



Focus

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Are we Losing Ground?

Charles Murray's *Losing Ground: American Social Policy, 1950–1980*¹ has attracted much attention. Some find it the definitive analysis of what has happened to the poor in this country since the 1960s, when social programs were greatly expanded as a result of the War on Poverty and as part of the Great Society. Others consider the analysis a flawed attack on social programs to aid the poor. Among those who disagree with Murray, some quarrel with his choice of data and others take issue with his interpretations. All agree that the book, in calling to account government policies designed to help the poor, has focused attention on the many complicated interrelated factors—economic, demographic, and moral—that determine how poor people get by in this country.

Murray's position

Murray contends that in the face of increasing expenditures to aid the poor since 1965, their numbers have grown and their circumstances have worsened. His examination of data for the period from 1950 to 1980 leads him to believe that as spending upon the poor expanded, progress against poverty not only stopped, but unemployment rose, the quality of education declined, crime increased, and there was an acceleration in the breakdown of the family.

He argues that the programs of the Great Society arose from a changed outlook on the part of those who determine public policy ("the elite wisdom"). According to Murray, the intel-

lectual consensus on the cause of poverty shifted in the 1960s from the view that an individual was responsible for his or her own well-being to the view that the system was at fault. This conviction was strengthened by the civil rights movement, which made many whites more fully aware that great inequities in opportunity existed. The new consensus, Murray maintains, had vast ramifications for poverty, race relations, education, crime, and the role of government. Public policy was extended beyond the provision of equality of opportunity in the direction of equality of outcome: hand-outs were offered instead of a hand up, as transfer programs for the poor expanded. In freeing the poor from responsibility for their own circumstances, this new consensus, embodied in government programs, altered their lives for the worse:

A government's social policy helps set the rules of the game—the stakes, the risks, the payoffs, the tradeoffs, and the strategies for making a living, raising a family, having fun, defining what “winning” and “success” mean. The more vulnerable a population and the fewer its independent resources, the more decisive is the effect of the rules imposed from above. The most compelling explanation for the marked shift in the fortunes of the poor is that they continued to respond, as they always had, to the world as they found it, but that we—meaning the not-poor and the un-disadvantaged—had changed the rules of their world. . . . The first effect of the new rules was to make it profitable for the poor to behave in the short term in ways that were destructive in the long term. Their second effect was to mask these long-term losses—to subsidize irretrievable mistakes (p. 9).

In what he calls a “thought experiment,” to serve “as a device for thinking about policy, not as a blueprint for policy” (p. 220), Murray proposes that it would better the situation of poor people, and especially the minority poor, if we returned to the status quo ante (the 1950s):

The proposed program, our final and most ambitious thought experiment, consists of scrapping the entire federal welfare and income-support structure for working-aged persons, including AFDC, Medicaid, Food Stamps, Unemployment Insurance, Workers' Compensation, subsidized housing, disability insurance, and the rest. It would leave the working-aged person with no recourse whatsoever except the job market, family members, friends, and public or private locally funded services. It is the Alexandrian solution: cut the knot, for there is no way to untie it (pp. 227–28).

Having hypothesized this extreme position, Murray starts to tie the knot again: “Our first step is to re-install the Unemployment Insurance program in more or less its previous form” (p. 230). Next he pictures a woman “presenting the local or private service with this proposition: ‘Help me find a job and day-care for my children, and I will take care of the rest.’” This suggests the need for programs that differ from existing ones in that they would be provided by either local governments or the private sector. He then states, “Hungry

Losing Ground: A Critique

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children should be fed; there is no argument about that” (p. 233). How, if food stamps and other transfers are eliminated, he doesn't say. But though Murray sees the necessity for some assistance to some of the poor, he maintains that their conditions deteriorated as the federal initiatives associated with the War on Poverty and Great Society gained momentum and that the culprits are the very programs put in place to aid the poor.

Many analysts have registered their differences with Murray's interpretations of recent trends and his policy recommendations.² This article highlights the critiques made by researchers at the Institute for Research on Poverty, who have assembled their arguments in an IRP Special Report, *Losing Ground: A Critique* (see box).

Trends in poverty

Murray begins with the Institute's time series on pretransfer poverty—the number of poor persons with incomes below the official poverty line before receiving governmental transfers—which he relabels “latent poverty.” He extends this series back to 1950. The percentage of persons who are classified as pretransfer poor dropped from 33 percent in the 1950s to about 21 percent in 1965, and was down to 18.2 percent in 1968, when Murray says the poverty programs began to take effect. After that date, even though more money was spent on social programs, the figure rose, reaching 19 percent by 1972, 21 percent by 1976, and 22 percent by 1980 (p. 65). Murray calls latent poverty the most “damning” of statistics because “economic independence—standing on one's own abilities and accomplishments—is of paramount importance in determining the quality of a family's life. . . . For this indepen-

dence to have *decreased* would be an indictment of the American system whenever in our history it might have occurred” (p. 65).

Murray argues further that blacks (whom he uses throughout his book as a proxy for the poor) have gained not at all under the Great Society programs. In his Figure 4.4 (p. 62) he shows that whereas poverty (after transfers) among working-aged blacks dropped precipitously between 1959 and 1969, from 58 percent to 30 percent, a decade later—the very decade during which there was the high growth in social spending—progress stopped.

Sheldon Danziger and Peter Gottschalk of the Institute interpret the trend in pretransfer (latent) poverty differently. They find that the growth in pretransfer poverty coincides with rising unemployment as well as with the growth in social programs for the poor:

As unemployment dropped between 1965 and 1969, pretransfer poverty declined. Since then, unemployment and pretransfer poverty have trended upward. Throughout the 1970s, the poverty-increasing impact of rising unemployment was offset by rising transfers. When transfers stopped growing and unemployment continued to rise, the official poverty rate rose by 1983 to the level of the late 1960s.³

Danziger and Gottschalk cite the growing gap between pretransfer poverty and poverty after transfers, especially if in-kind transfers are valued, as evidence of the increased importance of transfers in reducing poverty.

They argue that the importance of transfers in reducing poverty is unambiguous for the group with the largest increase in transfers—the aged poor. Poverty as officially measured among the aged has been reduced by between 30 and 50 percent since 1967 (see Table 1). Public spending on this group and the totally disabled, primarily through Social Security, Medicare, and Medicaid, accounted for over 75 percent of all 1980 expenditures for major income transfer programs. Another approximately 18 percent was spent on programs for those who were neither elderly nor totally disabled—chiefly Unemployment Insurance and Workers’ Compensation. Thus, though the subtitle of Murray’s book is broad: “American Social Policy, 1950–1980,” he is in fact emphasizing only the 7.3 percent of the 1980 income transfers that go to nondisabled, nonelderly recipients of AFDC and food stamps.

Danziger and Gottschalk also reject Murray’s conclusion that blacks lost ground relative to whites as a result of increased transfers. They argue that poor blacks did benefit from the changes in social policies. Though blacks remain poorer than whites after transfers, the poverty rate of nonwhite households with male heads and with children present declined in the period 1967–80 from 28.4 to 16.9 percent (see Table 1). At the same time poverty among comparable whites increased slightly, from 7.5 percent to 7.8. According to Danziger and Gottschalk, Murray’s comparison of poverty rates of all blacks to those of all whites does not show these advances because nonwhites have become increasingly likely to live in households headed by women. Although the poverty rate for households headed by women remains consistently high, it did decline for blacks, but not

Table 1

Official Incidence of Posttransfer Poverty for Persons Classified by Demographic Group of Their Household’s Head, 1967–1980

	All Persons	Aged Household Head		Nonaged Household Head			
		Whites	Nonwhites	White Men with Children	Nonwhite Men with Children	White Women with Children	Nonwhite Women with Children
1967	14.3%	27.0%	52.0%	7.5%	28.4%	38.2%	68.5%
1980	13.0	13.2	35.7	7.8	16.9	39.1	58.3
% Change 1967–80	–9.1	–51.1	–31.3	+4.0	–40.5	+2.4	–14.9

Source: Danziger and Gottschalk, *Losing Ground: A Critique*, p. 79. Computations by the authors from March Current Population Survey data tapes.

whites. Danziger and Gottschalk contend that unless the poverty programs caused this increase in families headed by women, a hypothesis they reject, the programs have improved the relative circumstances of the black poor.

All agree, however, that progress against poverty was disappointing in the 1970s. The official measure of the incidence of poverty showed a fairly steady decline from 22.4 percent in 1959 to 11.1 percent in 1973, at which time it began to rise, reaching 13 percent in 1980 and 15.2 percent in 1983, before falling to 14.4 percent in 1984. But why is poverty higher today than in the early 1970s?

Murray hypothesizes that the cause was the shift in social policy, not a lagging economy. He argues that the period from 1970 to 1979 was one of strong economic growth: "Even after holding both population change and inflation constant, per capita GNP increased only a little less rapidly in the seventies than it had in the booming sixties, and much faster than during the fifties. Growth did not stop. But, for some reason, the benefits of economic growth stopped trickling down to the poor" (p. 59).

Glen Cain of the Institute blames the economy. He states that progress in fighting poverty stopped in 1973 because 1973 was the first year of a steady economy-wide decline in real earnings and family income, as measured by white median income.⁴ (See Table 2.) He argues that "trends in earnings and incomes of workers and families are critically important, because poverty is a household or family concept. Median household income and earnings are logically and historically the principal correlates of poverty,"⁵ whereas per capita GNP is only indirectly related to poverty. Per capita income may rise even though earnings are declining, simply because of a reduction in the proportion of children (or other dependents) in the population. From 1960 to 1980 the proportion of the population under age 15 did fall, from 33 percent to 24 percent. That GNP per capita can increase at the same time that poverty is increasing and family income is declining is demonstrated by Cain in Table 3. In this example, a decline in wage rates and an increase in the number of households cause poverty to increase, even though the number of workers and GNP per capita also increase.

Table 2

Median Money Incomes and Income Ratios for Black and White Male Workers, 1948-1982, in Constant 1982 Dollars

Year	Median Income		Ratio B/W	Year	Median Income		Ratio B/W
	Whites	Blacks			Whites	Blacks	
1948	\$ 10,064	\$ 5,465	.54	1965	\$ 16,185	\$ 8,710	.54
1949	10,006	4,844	.48	1966	16,631	9,212	.55
1950	10,862	5,899	.54	1967	16,901	9,653	.57
1951	11,524	6,346	.55	1968	17,388	10,551	.61
1952	11,837	6,487	.55	1969	17,812	10,508	.59
1953	12,237	6,760	.55	1970	17,428	10,490	.60
1954	12,080	6,011	.50	1971	17,248	10,351	.60
1955	12,776	6,724	.53	1972	18,029	11,100	.62
1956	13,558	7,113	.52	1973	18,360	11,551	.63
1957	13,402	7,096	.53	1974	17,330	11,135	.64
1958	13,275	6,614	.50	1975	16,679	10,511	.63
1959	13,937	6,561	.47	1976	16,849	10,540	.63
1960	14,003	7,367	.53	1977	16,889	10,326	.61
1961	14,290	7,385	.52	1978	16,945	10,796	.64
1962	14,859	7,318	.49	1979	16,363	10,604	.65
1963	15,151	7,874	.52	1980	15,612	9,786	.63
1964	15,361	8,708	.57	1981	15,172	9,624	.63
				1982	14,748	9,493	.64

Source: Cain, *Losing Ground: A Critique*, p. 11, from U.S. Bureau of the Census, *Current Population Reports*, Series P-60, No. 142, "Money Income of Households, Families, and Persons in the United States: 1982" (Washington, D.C.: GPO, 1984), Table 40.

Table 3

Illustrating How a Decrease in the Dependency Ratio Can Increase per Capita Income, Decrease Family (or Household) Income, and Increase Poverty

Assume the economy has six persons in time periods 1 and 2.

Demographic Unit	Family or Household Income	Poverty Level (By Size of Household)*
Period 1: (A high-fertility population.)		
One family: 2 adults, 3 children	\$12,000	\$11,884
One household of 1 adult	\$6,000	\$5,019
Per capita income = \$3,000 (= \$18,000/6) Dependency ratio = 50 percent (= 3 children/6-person population) Incidence of poverty = 0 percent		
Period 2: (Twenty years later: It is assumed that marriage rates, birth rates, and wages for working adults have all declined.)		
One family: 2 adults, 2 children	\$9,000	\$9,862
Two one-person households of adults	\$5,000 \$5,000	\$5,019 \$5,019
Per capita income = \$3,167 (= \$19,000/6) Dependency ratio = 33 percent (= 2 children/6-person population) Incidence of poverty = 100 percent		

Source: Cain, *Losing Ground: A Critique*, p. 14.

Note: Per capita income rose in period 2, yet every household has a lower income, which is now below the poverty line, and each family member in the multiple-person household has a lower income.

*These are the poverty-level incomes in 1982 for households of sizes 5, 4, and 1 (see *Statistical Abstract of the United States, 1984* [Washington, D.C.: GPO, 1983], p. 447).

A key factor supporting Murray's contention that the increase in government benefits contributed to increased poverty is his interpretation of the negative income tax (NIT) experiments.⁶ Murray says that these experimental programs caused large reductions in work effort among participants. Yet Cain points out that the experiments provided much higher benefits than existing welfare programs, which means that the work disincentive effects Murray cites are much larger than those of current programs. In any case, Cain considers the work disincentives of the experimental programs to be small. In the New Jersey experiments husbands reduced their work effort by less than 5 percent. Wives reduced their work by about 25 percent, but because

they ordinarily spent so little time in the work force, this reduction amounted to only about 63 hours a year. In the more generous Seattle-Denver Income Maintenance Experiment, husbands and wives reduced their work by 9 and 20 percent respectively. The 20 percent reduction in the work of wives, given their generally low wages, would make little difference in the family's poverty status, and could well improve their lives if the wife substituted work in the home for outside work.⁷

Danziger and Gottschalk make the point that transfers can only increase posttransfer poverty if recipients cut back on their work so much that their loss of earned income exceeds what they get from the program. These researchers find that the actual increase in AFDC and food stamps between 1960 and 1972 would have decreased weekly work effort by only 2.2 hours. They conclude that such an effect is not "sufficiently large to warrant eliminating AFDC and food stamps."⁸

Unemployment and labor force participation

Despite the high unemployment rates and stagnant incomes of the 1970s and whatever disincentives were created by government programs, the number of workers grew because of the entrance of the baby-boom population and women into the work force. Given the many labor market interventions of the Great Society period, why didn't the poor—specifically black youth in the ghettos—get more jobs, which provide the best route out of poverty? Murray writes:

If the 1950s were not good years for young blacks (and they were not), the 1970s were much worse. When the years from 1951 to 1980 are split into two parts, 1951–65 and 1966–80, and the mean unemployment rate is computed for each, one finds that black 20–24-year-olds experienced a 19 percent increase in unemployment. For 18–19-year-olds, the increase was 40 percent. For 16–17-year-olds, the increase was a remarkable 72 percent. . . . Something was happening to depress employment among young blacks. . . . For whatever reasons, older black males (35 years old and above) did well. Not only did they seem to be immune from the mysterious ailment that affected younger black males, they made significant gains (p. 73).

Not only were unemployment rates of black youth rising, their labor force participation rates (LFP) were declining. Furthermore, "the younger the age group, the greater the decline in black LFP, the greater the divergence with whites, and the sooner it began" (p. 78). In contrast with the figures for blacks, the LFP for white youth showed little change.

Though no one can take any comfort in the drop in the proportion of black employed youth, Glen Cain points out that Murray does not give due credit to the increased proportion of blacks enrolled in schools, which was a primary goal of many government programs. Cain shows that school enrollments rose for both white and black youth, that blacks

gained relative to whites, and that over the period 1960–79, increased enrollments were a major source of the decline in the LFPs of black teenagers.⁹ Furthermore, Cain points out that Murray uses civilian labor force statistics, at a time when military service had become an increasingly important source of employment for young black men. This focus on civilian statistics understates the proportion of employed black youth, and at the same time is a reason for the decline in the civilian labor force. Cain's adjustments reduce the gap in labor force participation rates between blacks and whites from the average of 14.5 percentage points emphasized by Murray to an average of 5.5 percentage points.¹⁰ According to Cain, though the unemployment rate of black youth is a very serious problem, the total picture is not as grim as Murray claims.

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The chief reason for the higher labor force participation rates of white youth than black youth is that white teenagers in school are more likely to be working than are black teenage students. Cain offers a demand-side explanation for the difference, rejecting Murray's contention that the Great Society reduced the work ethic of blacks. Cain suggests that the major source of jobs for young whites in recent years has been in the shopping centers, supermarkets, and fast-food restaurants that have been growing rapidly in the suburbs where most whites live. In those central cities populated by blacks, stores have been closing down.¹¹

Some attribute black youth unemployment to discrimination. Murray rejects this explanation. He points out that those groups which in the past had suffered the greatest discrimination—the blacks competing for white-collar jobs—found their situation improved.

During the years between 1959 and 1980, blacks made extraordinary progress in entering white-collar jobs: from only 14 percent of employed blacks in 1959 to 39 percent in 1980. . . . In 1959, the ratio of whites to blacks in white-collar jobs was 3.2 to 1. In 1980 the ratio had fallen to 1.4 to 1 (p. 86). There is now a broad scholarly consensus that the gains in income parity are real and large among that subpopulation of blacks who obtained an education and stayed in the labor force. . . . It may be that, for all practical purposes, the racial difference has disappeared for this one subgroup (p. 89).

Education has been shown to pay off for blacks. According to Murray, "At some point between 1959 and 1962, blacks entering the labor force found a market in which their percentage increase in wages per unit of education was greater than that of whites. By 1965, the increase for blacks was more than half again as large as the increase for whites" (p. 90). Though this statement is controversial, Murray and his critics agree that black wage earners as a whole have made gains both absolutely and relative to whites since the War on Poverty began.¹² Black men's incomes relative to whites have increased (Table 2), and the incomes of black women have almost reached those of white women.

Is Murray right in stating that changes in social policies "radically altered the incentive structure" (pp. 167–68) and led to outcomes that were the opposite of what the planners of the War on Poverty and Great Society intended? What prevents black youth and other poor persons from getting an education or on-the-job training that will open up the possibility of escape from poverty? Have government-induced changes in family structure, schools, and the criminal justice system led to increases in poverty?

The family

Nothing has been more disquieting in recent years than changes in family structure. For many years AFDC has been blamed for the rise in illegitimate births and for the increased divorce rate. Indeed the common public perception of the AFDC mother is that of a woman who chooses to have children so that she can become eligible for welfare, or whose husband abandons her so that she can receive benefits.

Murray presents a description of the economic and family decisions of an imaginary couple, Phyllis and Harold, to bolster his argument that changes in social policies have been counterproductive. He argues that if Phyllis had become pregnant and had a child in 1960, this couple would have been better off financially if they had married and Harold had taken a low-paying job. But, owing to more generous welfare benefits and changed regulations, their rational choice in 1970 was not to marry but to live together (a choice made possible by the abolition of AFDC's man-in-the-house rule, which had held a man living with a woman responsible for her children's support). Phyllis could then draw benefits which totaled more than Harold could earn if he worked for the minimum wage. Furthermore, Phyllis could supplement her AFDC benefits by working. This arrangement would free Harold to work when and if he chose.

Many people have disputed Murray's presentation of Harold and Phyllis's choices. Robert Greenstein has pointed out that in Pennsylvania (the state Murray selected for his example)

AFDC benefits are higher than in other states, and that Murray counts food stamps as part of the welfare package but not as part of the work package, though food stamps are available to all low-income families, two-parent or not, employed or not. Greenstein states that "taking a minimum-wage job was more profitable than going on welfare in most parts of the country in 1970. In some states with low welfare payments, such as southern states, minimum-wage jobs paid almost *twice* as much."¹³ Murray, in his reply to Greenstein, says that *Losing Ground* underestimates the size of the 1970 package "by valuing Medicaid far below any of the commonly used figures. I left out the value of food supplements, school lunches, and other services. I did not include housing allowances."¹⁴

Certainly welfare benefits and rule changes did make welfare a more viable option in 1970 than it had been in 1960. But whether it led to changes in family structure is another matter. In a review of Murray's book, Christopher Jencks presents a wholly different picture of Harold's options:

In 1960, according to Murray, Harold marries Phyllis and takes a job paying the minimum wage because he "has no choice." But the Harolds of this world have always had a choice. Harold can announce that Phyllis is a slut and that the baby is not his. . . . From an economic viewpoint . . . Harold's calculations are much the same in 1970 as in 1960. Marrying Phyllis will still lower his standard of living. The main thing that has changed since 1960 is that Harold's friends and relatives are less likely to think he "ought" to marry Phyllis. . . . Since Harold is unlikely to want to support Phyllis and their child, and since Phyllis is equally unlikely to want to support Harold, the usual outcome is that they go their separate ways.¹⁵

Murray does not base his contention that welfare destabilizes families on the assumption that women have babies simply to get welfare, which in any case, has been challenged by David Ellwood and Mary Jo Bane. They show that illegitimacy is no greater in states having generous AFDC benefits than in states having meager ones. They conclude that "differences in welfare do not appear to be the primary cause of variation in family structure across states, or over time. Largely unmeasurable differences in culture or attitudes or expectations seem to account for a large portion of differences in birth rates to unmarried women and in divorce and separation patterns among families with children."¹⁶

Murray counters that the relationship between AFDC and illegitimacy is discontinuous and that all states currently have benefits high enough to make it possible for an unmarried pregnant woman to have and keep her baby.

A break point exists at which the level of welfare benefits is sufficiently large that it permits an alternative to not having (or not keeping) the baby that would otherwise not exist. Once this break point is passed, welfare benefits become an enabling factor: they do not cause single women to decide to have a baby, but they enable women who are pregnant to make the decision to keep the baby. If

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in all states the package of benefits is already large enough to have passed the break point for a large proportion of the potential single mothers, then the effects on increases in the welfare package as measured by Ellwood and Bane will be very small.¹⁷

Sara McLanahan, an IRP researcher, presents an argument against Murray's claim that welfare benefits have been a major cause of the great growth in illegitimacy among blacks. She points out that while the illegitimacy ratio (the ratio of nonmarital births to all live births), which Murray uses to make his point, does take off in the mid-sixties, along with the growth in Great Society programs, the illegitimacy rate (the ratio of nonmarital births to the total number of women in the childbearing age range) does not. "For black women, the illegitimacy rate rose sharply between 1945 and 1960, leveled off between 1960 and 1965, and began to decline after 1965."¹⁸ In other words the illegitimacy rate was declining during most of the time that welfare benefits were increasing, and when—according to Murray—the Phyllises of the world were choosing to use them. If pregnant women were choosing to have their children out of wedlock in response to rising welfare benefits, the illegitimacy rate should have been increasing, all else being equal.

Of course, all else was not equal, and the trend in the illegitimacy rate does not, in and of itself, disprove Murray's thesis. As a starting point, however, McLanahan argues that

it is a better statistic than the illegitimacy ratio, which has all the limitations of the rate *and* is highly sensitive to trends in marriage and marital fertility. The reason the two trends (the rate versus the ratio) look so different for black women after 1965 is that marriage rates and marital fertility were declining even faster than nonmarital fertility.

Furthermore, the decline in marriage cannot be explained by increases in welfare, since this decline during the late sixties and early seventies was more pronounced for nonpregnant women than for pregnant women. Otherwise the illegitimacy rate would have gone up rather than down. McLanahan suggests that the decline in marriage, as well as the growth of female-headed families, may be “a response to improvements in the employment opportunities of women relative to men, and especially black men.”¹⁹ But this explanation raises the question once more of why so many fewer young black men are working.

Murray believes that the elimination of AFDC and other welfare programs “would drastically reduce births to single teenage girls. It would reverse the trendline in the breakup of poor families. It would measurably increase the upward socioeconomic mobility of poor families” (p. 227). The extent to which it would remedy these ills is disputed. Eliminating welfare will of course have a drastic impact upon women now on AFDC. In a study of the prospects for self-sufficiency of AFDC recipients, David Ellwood points out that the idea that welfare income can largely be replaced by earnings is without foundation. Although welfare mothers can become self-supporting if they work full time the full year, this is not the typical pattern of mothers of young children, whether heads of households or wives. The norm is still for mothers to spend considerable time with their children. Because few women on AFDC work full time, earnings alone seldom provide the solution to poverty among single-parent households. Furthermore, the two principal factors that enable women to work their way off of welfare are previous work experience and schooling. The prospects for young unmarried mothers without a high school degree are therefore not encouraging.²⁰

Murray argues that single mothers who cannot support their children will have to marry or move in with relatives. His contention that AFDC enables them to live alone (or with their lovers) is supported by Ellwood and Bane, who have found that high AFDC benefits do have an effect on the living arrangements of one small group—young unmarried mothers—who are more likely to set up their own households in high-benefit states than to live with their parents.²¹

Education

As with the breakdown of the family, Murray links the growth of federal spending upon education to deterioration of the schools and a widening of the gap between the achievements of blacks and whites. He paints a picture in

which blacks made gains before 1965, especially in enrollment. Black enrollment in high school rose from 76 percent of those between ages 14 and 17 in 1950 to virtual parity with whites, at 92 percent, by 1965 (p. 98). From 1960 to 1970, college enrollment of blacks aged 20–24 rose from 7 to 16 percent (p. 99). In 1977 24 percent of blacks aged 20–24 were enrolled in school, compared to 23 percent of whites in the same age group. But ironically, at the same time that blacks were reaching this parity, claims Murray, the value of a diploma in terms of achievement declined. He quotes from the National Commission on Excellence in Education:

Each generation of Americans has outstripped its parents in education, in literacy, in economic attainment. For the first time in the history of our country, the educational skills of one generation will not surpass, will not equal, not even approach, those of their parents (Paul Copperman, quoted by the Commission, Murray’s p. 101).

He concludes that whereas education for the disadvantaged was probably improving during the 1950s and early 1960s, nothing was accomplished by the subsequent federal investment in elementary and secondary education for the disadvantaged, and “after the mid 1960s, public education for the disadvantaged suffered as much as, and probably even more than, education for youth in general” (p. 101). He says that whereas the black-white gap in achievement appeared to be smaller in 1965 than it had been in 1960, “as of 1980 the gap in educational achievement between black and white students leaving high school was so great that it threatened to defeat any other attempts to narrow the economic differences separating blacks from whites” (p. 105).

He attributes this deterioration of achievement among blacks to the mind-set of the sixties—due process invaded the public schools, making administrators and teachers vulnerable to lawsuits if they suspended or otherwise disciplined students, and a general desire to help blacks get ahead meant lowering standards to avoid embarrassment when only whites received academic awards in mixed schools.

Murray terms the magnet schools an inherently good idea that failed because educators did not have the courage of their convictions. When enough gifted black students could not be found, they used quota systems, filling in with black students with lower potential, and giving whites the impression that even the brightest black students were not competitive with white students (pp. 183–84). He faults government programs for concentrating on the mentally retarded, the disturbed, and the learning-disabled, instead of helping the bright and motivated students.

Yet Michael Olneck, an IRP affiliate, disputes Murray’s basic premise. According to Olneck, “blacks, on average, stood in no worse relation to whites in 1980 than they did in 1965, and may well have made gains.”²² He points out that high school enrollment in fact increased after 1965, because blacks who were enrolled in school were more likely to graduate than drop out. He maintains that high school graduation rates converged by race at least through 1978. Further-

more, because the poorer students are the ones most likely to drop out, the fact that they now remain in school will lower black average test scores in the higher grades. Nevertheless, Olneck says, blacks did not drop back in relation to whites in achievement. Olneck demonstrates that even though the achievement gap between blacks and whites has not closed, it also has not widened (see Table 4).²³ He writes: "That there was an enormous achievement gap between the races in 1980, that there was a catastrophic difference between blacks and whites in SATs, for example, are things I think that I would be ready to join Murray in saying. To say, however, that there was a *worsening* trend since 1965 is simply not something for which I find evidence."²⁴

Olneck does not, nor do other reviewers of social programs, point to much success from the many remedial education programs that have been attempted. Ten years after the first programs were implemented the general conclusion being

drawn was that nothing worked.²⁵ Today there are grounds, if not for optimism, at least for hope. In a paper evaluating education and training programs in 1985, Nathan Glazer states:

A consensus has emerged on the educational changes of the 1970's and early 1980's which presents some modest encouragement for those who believe that "something can be done," but also raises some very serious questions when we consider what more can be done, particularly for those ages in which preparation for transition to work or college is being completed, and where we have done so badly.²⁶

Despite the limited results of most education programs, poverty rates clearly are lower for those with greater education; and it remains the common wisdom that one of the primary ways to overcome poverty is to invest more money in educa-

Table 4
White-Black Gap in Standardized Test Scores
(in terms of total standard deviation)

Year	Sample	Grade	Test	Gap (SD)	Source
1960	Project TALENT	9	Composite	1.28	Murray, Table 13, p. 253
1965	EEOR (Coleman Report)	6	Verbal	1.00	Smith in Mosteller and Moynihan ^a
		9	Verbal	1.00	
		12	Verbal	1.01	
1972	NLS 1972	12	Composite	1.10	Direct calculation
1980	High School and Beyond	10	Composite	0.96	Direct calculation
		12	Composite	0.82	Direct calculation
1980	SAT	11 & 12	Verbal	1.04	Murray, Table 16, p. 255 ^b
			Math	1.05	
1980	U.S. Department of Defense	18-19 yrs.	Armed Forces Qualification Test	1.05	Murray, Table 15, p. 254 ^b
		20-21 yrs.	AFQT	1.14	
		22-23 yrs.	AFQT	1.20	
1982	High School and Beyond	12	Composite	0.96	Direct calculation
		12 plus dropouts	Composite	0.93	Direct calculation

Source: Olneck, *Losing Ground: A Critique*, p. 46.

^a(White mean - black mean)/1.05 SD_w. These data indicate that the SD for the total population is approximately equal to 1.05 times the SD for whites. EEOR data are from Marshall S. Smith, "Equality of Educational Opportunity: The Basic Findings Reconsidered," in F. Mosteller and D. P. Moynihan, eds., *On Equality of Educational Opportunity* (New York: Random House, 1972).

^bAge-specific SDs averaged, and used consistently.

tion. In this wisdom Murray evidently concurs. As part of his thought experiment for educational reform, Murray proposes free tuition up to and including graduate school.

Crime

“During the late 1960s and early 1970s, crime of all types did, in fact, soar” (p. 115). Murray further states that the rise among blacks was much greater than the rise among whites. He explains the increase in crime by pointing out that those who committed crimes were less likely to be arrested, and those who were arrested were less likely to go to prison. He mentions other Great Society changes that tipped the scales against the forces of law and order: Poor persons began to be accorded equal protection under the law, and access to the records of juvenile offenders was restricted. These changes were part of a larger picture: “The changes in welfare *and* changes in the risks attached to crime *and* changes in the educational environment reinforced each other” (p. 167). The results were that “the increase in arrests for violent crimes among blacks during the 1965–70 period was seven times that of whites” (p. 118). “The jump in black arrests for violent crimes (and, for that matter, for property crimes) was too sudden, too large, and lasted too long to be dismissed as just an anomaly of a turbulent decade” (p. 119).

Again, an Institute researcher disputes the attribution of causality from the Great Society programs to increases in crime. Irving Piliavin points out that the relative increase of nonwhite arrest rates was less than that of whites: “Overall, between 1960 and 1980 the relative increase in white arrest rates was 30 percent higher than that of nonwhites for property crimes and more than 300 percent higher than that of nonwhites for violent crimes.”²⁷

Murray argues that it is inappropriate to compare *rates* because “the black baseline rate was many times higher than the white baseline rate, decisively affecting the nature of the proportional change represented per unit change in the arrest rate” (p. 281, note 7). He maintains that there is a qualitative difference between the number of crimes committed by blacks before and after 1965.

Piliavin points out that the use of blacks as a proxy for the poor breaks down in the area of crime, because there has always been a strong relationship between poverty and crime. Therefore the whites with which Murray compares blacks are in fact poor whites, and the violent crime records for this subset of the poor (i.e., the white poor) do not coincide with the Great Society programs at all. White violent crime increased steadily from 1960 on. Furthermore, “poor nonwhites *and* poor whites experienced massive increases in property crime rates between 1965 and 1970, but both groups also had substantial increases (more so among whites) between 1960 and 1965, a period preceding the criminal justice changes that Murray believes led to the crime explosion of the late 1960s.”²⁸

Piliavin also points out that changes in the criminal justice system did not curtail the activities of the police. “At each five-year observation from 1960 through 1975, police arrested more individuals and at a higher rate per 100,000 population . . . than at previous observation points.”²⁹ Despite increased efforts on the part of the police, crime rates rose. Nor was there any connection between a decline in the imprisonment of arrested offenders and increases in crime rates. “If the 1965–70 crime rate increases were due to changes in prison-sentencing practices during this period, the relationship is far from obvious.”³⁰

And yet, of course, something has changed. Life is much less safe than it used to be. Murray quotes a study that shows “at 1970 levels of homicide, a person who lived his life in a large American city ran a greater risk of being murdered than an American soldier in the Second World War ran of being killed in combat” (p. 117).

What does social science research suggest about the causes of the increase in crime, the decline in educational achievement, and changes in family structure, if Murray’s critics are correct in concluding that these trends were not caused or exacerbated by the Great Society programs?

Social science research: What we know and what we don’t know

The last section of Murray’s book is titled “Escapism.” In it he writes: “What should worry us . . . is a peculiar escapism that has gripped the consideration of social policy. It seems that those who legislate and administer and write about social policy can tolerate any increase in actual suffering as long as the system in place does not explicitly permit it” (p. 235). In a recent journal article he reiterates this point: “In many respects, the chief subject of *Losing Ground*’s indictment is not only the governmental reforms of the 1960s, but the inability, or reluctance, of modern social science to explore the questions it raises. *Losing Ground* examines the experience of the last thirty years of social policy and finds a variety of phenomena that demand explanation.”³¹

While it is clear that the answers to numerous questions elude us, one has only to examine Murray’s extensive citations to see how much has been learned in recent years. Indeed Gary Burtless and Robert Haveman argue that anti-poverty programs have fallen into disfavor because they have been subjected to intense scrutiny and harsh evaluation.

Society is not evenhanded in subjecting programs for the poor and nonpoor to experimental investigation. It has not examined transfers to the nonpoor with the same degree of intensity as it has examined those to the poor. We should therefore not be surprised that experimental scrutiny has been less kind to programs designed to benefit the poor.³²

The social science community has regularly attempted to evaluate the effects of social programs. A recent example is Robert Lampman's *Social Welfare Spending: Accounting for Changes from 1950 to 1978*.³³ The papers presented in December 1984 at a conference, Poverty and Policy: Retrospect and Prospects, sponsored jointly by the Institute for Research on Poverty and the U.S. Department of Health and Human Services,³⁴ were another attempt to determine what has and has not worked, and why.

In fact, even though Murray's attack on Great Society programs has been vigorously challenged, there is little enthusiasm for merely expanding many of the existing programs he faults. Policy analysts, building on what has been learned, have suggested a variety of new antipoverty policies for the 1980s. Danziger and Gottschalk, for example, conclude that transfer programs are not an acceptable solution to the poverty of the working-aged poor, not because of their disincentives, which have been shown to be small, but because they do not provide work opportunities.³⁵

They suggest, in addition to an expanded "workfare," special training programs for those who become long-term welfare recipients, and an increase in the incomes of those working for low wages through expansion of the Earned Income Tax Credit.³⁶ Again, existing research can be used to argue the strengths and weaknesses of this jobs strategy.

Irwin Garfinkel, an IRP affiliate, has proposed a Child Support Assurance program to require absent fathers to contribute to the support of their children. Whether or not the increased support payments can eventually reduce the number of households receiving AFDC is the subject of an ongoing research project at IRP.³⁷

Even Murray's conclusion that more stress should be placed on the private sector and communities (pp. 229-31) can be evaluated on the basis of recent social science research. The fact that those communities with the greatest number of poor needing assistance are the poorest communities, with the fewest resources for the poor, raises some serious questions.³⁸ Furthermore, most philanthropy in the private sector is directed at the middle class (boy scouts, disaster relief) rather than the poor.³⁹ It is therefore rather unlikely that a single mother going to a private agency with the proposal, "Find me a job and child care and I will do the rest," is likely to receive what she needs.

Conclusion

The Institute researchers who have critically reviewed *Losing Ground* reject its broad condemnation of the Great Society. They severally find that the programs that evolved from the War on Poverty and the Great Society have achieved at least some of their goals. They do agree with Murray that something different must be done in the 1980s if poverty and

crime are to be reduced, if families are to be stabilized and educational achievement improved. And they concur that government policy must promote self-reliance for people capable of work.

Murray's thought experiments have had the desired effect. They have dramatized the difficulties inherent in devising strategies to combat poverty. ■

¹New York: Basic Books, 1984. Parenthetical page numbers in this article refer to Murray's book.

²Among the many reviews of Murray's book are Robert Greenstein, "Losing Faith in Losing Ground," *New Republic*, March 25, 1985, which continues in a debate between Greenstein and Murray in the April 8 issue; Christopher Jencks, "How Poor Are the Poor?" *New York Review of Books*, May 9, 1985; Richard D. Coe and Greg Duncan, "Welfare: Promoting Poverty or Progress?" *Wall Street Journal*, May 15, 1985. Several workshops and symposia have been held. A workshop at the Manhattan Institute was reported in *Manhattan Report*, 5:1, 1985. A symposium, "Alternatives to the *Losing Ground* Perspective," was part of the Conference of the American Public Welfare Association in Washington, D.C., May 7-8, 1985. Papers were presented by Joseph Goldberg, David Ellwood, Sar Levitan, Lee Teitelbaum, Vaughan Stapleton, Mary Jo Bane, Barbara Blum, and Eli Ginzberg. These papers will be published at a later date.

³Danziger and Gottschalk, "Social Programs—A Partial Solution to, but Not a Cause of Poverty: An Alternative to Charles Murray's View," in *Losing Ground: A Critique*, IRP Special Report no. 38, 1985, p. 78.

⁴Cain, "Comments on Murray's Analysis of the Impact of the War on Poverty on the Labor Market Behavior of the Poor," *ibid.*, p. 10.

⁵*Ibid.*

⁶The two major negative income tax experiments were the New Jersey experiment and the Seattle and Denver experiment. The first is reported in three volumes in the IRP Monograph Series: *The New Jersey Income-Maintenance Experiment*. Volume 1, *Surveys and Administration*, is edited by David Kershaw and Jerilyn Fair (1976); volumes 2 and 3, *Labor-Supply Responses and Expenditures, Health, and Social Behavior*, are edited by Harold Watts and Albert Rees (1977). They are available from Academic Press, Orlando, Fla. The results of the second experiment are reported in U.S. Department of Health and Human Services, Office of Income Security Policy, *Overview of the Seattle-Denver Income Maintenance Experiment: Final Report* (Washington, D.C.: GPO, 1983).

⁷Cain, pp. 25-27, *passim*.

⁸Danziger and Gottschalk, "Social Programs," p. 85. Between 1972 and 1984 real benefits declined. That decline implies an increase in weekly work effort of 2 hours. Thus, the effect of the growth in AFDC and food stamps over the entire 1960-84 period is quite small.

⁹Cain, pp. 20-21.

¹⁰Cain, pp. 21-22.

¹¹Cain, p. 23. Cain's explanation refers to the specific areas where white and black youth live, not suburbs and central cities in general. The central cities of the expanding Southwest and of the declining Northeast, for example, have quite different proportions of white and black populations. It should be noted that the use of an overall classification of central-city residence does not support Cain's explanation. David Ellwood and Lawrence Summers examine the employment status of youth who are not attending school, and they find that blacks living in central cities don't seem to fare much worse than those living outside the ghettos. They quote the 1980 census to show that 32 percent of those in central cities had jobs, whereas 38 percent of those living in the suburbs were working. This

compares with 62 percent for white youth. (These are figures for both sexes, but Ellwood and Summers speculate that the differences for men alone between the central city and the suburbs would be smaller.) See Ellwood and Summers, "Poverty in America: Is Welfare the Answer or the Problem?" Paper presented at conference, Poverty and Policy: Retrospect and Prospects, Williamsburg, Va., December 6-8, 1984, revised March 1985, p. 39.

¹²Cain, p. 16.

¹³Greenstein, "Losing Faith in *Losing Ground*," *New Republic*, March 25, 1985, p. 13.

¹⁴Murray, "The Great Society: An Exchange," *New Republic*, April 8, 1985, pp. 21-22. As with food stamps, however, two-parent households are eligible for other food supplements, school lunches, public housing benefits, etc.

¹⁵Christopher Jencks, "How Poor Are the Poor?" *New York Review of Books*, May 9, 1985, p. 44.

¹⁶Ellwood and Bane, "The Impact of AFDC on Family Structure and Living Arrangements," *Journal of Labor Research*, forthcoming.

¹⁷Murray, "Have the Poor Been 'Losing Ground'?" *Political Science Quarterly*, Fall 1985, p. 93.

¹⁸McLanahan, "Charles Murray and the Family," in *Losing Ground: A Critique*, p. 3.

¹⁹*Ibid.*, p. 5. See also William Julius Wilson and Kathryn M. Neckerman, "Poverty and Family Structure: The Widening Gap between Evidence and Public Policy Issues." Paper presented at conference, Poverty and Policy: Retrospect and Prospects, Williamsburg, Va., December 6-8, 1984, revised February 1985.

²⁰Ellwood, "Working Off Welfare: Policies and Prospects for Self-Sufficiency of Female Family Heads," IRP workshop paper, mimeo., 1985.

²¹Ellwood and Bane.

²²Olneck, "Comments on Schooling," in *Losing Ground: A Critique*, p. 38.

²³Olneck measures the gap using standard deviations (taken from Murray's Appendix). The standard deviation is a measure of dispersion or variation around the average in a distribution of values (e.g., years of education, test scores). It is calculated as the quotient of the square root of the sum of the squared deviations of individual values from the mean divided by the number of values or observations in the distribution. Expressing group differences as proportions of unit standard deviations allows one to measure changes in relative group differences over time.

²⁴Olneck, p. 45.

²⁵Nathan Glazer, "Education and Training Programs and Poverty; or, Opening the Black Box." Paper presented at conference, Poverty and Policy: Retrospect and Prospects, Williamsburg, Va., December 6-8, 1984, revised January 1985, p. 3.

²⁶*Ibid.*, p. 25.

²⁷Piliavin, "The 1965-1970 Crime Increase as Seen by Charles Murray: A Critique," in *Losing Ground: A Critique*, pp. 60-62.

²⁸*Ibid.*, p. 64.

²⁹*Ibid.*, pp. 65-66. Murray counters that arrests per crime nonetheless declined.

³⁰*Ibid.*, p. 69.

³¹Murray, "Have the Poor Been 'Losing Ground'?" p. 95.

³²Burtless and Haveman, "Policy Lessons from Three Labor Market Experiments," IRP Discussion Paper no. 746-84, March 1984.

³³Orlando, Fla.: Academic Press, 1984.

³⁴The edited proceedings will be published by Harvard University Press in spring 1986.

³⁵Danziger and Gottschalk, "Social Programs," p. 88.

³⁶*Ibid.*, pp. 88-89.

³⁷Ann Nichols-Casebolt, Irwin Garfinkel, and Pat Wong, "Reforming Wisconsin's Child Support System," IRP Discussion Paper no. 793-85, forthcoming.

³⁸Michael Sosin, *Private Benefits: Material Assistance in the Private Sector* (Orlando, Fla.: Academic Press, forthcoming).

³⁹*Ibid.*

Institute summer seminars 1985

The following seminars by IRP affiliates and visitors described their ongoing projects (copies of the papers can be obtained from the authors):

Sheila Ards, Carnegie-Mellon University, "White Female-Headed Families: What Explains Their Increase?"

J. S. Butler, Vanderbilt University, "Labor Market Re-entry and Mortality: A Bivariate Hazard Model with Correlated Heterogeneity Components"; and "Weighted Log-Likelihood Functions, Weighted Orthogonality Conditions, and Sample Design: An Application to Food Stamps"

Irwin Garfinkel, IRP, and Don Oellerich, University of Denver, "Estimating Absent Fathers' Incomes"

Peter Gottschalk, Bowdoin College, "Earnings Dynamics of Displaced Workers"

Robert Leu, Universities of Konstanz and Basel, "The Demand for Health and Health Care"

Maurice MacDonald, IRP, "Serial Multiple Benefits and Monthly Income Adequacy"

Robert Moffitt, Brown University, "An Econometric Investigation of the Effect of Converting Food Stamps to Cash"

Samuel Myers, Jr., University of Pittsburgh, "Methods of Measuring and Detecting Discrimination in Punishment"

Philip Robins, University of Miami, "Labor Supply Response to Welfare Programs: A Dynamic Analysis"; and "Job Search, Wage Offers, and Unemployment Insurance"

Verdon Staines, Department of the Treasury, Sydney, Australia, "Recent Developments in Australia's Aged Care Policies"

Michael Wiseman, University of California, Berkeley, "AFDC Caseload Dynamics and the OBRA Reforms"

Announcements

Small Grants Program

The Institute, in association with the Office of the Assistant Secretary for Planning and Evaluation at the U.S. Department of Health and Human Services, is sponsoring a Small Grants Program for research on a variety of poverty-related topics. The grants will fund research for the summer of 1986; the application deadline is February 15, 1986. Program guidelines and information can be obtained from Elizabeth Evanson, Institute for Research on Poverty, 1180 Observatory Drive, 3412 Social Science Building, University of Wisconsin, Madison, WI 53706.



Twentieth anniversary of the Institute

We are gathering a list of past Institute affiliates—research assistants and research associates—as part of our program to mark the Institute's 20th anniversary. If you have information on the current location and work of former IRP researchers, please send it to Elizabeth Uhr, 1180 Observatory Drive, 3412 Social Science Building, University of Wisconsin, Madison, WI 53706.



Lampman monograph

Many people have been unable to find Robert Lampman's 1984 book, *SOCIAL WELFARE SPENDING: ACCOUNTING FOR CHANGES FROM 1950 TO 1978*, because it was erroneously listed by the publisher under a different title in *Books in Print*. If you should have difficulty obtaining the book from a dealer, contact Academic Press, Order Department, Orlando, FL 32887-0016, (800) 321-5068, or the Institute for Research on Poverty, (608) 262-6358.



Membership in the ISDP/SIPP Research Network

The purpose of the Research Network and Data Center for the Income Survey Development Program (ISDP) and the Survey of Income and Program Participation (SIPP) is to facilitate access to and use of these large-scale, complex, longitudinal panel studies. The Center, which is funded by the National Science Foundation, Division of Social and Behavioral Sciences, is being developed as an integrated system which links applications of the data and discoveries of users of the system. Martin David and Alice Robbin are its co-directors.

The Center will (1) restructure, support, and maintain the ISDP and SIPP in a relational data base management system to make the data more easily accessible; (2) instruct and provide assistance in using the relational technology and in understanding the data bases; (3) create a clearinghouse for information and data on the ISDP, SIPP, and associated data bases; and (4) support a research network to facilitate access to these and other longitudinal panel studies and to communicate to its members and data producers the results of members' findings.

The organizing concept for the research network is a community of scholars who will study theoretical, methodological, and policy problems and communicate and share solutions. The Center welcomes all scholars, analysts, and researchers with an interest in the ISDP and SIPP to join this network.

For information write to the Research Network and Data Center for ISDP and SIPP, Institute for Research on Poverty, 1180 Observatory Drive, 3412 Social Science Building, University of Wisconsin, Madison, WI 53706. Or call any of the following numbers: (608) 262-4574, 263-3854, 262-6358.

Immigrants, work, and welfare

A politically volatile issue for the past ten years, immigration has nevertheless not attracted sufficient research to provide empirical grounds for assessment of divergent claims concerning its effects on the domestic economy. A recently concluded Institute project has produced some of the evidence that we have lacked. Directed by Marta Tienda and sponsored by the U.S. Department of Health and Human Services, the two-year research effort utilized 1980 census data to examine the experience of immigrants in the U.S. labor force and their dependency, if any, on public welfare programs.

The research centered on three questions: How well or poorly do immigrants fare in the U.S. labor market, and how does the structure of that market affect their well-being? Do immigrants take jobs away from native-born workers? Are immigrants and refugees either more or less likely than their indigenous counterparts to participate in income-conditioned transfer programs? The questions are addressed in a set of Institute Discussion Papers (see box, p. 15) and several publications.¹

Two major findings of this research challenge prevailing views about the economic costs of immigration to the United States:

- Regarding the substitutability of native and immigrant labor, the preponderance of the empirical evidence showed that native- and foreign-born workers are complements rather than substitutes in production. This general conclusion obtained, with some qualifications, regardless of whether the dependent variable analyzed was earnings, earnings growth, or labor force participation rates. Thus, the researchers concluded that immigrants did not displace native workers.
- Their analysis of welfare participation revealed that most immigrants were, other things equal, considerably *less likely* than natives to receive welfare. Moreover, with the exception of Asian groups, allegations that recent immigrants participate in welfare programs at rates higher than earlier arrivals were not empirically supported. This conclusion held despite the higher representation of minorities and lower-skilled workers among immigrants who arrived during the late sixties and throughout the seventies.

Immigrants in the work force

To analyze the labor market experiences of immigrants and refugees during the 1970s, the project included separate studies of (1) the growth in earnings of varying cohorts of immigrant men; (2) self-employment as a means of economic success; (3) the earnings of minority workers who live and work in areas containing high concentrations of minorities; and (4) the types of jobs that foreign-born workers held over the decade 1970–80.

George Borjas, of the University of California, Santa Barbara, challenged the conclusion of earlier research, based on the 1970 census, that although immigrant men start out with low earnings, they rapidly increase their labor market gains and manage to overtake the earnings of the native born within ten to fifteen years.² Borjas used both the 1970 and 1980 censuses to compare earnings of 18 different immigrant cohorts, classified according to period of entry (1950–59, 1960–64, 1965–69) and race and ethnicity (white, black, Asian, Mexican, Cuban, and other Hispanic). He found that earnings growth within many of the cohorts was much lower than the growth rate indicated by cross sections of immigrants. He concluded that many immigrants, especially those who had entered more recently, would never overtake the earnings of native-born workers, owing both to the changing socioeconomic composition of the cohorts and to changing labor market conditions.

The main lesson of the analysis, Borjas felt, was that an understanding of the immigrant experience in the U.S. labor market cannot be obtained without taking account of the political and economic upheavals in sending countries that influence the types of individuals seeking entry, U.S. admissions policies that specify which types may gain entry, and shifts in domestic labor demand that accompany such economic alterations as the decline of smokestack industries and the rise of the service sector.

Using the same cohort data in another study,³ Borjas highlighted the growing importance of self-employment as an economic strategy. In the 1970s immigrants grew increasingly more likely to be self-employed than similarly skilled native-born workers, and self-employment rates among

recent immigrant cohorts rose more rapidly than among earlier ones. Borjas suggested that the relative decline of opportunities for salaried work may have prompted this form of employment among immigrants. An additional factor that could also have encouraged self-employment was the emergence and consolidation of ethnic enclaves.

In a study concerning the development of ethnic and racial enclaves, Tienda and Ding-Tzann Lii, of the University of Wisconsin-Madison, examined the influence of minority concentration—indicated by the percentage of blacks, Hispanics, and Asians among the working-age population in metropolitan and nonmetropolitan areas—on the earnings of minority-group members. Their analysis of 1980 census data showed that in 1979 minority men, especially black men, who lived and worked in areas with a large share of minority residents earned less than comparable white workers. Additional analyses demonstrated that this effect varied by educational level: earnings losses of black, Hispanic, and Asian men in minority enclaves were greatest among workers with a college education, and lowest or nonexistent among those who lacked a high school education. That differential suggests that ethnic professionals who cater largely to ethnic clients may limit their earnings.

Analysis of changes in the occupational distribution of foreign-born workers over the 1970s, a period of high levels of immigration, gave insight into economic changes that enabled new immigrants to gain employment in those years. Comparing, as Borjas did, 1970 and 1980 census data, Tienda, Leif Jensen of the University of Wisconsin-Madison, and Robert Bach of the State University of New York at Binghamton found that immigrant men during the 1970s were increasingly concentrated in four blue-collar occupations—operatives, service workers, laborers, and farm laborers—and that immigrant women were represented in increasing numbers in two such occupations—laborers and farm laborers. The authors felt this reflected a process of occupational succession, in which immigrants moved into jobs being vacated by indigenous workers, and that important segments of the blue-collar market are thus being filled by workers who are vulnerable on both political and ethnic grounds: as newcomers they lack political power, and as representatives of minority groups they may be more subject to discrimination. Their circumstances give increasing importance to such issues as civil rights, discrimination, enforcement of labor standards, and the need for job training.

Do immigrants take jobs away from native workers?

Borjas examined the question of whether immigrants displace native workers—that is, in economic terms, if they are substitutes or complements for native-born workers. If substitutes, their employment raises unemployment and lowers

Institute Publications on Immigration

George Borjas, “The Impact of Assimilation on the Earnings of Immigrants: A Reexamination of the Evidence.” IRP Discussion Paper no. 769–84.

George Borjas, “Earnings, Earnings Growth, and Labor Force Participation: The Sensitivity of Labor Demand Functions to Choice of Dependent Variable.” IRP Discussion Paper no. 782–85.

George Borjas, “The Self-Employment of Immigrants.” IRP Discussion Paper no. 783–85.

Marta Tienda and Leif I. Jensen, “Immigration and Public Assistance Participation: Dispelling the Myth of Dependency.” IRP Discussion Paper no. 777–85.

Marta Tienda and Ding-Tzann Lii, “Minority Concentration and Earnings Inequality: A Revised Formulation.” IRP Discussion Paper no. 791–85.

earnings of indigenous workers; if complements, they have no deleterious effects (and possibly have positive effects) on the employment and earnings of the native born. His broad conclusions were that the presence of immigrant men did not lower the earnings of either white or black male native-born workers. On the contrary, there was some evidence that the entry of immigrants into the work force may be associated with a small rise in the earnings of indigenous men. Immigrant women, however, were found to be substitutes for men in the labor force—but no more so than native-born women. Borjas concluded that the growing number of working women, immigrant and native born, has exerted a negative effect on the earnings of native-born male workers.

When Borjas extended this analysis by basing estimations alternatively on earnings, earnings growth, and labor force participation rates, he again found a strong degree of substitution between men and women. This research also showed, however, that even though the entry of immigrant men into the labor force had not depressed the earnings of black men, it had exerted a small negative effect on the earnings of native-born white men.

This study also differentiated the effect of Hispanic and non-Hispanic immigrant men, finding that non-Hispanics had a strong positive effect on the earnings of indigenous men, whereas the presence of a large number of Hispanic immigrants had neither a positive nor a negative effect. Those results indicate that the labor market benefits accruing to

native-born men are associated with the immigration of non-Hispanics rather than Hispanics.

Are immigrants more dependent on public assistance than natives?

The issue of welfare dependency among immigrants looms large in the debate over an amnesty program for illegal aliens, which some have charged would increase the demand for public assistance. Tienda and Jensen analyzed microdata

from the 1980 census and found that immigrants and refugees do not rely more heavily on welfare than do the native born.

They compared income-tested transfer receipt among domestic and foreign-born white, black, Hispanic, and Asian families. The families were classified as foreign born if either or both spouses in married-couple households, or single parents in spouse-absent households, had been born abroad. Receipt of public assistance (welfare) was indicated by cash income from Aid to Families with Dependent Chil-

Table 1
Income and Poverty Status of Families in 1979, by Nativity and Race or Ethnicity of the Household Head

	White	Black	Hispanic	Asian
<i>Married Couples</i>				
Mean family income				
Native	\$21,628	\$16,913	\$18,386	\$28,275
Immigrant	19,968	19,119	16,511	24,439
All	21,503	17,035	17,352	25,325
Proportion below poverty line				
Native	4.4%	13.9%	12.1%	3.3%
Immigrant	5.0	10.6	16.7	10.1
All	4.4	13.7	14.7	8.6
Proportion foreign born	7.6%	5.5%	55.1%	76.9%
Numbers*	41,663	3,465	2,431	630
<i>Spouse Absent</i>				
Mean family income				
Native	\$11,387	\$7,881	\$8,695	\$15,966
Immigrant	11,640	10,601	7,815	14,199
All	11,400	7,960	8,235	14,756
Proportion below poverty line				
Native	17.4%	42.1%	40.5%	14.2%
Immigrant	15.5	29.9	42.7	22.4
All	17.3	41.8	41.6	19.8
Proportion foreign born	5.0%	2.9%	52.2%	68.5%
Numbers*	6,580	2,576	791	112

Source: One percent subset of the 5 percent A-sample of the Public Use Microdata Sample files from the 1980 Census of Population and Housing. In Tienda and Jensen, "Immigration and Public Assistance Participation: Dispelling the Myth of Dependency," IRP Discussion Paper no. 777-85.

*Weighted and reported in thousands.

dren (AFDC), Supplemental Security Income, or general assistance. Tables 1 and 2 describe the income levels, poverty status, and public assistance receipt of those families in 1979.

As one would expect, Table 1 demonstrates that the absence of a spouse resulted in considerably lower income, regardless of majority or minority status. It also shows that Asians of both family types had much higher income levels than whites, yet Asian immigrants had higher poverty rates than either immigrant or native whites. This anomaly may be explained by the fact that Asian immigrants include two very

different groups: those highly educated and skilled who were admitted under special provisions of the Immigration and Nationality Act to fill jobs for which domestic workers were in short supply, and the substantial number of Southeast Asian refugees admitted since 1975, whose characteristically low incomes raised the group's poverty rate.

The table confirms the low incomes and high poverty rates of blacks and Hispanics, and it shows that most of the immigrant groups had higher poverty rates than their indigenous counterparts—an important point for the subsequent analysis of probability of welfare receipt among these families.

Table 2
Receipt of Public Assistance (PA) Income by Families in 1979, According to Nativity and Race or Ethnicity of the Household Head

	White	Black	Hispanic	Asian
<i>Married Couples</i>				
Proportion receiving PA income				
Native	4.1%	12.3%	9.0%	3.3%
(Number)*	(38,509)	(3,273)	(1,092)	(146)
Immigrant	3.7	6.3	10.1	8.0
(Number)*	(3,153)	(192)	(1,340)	(485)
All	4.1	11.9	9.6	6.9
Average amount received, given participation				
Native	\$2,292	\$2,525	\$2,988	\$3,055
(Number)*	(1,589)	(402)	(98)	(5)
Immigrant	2,903	2,957	2,993	3,098
(Number)*	(116)	(12)	(135)	(388)
All	2,334	2,538	2,991	3,093
<i>Spouse Absent</i>				
Proportion receiving PA income				
Native	17.3%	41.3%	35.7%	14.8%
(Number)*	(6,249)	(2,501)	(378)	(35)
Immigrant	13.6	20.1	38.3	18.7
(Number)*	(331)	(74)	(413)	(76)
All	17.1	40.7	37.1	17.5
Average amount received, given participation				
Native	\$2,820	\$2,794	\$2,932	\$2,775
(Number)*	(1,079)	(1,032)	(135)	(5)
Immigrant	2,556	2,862	3,577	3,133
(Number)*	(45)	(15)	(158)	(14)
All	2,809	2,795	3,281	3,038

Source: See Table 1.

Note: Public assistance includes Aid to Families with Dependent Children, Supplemental Security Income, and general assistance.

*Weighted and reported in thousands.

Table 2 reflects a mixed pattern of welfare-receipt rates among the native born as compared to immigrants. Asian immigrants had a higher rate of participation in public assistance programs than did Asian natives; the same was true of Hispanics, to a smaller degree. The reverse was the case among blacks and whites. The reliance of Asian immigrants on public assistance can be accounted for in part by the government-sponsored relocation assistance offered to the political refugees who fled Indochina in the 1970s.

Average welfare payments received by married-couple families were fairly similar among natives and immigrants. Among single-parent families, however, all immigrant groups except whites received larger benefits than corresponding native-born households, which may reflect the higher AFDC benefit levels in states where immigrants are concentrated, such as New York, Illinois, and California.

The tables contain averages and aggregates, which tell only a part of the story. The purpose of this study was to learn whether immigrants rely on public assistance more than do the native born in equivalent economic circumstances. To evaluate the difference, multivariate analyses that took into account immigrant versus native status, among other variables, were conducted to determine the probabilities that immigrant families would be more or less likely to receive welfare income.

The analysis first showed that immigrant status lowered, not raised, the propensity of black, Hispanic, and white families to draw on public assistance. Those negative effects were more pronounced for blacks and Hispanics than for whites. Black immigrant households were less likely by 13 percent, Hispanics by 9 percent and whites by 3 percent, to receive a means-tested transfer than were their native-born counterparts. The authors felt that those results challenge the popular view that immigration from Third World countries, involving mostly people of color, produces a higher level of welfare dependency.

Asian immigrants were somewhat more likely to be on the welfare rolls than Americans of Asian descent, a result attributable largely to the higher public assistance participation rate of the Vietnamese as compared to families of Chinese or Korean origin, a point elaborated on below.

The research then looked into the effect of timing of immigration, to learn whether newcomers were more likely to participate in public assistance programs. One argument against an amnesty program for illegal aliens—who are predominantly recent arrivals from Mexico—is that granting them legal status would drain public resources. Mexicans were therefore singled out from the Hispanic-origin groups for further analysis. And among Asians, those from Southeast Asia were examined separately to determine whether government assistance to refugees from that area was responsible for the higher Asian dependency.

The most recent immigrant cohorts (arriving after 1974) of blacks and Hispanics participated in income-conditioned programs at rates 12 and 9 percent, respectively, below their native counterparts, casting doubt on the notion that there is an inverse relationship between recency of arrival and receipt of welfare payments. Mexican immigrants who had entered after 1974 were almost 13 percent less likely to have received public assistance in 1979 than the other Hispanic families, both immigrant and native born. Mexicans who had arrived in the previous five-year period were 10 percent less likely to have drawn welfare benefits than otherwise comparable Hispanic immigrant or indigenous families. The implication was, in the authors' view, that an amnesty program for undocumented workers would not cause a run on welfare benefits.

The probability of welfare receipt was higher among the most recent Asian cohort, and that probability did, as expected, reflect the influence of immigrants from Southeast Asia, the recipients of refugee resettlement assistance. Because such aid is of limited duration (three years), the authors felt that its effect on welfare participation would be short term.

The results also demonstrated that limited education and lack of English proficiency increased the probability of receiving means-tested transfers, a finding that figured in the policy recommendations presented by Tienda and Jensen. Those recommendations were preceded by their general conclusion:

(continued on p. 23)

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Immigration: Issues and policies

Edited by Vernon M. Briggs, Jr., and Marta Tienda

Olympus Publishing Company, 1984

The United States, though it has legally admitted in the 1970s and 1980s twice as many immigrants as the rest of the countries of the world combined—plus uncounted clandestine immigrants who number in millions—has no explicit policies to relate the influx of foreign workers to the labor-market needs of the country. The immigrants come whether jobs are scarce or plentiful. Most of the legal immigrants are admitted under regulations authorizing “family reunification” rather than because they possess needed skills. This infusion of foreign labor has taken place during the same period that witnessed a great jump in the U.S. labor supply from women and the baby-boom generation.

The labor-market consequences of contemporary immigration to the United States, particularly since the 1965 amendments to the Immigration and Nationality Act, were examined at a conference sponsored by the National Council on Employment Policy, held in Washington, April 5–6, 1984. The papers, which have been gathered in a monograph, *Immigration: Issues and Policies*, illustrate the controversy over the labor-market consequences of recent immigration.

Vernon M. Briggs, Jr., argued for a more restrictive immigration policy, one that could be adjusted to the labor needs of this country. He stated, “It is likely that immigration in the 1980s is accounting for as much as half of the annual growth in the population and probably an even greater percentage of the real growth of the labor force (p. 13).”

He cited studies to show that immigrants, whose occupational distribution is similar to that of native minorities, will depress the wages of native low-skill minority groups.

Evidence presented by George Borjas showed the opposite effect. Using 1970 and 1980 census data, he found that male immigrants did not have a negative impact on the earnings of the native-born population. The immigrants and native-born workers appeared to be complements in production. His study is reported in greater detail in a related article in this issue of *Focus*.

Robert L. Bach and Marta Tienda examined the labor-market integration of immigrants and refugees in terms of their occupational placement and showed that immigrant men and women enter declining low-skill occupations, such as laborer and farm laborer, at rates that exceed the growth of the immigrant work force. They discussed the responsiveness of current employment and training programs to the needs of these newcomers. This study is also described in greater detail elsewhere in this issue.

Comments—by Philip L. Martin, Douglas S. Massey, and Michael J. Piore—all stressed the need for more data:

A critical lack of information remains one of the hallmarks of the immigration field, and anyone who works in the area for a little while soon realizes its role in fomenting controversy, disagreement, and ultimately, inaction. Accurate information is a prerequisite to effective policy, and it is a necessary, though not a sufficient, ingredient of consensus (Massey, p. 135).

Hispanics in the U.S. Economy and “Research on the Labor Market and Program Participation of Hispanics and Southeast Asian Refugees,” a study done for the U.S. Department of Health and Human Services, are first steps in addressing this deficiency. Both are discussed in this issue.

Because of the controversial nature of the immigration question as it pertains to labor-market and employment-related policies, the National Council on Employment Policy was unable to prepare a policy statement that could be endorsed by all members. It did, however, support the concepts of imposing sanctions against employers who hire illegal immigrants and of extending amnesty to illegal aliens who had worked satisfactorily in the United States for three years or more.

Copies of the monograph may be obtained free while the supply lasts from the Institute for Research on Poverty, 1180 Observatory Drive, 3412 Social Science Building, University of Wisconsin, Madison, WI 53706. ■

Hispanics in the U.S. labor market

One-third of all Hispanics of labor-market age are immigrants. Many concerns have been voiced about the impact of this influx upon the U.S. labor market. Do Hispanic immigrants take jobs away from native-born Americans? To what extent do they perform labor that no one else is willing to perform? Are they exploited? Has their employment situation improved over the years? What happens to their wages and job opportunities from one generation to the next? How do they compare with other minorities and with non-Hispanic whites?

Hispanics in the U.S. Economy, edited by George J. Borjas and Marta Tienda, explores some of these questions. This task is both complicated and sharpened by the fact that the Hispanic groups differ in their social, economic, and demographic characteristics. Furthermore, within each group, men, women, and youth face different problems in the labor market. That the immigration process is dynamic adds to the complexity of analysis, since ongoing immigration continuously alters the composition of the Hispanic groups and their proportions in the population. Few generalizations can be made about Hispanics, therefore, though they are commonly lumped together for policy purposes.

The book addresses a number of specific issues. The key determinants of the wage differentials between Hispanics and non-Hispanics are isolated. The incidence and duration of unemployment among Hispanic groups are compared. The extent of labor market discrimination against Hispanics is explored. Differing labor outcomes between Hispanic men and women are measured. Our understanding of local labor markets is enlarged.

The monograph is divided into five sections that reflect the perspectives of the various contributors.

- *Studies of Earnings and Labor Supply*

Cordelia W. Reimers finds that the low wage levels of Hispanics in the U.S. labor market do not result primarily from the type of "wage discrimination" usually found in black-white or male-female comparisons. Rather, they appear to result from the low level of human capital characteristics of Hispanics, particularly education.

John M. Abowd and Mark R. Killingsworth, using a different methodological approach, have findings qualitatively similar to those of Reimers. Large wage differentials between Hispanics and non-Hispanics appear to result from differences in education rather than discrimination.

Gregory DeFreitas explores the effects of immigration, education, and other socioeconomic variables on the likelihood of unemployment among Hispanics. His analysis suggests that discrimination plays an important role in generating the higher unemployment rates of Hispanics.

- *Youth Employment and School Enrollment*

Neil Fligstein and Roberto M. Fernandez examine the high drop-out rates that are characteristic of Mexican-American teenagers. They find that problems with the English language are the principal cause of failure to complete high school and of delay in grades. The absence of a high school diploma is the chief barrier to further education, as those who graduate from high school go on to college at higher rates than non-Hispanic whites.

Stanley P. Stephenson, Jr., focuses on how individual and market characteristics influence the unemployment rates of Hispanic youth. He finds that the high jobless rates are due to long spells of nonwork after the loss of a job. This delay in finding a new job is 50 percent greater for young women than for young men. His conclusion corroborates earlier findings that the level of formal schooling has a pronounced effect on unemployment among Hispanic youth. Family income, marital status, post-school vocational experience, age, and local unemployment rates also significantly influence the propensity to be unemployed.

- *Labor Supply and Occupational Allocation of Women*

Frank D. Bean, C. Gray Swicegood, and Allan G. King test a hypothesis that labor force participation and the raising of children are incompatible, and find that the high fertility of Hispanic women does reduce their labor supply. The presence of young children appears to have a greater effect than the total number of children, reflecting the time required for

care of babies. Other variables, such as level of education and husband's income, appear to interact with fertility in determining labor supply.

Marta Tienda and Patricia Guhleman confirm again the importance of education as the dominant determinant of women's occupational status, though their findings reveal that Hispanic groups differ in their ability to make use of the resources—such as education—that lead to higher-status occupations. Their results suggest that labor market discrimination may partly explain the disadvantaged occupational position of Hispanic women compared to white women. Pre-market discrimination may also play a role.

• *Labor Market Case Studies*

Harley L. Browning and Nestor Rodríguez examine the lives of workers without entry papers who come to two Southwestern cities to find employment. These illegal immigrants are particularly vulnerable to exploitation and have little opportunity for advancement in the labor market. The values of short-term residents appear to differ markedly from those who become permanent residents. Unable to advance to more prestigious jobs, immigrants without papers value the social status conferred by ownership of a car and other material objects.

Saskia Sassen-Koob analyzes the New York City industrial and occupational structure. She finds that low-wage jobs in declining industries are only a partial explanation of growing Hispanic employment. Immigrants, especially those from Central and South America, who may soon outnumber Puerto Ricans, also take the low-wage service and manufacturing jobs that support both the highly specialized New York service sector and the high-income professional work force that runs it. Banking, hotels and restaurants, new offices and luxury residential buildings, for example, provide low-wage jobs that only immigrants are willing to take.

HISPANICS IN THE U.S. ECONOMY

edited by
George J. Borjas
and
Marta Tienda

Academic Press, 1985 \$29.50

And while it is true that some manufacturing jobs are declining, a recomposition is taking place in which sweatshops and industrial homework make wages in specialized manufacture competitive with Third World wages.

Roger Waldinger explores the ethnically organized small businesses in New York City, where family ownership and the recruitment and employment of fellow nationals enable apparel firms to be flexible enough (working long hours if need be) to compete in a market that requires rapidly changing products and quick turnaround times.

The most important general finding in the volume is that a large fraction of the wage, occupation, and unemployment differentials between Hispanics and non-Hispanics can be directly attributed to the relatively low educational attainment of Hispanics. ■

Reprints

These reprints are available from the Institute for Research on Poverty, 1180 Observatory Drive, 3412 Social Science Building, the University of Wisconsin, Madison 53706. Individual reprints are \$2.00. Subscriptions are \$20.00. See back inside cover.

Robert Moffitt, *Trends in Social Security Wealth by Cohort*. Reprint 512.

Robert Moffitt, *The Estimation of a Joint Wage-Hours Labor Supply Model*. Reprint 513.

Robert Moffitt, *The Estimation of Fertility Equations on Panel Data*. Reprint 514.

Daniela Del Boca and Christopher J. Flinn, *Self-Reported Reservation Wages and the Labor Market Participation Decision*. Reprint 515.

Donald Lerman, *The Economics of Public School Closings*. Reprint 516.

Robert Moffitt, *Profiles of Fertility, Labour Supply and Wages of Married Women: A Complete Life-Cycle Model*. Reprint 517.

Martin Dooley and Peter Gottschalk, *The Increasing Proportion of Men with Low Earnings in the United States*. Reprint 518.

Peter Gottschalk and Tim Maloney, *Involuntary Terminations, Unemployment, and Job Matching: A Test of Job Search Theory*. Reprint 519.

Robert Moffitt, *A Problem with the Negative Income Tax*. Reprint 520.

OBRA effects: An update

The Omnibus Budget Reconciliation Act (OBRA) of 1981 contained a number of provisions that economists expected would reduce the work effort of women receiving Aid to Families with Dependent Children (AFDC). Chief among these provisions were the following:

1. The \$30-and-a-third earned-income disregard was eliminated after four months of continual employment. This meant that a working AFDC recipient would lose a dollar in benefits for every dollar earned after she had worked for a four-month period.
2. Eligibility was restricted to those families with incomes below 150 percent of a state's standard of need (a state-determined subsistence income) and whose assets were valued at less than \$1000.

As reported in *Focus* 8:1,¹ initial studies of the effects of these changes did not show the anticipated reduction in work effort. Faced with a choice between work and welfare, many AFDC recipients appeared to prefer working, even in those cases when this meant a reduction in income and the loss of Medicaid health insurance for their children. Both individual-level studies of AFDC recipients before and after OBRA, as well as aggregate time-series evidence, were consistent with this finding. Both types of evidence were available through the end of 1982.

In an update on this research, Robert Moffitt of Brown University, an Institute affiliate, has extended his time-series studies to the years 1983 and 1984.² Using tabulations from March Current Population Surveys of representative samples of the U.S. population, Moffitt has found a significant decrease in the number of hours worked by women who head households in 1983 and 1984, when the unemployment rate is taken into account. Furthermore, this effect appears to be widening over time.

Table 1 presents the mean hours of work per week and national unemployment rates over the period 1968 to 1984.

With unemployment rates at approximately the same level, women can be seen to be working 1.2 fewer hours per week in 1984 than they were in 1981. (OBRA was implemented in late 1981 and early 1982.) In his earlier work, which stopped in 1982, Moffitt found no labor supply response because he attributed the small 1981-82 drop in hours to the large increase in the unemployment rate occurring at the same time.

Using regression analysis, Moffitt demonstrates that, holding unemployment constant and adjusting for long-term trends in employment, the number of hours per week worked by women heading households in 1983 was 1.14 fewer than would have been expected in the absence of OBRA, and the 1984 hours worked represents a drop of 2.06. Weeks worked and annual real earnings through 1983 show the same decline, though not at significant levels.

That the disincentive effects of OBRA should have been somewhat delayed was, according to Moffitt, not unexpected. Women trying to manage on very low incomes are extremely vulnerable to economic and other dislocations. With no savings, and holding jobs for periods that seldom qualify them for Unemployment Insurance, these women are likely over time to face situations, such as the loss of a job or the illness of a child, that give them no alternative but to return to welfare. In addition, the regulations of OBRA themselves suggest a lag in the disincentive effects. Because AFDC recipients are allowed to retain \$30 and a third of their earnings for four months of consecutive employment before facing the 100 percent benefit-reduction rate, the impact of this regulation would be felt only gradually by working welfare recipients, particularly since this group has a high labor-force turnover rate.

Moffitt's results suggest the need for long-term studies at the individual level to determine the true impact of OBRA. ■

¹"Measuring the Effects of the Reagan Welfare Changes on the Work Effort and Well-Being of Single Parents," spring 1985.

²Robert Moffitt, "A Note on the Effect of the 1981 Federal AFDC Legislation on Work Effort," IRP mimeo., July 1985.

Table 1
Trends in Mean Weekly Hours of Work of Female Household Heads in the United States

	1968	1969	1971	1973	1975	1977	1979	1981	1982	1983	1984
Hours of work	18.8	18.6	17.6	17.7	17.2	18.2	20.6	20.4	19.3	17.9	19.2
Unemployment rate	3.6	3.5	5.9	4.9	8.5	7.0	5.8	7.6	9.7	9.6	7.5

Source: Tabulations from the Current Population Surveys.

Notes on Institute researchers

Arthur S. Goldberger is the winner of the W. S. Woytinsky Lectureship Award for 1985. This award is given in recognition of significant research contributions in the field of human resources and public policy, commemorating the career of Woytinsky, whose empirical research was on human resource policy issues. Professor Goldberger has been associated with the Institute for Research on Poverty since 1972, and it is the work done in this period that has earned him the Woytinsky Award.

Peter Gottschalk has testified at two Congressional hearings. "The Impact of Budget Cuts and Economic Conditions on Poverty" was presented to the U.S. House of Representatives, Committee on Education and Labor, February 21, 1985; "The Successes and Limitations of the War on Poverty and the Great Society Programs" was presented to the Joint Economic Committee, Subcommittee on Fiscal and Monetary Policy, June 20, 1985.

During the 1984–85 academic year, **Robert H. Haveman** served as Tinbergen Professor, Erasmus University, Rotterdam, The Netherlands, and delivered the Tinbergen lecture, "Does the Welfare State Increase Welfare? Reflections on Observed Positives and Hidden Negatives" (published by Stenfert-Kroese, Leiden, The Netherlands). The Tinbergen Chair was established in honor of Professor Jan Tinbergen, the first recipient of the Nobel Prize in economics.

Haveman has recently been appointed a co-editor of the *American Economic Review*.

The Netherlands Institute for Advanced Study in Leiden has awarded **Robert Lampman** a fellowship for the 1985–86 academic year. This fellowship was held by **Barbara Wolfe** in the 1984–85 academic year.

Marta Tienda received the American Association of University Women Young Scholar Recognition Award for 1985.

The following IRP affiliates are the new co-editors of the *Journal of Human Resources*: **Eugene Smolensky, Richard Burkhauser, Peter Gottschalk, Robert Moffitt, and Barbara Wolfe**.

Our analyses and findings challenge the popular restraining myth that immigrants, conceived as an undifferentiated group with respect to class background or region of origin, prefer welfare to work; they challenge the widely shared belief that an amnesty program will spawn a "rush" for public assistance benefits. Overall, our study provides no basis for concluding that further immigration restrictions are the best way to reduce public assistance caseloads. . . .

The strong findings that immigrant families were less likely to receive public assistance income than their native-born counterparts of the same race/ethnic background should provide some relief to policymakers concerned about the net aggregate public dependency imposed by the foreign born, and particularly the most recent arrivals. However, if continued immigration brings to the United States an increasing share of individuals with low levels of human capital who thus have lower prospects for success in the U.S. labor market, then it is conceivable that the aggregate public-dependency burden of immigrants could increase because both the share of eligible participants and their potentially greater need levels could rise.⁴

To forestall dependency of present and future immigrants, the authors recommended investment in programs designed to improve the employability of new immigrants by raising their educational level and by improving their command of the English language. Such investments would, in the authors' words, "enhance the earnings and productivity of foreign-born workers, thereby contributing to aggregate output, [and] also lower federal outlays for unproductive social welfare payments in the long run. Moreover, as the earnings of immigrants increase, so also do their tax contributions."⁵■

¹Other publications resulting from the project are as follows: Robert L. Bach and Marta Tienda, "Contemporary Immigration and Refugee Movements and Employment Adjustment Policies," and George Borjas, "The Impact of Immigrants on the Earnings of the Native-Born," both in *Immigration: Issues and Policies*, ed. Vernon M. Briggs, Jr., and Marta Tienda (Salt Lake City, Utah: Olympus Publishing Co., 1984); Marta Tienda, Leif T. Jensen, and Robert L. Bach, "Immigration, Gender, and the Process of Occupational Change in the United States, 1970–80," *International Migration Review*, 18 (1984), 1021–44; Borjas, "The Impact of Assimilation on the Earnings of Immigrants: A Reexamination of the Evidence," *Journal of Labor Economics* (forthcoming).

²See, for example, Barry Chiswick, "The Effect of Americanization on the Earnings of Foreign-Born Men," *Journal of Political Economy*, 86 (1978), 897–921.

³IRP Discussion Paper no. 783–85; see box, p. 15.

⁴IRP Discussion Paper no. 777–85 (see box, p. 15), pp. 46, 45.

⁵Ibid., p. 47.

New work under way

Several major projects are being supported during the July 1985–June 1987 period by the Office of the Assistant Secretary for Planning and Evaluation of the U.S. Department of Health and Human Services. Those focusing on the circumstances of the homeless, the well-being and program participation of immigrants and minorities, and disability and long-term health status are described below.

I. A Longitudinal Analysis of Homelessness. Principal Investigators: Irving Piliavin and Michael Sosin

Although the problem of homelessness in the United States has been observed since colonial times, it has until recently attracted relatively little attention from policymakers and social scientists. The current growth of interest in homelessness is reflected in studies reporting on the size of the problem in several major cities within the United States and providing, in varying detail, information on the demographic attributes, current life circumstances, and medical problems of homeless individuals.

The studies that have been made of the homeless population are flawed. Samples are often small and not systematically generated; designs are limited to either one-time-only surveys or case studies of a few individuals; information is usually descriptive, without theoretical basis; and analyses are of dubious validity. The study designed by Piliavin and Sosin is an attempt to overcome some of these defects and provide useful information of policy relevance.

The researchers intend to carry out a longitudinal study in which a panel of 400 homeless persons will be interviewed three or four times at four-month intervals. The initial interviews will seek such background information as family histories, educational and employment experience, and contacts with social agencies. Later interviews will obtain detailed information concerning the events that occurred during the study: exits from homelessness, spells of employment, and health and mental health problems.

Piliavin and Sosin expect to be able to estimate the average length of homelessness, how it varies for different types of people, and which service agencies are able to aid the home-

less in reestablishing their lives. The researchers hope to find what factors precipitate homelessness and what life on the street is like. How do the homeless find food and shelter? What are their daily activities? To what extent are their circumstances related to alcoholism, drugs, mental or physical illness?

The results of this investigation should provide information that can aid in policy formation. It should be useful in estimating the extent to which policies must consider long- or short-range problems, the types of social services that might help alleviate the problems connected with homelessness, and the strategies that might reverse homelessness, once it occurs. Particular attention will be paid to tailoring services to the needs of different types of homeless, such as alcoholics, intact families, and the mentally ill.

The project is being planned with the help of the Hennepin County (Minnesota) Community Services Department and will provide information directly to them and to other local authorities.

II. Migration, Socioeconomic Well-Being, and Program Participation of Minorities and Immigrants, 1960–1980. Principal Investigators: Gary Sandefur and Marta Tienda

Three groups at high risk of poverty in the United States are Puerto Ricans, Native Americans (i.e., American Indians), and recent immigrants—particularly refugees from Southeast Asia. This project will attempt to isolate the causes for their poverty by examining their particular migration patterns, their employment status, and their use of public transfer programs.

Puerto Ricans come from an island that is a commonwealth of the United States. They can travel to the mainland and back with ease, and do so. Yet this easy access has not often worked to their advantage. Puerto Ricans on the mainland have lower average incomes than the other major Hispanic national-origin groups (Cubans and Mexicans). Their level of education is extremely low. They have a high incidence of families headed by women, who lack extended relationships

to fall back upon, and, in stark contrast to other Hispanic groups, the labor force participation rates among Puerto Rican women have declined. Those who work are represented disproportionately in the low-wage labor market, which accounts for 70 percent of employed Puerto Rican men and 82 percent of the women.

Native Americans, having been relegated to isolation on reservations in the nineteenth century, are increasingly likely to move off the reservation. The 1980 census showed that for the first time in U.S. history close to 50 percent of Native Americans resided in urban areas. Furthermore, the number of self-identified American Indians rose by 70 percent between the 1970 and 1980 censuses. Yet it is not known where this growth has taken place and how it has affected the well-being of Indians living on and off reservations.

Recent immigrants and refugees from foreign countries differ from earlier waves of immigrants in that most come from the Third World instead of Europe. (Between 1976 and 1980, three-fourths of all legal immigrants originated from Latin American or Asian countries.) Many are illegal entrants in the United States, not eligible for any public aid, while another group, refugees from Vietnam, Cambodia, and Laos, receive special public entitlements.

Because social and institutional factors govern migration flows, labor market outcomes, well-being, and participation in government programs of each of these three groups, they must be studied separately. The research will examine the volume and direction of migration flows of Puerto Ricans and Native Americans between 1960 and 1980 and will attempt to isolate those individual factors that determine migration decisions and the choice of a new residence. For all three groups the potential relationships among migration, residence, labor market position, and earnings will be studied. The well-being of immigrants will be related to their national origin, time of arrival in the United States, and selected sociodemographic characteristics of households and individuals. The project will also assess the impact of migration and residence on welfare reciprocity among all groups.

Data will come from a number of sources, including the Public Use Microdata Sample tapes (PUMS) from 1960, 1970, and 1980 decennial censuses, a special supplemental survey of Indians on reservations in the 1980 census, and the 1982 Annual Survey of Refugees.

This research should provide insights into the relationship between well-being and geographic mobility. Can migration and dispersion be expected to improve the economic status of Puerto Ricans and Native Americans? Is poverty increasing among new immigrants? Are recent immigrants poorer than those who entered the country in the past? What implications do these answers have for immigration policy? Finally, the project will evaluate specific ameliorative social programs that have been suggested to aid groups with special difficulties in achieving economic independence.

III. Disability and Long-Term Trends in Health Status. Principal Investigators: Robert Haveman and Barbara Wolfe

This project focuses on a paradox: The last twenty years have brought improvements in life expectancy, physical fitness, and job safety, but at the same time the incidence of disability, especially among older men of working age, has increased. Is disability more extensive now? Or is it being reported more accurately because of the greater emphasis on fitness and environmental and safety factors? Perhaps there are more disabled persons because those who would have died a few years ago from heart attacks and other ailments now survive with impairments. Have increased public transfers played any role in increasing the number of the disabled?

A multivariate study employing panel data from the Michigan Panel Study of Income Dynamics (PSID) will be undertaken to isolate the causes of change in the health status of prime-aged men over 10 to 15 years. Primary stress will be placed on factors associated with work, such as hours, the nature of the job, and exposure to health hazards. Some other factors that may contribute to changes in health will also be considered, namely environmental hazards outside of work, personal habits (e.g., smoking, drinking), changes in marital status, unemployment, and household stress.

The researchers will explore the "link" between specific medical conditions (such as heart conditions, arthritis, and rheumatism) and disability, making use of the 1978 Social Security Disability Survey. A model relating these health conditions, along with such factors as race, education, sex, age, marital status, and income, will be constructed for 1978, and this model will be applied to the 1972 Disability Survey data to discover whether the probability that various conditions result in disability has changed over time.

Finally, Haveman and Wolfe will address the relationship between disability and economic well-being. A number of data sources will be used to trace the effect of Social Security Disability Insurance (SSDI) and other government transfers on the well-being of the disabled from 1950 (before SSDI) to the present. The researchers will separate the effect of public transfer programs from that of general economic conditions as determinants of the well-being of the disabled. Among the questions to be answered are the following: What has been the average market income of the disabled relative to the nondisabled over time? How have unemployment and inflation affected the market incomes of the disabled over time? How have public transfers affected the incomes of the disabled relative to the working population? How has participation in SSDI changed? And how have the families of the disabled changed their work and/or family structure in response to changes in the availability of public transfers?

This research should enlarge our understanding of the causes of the increases in work disability over time, and help to resolve some of the health-disability-longevity puzzles. ■

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Social Welfare Spending provides a social accounting framework for viewing the social welfare system in the United States, making it possible for the first time to compare the benefits and costs associated with changes in the system. It reviews what has happened to social welfare since 1950—its remarkable growth, who has been receiving more and who less from it. And it sketches out the alternative choices that will determine the future direction of income redistribution. A "Guide to Reading" directs the reader to supplementary literature.

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This collection of papers examines two critical related questions: Should government provide minimum levels of cash and service only for the poor (income-tested programs), or for all citizens regardless of their economic condition (non-income-tested programs)? And, what sort of income maintenance system should be achieved in the long run? In this timely work, prominent academicians and those who make public policy present evidence for and against both types of programs. The topics discussed include the difference between income-tested and non-income-tested tax-transfer systems; the effects of income testing on behavior and society; a comparison of the development of U.S. and European social policy; the types of subsidies that should be income tested; and the role of income testing in health-care financing and in providing income support for the aged and single-parent families.

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The contributors present diverse viewpoints and reach no consensus concerning the desirability of any specific reform. Rather, the purpose of the book is to sharpen the debate over reform. Some chapters focus on the appropriate mix in the the social security system of insurance and income redistribution. Others discuss the consequences of change on income adequacy and equity among beneficiary units, especially aged women, the poorest beneficiaries. Two chapters cover the ability of private pensions and social security disability insurance to supplement the system in meeting the income needs of the aged poor.

The book advances our knowledge of insurance and redistributive aspects of each reform proposal and points out underlying assumptions about family and work behavior.

Last Resorts: Emergency Assistance and Special Needs Programs in Public Welfare (\$24.95)

**Joel F. Handler
Michael Sosin**

Standardized welfare programs predominate in the United States because they are generally considered to be fair and relatively easy to administer. There are also specialized programs of a more discretionary nature designed to deal with emergencies and special needs. This work presents original research on how the American welfare system meets these needs. Handler and Sosin draw on case studies as well as questionnaires that they administered to state and county officials. While presenting the results of their studies, the authors also examine how private charities fill the gaps in the public welfare system, and they contrast techniques employed in Great Britain with American solutions.

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