. Some of the biggest earnings gaps occur at the very lowest levels of education, which is where much higher percentages of disabled than nondisabled people are concentrated. Even among those who finished high school and went to college, the differences are large. About 50 percent of disabled college graduates earn less than $4.00 an hour, compared with 30 percent of nondisabled college graduates, according to Wolfe.

Indeed, even if a disabled person manages to find a job which pays fairly well, his or her cost of living is likely to be higher than that for a nondisabled person. A quadriplegic, for example, faces the added costs of a wheelchair, medical supplies, perhaps an attendant to provide assistance with personal care and housekeeping. It should come as no surprise then that one disabled activist has spoken of the "devastating combination" of disability and poverty.

Our picture of the disabled begins to blur when we look at the relationship between disability and age. The proportion of people who consider themselves disabled rises sharply with age. Up to age 45, only about 10 percent of American men are disabled; between ages 45 and 54, the percentage jumps to about 15 percent, and it rises to 23 percent for those between 55 and 64. Although these patterns quite likely reflect the relationship between increasing age and the occurrence of chronic diseases, we must also look to the decreased likelihood of obtaining or returning to work as age increases. Once we recall that virtually all definitions of disability are keyed to one's limitations with respect to work, it makes sense that older people are more likely to be classified as disabled. Regardless of health, many people begin to work less in their late fifties and early sixties. Early exits from the workforce result from interconnected health and financial considerations, and it is difficult to sort out precise causes and effects.

In short, there exists a complex relationship between age, disability, and unemployment that is difficult to untangle. A 60-year-old man, perhaps because of his age or a combination of age and disability, will find it more difficult to obtain employment than will a 25-year-old man; hence he is more likely to be classified as disabled under a work-related definition of disability.

Programs and policy

Is it any wonder then, given these muddled relationships, that the United States' programs for the disabled are something of a hodgepodge? The fact is that currently the United States has no disability policy per se. What is labeled as such, according to Institute researchers Howard Erlanger, William Roth and a group of their colleagues, is in reality a variety of policies, each with quite different origins and purposes. Programs designed to benefit people with disabilities have most often been enacted within the context of more general policies such as labor, welfare, or veterans' policy.

This is true of the four largest (that is, most expensive) programs aimed toward people with disabilities: (1) workers' compensation, (2) Social Security Disability Insurance (SSDI), (3) Supplemental Security Income (SSI), and (4) benefits to disabled veterans. The workers' compensation program, for example, represents the culmination of a fifty-year battle sparked by the appalling rate of injuries that accompanied the mechanization of American industry in the late nineteenth century. Today

Selected papers

Barbara L. Wolfe, "Impacts of Disability and Some Policy Implications." Institute for Research on Poverty Discussion Paper no. 538-79.

Howard S. Erlanger, William Roth, Allyn Walker, and Ruth Peterson, "Disability Policy: The Parts and the Whole." Institute for Research on Poverty Discussion Paper no. 563-79.

Robert H. Haveman, "The Dutch Social Employment Program." Institute for Research on Poverty Reprint no. 319.

it functions as a system of state-sanctioned insurance programs providing income maintenance, medical payments and rehabilitation services for work-related accidents or occupational disease.

Workers' compensation programs focus on employers' responsibility to compensate employees for work-incurred disabilities; SSDI, on the other hand, is linked to the broader issue of society's obligation to ensure a minimal income and basic medical care to workers who have dropped out of the workforce because of disability. Briefly, it is a federal social insurance program whose provisions are roughly equivalent to those of the basic Social Security program. (Benefits are based on a worker's contributions to Social Security.)

While both workers' compensation and SSDI are keyed to a disabled person's previous status as a worker, benefits to disabled veterans are linked to service in the armed forces. For the disabled veteran, two types of benefits are available: the first, similar in its purpose to workers' compensation, provides compensation for service-connected disabilities; the second bears a closer resemblance to SSDI, as it provides pensions for those whose disabilities are not service-connected.

What workers' compensation, SSDI, and disabled veterans' programs all have in common is their focus on either the origin of the disability (if an employer is at fault, he should make compensation) or the worthiness of the disabled person (as measured by participation in the labor force or a military record). In addition, none of these programs is means-tested: that is, recipients generally need not meet income and resources tests in order to qualify for benefits. The major means-tested program for the disabled is the Supplemental Security Income program. The purpose of SSI, quite simply, is to guarantee a minimal income for the needy aged, the blind, and other disabled people who meet income and resources tests and other requirements. As such, it is the only "welfare" program among the four major programs for the disabled.

One feature all of these programs have in common has been criticized by some analysts of disability policy, including IRP researchers Howard Erlanger and his colleagues. None of these major programs has as its principal goal the integration (or reintegration) of the disabled person into society. Based on the premise that disabled people do not work, they simply award stipends to those deemed "deserving."

Jobs for the disabled

Offering a somewhat different approach are the vocational rehabilitation programs. These are joint federal-state programs which assist disabled people in obtaining job training. Each state administers its own rehabilitation program, but the federal government pays 80 percent of the costs, in addition to making grants for facilities and training of personnel. Although a stated aim of vocational rehabilitation is to make disabled people more employable, critics have accused the rehabilitation "establishment" of striving too hard to justify itself by stressing saving money and increasing industrial output as the primary reasons for rehabilitating the disabled.

These critics' major dissatisfaction with the standard approach to rehabilitation, indeed with all the components of current disability policy, is an emphasis upon the disabled person as the locus of the problem. Instead, the critics regard the generally dismal socioeconomic status of

New Institute Director

On July 1, 1980, Eugene Smolensky was appointed Director of the Institute for Research on Poverty, replacing Irwin Garfinkel, who had completed a 5-year term. Smolensky, an economist, received his Ph.D. from the University of Pennsylvania; he taught at Haverford College and the University of Chicago before coming to the University of Wisconsin in 1968. In 1978-79 and 1979-80 he served as Chairman of the Department of Economics. His research has focused on income distribution and inequality; he is co-editor of an Institute monograph: *Improving Measures of Economic Well-Being* (with Marilyn Moon); and coauthor of *Public Expenditures, Taxes, and the Distribution of Income: The U.S., 1950, 1961, 1970* (with Morgan Reynolds). His government assignments have included positions at the Bureau of the Census, Bureau of Labor Statistics, Social Security Administration, Council of Economic Advisers, Economic Development Administration, and the Office of the Secretary of HEW. Current research interests include the policy ramifications of consumption-based measures of inequality.

Irving Piliavin has become Assistant Director for Research, for the 1980-81 academic year. A Professor of Social Work at Wisconsin, he received his degree from Columbia University and has taught at the University of California at Berkeley and the University of Pennsylvania. His research interests center on crime, law enforcement and correctional programming, and the organization and delivery of welfare services.

Past Director Irv Garfinkel will continue as Professor of Social Work at Wisconsin and as a research staff member of the Institute. His current research involves an extensive project on reform of the current child support system. During the fall of 1980 he will serve as a consultant to the Assistant Secretary of Planning and Evaluation at the Department of Health and Human Services in Washington. ■

the disabled as a consequence of a labor market which does not accommodate disabled workers. In recent years, there has been increasing interest in publicly providing or subsidizing employment programs for the disabled. (Some of this interest arises, one suspects, less from a concern with providing useful employment for the disabled than from concern over the perceived cost of current income maintenance programs.)

Proponents of such programs have discussed guaranteed public jobs for the disabled as a complement to a reformed income support system, the extension of federal grants for state and local public employment, and greater public funds for sheltered workshops (such as Goodwill Industries) or supported work.

The Dutch experience

Although current U.S. disability policy guarantees some income support, it does not guarantee employment for disabled persons. In some Western European countries, in contrast, the provision of employment for anyone who wishes to work is a stated goal of public policy.

The government of the Netherlands, for instance, sponsors a Social Employment program which provided jobs for over 64,000 disabled and other disadvantaged workers in 1976. In the interest of illuminating current policy discussions in the United States, IRP researcher Robert Haveman has studied this program in depth. The Dutch experience with Social Employment, according to Haveman, contains a number of warnings pertinent to U.S. discussions regarding publicly provided or subsidized employment for the disabled. For one thing, the Dutch program is quite costly: by 1975 it took all of the gross wage income in a typical family plus 10 percent of the wage income in a second family to support the subsidy for one worker in a Social Employment industrial center. Further, Haveman claims that the program is increasingly serving workers who have difficulty in securing regular employment because of low skill, age, or some other personal characteristic, rather than a readily distinguishable physical disability.

Were such a program to be established in the United States, the potential size and budget cost could be enormous, Haveman warns. Given the current political mood (Congress voted earlier this year to cut disability aid), the notion of massive expenditures directed toward employing the disabled seems unlikely to garner much public support.

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Disability rights

Policymakers' concern over high cost and possible abuse of programs for the disabled strikes some observers as misplaced, however. Critics of the benefit-cost approach to social policy complain that, in the words of one disabled activist, "the government seems to look at disabled people, when they are talking about allocating funds, as to what dollar return they can get from rehabilitating people, instead of saying, Let's rehabilitate a person because he is a human being and entitled to rehabilitation."

Such charges are difficult to deny. When faced with a choice between either revamping, say, an entire mass transit system in order to accommodate disabled people or setting up a separate shuttle service, most decisionmakers will opt for what they see as the cheaper alternative. Unfortunately, the cheaper alternative, in this instance as well as others, places disabled people in a separate and quite unequal position in relation to those who are not disabled. Most shuttle buses serving the disabled require their riders to schedule trips in advance, and it is clear that such a requirement curtails the sort of spontaneous traveling which nondisabled people take for granted.

Disabled activists, however, have found it difficult to win cost-conscious administrators over to this point of view, and many have resorted to other approaches. They have pointed out to store managers unwilling to replace stairs with ramps that installation of ramps would render their stores more accessible to elderly people and parents with children in strollers as well as to the disabled. When persuasion has failed, they have called press conferences and organized pickets. They have asserted that disabled people should enjoy the same right to participate in society as nondisabled people, and they have made it clear to legislators that a poor voting record with respect to disability rights can be a liability.

Proponents of disability rights look to two recent pieces of legislation for a reversal of those policies which they believe segregate the disabled from society: the Rehabilitation Act of 1973 and the Education for All Handicapped Children Act of 1975. These laws seek to bring disabled people into the mainstream through nondiscrimination and affirmative action programs, removal of architectural barriers, and mainstreaming in the public schools. Although no one is sure to what extent HEW or the courts are willing to enforce these policies, one thing is certain: yesterday's "shut-ins" are unlikely to consent to being shut out of decisions affecting their future. ■

On not reaching the rural poor: Urban bias in poverty policy

In a country where for many generations the virtues of rural life have appeared to be at the heart of the national ethos, there currently exists astonishingly little hard information about critical economic and social aspects of that life. That, at least, is the conclusion of a recent review of research into the economics of rural poverty by economists Keith Bryant, Lee Bawden, and William Saupe, all former or current IRP associates. Not only is there confusion over terminology—"The fact of the matter is that the concepts and measurements of rural, urban, farm, nonfarm, metropolitan, nonmetropolitan have all shifted significantly over the past 35 years" (p. 5)—but even sidestepping definitional problems, such central facts of poverty as housing, nutrition, health, and farm labor markets remain, as on the old maps, "unknown lands."

In the vacuum created by the lack of hard information and, increasingly, of first-hand experience with the realities of rural life, metropolitan America's image of federal policies toward rural areas, and perhaps of rural America itself, has become increasingly fragmented and confused. There are the giants of the agribusiness and resource extraction industries, effectively lobbying for large federal subsidies and tax advantages, fattening themselves at the expense of the food buyer and the small farmer (a figure of sympathy). Then there are the bogeymen of social welfare activists, the rural legislators slashing at programs for the poor (presumably helped to power by those same figures of sympathy). Figuring perhaps most prominently among the rural poor, at least since the demise of the sharecropper, are migrant workers (who, however, constitute only 7 percent of the workforce engaged in farm labor).

True, the new social consciousness generating and generated by the war on poverty did increase attention to and analysis of the nature and persistence of rural poverty, particularly as it impinged upon racial discrimination. Perhaps most prominent among the new perspectives was the human resource interpretation, based on the premise that rural America has traditionally experienced a serious underinvestment in human capital due to inferior schooling, lack of individual incentives for educational self-investment, and a disproportionately small share of manpower training funds. The most thorough investigation of this topic is a USDA report by Luther Tweeten, now over a decade old.[1] Of the issues he raised, comment Bryant et al., "none has been resolved and none has been relieved of its importance by subsequent events" (p. 87).

A newly published IRP special report (prepared as part of a larger report by Stephen Seninger and Timothy Smeeding for the Department of Labor) has effectively synthesized much of what we know about the extent and distribution of rural poverty. The picture that emerges has many disturbing aspects.

There are, Seninger and Smeeding point out, a number of statistics that suggest rural poverty is on the wane, but they are misleading. In 1977, for instance, the percentage of the poor in nonmetropolitan areas had dropped in a decade from 50 percent to 40 percent. But close inspection of this figure reveals a different story. Poverty is not being ameliorated. The rural poor are simply no longer rural poor; they have become urban poor, through migration or urban sprawl. Other data show that for the first time in many years rural areas are growing faster than metropolitan areas. But this figure is also misleading. True, the largest metropolitan areas have ceased to grow, but smaller ones are growing more rapidly than ever before, and most of those people who are newly labeled "rural" live on the outskirts of these areas. Thus, they are "metropolitan spillover," soon to be reclassified metropolitan rather than rural. Another trend often cited as encouraging for poor areas is that members of the middle class with their portable incomes (from pensions, annuities, savings, and Social Security) are moving to the Sunbelt. But these people are less than 10 percent of the population, and they do not move to those rural areas where the sparse population of underemployed so desperately need the influx of money and jobs. In fact, in Florida and Arizona, where many have relocated, the poverty rate has increased, from 1969 to 1975, by 13 percent and 19 percent respectively.

The rural poor are, to a greater extent than urban dwellers, working poor (over 67 percent of all rural poor families and only 48 percent of urban poor families had one earner in 1974). They are, too, worse off, on the whole, than similarly placed urban poor families. Nor do government transfers close the gap, as Table 1 makes clear.

The reasons are not difficult to find. The vast majority of the rural poor live in poor states. The bulk of them—60 percent, among them the poorest of the poor—live in the South: in the Mississippi Delta, the Southeastern coastal plain, Appalachia, and on the Ozark Plateau. And new areas of rural poverty are developing in Texas and New Mexico. To the extent that welfare programs depend on state supplementation and state implementation of federal

Table 1

Percentage of Persons Below the Poverty Level, 1974, by Region and Place of Residence

	By Census Income[a]		By Adjusted Income[b]	
Region	Central City	Nonmetropolitan	Central City	Nonmetropolitan
NE	11.5	9.7	4.2	5.5
MA	15.4	6.0	6.8	3.8
ENC	12.6	9.1	6.6	6.4
WNC	11.7	10.3	7.4	7.9
SA	15.0	16.3	11.3	12.4
ESC	17.7	21.6	13.2	16.0
WSC	15.8	24.8	13.0	18.3
Mountain	10.0	16.2	8.5	12.9
Pacific	11.5	9.1	7.9	7.0
All	13.7	14.2	8.5	10.5

Source: Seninger and Smeeding, pp. 57-61.
[a]The income measure used by the U.S. Bureau of the Census in their Income Poverty Series.
[b]Census income, adjusted for underreporting of survey income, federal income and payroll taxes, and the cost equivalent value of in-kind food and medical care transfers.

policies, these poor suffer compared to the poor in more prosperous states. Furthermore, because the rural poor are by definition dispersed, it is much more expensive and difficult to provide them with help of any sort than it is to provide for those situated in a cluster in the urban landscape. And finally, the rural poor may find it hard to make their voices heard, whereas the urban poor are vocal, highly visible, and wield a measure of political power. Discontent and anger among the rural population seem to pose no immediate threat to property and life in the United States. The poor in the cities, on the other hand, cannot be ignored. Their frustrations can—and often do—take forms that require immediate responses. Thus many of the government's programs to ameliorate poverty have been tailored to fit the urban poor; often without the policymakers intending it, they exclude the rural poor.

Transfer programs

The major income transfer programs in which the federal government participates are AFDC, Medicaid, Food Stamps, Social Security, Unemployment Insurance, and SSI. They have in common that they must be applied for. In the hinterlands information on how to apply for them is hard to come by and is apt to require travel expenses as well as time. This fact in itself creates an urban bias, but these programs are geared to urban needs in a number of specific ways as well.

AFDC. Aid to Families with Dependent Children is one of the principal programs providing cash assistance to the needy. But the amount of AFDC payments is set by the states. Seventy percent of the rural poor live in states where the maximum benefits from this program are below the national median. In 1975 maximum benefits were $50 a month in Mississipppi, $95 a month in Louisiana, and $108 a month in Texas, compared to a national average of $205 per month. The eligibility requirements for AFDC also discriminate against the rural poor. The program was designed originally to reach children in female-headed families (60 percent of all metropolitan poor children, but only 36 percent of all rural poor children), and though states have the option of extending coverage to include two-parent families in which the father is unemployed, the poor states in which the majority of the rural poor live have by and large not done so; among them only Kentucky and West Virginia allow intact families to qualify. So even though poor families are larger in rural areas than they are in the cities, the poor in the cities benefit more—and more frequently—from this program.

Medicaid. Medicaid provides poor families who qualify with free medical care. But few of the rural poor qualify. To be categorically eligible a family must be participating in a transfer program such as AFDC (which for the reasons mentioned above includes less than 5 percent of the two-parent rural families). Other medically needy low income eligibles qualify for Medicaid in only four of the thirteen poorest rural states. In the country as a whole, 59 percent of those below the poverty line received Medicaid in 1970. In 1971 less than one in ten poor children received Medicaid. In the states with severe rural poverty problems, the rate was 43 percent, despite the fact that these rural areas contained a higher proportion of elderly residents and people in poor health. And the effectiveness even of what is being done remains at issue: we know almost nothing about the relative effectiveness of different policies—nutritional, educational, public health measures, provision of hospitals—in improving the health of the rural poor (Bryant et al., p. 96).

Food Stamps. Until 1979 food stamps were beyond the reach of many among the rural poor because they could not raise the cash to purchase them. Now, however, the stamps are available without charge and thus benefit needy rural residents. A further advantage of food stamps is that a family needn't be receiving other welfare assistance, such as AFDC, to be eligible. Eligibility depends on income alone. So the stamps aid the working poor, a classification which, as mentioned earlier, encompasses the majority of rural families. Still in 1978 the rate of food stamp participation was only 38 percent in poor rural states—far below the national rate of 47 percent.

Social Security. Many of the rural poor were not eligible for Old Age and Survivors Insurance until 1954, when the program was expanded to include the self-employed, farmers, and farm workers. The amount of Social Security a person receives depends upon work history. Because rural residents have spotty work histories, which consist of frequent periods of unemployment and very low wages when employed, their benefits are extremely low.

SSI. Supplemental Security Income is one of the few poverty programs that is truly a boon to the rural poor, because in 1974 this federal program superseded state programs for the elderly, blind, and disabled, which meant that people in one of these three categories, no matter where they live, are guaranteed regular cash payments which raise their income to 80 percent of the poverty line. This in conjunction with Food Stamps and Medicaid benefits should enable those rural inhabitants who know enough about the program to apply for it to live a reasonably comfortable life. But SSI offers no help to those among the rural poor who are not old or disabled or blind. And even SSI reaches fewer of the rural inhabitants who qualify than their urban counterparts. None of the 13 poorest rural states supplements SSI payments.

Unemployment Insurance. Like Social Security, Unemployment Insurance is based on work history. Furthermore the program has only been available on a permanent basis to farm workers since 1978. The rural poor seldom receive benefits from this program, and when they do, the benefits expire in a shorter time than those received by high-wage workers in the industrial sector.

In summary it is obvious that the rural poor benefit far less from current transfer programs than they should. According to Seninger and Smeeding, "Overall, one in three urban poor benefit from cash public assistance vs. only one in five rural poor. Despite the fact that 40 percent of the poor lived in nonmetropolitan areas in 1975, the rural poor received 35 percent of federal SSI funds, 31 percent of Food Stamp benefits, and only 18 percent of federal AFDC and AFDC-UP funds."[2] From their states they fared even less well. Not only did the poor states spend less than the wealthy states in supplementing transfer payments to the needy, but they actually spent a smaller percentage of their meager budgets. Whereas the average percentage of a state budget spent for public welfare in 1975 was 19.3 percent, North Carolina spent 10.5 percent, Florida spent 9.7 percent, Mississippi spent 12.4 percent, and South Carolina spent 9.9 percent.

Job Programs. If the human capital theory of rural poverty is taken to be correct, much more important even than transfer programs in alleviating that poverty are jobs and training. But in this area too, the urban poor receive a disproportionately large share.

A number of pilot programs, such as the Rural Manpower Service (established in 1971) and the Smaller Communities Program, and the Concerted Services in Training and Education project have been aimed specifically at small communities in that they attempted to bring manpower services into rural communities, to provide both education and job opportunities. But these programs came under attack because of the inherently high cost of delivering services to a spread-out rural population, and have for the most part been scrapped. A number of states have attempted to relocate the unemployed and underemployed workers to areas where they can find jobs. This tactic, though it may help individuals, leaves the communities from which they move in even more straitened circumstances, as inhabitants with education and energy depart—the very people upon whom any rural revitalization would depend.

Selected papers

William E. Saupe, William R. Garland, and Deborah Streeter, "Changes in Farm Poverty in Wisconsin." Institute for Research on Poverty Discussion Paper no. 583-79.

Stephen Seninger and Timothy Smeeding, "Rural Poverty, Human Resources, and Welfare Policy." Institute for Research on Poverty Special Report No. 27.

Doris P. Slesinger and Eileen Muirragui, "Migrant Agricultural Labor in Wisconsin: A Short History." Institute for Research on Poverty Discussion Paper no. 565-79.

Marta Tienda and Osei-Mensah Aborampah, "Energy-Related Adaptations in Low Income Nonmetropolitan Wisconsin Counties: Toward a Behavioral Approach." Institute for Research on Poverty Discussion Paper no. 560-79.

Related paper

W. Keith Bryant, D. Lee Bawden, and William Saupe, "The Economics of Rural Poverty—A Review of Post-World War II United States and Canadian Literature." In *A Survey of Agricultural Economics Literature, Vol. 3.* Minneapolis: University of Minnesota Press, forthcoming. Also available as Research Paper 79-11, Department of Consumer Economics and Public Policy, N.Y.S. College of Human Ecology, Cornell University, 1979.

CETA. The Comprehensive Education and Training Act is now the chief federal program for dealing with unemployment and underemployment, and the major programs it supports have urban biases in program design and in operation. The distribution of funds for CETA is based on countercyclical unemployment, structural unemployment and need. The first two criteria focus on the urban unemployed. In metropolitan areas layoffs are more sensitive to business cycles, and training can be suited to the jobs available. Only the measurement of need favors the rural poor. The federal funds are distributed to state governments, who disperse them, and this also cuts down the rural share, for politicians want to put the money where it will be seen to do good, which means in the large communities, and they claim that they cannot provide funds for the smaller communities because no one there is capable of administering (sponsoring) the programs. Furthermore the number of the unemployed in rural areas is frequently understated, as many rural residents give up hunting for the few jobs that are available, and therefore no longer count in the statistics. This all boils down to the fact that 88.3 percent of CETA funds were distributed to metropolitan areas in 1975. And this disconcerting statistic includes the special programs (like Title III) which are aimed specifically at rural groups such as Indians and migrant farm workers.

The future

The immediate future for the rural poor looks grim. An excess of labor that is poorly educated, poorly trained, has little information on the labor market or access to jobs will not be easily absorbed into an economy where unemployment is on the increase. In the short run, policymakers who have been alerted to the inequities in the government's poverty policies can attempt to construct new policies that are not inherently unfair, though as long as cost-effectiveness is a more salient factor than equity, they are bound to favor the urban poor to some extent.

In the long run the problem may be solved: as sophisticated technology eliminates the need for people to congregate in cities, many businesses may disperse across the country in a space-age version of cottage industry. But such prophecies can offer small comfort to the rural poor, squeezed between diminishing job opportunities and the rising cost of transportation, now and in the immediate future. ■

[1]Luther G. Tweeten, *The Role of Education in Alleviating Rural Poverty.* USDA, Economic Research Service, Agricultural Report No. 114. Washington, D.C.: U.S. Government Printing Office, 1967.

[2]Stephen Seninger and Timothy Smeeding, "Rural Poverty, Human Resources, and Welfare Policy." In *Understanding Nonmetropolitan America,* ed. Amos H. Hawley and Sara M. Nazie. Chapel Hill: University of North Carolina Press, forthcoming 1981. Institute for Research on Poverty Special Report no. 27.

Institute Special Report

SR 25 *Citizens View Taxation and Tax Reforms for Wisconsin* by Martin David

Three recent trends—inflation, increased government, and high land and real estate prices—have dramatically changed the distribution of the tax burden in the United States.

This Institute Special Report was prepared as a report for the Tax Reform Commission of the State of Wisconsin. The intent of the survey, which included citizens in all parts of the state—both rural and urban—was to determine taxpayers' attitudes toward the tax system and their reactions to recent legislative changes. Major issues on which they were interviewed were grouped under four headings: balance, fairness, incentives, and simplification of the tax system.

An important aspect of the citizen's viewpoint, as found in the study, is the desire for increased public participation in the governmental system. The author concludes that weighing citizen opinion is vital to structuring a reform package.

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The purpose of FOCUS is to acquaint a wide audience with the work of the Institute for Research on Poverty, by means of short essays on selected pieces of research.

The material in any one issue is, of course, just a small sample of what is being done at the Institute. It is our hope that these summaries will whet the appetite of the reader to learn more about the research itself, and more about other research on poverty—an area of vital social concern—by Institute staff.

The views expressed are those of individual members of the Institute; they do not represent the position of the Institute for Research on Poverty, the University of Wisconsin, the Department of Health and Human Services, or other funding agencies.

Written by Jan Blakeslee and Elizabeth Uhr;
edited by Katharine Mochon.

The politics of displacement: White mayors, black mayors

In 1964 there were only 70 elected black officials at all levels of government in the United States. Today there are over 4600. Given the inexorable logic of numbers and the pressures generated by the civil rights movement and affirmative action programs, the political power of blacks must continue to grow.

That power is perhaps most apparent in municipal government. Over 170 American cities, among them very large ones like Detroit and Los Angeles, have black mayors; in some of them, the passing of municipal power into black control appears likely to be long term, for blacks now constitute a majority of the urban population.

What are the implications of this transition, for both winners and losers? Will blacks find themselves in possession of a paper kingdom, or have they secured a commanding vantage point from which to affect the distribution of economic and political power in American society? Will whites, with all their economic assets, retreat behind the barricades of suburban autonomy, leaving the central cities to bankruptcy, decay, and violence?

In *The Politics of Displacement,* Peter Eisinger offers reasoned analysis, backed by hard evidence, of what is actually happening in two very different cities, Detroit and Atlanta. In their differences and their similarities, in the fact that black rule is likely, in both, to last a long time, they constitute cases of particular interest to the student of ethnic transition.[1]

Through extensive personal interviews with prominent citizens, and careful study of media responses and of the actions of municipal governments and private interests, Eisinger offers a concrete portrayal of the evolving psychological, economic, and political response of two communities of white urban elites to the black accession to power, and of the real and symbolic gains of the black community.

In this article we will restrict consideration to the white response, about which there has been, perhaps, more mythmaking than analysis. As the first blacks began to win important mayoralties in the late 1960s, general expectations were that they would not have ready access to the resources that had enabled their white predecessors to govern effectively. A month before the breakthrough mayoral elections in Gary and Cleveland in 1967, informed commentators anticipated that in the event of black control of big cities, "Millions of whites unable or unwilling to leave will remain in the core cities, a fact of key political importance, since they will fiercely resist the exploitation of municipal power for black interests" (p. 9). Few, if any, considered that the advent of black mayors in big cities might hasten a return to social peace after the turbulence in the 1960s.

By all indications, the transition to black rule occurred under conditions of high racial polarization. Confronted with the acid test of voting for a black candidate, for example, no more than 22 percent and as few as 8 percent of the white electorates in Gary, Cleveland, Newark and Detroit did so. Moreover, interest was high; voters turned out in unusually large numbers. In each case, however, transition was peacefully accomplished.

In 1973 black mayors were elected in Detroit and Atlanta, two cities that are, in certain aspects at least, very different kinds of communities. Yet there were in 1973 some important similarities. Both had spectacular new downtown areas, developed in the 1960s and 1970s. Both had long traditions of civic reform that had, in the 1970s, resulted in a strengthening of the mayor's power vis-à-vis that of the city council. Both, more ominously, had histories of racial tension and violence, and in both, by 1973, blacks were on the verge of becoming a majority of the population, after periods of unprecedentedly rapid population growth. In both, furthermore, poverty and deprivation were disproportionately located within the black communities.

It is, then, of particular interest to examine what happened when in Detroit, Coleman Young, a former union organizer with a reputation for radicalism, and in Atlanta, Maynard Jackson, relatively young, inexperienced despite a term as vice mayor, defeated their white opponents for control of city government.

Losing

Eisinger slants much of his discussion of the events that followed these victories from an unexpected perspective—that of the losers.

The manner in which groups, classes, organizations and individuals deal with political defeat—particularly defeat that seems to mark the end of a long period of unques-

(continued on p. 16)

THE POLITICS OF DISPLACEMENT: RACIAL AND ETHNIC TRANSITION IN THREE AMERICAN CITIES

by

Peter K. Eisinger

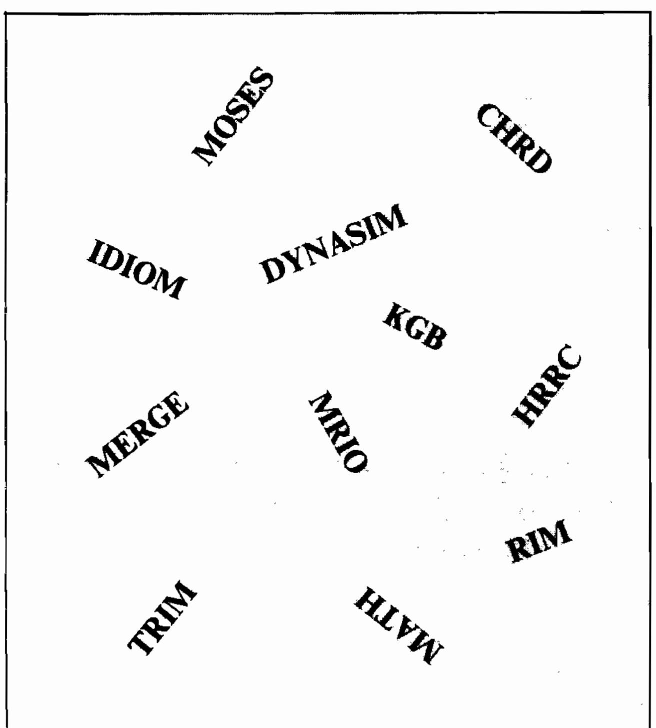
The "modern miracle" of microsimulation modeling

Struggling through an undergrowth of acronyms, even the informed reader may well be forgiven his impatience with the language of the miscrosimulation modelers. CHRDS and MATH, TRIM and DYNASIM, HRRC and IDIOM—it is not immediately apparent how to pronounce them, and it is even less immediately apparent what their function is. Yet microsimulation modeling is rapidly becoming an indispensible tool; one practitioner has called it, only half in jest, a "modern miracle." When policymakers formulate new economic and social policies or reform old ones, critical questions always are—Who gains, and who loses? And by how much? Policy changes may be stalled while officials and legislators wrestle with such difficult questions. Increasingly, it is the use of the microsimulation models that contributes to answering them.

Microsimulation modeling involves, in essence, the creation of computer models that are designed to simulate the effects of proposed policy changes at very disaggregated levels—individuals, families, firms, industries, and regions. Use of these models enables policymakers to examine the full distribution of the effects of particular combinations of policies, instead of working with averages and broad generalizations.

The two volumes that constitute *Microeconomic Simulation Models for Public Policy Analysis* offer the first systematic review of the major advances in a relatively new, highly promising field of policy analysis. The range of subjects considered is very wide: housing policy and health care, welfare reform and energy, tax and transfer policies. Each model and its data base are explained, and the application to a particular policy issue with notable distributional consequences is demonstrated. Here, rather than describing the models—the details of their structure are complex and constantly in flux, as changes and refinements are introduced—we shall examine some examples of their ability to provide useful forecasts of the consequences of particular actions in two areas: (1) *In reform of existing systems,* especially in accurately and realistically estimating what the government—the taxpayer, ultimately—will have to pay for new programs and what groups will benefit the most. The particular issues to be examined below are the reform of the Food Stamp Program, and the current efforts for welfare reform.

(2) *In formulating new policies.* Given profoundly different and perhaps incompatible courses of action, what are the respective effects of these courses likely to be? The effect of new energy policies on the poor is a classic example where the choices may be very difficult, and some options are discussed.



Reform

The Food Stamp Program

Between 1971 and 1976 Food Stamps grew from a relatively little-noticed program distributing $1.5 billion in benefits to a major income-maintenance program costing $5.3 billion. In 1976, 1 in 11 Americans received food stamps; almost as many others were eligible. The great bulk of this expansion came in a very short period—participation increased by one-third between September 1974 and May 1975, and long lines developed at food stamp offices in many cities. States were unable to respond quickly to the crushing increase in workload (many came close to running out of stamps).

The administration, then preparing the budget for fiscal 1976, responded with hasty and, many believed, ill-conceived proposals for cuts that would have affected the elderly and the poorest most severely. These were blocked by near-unanimous vote of Congress. Thus the impetus was given to reform, and the kinds of criticism directed at the government's demolished proposals made it clear that the potential distributional effects of any future policy would come under intense scrutiny. It was at this point that the office responsible for drafting new proposals, the Food and Nutrition Service, began to look very closely at the potentialities of a sophisticated microsimulation model for answering questions such as: How many families would lose eligibility; how many would gain? What kinds of families would bear the brunt of change? How would program costs change?

The model used was a variant of the MATH system. In addition to straightforward questions like the ones above, it was asked to answer very complex questions about interlocking program effects that would have been difficult if not impossible to answer in its absence. What would happen to Food Stamp costs, for instance, if a federal minimum benefit, set at 75 percent of the poverty line, were to be established for all state AFDC programs (a real possibility)? AFDC participation—and hence participation in Food Stamps—would very likely increase, but the higher AFDC rates in those states which currently had very low rates would reduce each individual's food stamp bonus.

One of the most important questions put to the model had to do with substituting a standardized deduction for the individual, itemized deductions whose administrative burden had aroused many state complaints. Obviously, program costs and impacts on recipients would be very sensitive to the level of deduction chosen. For instance, the analysts had intuitively favored a deduction that increased with family size, but the model demonstrated that this would have caused large reductions in existing benefits to one- and two-person families, which included most of the elderly. A flat deduction, however, would preserve the favored treatment of the elderly that was part of the existing system. Thus the model was clearly influential in establishing the details of the reform proposal—indeed, the congressional committee considering the proposal sometimes delayed votes on particular provisions until a model estimate of that provision could be run. Its influence, furthermore, extended beyond the narrower confines of Food Stamp reform. P. Royal Shipp, a senior official of the Congressional Research Service, comments, "It appears certain that never again will changes be made in welfare programs without . . . simulation of the impacts of change on current recipients" (Vol. 1, pp. 77-78).

That this is indeed the case seems evident from the central role played by microsimulation modeling in the course of the administration's current efforts toward welfare reform.

Welfare reform

Any change in the government's tax and income transfer policies will have substantial effects on the way people behave—how they allocate their resources of time or cash, how much they work, what their living arrangements are. These effects, moreover, will not be confined only to the immediate recipients of benefits. If, for instance, the income of higher-income people falls because they must pay higher taxes needed to support more generous federal transfers, then there will very likely be unfavorable effects on those sectors in which high-income people concentrate their marginal spending—for example, travel, finance, insurance and consumer luxuries. Not only are these behavioral effects pervasive, they are often unpredictable. (For example, consider the unexpected increase in divorce and marital separation rates among two-parent families in the Seattle-Denver Experiment to test out the effects of a negative income tax.)

Clearly, it is of the highest importance for all who are currently concerned with welfare reform to be able to predict the likely behavioral responses. Increasing concern with problems of work incentive, labor supply, and productivity, as well as with the expanding size and costs of the current welfare program, has led to a new stress on work programs, especially in the form of guaranteed jobs, as a major component of any new welfare package (see FOCUS, Fall/Winter 1979). If the government establishes a large public employment program, which people—and how many of them—are likely to participate, and for how long?

In the administration's welfare reform efforts since 1976, microsimulation has been an integral part. The model most frequently used was developed within the former HEW (now HHS, Health and Human Services); it has proved able to predict not only the effects of substantial changes in both cash assistance programs and the positive tax system, but also the effects of introducing a relative unknown—a large public jobs segment. Outside the confines of the administration's defunct Program for Better Jobs and Income, which it was originally designed to explore, the model has proved its usefulness over and again. It has most often, and probably most effectively, been used to inform policymakers of the costs of marginal changes of a single element in a general welfare program, and has been instrumental in determining basic benefit levels, benefit reduction rates, effects of state supplementation of benefits, and wage rates in a public employment program.

But the model has not been effective merely in answering specific questions. Within the context of the debate between those who would maintain a cash only program, and those who would guarantee households both jobs and

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MICROECONOMIC SIMULATION MODELS FOR PUBLIC POLICY ANALYSIS

Volume 1: Distributional Impacts

Volume 2: Sectoral, Regional, And General Equilibrium Models

edited by

Robert Haveman and Kevin Hollenbeck

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cash, microsimulation results have made it clear that significant trade-offs are involved. A cash only program will most effectively reduce poverty, but also diminish work incentives for recipients. Guaranteeing jobs will engender greater work effort, but reach less of the poverty population. And either alternative will reduce private-sector earnings among low-income persons. The choice before Congress will ultimately be a moral or judgmental one. But the ability of microsimulation modeling to clarify the costs of moral choices has made a substantial contribution to the debate.

Energy

Two ways to go

Rapidly rising energy prices, energy supply shortages, and severe winters have focused increasing attention on the plight of energy consumers—particularly low-income consumers—many of whom are faced with physical discomfort from inadequate heat or financial hardship from mounting fuel bills. The incidence of hardship has been very uneven. Shortages strike users of specific fuels in particular states or regions; financial hardship is concentrated among the low-income population, which already spends more of its income on energy than other groups, and has little flexibility to alter consumption patterns.

Concern that all segments of the community be equitably treated has repeatedly surfaced in congressional discussions of energy, and is one of the stated principles of the administration's National Energy Policy (NEP), promulgated in 1977. Since most proposed energy policies involve a trade-off between equity and efficiency, assessment of their distributional effects on American families is a matter of high priority. Such assessment is very complex, given the intimate involvement of energy, in various forms, in our daily lives; besides, much necessary information on residential energy use is simply not available. A model has, however, been developed to estimate first-round direct effects of proposed energy policies on households. It is designed to answer such questions as the following: If the price of gasoline were raised by 25 percent, what would be the impact on families at different income levels? How much energy would be saved by a policy that subsidized increased insulation for houses more than 15 years old, and who would benefit most?

Many aspects of a comprehensive national energy policy have not yet been determined, and there are, abstractly considered, a number of different ways the government might choose to go. Two possibilities, one directed at encouraging individual conservation measures, the other manipulating the energy market, are discussed in these volumes: the "Conservation Scenario" and the "Rebate Scenario."

The Conservation Scenario includes a number of actions that are assumed to affect demand for energy; in the energy market, business as usual prevails. Automobile fuel efficiency standards are tightened; a national van pool program changing many commuters' travel patterns is instituted; new thermal efficiency standards for appliances and for buildings are established, and gas pilot lights eliminated; tax credits are given for insulation of existing buildings. The Rebate Scenario in contrast, attacks the problem within the energy marketplace: It resembles rather more closely an early version of the NEP, and includes uniform pricing of natural gas and sharply reduced industrial and utility use of that fuel; a crude oil equalization tax; and a standby gasoline tax.

Effects of these two policies were simulated for 1985, and measured against figures derived from a base that simply extended to 1985 the conditions of demand and supply prevailing in 1975, without introducing major technological improvements or conservation measures, or any new regulations.

The conservation scenario

A complex set of practical measures had to be simulated; they are described in detail in the book. Eliminating gas pilot lights in favor of electric starters, for instance, might well result in decreases in total gas consumption of 37 percent for stoves, 22 percent for water heaters, and 7 percent for furnaces in return for far smaller increases in electrical usage. The model was also able to simulate a complex series of home insulation policies—caulking only, caulking plus storm windows, wall insulation, or ceiling insulation—and a number of changes in commuter patterns, including distance from work, existence of a van pool, and income.

Such measures, according to the results of the simulations, would result in energy savings of around 20 percent over the base scenario. Fuel savings for all households were so large that the percentage of disposable income spent on energy fell to the 1974 level, despite the higher energy prices that were assumed to hold in 1985 and the higher real standard of living (associated with wider ownership of appliances and less drafty homes) that was also assumed.

But the benefits of the conservation policies were not evenly distributed among all households. The absolute fuel savings for low-income and poor households (that is, households with incomes under $10,000) were about 20 percent, but those for households with incomes above $10,000 were nearer 25 percent. Clearly, low-income households have less opportunity to benefit from conservation measures: They own fewer appliances, and those appliances tend to be older; they often live in older houses and are thus less likely to benefit from thermal efficiency standards; finally, they are less likely to own those houses, so that tax-incentive programs for insulating owner-occupied houses are irrelevant to them.

Gasoline savings from the higher levels of fuel economy mandated for automobiles were dramatic, but the same pattern prevailed—the largest increases in gas expenditures over 1974-75 were experienced by low-income families, who tend to drive older, larger autos purchased second-hand. The smallest increase was paid by middle-income families, who tend to own relatively new, small, or medium-sized autos.

Note, too, that these figures estimate only savings from conservation measures. When one begins to compute the costs of such changes, including perhaps higher prices for more energy efficient autos and appliances, it is clearly the poorer families who are once again at a disadvantage and find themselves spending larger fractions of their incomes.

The energy rebate scenario

Under this scheme the energy tax revenues resulting from the market policies outlined above would be redistributed to the public. Different rebate redistribution schemes were simulated. All families obviously would benefit to some degree by a check in the mail, but the method chosen would dramatically affect the amount of benefit that poorer families received. Redistribution through a federal income tax credit would be of little use to the many poor families who pay no taxes. Establishing in addition an "energy bonus" payable through the Food Stamp program would be a much more effective mechanism for spreading the gains more widely and equitably, although many who are eligible to receive food stamps choose not to participate. Whatever the merits of any particular choice, however, it is clear that microsimulation models can provide much pertinent information as policymakers ponder alternatives.

Some caveats

There are, inevitably, difficulties with any new methodology, and microsimulation modeling has its share. They are succinctly laid out in the introduction and final overview chapter of these volumes, and are more fully discussed throughout. These volumes, indeed, constitute a "state of the art"—a review and evaluation that should become essential reading for those who make use of such tools, or who must rely upon the figures they generate.

Because such models are very complex, their construction, operation, and updating require very large research, computer, and survey costs. The potential for programming and calculating errors is large, and because of their cumulative, linked nature, minor restructuring or respecification at early stages may require massive reprogramming and recalculating all along the line.

Moreover, the collection of data for such models is still very imperfect. Many existing data sets are inadequately detailed, or tooled for other purposes; they need much manipulation to fit the demands of a particular simulation model. The data contain many weaknesses—misreporting, or inadequate sample size. Besides, the information available for simulation must be very frequently updated so that cost and impact estimates remain accurate under rapidly changing economic circumstances.

To point out these and other difficulties, however, is not to detract from the promise held out by these new tools, or to call into question their ultimate validity. With each generation these models become increasingly sophisticated, their potential wider. ■

Work in progress
Preparation of public use sample tapes: The 1940 and 1950 Census of population

Public use samples from the 1960 and 1970 censuses have proved major sources of data on the levels and trends of poverty and other forms of social and economic inequality; on the geographic, racial and social incidence and distribution of poverty; and on market, life-cycle, and family factors that cause poverty. These data are used extensively by social scientists and policy analysts.

The creation of similar samples from the 1940 and 1950 censuses will provide social scientists with the opportunity to trace and describe in unprecedented detail the processes of social and economic change in the United States from the Great Depression to the present day—a period that covers transitions of extraordinary magnitude. The files will also offer an opportunity to construct models of change, and to investigate the way in which changes are interrelated.

Institute researchers Halliman Winsborough, Karl Taeuber, and Robert Hauser head this extensive project funded by the National Science Foundation. An archival record (transcription) of very large (N1/100) samples of person-records from the 1940 and 1950 U.S. Censuses of Population and Housing and a public use sample (or samples) of persons and households will approximate the design and content of the 1960 and 1970 Public Use Sample of the U.S. Bureau of the Census and will be distributed by that agency. ■

Social Security and the changing roles of women: A conference

The increasing entry of women, particularly married women, into the labor market has brought into question the implicit model of the family upon which much U.S. tax and transfer policy—and especially the Social Security system—is based. Forty years ago, when Social Security was enacted, the typical American family was seen as a husband, working full time, and a wife whose role was that of an unpaid houseworker and child raiser in a marriage that would last, in effect, for "life." In 1939, when sweeping amendments to the original act established benefits for the dependents and survivors of primary earners, only one woman in four worked; in only three out of 20 households were both husband and wife in the labor force at the same time. By 1976, nearly one-half of all women aged 16 and over were in the labor force; in more than half of all families, both partners worked during the year. Yet the economic position of many women remains fragile: women head the largest number of poor families; and the aged poor are disproportionately female.

The extensive changes in the work life of women, coupled with almost equally sweeping changes in patterns of marriage and divorce, have generated serious imbalances and inequities in the Social Security system:

- The greater the extent to which one spouse earns all family income, the larger the retirement benefits; two spouses with equal earnings do worst of all.
- If the earnings of a marriage partner who is already working rise, so does the retirement benefit. If family income rises because the other partner goes to work, potential retirement benefits do not increase until the level of the dependent's benefit that the second spouse would receive in any event has been reached and passed.
- Dependent's benefits for divorced women are derived from the earnings of the former spouse, and do not become available until he retires; nor is the right to that benefit given to those whose marriages last less than 10 years—yet a hiatus of several years in one's work history may result in a lifetime of lowered earnings.

In response to increasing demands for a fundamental rethinking of the Social Security system, Congress in 1977 mandated a study of dependency and sex discrimination in that system; a report was released in 1979 *(Social Security and the Changing Roles of Men and Women)*.

The publication of this report is only the first round in what promises to be a major debate on the treatment of women by Social Security. The Advisory Council on Social Security is now preparing its own recommendations; the National Commission on Social Security plans to publish recommendations at the end of 1980.

Under these circumstances, the time seemed ripe for a conference that would bring together policymakers and researchers in a number of disciplines—economics, law, political science, women's studies, aging—to examine the major alternatives for restructuring the Social Security system to take into account the many changes in women's roles in society. Jointly sponsored by the Institute for Research on Poverty and the Center for Women's Studies, the conference was held in Madison on April 15 and 16, 1980. (The papers presented, with their authors and discussants, are listed in the box.) One conference session took the form of a panel discussion with members of both Social Security advisory panels.

A critical focus of discussion emerged very early in the conference. It is perhaps most succinctly summarized by economist Barbara Bergmann, a discussant of the first paper:

> If we were to ponder the list of major complaints which are currently being voiced concerning the present set-up of the Social Security system—the "inequity" in benefits between one- and two-earner couples, the treatment of the divorced spouse, the "wasted" social security taxes of the working wife—we would find that virtually all of them, in one way or another, involve the housewife. It is the System's method of provision for the housewife—in some instances its lack of provision—that is at the heart of almost all of the complaints.

Whatever the attitude toward women who choose to become housewives rather than enter the labor force—and clearly the views of those attending the conference spanned a wide range from radical feminist to much more conservative positions—it was agreed that any reform proposal would be inadequate if it did not effectively meet the needs of the large minority of women who, now and in the future, do not work in paid employment, as well as treating equitably those working wives (the vast majority of them earning low wages) whose entire earnings history would entitle them to a lower benefit upon retirement than they could expect as dependents of male workers.

Social Security and the Changing Roles of Women
Conference co-sponsored by The Institute for Research on Poverty and the Women's Studies Research Center.

April 11-12, 1980

The Future Politics of Social Security
Martha Derthick

Underlying Concepts and Institutions
Robert Lampman and Maurice MacDonald
Discussant: Barbara Bergmann

Women and a Two-Tier Social Security System
Alicia Munnell and Laura Stiglin
Discussant: Henry Aaron

The Distributional Effects of the Double-Decker Alternative for Eliminating Dependency in Social Security
Irwin Garfinkel, Jennifer Warlick, and David Berry
Discussant: Colin Campbell

Supplemental OASI Benefits to Homemakers Through Current Spouse Benefits, A Homemaker's Credit, and Child-care Drop-out Years
Karen Holden
Discussant: Edith Fierst

Earnings Sharing: Incremental and Fundamental Reform
Richard Burkhauser
Discussant: Virginia Reno

Disability Under Proposed Reforms
William Johnson
Discussant: Paul van de Water

Occupational Pension Plans and Spouse Benefits
Francis King
Discussant: James Hickman

Incremental Changes in Social Security Needed to Result in Equal and Fair Treatment of Men and Women
Robert Myers
Discussant: George Tolley

A second conclusion clearly pointed up at the Conference—and perhaps not generally enough appreciated—is that the private pensions system is battling the same problems as Social Security, and appears to be little closer to any answers. In both systems, inflation rates are making appalling inroads—into total costs for those systems that are indexed, or into individual standards of living where pensions are fixed. In both, the appropriate and equitable sharing of pension rights between husband and wife is unresolved; how are such rights to be valued upon a divorce, or a death, and whose responsibility is it to decide?

Conference participants canvassed the merits and defects of some potential alternatives to the current system of dependent's benefits. They include:

- The *homemaker's credit,* which would accrue to a wife independently of her husband's earnings and, by making housework and paid work more alike, raise the status of the former. A variant of this system—some provision for child care drop-out years in an individual's earnings record—was also discussed.
- *Earnings sharing* of all income equally between husband and wife in calculating Social Security benefits.
- Some kind of *"double-decker"* or *two-tier system,* which in effect would divorce the individual's basic right to a pension in old age from the earnings record, but would make provision for varying levels of benefits in accordance with earnings history.

The first of these does not benefit poorer married women as much as it does the better-off, and the second would leave one-earner couples rather worse off than they are under the present system: they would merely share 100 percent of earnings, instead of receiving, as at present, that 100 percent plus a 50 percent dependent's benefit. There was, perhaps, a wider consensus about some version of the third approach than about either of the others at this conference.

No such meeting, clearly, can offer definitive solutions to such difficult problems. But by its steady focus on all facets of one critical element in this nation's floundering Social Security system, this particular Conference should help establish useful baselines in a debate that will almost certainly generate as much heat as light over the next few years. ■

Politics of displacement *from p. 9*

tioned dominance—is a subject that has received scant attention from social scientists, whose perspectives have been shaped more by questions about how winners handle their accession to power.

But what if the loss of power is to a group of a different ethnic background, or a different race? Ethnic boundaries frequently demarcate notable cultural differences, or ancient and deeply rooted animosities. Tension and violence may seem, from a historical perspective, to be inherent in American race relations; loss of political power by whites to blacks might well be expected to provoke hostile responses, all the way from withdrawal to active contestation and "sabotage."

Even if the more dramatic manifestations of hostility are absent, there are good reasons to study the losers in electoral contests. In Detroit and Atlanta, for instance, the politically displaced white community was still thoroughly dominant in commerce, banking, industry, real estate, law, and the press. Thus the response of the displaced bears upon the ability of the victors to govern, and upon the economic, cultural, and psychological state of the community. By denying, removing, or diverting these resources, displaced elites can effectively block the ability of the victors to govern. It is of immense importance for a newly victorious municipal government to be able to tap the same wells of prestige and influence to which those whom it displaced had access, for lobbying trips to the state and national capitals, the appointment of panels and commissions, the launching of development projects, the recruiting of high-level bureaucrats from the outside, or the attraction of investments, conventions, and business to the city to enhance employment opportunities and the tax base.

The psychology of adjustment

The first triumph of a black mayoral candidate is no ordinary event in urban politics. Media attention—and consequently public awareness— are high; attitudes and perceptions will be sharper, more focused than normal. In both Atlanta and Detroit white elites were acutely aware of racial transition, although in Atlanta the phenomenon was invested with a dramatic intensity lacking in Detroit. Atlanta had for decades been governed by a relatively small group of white businessmen, with close social ties, who formed a cohesive power structure within which decisions were often made out of the public eye. The Detroit political scene had represented, rather, a balance among bitterly antagonistic interests where organized labor, local business, blacks, white ethnic groups, and city employees struggled to maintain their group within shifting coalitions.

Thus the differing responses of whites in Detroit and Atlanta need evoke little surprise. In Atlanta, elite evaluations of the transition process were extremely tentative compared to those in Detroit. The fact that the shift was peaceful—that "the lid has been kept on"—was frequently heard enough to suggest, perhaps, how limited white expectations were before the transition and how simple it was to fulfill them. Others noted how difficult it was to lose power "to people you don't know," a plaint of people accustomed, surely, to Atlanta's genteel tradition of a limited and intimate ruling class. But a Detroit man who once sought the mayoralty himself remarked: "People have come to understand that black rule doesn't make any difference . . . . The problems still exist. Nothing is so different. Government is government with all its limitations" (p. 78).

Any newly elected mayor will, of course, evoke different responses depending on his past career, his style, and his personality. To what extent did the fact of the mayor's blackness shape people's responses? In both cities, Eisinger argues, blackness was perceived as an inescapable and dominating characteristic, but reactions again differed. Young, indeed, was rather admired for his mastery of what were seen as peculiarly black gifts. Said a white city councilman, "He has some tough union problems but he can get by with it because he's black . . . he gets along with militant blacks." Some argued that the mayor's blackness gave him greater latitude in dealing with state and national governments: "White pols are a bit scared of dealing with and shouting at black politicians" (p. 80).

For white Atlantans, however, the race of their mayor presented problems. He was "touchy" and arrogant—"Every time he gets criticized, he thinks it's racist" (p. 81). He was indicted for a perceived failure to bridge the gap between two constituencies with radically opposed interests—the black community and the white business community—and for choosing to be a "black man's mayor." In so criticizing Jackson, Eisinger notes, white elites were setting his mayoralty against a higher standard of impartiality than they themselves had practiced; clearly, they were reluctant to accept as legitimate a black mayor's belief that he may be obliged first to address issues of special significance to those chiefly responsible for his election.

In both cities, there was a notable absence of overtly racist analysis of the mayor's performance. Explanations for this are multiple—that these elites were not, in general, a blatantly racist group; that their members viewed racist language as imprudent, given the new realities of black power; that racist language was merely replaced by neutral-sounding code words such as "inefficient," or "unbusinesslike." Whatever the reasons, the absence of overt racism certainly opened the way to acceptance of the legitimacy of the principle of black rule as well as future black mayors.

Let us look more closely at two areas of the mayor's performance that drew particular attention: their dealings with the city police force and their efforts to stimulate the local economy in recessionary times.

The Police. Both mayors had campaigned heavily against the shortcomings of the police service; once in office each sought to assert control over the police. Each had to perform a delicate balancing act: He had to obtain the confidence of the black community that blacks would be adequately represented on the police force and that administration of justice would be impartial; he had to convince the nervous white community that violence and street crime would not proliferate; and he had to win the support and loyalty of largely white police forces. Confronted virtually simultaneously with riots and budget crises, Young nevertheless managed to accomplish, more or less, these three objectives; Jackson's attempt to dismiss or remove from actual authority a white police chief who, he considered, ran a racist force was in the end successful, but involved him in a personnel crisis that overdrew his rather modest credit with the white elite.

The Local Economy. Given the economic recession under which the cities were then suffering, the efforts of local government to promote business in general and employment in particular had high visibility. Both mayors were very active, frequently participating in out-of-town trade missions with local businessmen under the aegis of the Chamber of Commerce. A black mayor who appears to hobnob with the "Chamber of Commerce crowd" runs considerable political risk of alienating his black constituency, and it is clear that by so doing both Young and Jackson were making a substantial gesture to white business. Again, recognition of the significance of this gesture was more positive and generous in Detroit. The business community in Atlanta by no means blamed on Jackson the city's economic stagnation after a period of booming expansion, but they remained cool or neutral in their assessment of his efforts to get things moving again. In his first two years at least, Mayor Young enjoyed clear latitude for action. Jackson, however, was expected to conform to a more narrowly defined standard of mayoral behavior, did not meet it, and was thus judged more harshly.

In both cities there very quickly emerged a pattern of practical cooperation with the new leadership. Instead of withdrawing in frustration or anger, the most powerful economic and social actors in both cities sought to establish or maintain access to and cooperation with city hall and to find a political role for themselves. To some degree, they were successful; both administrations were, also to some degree, receptive of these overtures.

The adjustment of major economic actors

The availability of credit, the production of jobs and tax revenues, and the ability to lend a city a reputation for economic vitality through development activities are factors controlled largely by private economic actors, but upon them the fortunes of a municipal government often depend.

Especially since the civil disorders of the 1960s, urban-based firms and banks have developed a sharper sense of civic responsibility, expressed through cash grants or donations of staff time and facilities, often to social action programs. Eisinger demonstrates convincingly that this commitment did not change with the advent of black rule. In particular, he looks at the activities of a number of business coalitions and of the Chambers of Commerce in both cities, and finds that all not only reaffirmed, but demonstrated their commitment to cooperate with the municipal government. For instance, Central Atlanta Progress, a group of downtown Atlanta merchants, real estate developers, and financial and corporate institutions dedicated to the revitalization of the downtown as a marketplace, organized a consortium among its members to undertake a $250 million housing and commercial development of a large urban renewal tract in the downtown. The plan was conceived and developed with the cooperation and encouragement of the mayor, the Atlanta Housing Authority, and neighborhood groups. Oriented heavily toward middle- and upper-income housing, the development was designed to be a profit-making venture. At the same time, it represented a statement of business faith in the essential economic health of the city.

Operating within a different context, without the focus on the marketplace, was New Detroit, a nonprofit organization founded after the hot, violent summer of 1967, to consolidate and bring to bear the varied resources of the private sector upon urban problems, and to provide a forum for public discussion. New Detroit was funded by private corporations, unions, and foundations; its aim was to enhance economic, health, and social opportunities for poor and minority groups. Neither the funding levels, the corporate commitment of personnel, nor the prestige of New Detroit diminished with the advent of black rule, as its activities make clear: for instance, it assisted in the decentralization of the school system and mounted a public relations campaign to ensure peaceful implementation of busing; it aided in recruiting and testing reforms designed to bring more blacks into the police department, initiated hiring programs for the hardcore unemployed, and provided venture capital for minority businesses.

The politics of adjustment

Economic cooperation of displaced elites with the new powers may be dictated by self-interest, or the need to survive. But if a measure of economic cooperation were to be offset by intransigent political opposition, then the resulting stalemate would benefit neither the city nor its citizens, whatever their race or income.

Displaced elites could take one or both of two routes in opposition: straightforward political contestation directed to regaining the mayoralty in the next election; and a more indirect approach—"reform" by redistricting (at its worst, plain gerrymandering) to reverse the demographic trend that led to black victory.

One of the most striking aspects of transition, Eisinger notes, was the attenuation and disorganization of potential political opposition to the new regime. Among white elites in both cities, the assumption developed very rapidly that the personal political strength of both mayors was so great as virtually to ensure them second terms. Demographic factors were acknowledged to favor blacks, and none of the most vocal opponents of the mayor in either city was thought to possess the strength or the means to mount a challenge. Within two years after the election, no suitably qualified white candidate for mayor could be found in Detroit or Atlanta.

With direct contestation dismissed, displaced elites intent upon subverting the new rulers might have recourse to the state government, in hopes that mainly white, suburban, and rural-dominated legislatures would be sympathetic to white urban minorities; indeed, the prospect that legislatures would abandon black-dominated cities entirely was a matter of serious speculation by contemporary observers. Or they might look to a metropolitanization of city government that would, in reality, cloak an effort to swamp the urban black vote with the voting power of suburban whites.

Of the former there is no evidence—nothing to suggest that the Georgia or Michigan legislatures sought to restrict black power or to abandon their major cities, or that whites within those cities viewed the state as a source of relief from their minority status. After 1973, in fact, both states enhanced the fiscal capabilities of their local governments, Georgia by authorizing local option sales and income taxes in 1975, and Michigan by increasing the amount of money available for state shared revenues for local governments in 1976. In both cases, indeed, state contributions to city revenues actually increased slightly during the black mayors' first terms.

What of the movement to impose a single governmental structure on an expanding metropolitan area? Motives for urban reform are complex. Reformers have viewed metropolitan government as a device for expanding the central city tax base, for drawing middle class civic and political talent from the suburban fringes, for rationalizing public services, and for diluting the power of those groups that remain in the central city, bound in place by poverty or color but growing in local political strength by dint of numbers.

The last motive has clearly been strong. The view that a number of efforts at "reform" have been racially motivated finds at least circumstantial support in the strong resistance such efforts evoked during the 1950s and 1960s in cities such as Cleveland, St.Louis, or Tampa. And four out of the five most recent city-county mergers occurred in Southern cities where the black population was approaching a critical political mass.

In any metropolitan reform blacks may well face a tradeoff. Legitimate benefits accruing from tax and revenue equity and service rationality may come at the expense of black chances to control the top political office. When the black mayor is very recently installed, as in Detroit and Atlanta, the issue becomes one of extreme sensitivity. In Atlanta, study commissions had proliferated in the ten years before Maynard Jackson's election, and they were very active in the early years of his mayoralty. Central city whites almost universally agreed on the need for some type of metropolitan solution to Atlanta's various problems of planning, financing, and coordination; all save one of the plans being discussed would have reduced black voters to a minority in the reconstituted city. Metropolitan initiatives were much more limited in Detroit during Young's first term, but they met with virtually the same pattern of responses as in Atlanta. Suburban fears of school integration constituted perhaps the major roadblock to regional government, but black opposition was almost equally forceful. Thus, if metropolitan reform can be viewed, in part, as an elite attempt to subvert black governments, that attempt is very far from being successfully consummated.

What may we conclude from Eisinger's study about the response of the losers to electoral defeat? Victory for the blacks was not accompanied by intransigence or by a desire to turn the tables on the former ruling group; neither did defeat lead that group to bitterness and withdrawal, nor to efforts to sabotage the new rules. Instead, a politics of accommodation prevailed, enabling new partnerships and channels of communication and action to be forged between the holders of economic and of political power. In cities like Detroit and Atlanta, black mayor government has been built on a coalition of business and blacks, and both have clearly much to gain from it.

For members of the middle class, the incentives to stay in the cities or engage in civic activities may not be so readily obvious; how they will react to their relative exclusion, Eisinger comments, is not yet clear. But for the future, he believes, urban mayors—black or white—will have little choice but to rely on coalitions between local business and the central city poor, held together by a system of subsidies, to attempt to rebuild their cities and employ their jobless. Given this necessity, the mostly positive response of displaced white elites to the new governments provides a note of optimism in an often depressing prospect. ■

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[1]For comparative purposes, Eisinger also considers the Yankee loss of power to the much feared and despised Irish in turn-of-the-century Boston. For reasons of space that analysis is omitted here.

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